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BUDGETARY CONTROL AND FINANCIAL PERFORMANCE OF DEVOLVED UNITS IN MIGORI COUNTY

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ABSTRACT

The general objective of the study attempted to determine the relationship between budgetary control and financial performance of devolved units in Migori County Government. The study was based on the following specific objectives; - to establish the influence of budget planning on financial performance, to determine the influence of budget review on performance, to assess the influence of revenue maximization on financial performance and to establish the influence of resource allocation on financial performance of devolved units in Migori County Government. This study used a concurrent triangulation (mixed method) research design. The study targeted employees in financial and accounting positions at the County headquarters. The unit of analysis was 85 employees. Census method was applied to get a sample size of 85 employees. Questionnaires were employed as the data collection instruments. The results revealed that there is significant influence of budget planning, budget review, revenue maximization and resource allocation on performance of devolved units in Migori County Government at 5% significance level. Overall, budgetary control significantly accounted for 67.2% of variation in performance of devolved units in Migori County Government. The study therefore concluded that budget planning, budget review, revenue maximization and resource allocation are significant predicator of performance of devolved units in Migori County Government. The researcher through the study findings recommended the need to strengthen budget planning processes. This can be achieved by involving key stakeholders in the planning process and conducting regular reviews to ensure alignment with organizational objectives. Further, it is essential to enhance budget review practices. Clear guidelines and timelines should be established for conducting audits and reviews. The study recommended that there is need to conducting comprehensive assessments of resource needs and priorities to ensure optimal allocation and utilization is essential. Exploring opportunities for diversifying revenue streams beyond traditional sources such as taxes and fees is recommended.

Key Word: *Budget Planning, Budget Review, Revenue Maximization, Resource Allocation*

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INTRODUCTION

Budgetary controls are a set of measures implemented by an organization to assure the achievement of the entity's objectives, goals, and missions (Brennan & Solomon, 2008). Organizational systems encompass a set of rules and processes designed to safeguard the assets of an entity, ensure the production of accurate financial reports, foster adherence to legal and regulatory requirements, and facilitate the attainment of operational effectiveness and efficiency. The aforementioned systems encompass not only accounting and reporting functions, but also encompass the organizations internal and external communication processes. These systems encompass various procedures, such as managing the funds received and expended by the organization, generating timely and appropriate financial reports for board members and officers, conducting the annual audit of the organization's financial statements, and maintaining inventory records of tangible assets and their locations.

Budgetary controls are management processes that involve financial planning and implementation in line to set out regulations to ensure that all activities are conducted within set objectives. Corrective measures are put in place to ensure resources are utilized as per expenditure plan and reviews done to help managers mitigate problems that may arise. Firm managers strive to gain better financial performance so as to meet their daily expenses, pay employees at the end of the month, give dividends to shareholders, invest in new portfolios and meet other financial obligations that may arise. A growth or slowdown in financial position of an organization can be a good indicator of firm's performance and competitive edge in the market. All business owners commit their resources to make profit and this can best be realized if revenue obtained is in excess of all expenditures and costs incurred by a firm (Libby & Lindsay, 2019).

The practice of budget controls in organizations is complicated and requires standard requirements that cannot be easily compromised by individual within or outside the organization (Mahroqi & Matriano, 2021). Budget control systems are made to ensure effective production plans, minimization of expense and other costs that an organization can incur, effective budget has a way of checks and balances on all operations that have a bearing on the financial operations of an organization. A mismanagement of financial resources approved by the owners of the firm or its agents can deprive a firm of its ability to pay employees, repay loans, expand into new markets, develop its production process and compete effectively in the market.

The Public Finance Management Reforms (PFMR) implemented by the Government of Kenya from 2013 to 2018 are based on the guiding principles of Vision 2030, the Constitution of Kenya 2010, and the PFM Act 2012. These reforms focus on several key themes, including macroeconomic management and resource mobilization, strategic planning and resource allocation, budget execution, accounting and reporting, independent audit and oversight, fiscal decentralization and intergovernmental fiscal relations, legal and institutional framework, and the implementation of the Integrated Financial Management Information System (IFMIS) and other public finance management (PFM) systems. According to ROK (2016), it was observed that the PFMR Strategy 2013-2018 had been in the process of execution for around two and a half years as of June 2015. A comprehensive evaluation of the plan's progress in implementation was conducted through a midterm assessment. The purpose of this review was to identify any developing gaps and problems in the ongoing changes, as well as to propose measures aimed at enhancing the implementation of the strategy during its final phase. The evaluation confirmed that notable advancements have been made in the implementation of the Public Financial Management Reform (PFMR) strategy. Specifically, 13 out of the total 69 reform interventions have been successfully completed, while an additional interventions are progressing well and are expected to be finalized by the conclusion of the strategy.

Nonetheless, a considerable number of regions, approximately 27, have exhibited sluggish progress in implementing reforms, which raises concerns over the potential impact on the attainment of the Strategy's objectives within the designated timeframe. According to the Republic of Korea (ROK) in 2016,

Statement of the Problem

The public finance management sector in Kenya is now facing numerous issues that are not aligned with the principles of public finance. Since the inception of devolved systems of government in 2013, each successive annual report from the Auditor General and Controller of Budget has consistently highlighted instances where certain devolved units have demonstrated a complete disregard for the provisions outlined in the Public Financial Management (PFM) Act of 2012, the Public Procurement and Asset Disposal (PPAD) Act of 2015, and other fundamental principles of fiscal responsibility (Karimi, & Makokha, 2021). The statistics explicitly indicate that county governments get an allocation beyond the mandated 15% of the national revenue each year, with consistent annual increases. For instance, in the fiscal year 2018/2019, the allocation amounted to Kshs 368 billion, compared to Kshs 341 billion in the previous fiscal year 2017/2018. Nonetheless, the absence of adequate accounting systems and ineffective controls at the county level has consistently enabled the misappropriation of allotted public funds, resulting in a deceleration of service provision and a decline in the overall performance of the county governments (Mbuthia, 2021).

In Migori County, the implementation of devolved County Governments has not adequately prioritized fiscal restrictions as a means of effectively attaining planned objectives, particularly within the Migori County Government. The successful execution of the Medium-Term Expenditure Framework (MTEF) necessitates the establishment of appropriate institutional structures that effectively incentivize and facilitate the alignment of budgetary control with the balancing of priorities and affordability considerations. However, the establishment and long-term sustainability of such institutions have proven to be challenging in practice, primarily due to the perceived limited financial resources of the public sector (Mbuthia, 2021). Based on the above contextual information, it is apparent that there exists a requirement for accountability and an issue of budgetary constraints affecting the efficacy of service provision. These issues have resulted in a series of strikes among employees as a consequence of unfulfilled compensation requests. However there is scanty systematically documented information where the relationship between budgetary control and financial performance are clearly outlined. Therefore, the study attempted to determine the relationship between budgetary control and financial performance of devolved units in Migori County Government.

Objectives of the Study

The general objective of the study was to determine the relationship between budgetary control and financial performance of devolved units in Migori County Government. The study was based on the following specific objectives;-

- To establish the influence of budget planning on financial performance of devolved units in Migori County Government.
- To determine the influence of budget review on financial performance of devolved units in Migori County Government.
- To assess the influence of revenue maximization on financial performance of devolved units in Migori County Government.
- To establish the influence of resource allocation on financial performance of devolved units in Migori County Government.

The study sought to be guided by the following research questions;-

- What is the influence of budget planning on financial performance of devolved units in Migori County Government?

- What is the influence of budget review on financial performance of devolved units in Migori County Government?
- How does revenue maximization influence financial performance of devolved units in Migori County Government?
- How does resource allocation influence financial performance of devolved units in Migori County Government?

LITERATURE REVIEW

Theoretical Review

Budgetary Control Theory

This hypothesis elucidates the correlation between budgetary control and the financial performance of companies. As per the aforementioned idea, the budgetary control process serves as a mechanism employed by organizations to establish a framework for the allocation of revenue and spending. Robinson and Last (2009) assert that budgeting serves as a structural framework employed by enterprises to guide their expenditure decisions and allocate money. It is imperative for organizations to develop efficient budgeting procedures to mitigate resource wastage.

Budgeting controls play a crucial role in ensuring that desired outcomes and services are effectively achieved and supplied in accordance with predetermined objectives. The financial performance of a corporation is contingent upon its ability to generate and sustain a certain amount of income over a specific period (Robinson, 2009). The organization must implement effective controls to ensure proper maintenance and allocation of the budget, adhering strictly to the designated guidelines. This will enable the identification and mitigation of any variations, hence minimizing their impact. According to Robinson and Last (2009), in the event that a company experiences a decrease in income, it may be necessary for the corporation to explore alternative methods of financing its projected budget, such as borrowing and implementing tax restructuring strategies. Sawhill and Williamson (2001) argue that budgets can serve as benchmarks for assessing the success of governing administrations. Budgets serve as an indicator of the competency of governments in effectively managing their national objectives by efficiently allocating resources. Hence, it is imperative for a business to possess a comprehensive understanding of its budgeting processes and to prioritize pressing concerns that necessitate attention for effective control mechanisms within the firm.

The Theory of Revenue Maximizing

The revenue maximizing theory was put forward by Sant Ignazioin 2004. The theory states that, in a strict analysis, a revenue maximizing firm in equilibrium equates the average product of labour to the wage rate. In a dynamic analysis, the maximization rule becomes the balance between the rate of marginal substitution between labour and capital, and the ratio of the wage rate over the discount rate. When the firm satisfies this rule, it grows endogenously at the rate of return on capital. In line with the theory, it is noted that the separation of ownership and control in the public sector creates a deviation of management form pure profit maximization principle and provides a considerable degree of decision-making autonomy to managers (Sant Ignazio, 2004). Each institution may set up its own goal, and the choice to maximize revenue or profit depends on the real interests of the managers, and is also influenced by the corporate culture and institutional arrangements of the country where the entity operates (Sant Ignazio, 2004). The revenue maximizing theory is very relevant to county governments in that, these devolved governments aim to maximize their revenues in order to fund their budgets. Presently, county governments have failed to be autonomous in financing their budgets, a challenge which stems from their failure to collect sufficient revenue. Therefore, the management of the devolved governments should essentially find ways and mechanisms of maximizing revenue (income) they collect from households and businesses within their jurisdictions.

Punctuated Equilibrium Theory of Budgeting

In their seminal work published in 1993, Baumgartner and Jones introduced the theoretical framework of "punctuated equilibria," which encompasses both gradual and significant shifts in budgetary allocations. The statement posits the existence of a state of equilibrium, which is thereafter disrupted by a rapid and significant change, only to be followed once more by a return to equilibrium. The state of balance is characterized by periods of relative calm and gradual transformation. Punctuation marks serve as interruptions to the standard state of equilibrium. The notion of punctuated equilibrium posits that settings characterized by stability undergo a transition towards situations characterized by instability (Jordan, 2002).

The establishment of budgetary equilibrium is crucial for managing changes in a budget. The implementation of budgetary control measures by an organization plays a central role in the performance system, maintaining the stability of the environment. The concept of Program Evaluation and Review Technique (PET) encompasses both incrementalism and the consideration of significant punctuated changes that may arise in budgetary adjustments. According to the theoretical framework, it is anticipated that the distribution of policy changes would predominantly consist of minor alterations concentrated in the central region of the distribution, while a substantial number of significant, abrupt changes will occur at the extremes of the distribution. Baumgartner and Jones (2009) adopted a theoretical framework from the field of physical sciences, namely pertaining to the study of earthquakes and landlides. In summary, the principle of Positive Feedback Loop (PET) posits that incremental modifications will accumulate demand and exertion within a system, ultimately leading to substantial transformations. The theory illustrates the occurrence of both gradual and abrupt transformations in various situations, encompassing municipal, state, federal government, and agencies. The study conducted by Jones et al. (2009) provides strong evidence for the presence of this pattern of budgetary adjustments across various situations.

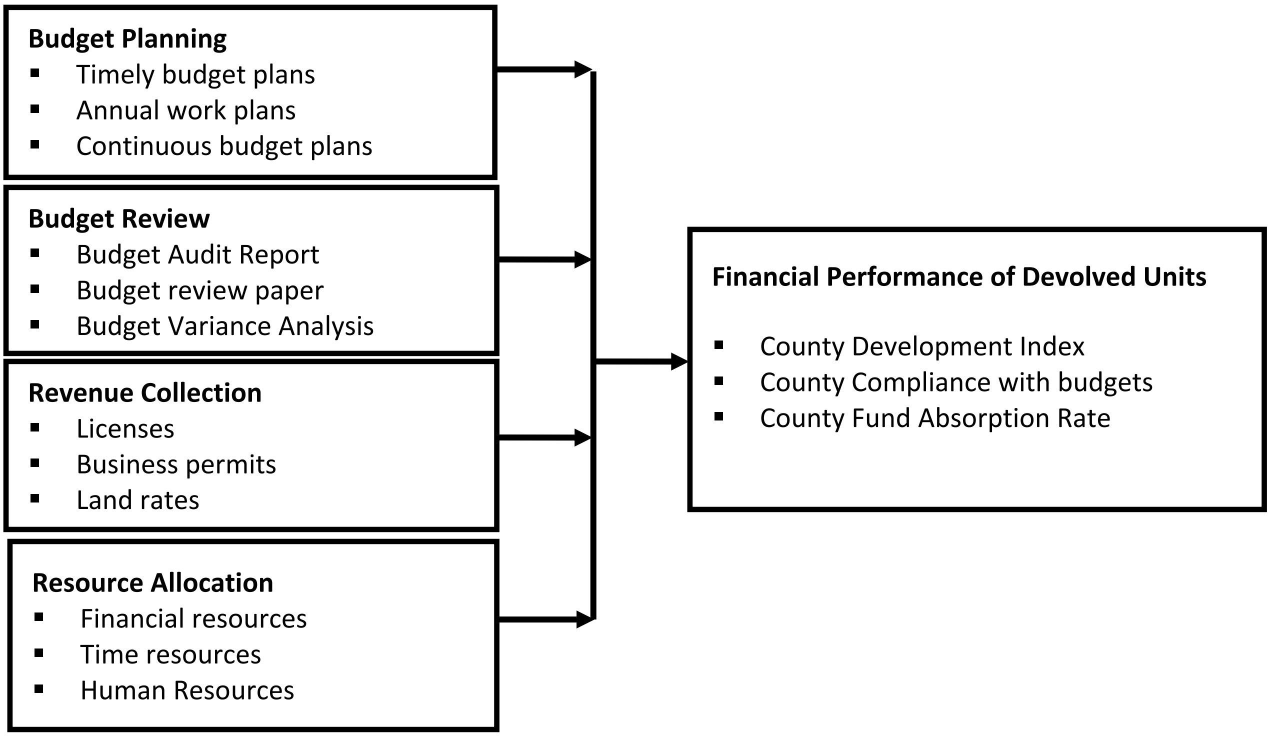
Theory of Budgeting

An efficient Management Control System addresses an organization's requirement to strategically plan and address forthcoming risks and opportunities by implementing a streamlined control system that identifies deviations between organizational goals and actual performance (Anthony & Govindarajan, 2007). Budgets are widely recognized as fundamental components of an effective control process, and therefore, they play a crucial role within the overarching framework of an efficient Management Control System (MCS) (Davila & Foster, 2007). Budgets serve as a prospective numerical framework that facilitates the assessment of the financial feasibility of a selected plan, allowing for the evaluation of future financial performance (King, Clarkson & Wallace, 2010). The process of budgeting and performance monitoring is often structured in the majority of firms (Silva & Jayamaha, 2012). Budgets are thus a compilation of strategic plans and projected financial estimates. Innes (2005) asserts that the financial implications of company strategies are assessed, encompassing the determination of the required amount, quantity, and timing of resources.

The behavior and actions of employees can be further influenced by budgeting, as it serves to align with corporate objectives and serves as a standard for evaluating performance (Sandino, 2007). The inclusion of alternative courses of action in the budget preparation process is a crucial component that enhances rationality. The establishment of a budget enables the setting of a specific performance target or standard, against which subsequent comparisons can be made to evaluate the actual outcomes achieved. The involvement necessitates a prospective orientation rather than a retrospective one.

According to Shields and Young (1993), the budget serves as a mechanism for identifying discrepancies between organizational goals and actual performance, and is an integral component of the broader idea of successful budgetary performance. Benchmarks are established through the process of comparing actual results with budgeted goals, with the intention of implementing corrective measures if deemed required (Sharma, 2012). Budgets have been recognized as fulfilling several functions, such as clarifying objectives, promoting learning, enabling control, and engaging in agreements with external entities (Coltman & Jagels, 2001).

Conceptual Framework



Independent Variables **Dependent Variable**

Figure 1: Conceptual Framework

Empirical Review

According to Gwiza (2018), budgetary plan is a system whose goal is to plan and control all of the activities of the organization and ensure that they are executed in adherence to the budget. In other words, the system's purpose is to make sure that everything is done in accordance with the budget. Planning for the budget involves comparing the real to the objectives that have been established, and any discrepancies are addressed and decreased. In order to ensure the effectiveness of budgetary management, a budget must first be set, and then actions aimed at achieving those aims must be monitored (Gwiza, 2018). In addition to this, it necessitates the identification of unanticipated issues and the formulation of potential solutions to such issues via the solicitation of input (Terry, 2015).

Mukah (2018) found that implementing budgetary controls in Cameroon was beneficial for the country's economy. These limits allow for spending planning, which in turn makes it possible to make effective use of the available financial resources. This helps in identifying organizational flaws while also reducing the number of resources that are wasted. Omach, (2010) on Budgetary Control Measures and Financial Performance in Local Governments using a case study of Pakwach Town Council-Nebbi District in Uganda, the study findings revealed that budgetary control measures used in the local government did not attract equal attention from management during implementation. Budgeting and reporting were the most significant measures of budgetary control. Use of and actions on feedback reports is the least significant budgetary control measure. All the budgetary control measures identified were significantly correlated.

Budget review is defined as the assessment process that ensure all planned activities are put and scrutiny as implementation is undertaken (Akinleye & Kolawole, 2020). The practice is in most cases an ongoing process unlike review which normally happens at the end of a project or an activity. Reviewing in budget process is geared towards ensuring high efficiency levels and control utilization of resources that may otherwise be used by individuals entrusted by firm management for their own personal needs. The monitoring activities in the budgeting process allows managers get real time information and feedbacks for any challenges that may arise and develop corrective measures that go a long way in minimizing wastages (Musili & Wepukhulu, 2019).

The critical nature of the monitoring activities in organizations make it necessary for managers to develop a plan on how to keep an eye on all processes, hire the right candidates especially with audit skills and train employees on importance of budget controls to ensure that every action taken aligns to set firm objectives (Abdi & Minja, 2018). Managers in financial institutions have failed to realize the benefits of monitoring processes on their finances by entrusting the accounting department and by extension the auditing departments to carry out checks and balances on financial matters (Ndegwa & Mungai, 2019). One key department such as the procurement and purchase department is responsible for a large percentage of organization expenditure, the human resource department also account for a huge part of expenses at every end month when employees are paid their salaries. A simple default on the figures from these departments may lead to huge losses, hence, it's important for managers to ensure that all employees understand the role they employ in monitoring organization financial controls (Ndegwa & Mungai, 2019).

A study by Alam, Noore, Nastiti and Nur (2012) in Indonesia indicated that local governments mainly obtained financial resources from the central government and more so, despite the fiscal power granted to local governments on revenue mobilization, political and contextual factors undermined the efforts of local governments in maximizing their revenue. As such, it was noted that local government were highly dependent on national government. The theme of strategic control and revenue generation was put into perspective (Oladimeji & Monisola, 2013).The study sought examine how the application of strategic control and balanced scorecard can be used to enhance overall organization goals in local government in Nigeria. The study employed a descriptive research design and used secondary data from government papers, accounting standards and journals. The study noted that to enhance revenue generation in local government, the whole system in local government needed to be overhauled through strategic controls and balanced scorecard in order to appraise system for staff performance and furthermore link it with organization goals.

It is observed that revenue mobilization by local governments in Ghana particularly the metropolitan, municipal and district assemblies has been poor, a condition that has necessitated the local government to entirely rely on allocation from the national government (Akorsu, 2015). The study evaluated the effectiveness of revenue mobilization in Cape Coast Metropolitan Assembly in Ghana. The findings indicated that the institution was unable to mobilize sufficient funds due to the fact that traditional methods were used to collect funds. One of the recommendations of the study was that there ought to be a reliable data base for all businesses and properties and more so sensitization of the public on the payment of taxes in order to enhance revenue for the local government.

Karama and Muia (2019) studied the effect of financial resources on the delivery of devolved services in selected counties in Kenya. The study was anchored on Resource Based View Theory, employing a blended research design and positivism approach. Data was collected using structured and open-ended questionnaires from 384 employees that were randomly selected from eight counties. Results from regression analysis showed that financial resources had significant and positive effects on devolved service delivery. The study concluded that financial resources are significant drivers of projects in counties. It is however a delicate balance since financial resources may be in place but the mechanisms to deploy them may be non-existent. The study therefore recommended that it is important for county governments to provide both financial and organizational resources in order to achieve improved delivery of County services. This review is relevant in the study since financial resource is a subset of the resources required to drive service delivery in the Counties and which require strategy in their allocation for effective service delivery.

Omesa, Gachunga, Okibo & Ogutu (2019) studied the influence of financial resource allocation on the realization of efficiency in implementing strategic plans in the County governments. The study adopted a descriptive survey research design with population of 47 County governments in Kenya and a sample of the 10 County governments in the Western Kenya region. Data was collected using semi-structured questionnaires and interview schedules. The statistical software, SPSS, was used to analyze the quantitative data. The study established that financial resource allocation has a positive and significant effect on implementation of strategic plans in the County governments of Western Kenya and is a major management activity that allows for strategy execution. The study recommended the use of available resources to fasten service delivery, hiring of professionals and encouraging resource sharing in order to maximize the use of internally available resources. This again points out to the importance of financial resources and consequently their appropriate allocation for strategic positioning of Counties.

METHODOLOGY

This study used a descriptive research design. The study targeted employees in financial and accounting positions at the County headquarters. The unit of analysis was 85 employees. Given the small number of employees in the finance department in Migori County, census was used; hence the total 85 employees participated in the study. Questionnaires was employed as the data collection instruments due to its capacity to efficiently gather information from a sizable sample within a restricted timeframe. Inferential statistics were employed to determine the association between the variables. Karl Pearson, a prominent figure in the field of statistics, made significant contributions to the development and advancement of statistical theory and methodology. The significance level was established at a probability level of 0.05. A multiple regression analysis was conducted in order to assess the collective impact of independent variables on dependent variables.

The study adopted the following regression model.

$$Y= \beta_0 + \beta_1 X_1+ \beta_2 X_2+ \beta_3 X_3+ \beta_4 X_4 + \varepsilon$$

Where:

Y=Performance of Devolved Units

β_0 = Intercept

X_1 = Budget Planning

X_2 = Budget Review

X_3 = Budget Maximization

X_4 = Resource Allocation

β_1-β_4 = Regression Coefficients

ε = error term.

FINDINGS AND DISCUSSIONS

Analysis of Descriptive Data

These are descriptive statistics based on summarized responses on the structured questions about the influence of budgetary control on financial performance of devolved units in Migori County Government. The responses are based on Likert scale with values ranging from 5 to 1; that is; where 5 = strongly agree, 4 Agree, 3, Uncertain, 2, Disagree and 2 Strongly disagree. The results were presented in the table form showing frequencies of responses as per each statement and its corresponding percentage score in brackets, means and standard deviations.

Budget Planning and Financial performance

These are descriptive statistics to determine whether budget planning affect the financial performance of devolved units in Migori County Government as summarized in table 1.

Table 1: Descriptive statistics: Budget planning

Statement	5	4	3	2	1
Timely budget plans enable devolved units to effectively allocate resources and make informed financial decisions.	28.4%	46.3%	11.9%	10.4%	3.0%
Timely budget plans facilitate better coordination of financial activities and resource utilization within devolved units	22.4%	56.7%	13.4%	4.5%	3.0%
Annual work plans derived from budget planning processes provide clear guidance for prioritizing activities and allocating resources effectively.	31.3%	31.3%	20.9%	10.4%	6.0%
Annual work plans serve as valuable tools for monitoring progress and evaluating the performance of devolved units against predetermined objectives.	14.9%	56.7%	20.9%	3.0%	4.5%
Continuous budget planning processes support adaptability and responsiveness to changing financial conditions and priorities.	13.4%	38.8%	28.4%	16.4%	3.0%
Continuous budget plans foster a culture of fiscal discipline and accountability within devolved units over time.	9.0%	46.3%	31.3%	10.4%	3.0%
Timely budget plans enable devolved units to effectively allocate resources and make informed financial decisions.	23.9%	35.8%	26.9%	9.0%	4.5%

From table 1, A high percentage of respondents (74.7%) agreed that timely budget plans enable better resource allocation and informed financial decision-making (28.4% strongly agreed and 46.3% agreed). This aligns with research by Boyle (2019) who suggests that clear and well-defined budgets provide a roadmap for resource utilization, allowing devolved units to prioritize spending based on specific objectives.

Improved Coordination and Resource Utilization: The study indicates strong agreement (79.1%) on timely budget plans facilitating better coordination of financial activities and resource utilization (22.4% strongly agreed, 56.7% agreed). This finding is supported by Smith and Rainey (2020) who argue that budget planning fosters communication and collaboration across departments within an organization, ensuring resources are aligned with strategic goals.

Clear Guidance and Performance Monitoring: A significant majority (62.6%) of respondents agreed on the importance of annual work plans derived from budget planning processes. These plans provide clear guidance for prioritizing activities (31.3% strongly agreed, 31.3% agreed) and serve as valuable tools for monitoring progress and evaluating devolved unit performance (14.9% strongly agreed, 56.7% agreed). This aligns with Hood (1991) who emphasizes the role of budgets in setting performance expectations and tracking progress towards achieving those goals.

While a larger portion (28.4%) were uncertain about the impact of continuous budget planning on adapting to changing circumstances, 52.2% (38.8% agreed, 13.4% strongly agreed) saw its value. This suggests potential benefits in adjusting resource allocation based on unforeseen financial conditions or evolving priorities. Similarly, the acknowledgment of annual work plans derived from budget planning processes as valuable tools for prioritizing activities and monitoring progress reflects the integral role of these plans in translating budgetary allocations into actionable strategies (Bryson & Bromiley, 1993; Brown et al., 2015).

The study indicates agreement (55.3%) on the positive influence of continuous budget plans on fostering a culture of fiscal discipline and accountability within devolved units (46.3% agreed, 9.0% strongly agreed). This aligns with Alo and Omolaiya (2012) who argue that clear budgets establish spending limitations and promote responsible financial management practices.

Budget review and financial performance

These are descriptive statistics to determine whether budget review affect the financial performance of devolved units in Migori County Government as summarized in table 2.

Table 2: Descriptive statistics: Budget review

Statement	5	4	3	2	1
Budget audit reports provide valuable insights into the compliance and accuracy of financial information within devolved units, aiding in the assessment of financial performance.	22.4%	46.3%	9.0%	17.9%	4.5%
Devolved units that regularly undergo budget audits demonstrate a commitment to transparency and accountability in their financial management practices.	17.9%	46.3%	20.9%	10.4%	4.5%
Budget review papers offer a comprehensive overview of financial performance indicators and budgetary trends, facilitating informed decision-making within devolved units.	6.0%	40.3%	40.3%	10.4%	3.0%
Budget review papers enable stakeholders to assess the effectiveness of budget planning and execution processes, fostering greater accountability and transparency.	23.9%	41.8%	17.9%	7.5%	9.0%
Budget variance analysis helps identify deviations between planned and actual financial outcomes, providing valuable insights into the efficiency and effectiveness of resource allocation within devolved units.	7.5%	55.2%	28.4%	7.5%	1.5%
Budget variance analysis serves as a diagnostic tool for identifying potential areas of inefficiency or overspending, enabling devolved units to implement corrective measures as needed.	14.9%	46.3%	25.4%	11.9%	1.5%
Budget audit reports provide valuable insights into the compliance and accuracy of financial information within devolved units, aiding in the assessment of financial performance.	14.9%	49.3%	29.9%	4.5%	1.5%

As shown in table 2, slight of the respondents strongly agreed (22.4%) and agreed (46.3%) that budget audit reports provide valuable insights into the compliance and accuracy of financial information within devolved units, aiding in the assessment of financial performance. and further 17.9% disagreed on the same. Besides, 17.9% and 46.3% of respondents strongly agreed and agreed respectively that devolved units that regularly undergo budget audits demonstrate a commitment to transparency and accountability in their financial management practices while 20.9% were uncertain.

Further, slight majority of the respondents agreed (46.3%) that budget review papers offer a comprehensive overview of financial performance indicators and budgetary trends, facilitating informed decision-making within devolved units, 14.9% strongly agreed and additional 25.4% were uncertain on the same. More so, 23.9% and 41.8% of the sampled respondents agreed and strongly respectively that the budget review papers enable stakeholders to assess the effectiveness of budget planning and execution processes, fostering greater accountability and transparency although 17.9% were a undecided.

The results also revealed that majority of the respondents 55.2% agreed and further 7.6% strongly agreed that budget variance analysis helps identify deviations between planned and actual financial outcomes, providing valuable insights into the efficiency and effectiveness of resource allocation within devolved units. However, 28.4% of the respondents were uncertain. The study also revealed that 6.0% and 40.3% strongly agreed and agreed respectively that Budget variance analysis serves as a diagnostic tool for identifying potential areas of inefficiency or overspending, enabling devolved units to implement corrective measures as needed and slight majority of the respondents, 40.3% were undecided.

Lastly, 14.9% of the respondents strongly agreed that budget audit reports provide valuable insights into the compliance and accuracy of financial information within devolved units, aiding in the assessment of financial performance and further supported 49.3% of the respondents who agreed while 29.8% of them were uncertain.

The results from Table 2 indicate that respondents recognize the significance of budget audit reports in ensuring financial transparency and accountability within devolved units. This finding underscores the importance of budgetary oversight mechanisms in evaluating the accuracy of financial information and assessing overall financial performance (Anton et al., 2018; Akers et al., 2020). Moreover, the high percentage of respondents who agree or strongly agree that devolved units undergoing regular budget audits demonstrate commitment to transparency and accountability reflects the perceived role of audit processes in promoting public trust and confidence in financial management practices (Brown et al., 2015; Law et al., 2011).

The acknowledgment of budget review papers as valuable tools for facilitating informed decision-making and enabling stakeholders to assess the effectiveness of budget planning processes aligns with literature highlighting the role of budget reviews in enhancing organizational performance and accountability (Van der Stede, 2000; Helmig et al., 2014). Furthermore, the recognition of budget variance analysis as a diagnostic tool for identifying inefficiencies and deviations between planned and actual financial outcomes underscores its importance in improving resource allocation and operational efficiency within devolved units (Neely et al., 2007; Pollitt & Bouckaert, 2017).

Resource Allocation on Financial Performance

These are descriptive statistics on the extent to which resource allocation determines the financial performance of devolved units in Migori County Government as summarized in table 3.

Table 3: Descriptive statistics: Resource allocation

Statement	5	4	3	2	1
Effective budgetary control mechanisms ensure prudent management of financial resources, optimizing their allocation and utilization for achieving organizational objectives.	19.4%	50.7%	11.9%	13.4%	4.5%
Budgetary control enhances transparency and accountability in the use of financial resources, fostering public trust and confidence in the financial management practices of devolved units.	29.9%	17.9%	34.3%	16.4%	1.5%
Effective budgetary control measures help optimize the allocation of time resources, ensuring that tasks and activities are completed efficiently and within allocated timeframes.	19.4%	26.9%	28.4%	20.9%	4.5%
Budgetary control enhances coordination and synchronization of activities, enabling devolved units to leverage time resources effectively in pursuit of organizational goals.	17.9%	25.4%	31.3%	19.4%	6.0%
Budgetary control mechanisms support the efficient allocation and utilization of human resources, ensuring that personnel are deployed effectively to support organizational objectives.	10.4%	35.8%	28.4%	20.9%	4.5%
Budgetary control facilitates workforce planning and optimization, enabling devolved units to align staffing levels with budgetary constraints and operational needs.	1.5%	26.9%	50.7%	16.4%	4.5%

Resource allocation is crucial for financial performance of devolved units in Migori County Government. From table 3, few of the respondents strongly agreed (19.4%) that effective budgetary control mechanisms ensure prudent management of financial resources, optimizing their allocation and utilization for achieving organizational objectives and 50.7% of the respondents agreed. On the other hand, 13.4% of the respondents disagreed. Further, 17.9% and 29.9% agreed and strongly agreed respectively that budgetary control enhances transparency and accountability in the use of financial resources, fostering public trust and confidence in the financial management practices of devolved units. However, 34.3% were uncertain that budgetary control enhances transparency and accountability in the use of financial resources, fostering public trust and confidence in the financial management practices of devolved units.

The results also revealed that some of the respondents agreed (26.9%) that effective budgetary control measures help optimize the allocation of time resources, ensuring that tasks and activities are completed efficiently and within allocated timeframes while 19.4% strongly agreed on the same. However, 28.4% of the respondents were uncertain with the same statement. The results further revealed that 25.4% of the respondents agreed that budgetary control enhances coordination and synchronization of activities, enabling devolved units to leverage time resources effectively in pursuit of organizational goals and 19.4% strongly agreed while 31.3% were uncertain.

The results also revealed that 35.8% of the respondents agreed that budgetary control mechanisms support the efficient allocation and utilization of human resources, ensuring that personnel are deployed effectively to support organizational objectives while 10.4% strongly agreed. On other hand, 20.9% disagreed and 28.4% were undecided. More than half of the respondents (50.7%) were uncertain that the budgetary control facilitates workforce planning and optimization, enabling devolved units to align staffing levels with budgetary constraints and operational needs while 1.5% strongly agreed and 26.9% agreed on the same.

The agreement among respondents regarding the role of budgetary control in ensuring prudent management of financial resources reflects the perceived importance of sound financial management practices in achieving organizational objectives (Mosebach & Walkenhorst, 2014; Paul & Anantharaman, 2017). Furthermore, the recognition of budgetary control measures in enhancing transparency and accountability in resource utilization highlights their role in promoting public trust and confidence in the financial management practices of devolved units (Kaplan & Norton, 1996; Salihu et al., 2020).

The acknowledgment of budgetary control's role in optimizing the allocation of time and human resources underscores its significance in enhancing operational efficiency and productivity within devolved units (Ittner et al., 2003; Malmi & Brown, 2008). However, the presence of uncertainty among respondents regarding certain aspects of budgetary control's influence on resource allocation suggests the need for further clarification and communication regarding the benefits and implications of effective budgetary control mechanisms within devolved units (Langfield-Smith, 1997; Laitinen & Laitinen, 2017).

Revenue Maximization on Financial performance of devolved units

These are descriptive statistics to find out the extent to which revenue maximization determines the financial performance of devolved units in Migori County Government as summarized in table 4.

Table 4: Descriptive statistics: Revenue maximization

Statement	5	4	3	2	1
Effective budgetary control measures enhance the collection of licensing fees, contributing positively to revenue generation for devolved units in Migori County Government.	14.9%	35.8%	34.3%	6.0%	9.0%
County Government effectively manages licensing costs associated with issuance and renewal processes, minimizing unnecessary expenditure while ensuring efficient revenue collection from licenses.	13.4%	55.2%	26.9%	3.0%	1.5%
Sound budgetary control practices facilitate efficient management of business permit processes, leading to increased revenue from permit fees for devolved units in Migori County Government.	13.4%	58.2%	9.0%	14.9 %	4.5%
Budgetary controls ensure that the costs associated with administering business permits are minimized, allowing for a larger portion of collected fees to contribute to overall revenue.	22.4%	37.3%	25.4%	9.0%	6.0%
Budgetary control measures contribute to the efficient assessment and collection of land rates, thereby maximizing revenue for devolved units in Migori County Government.	16.4%	50.7%	19.4%	9.0%	4.5%
The county utilizes budgetary controls to optimize the efficiency of land valuation and property tax collection processes, minimizing administrative costs and maximizing revenue from land rates	4.5%	32.8%	50.7%	7.5%	4.5%

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From table 4, it is evident that 35.8% and 14.9% of respondents agreed and strongly agreed respectively that effective budgetary control measures enhance the collection of licensing fees, contributing positively to revenue generation for devolved units in Migori County Government. On the other hand, 34.3% of the respondents uncertain effective budgetary control measures enhance the collection of licensing fees, contributing positively to revenue generation for devolved units in Migori County Government. Further 55.2% of the sampled respondents agreed that county Government effectively manages licensing costs associated with issuance and renewal processes, minimizing unnecessary expenditure while ensuring efficient revenue collection from licenses and 13.4% strongly agreed on the same while 26.9% certain.

More so, 58.2% of respondents agreed that sound budgetary control practices facilitate efficient management of business permit processes, leading to increased revenue from permit fees for devolved units in Migori County Government, while 13.4% of the respondents strongly agreed and 14.9% disagreed on the same. On the other hand, 9% and 14.9% uncertain and strongly disagreed respectively on the same. The results also revealed that most of the respondents (37.3%) agreed that budgetary controls ensure that the costs associated with administering business permits are minimized, allowing for a larger portion of collected fees to contribute to overall revenue and 22.4% strongly agreed on the same while 25.4% uncertain.

The results further revealed that 50.7% of the respondents agreed and further 16.4% strongly agreed that budgetary control measures contribute to the efficient assessment and collection of land rates, thereby maximizing revenue for devolved units in Migori County Government. More so, 4.5% and 32.8% strongly agreed and agreed respectively that the county utilizes budgetary controls to optimize the efficiency of land valuation and property tax collection processes, minimizing administrative costs and maximizing revenue from land rates although 50.7% were undecided with a mean of 3.25.

The findings from Table 4 provide valuable insights into the perceptions of respondents regarding the impact of budgetary control measures on revenue generation and cost management within devolved units of Migori County Government. Firstly, the agreement among respondents regarding the positive influence of effective budgetary control measures on enhancing the collection of licensing fees highlights the importance of sound financial management practices in optimizing revenue streams (Kaplan & Norton, 1992). Moreover, the recognition of budgetary controls in effectively managing licensing costs further underscores their role in minimizing unnecessary expenditure and maximizing revenue collection (Keller & Warrack, 2000). Similarly, the agreement among respondents regarding the facilitation of efficient management of business permit processes through sound budgetary control practices reflects the perceived importance of budgetary controls in streamlining administrative procedures and maximizing revenue from permit fees (Van der Stede, 2000).

Furthermore, the agreement regarding the contribution of budgetary control measures to the efficient assessment and collection of land rates highlights their role in optimizing revenue generation from property taxes (Ittner et al., 2003). Additionally, the recognition of budgetary controls in optimizing the efficiency of land valuation processes further emphasizes their importance in minimizing administrative costs and maximizing revenue from land rates (Simons, 1995). However, the presence of uncertainty among respondents regarding certain aspects of budgetary control's influence on revenue generation suggests the need for further clarification and communication regarding the benefits and implications of effective budgetary control measures within devolved units (Langfield-Smith, 1997; Laitinen & Laitinen, 2017).

Financial performance

These are descriptive statistics to determine whether budget planning affect the financial performance of devolved units in Migori County Government as summarized in table 5.

Table 5: Descriptive statistics: Financial Performance

Statement	5	4	3	2	1
Effective budgetary control practices positively correlate with the County Development Index, indicating a stronger alignment between financial management and developmental outcomes in Migori County Government	20.9%	31.3%	29.9%	9.0%	9.0%
Strong budgetary control measures are associated with higher levels of compliance with budgets within Migori County Government, indicating prudent financial management practices.	6.0%	17.9%	31.3%	34.3%	10.4%
Devolved units that prioritize budgetary control demonstrate greater adherence to budgetary allocations and spending limits, fostering accountability and transparency in financial management.	10.4%	44.8%	20.9%	17.9%	6.0%
Compliance with budgets serves as a key performance indicator for evaluating the effectiveness of budgetary control mechanisms in Migori County Government.	17.9%	49.3%	16.4%	14.9%	1.5%
Effective budgetary control practices contribute to higher levels of fund absorption within Migori County Government, ensuring optimal utilization of allocated resources for developmental projects and service delivery.	0.0%	26.9%	41.8%	26.9%	4.5%
The County Fund Absorption Rate reflects the efficiency and effectiveness of budgetary control efforts in Migori County Government, providing insights into resource utilization and project execution.	23.9%	26.9%	32.8%	11.9%	4.5%

From table 5, slight of the respondents strongly agreed (20.9%) and agreed (31.3%) that effective budgetary control practices positively correlate with the County Development Index, indicating a stronger alignment between financial management and developmental outcomes in Migori County Government and further 29.9% were uncertain on the same. Furthermore, 6.0% and 17.9% of respondents strongly agreed and agreed respectively that the strong budgetary control measures are associated with higher levels of compliance with budgets within Migori County Government, indicating prudent financial management practices while 31.3% were uncertain and 34.3% disagreed.

Moreover, slight majority of the respondents agreed (44.8%) that the devolved units that prioritize budgetary control demonstrate greater adherence to budgetary allocations and spending limits, fostering accountability and transparency in financial management, 10.4% agreed and additional 20.9% were uncertain on the same. More so, 49.3% and 17.9% of the sampled respondents agreed and strongly agree respectively that compliance with budgets serves as a key performance indicator for evaluating the effectiveness of budgetary control mechanisms in Migori County Government.

The results also revealed that 26.9% of the respondents agreed that effective budgetary control practices contribute to higher levels of fund absorption within Migori County Government, ensuring optimal utilization of allocated resources for developmental projects and service delivery. while 41.8% were undecided and 26.9% disagreed with a mean of 2.91. Lastly, 26.9% of the respondents agreed that the County Fund Absorption Rate reflects the efficiency and effectiveness of budgetary control efforts in Migori County Government, providing insights into resource utilization and project execution industry and further supported 23.9% of the respondents who strongly agreed while 32.8% of them were uncertain with a mean of 3.54.

The results from Table 5 shed light on the perceived relationship between effective budgetary control practices and developmental outcomes within Migori County Government. The agreement among respondents regarding the positive correlation between effective budgetary control practices and the County Development Index underscores the importance of sound financial management in driving development initiatives (Hansen & Otley, 2018). This suggests that robust budgetary control measures contribute to a stronger alignment between financial management practices and developmental goals, thus potentially enhancing the overall socio-economic progress of the county. Moreover, the agreement regarding the association between strong budgetary control measures and higher levels of compliance with budgets reflects the role of prudent financial management practices in ensuring adherence to financial plans and spending limits (Merchant & Van der Stede, 2017). This indicates that effective budgetary control mechanisms can foster accountability and transparency in financial management processes, thereby enhancing the credibility and reliability of budgetary allocations.

Furthermore, the agreement among respondents regarding the prioritization of budgetary control by devolved units leading to greater adherence to budgetary allocations highlights the significance of budgetary discipline in fostering responsible resource management (Chenhall & Langfield-Smith, 2018). This suggests that a commitment to budgetary control can promote accountability and transparency, thereby improving the overall effectiveness of financial management practices. However, the presence of uncertainty among respondents regarding certain aspects of the relationship between budgetary control practices and developmental outcomes suggests the need for further exploration and clarification (Covaleski et al., 2020). Additionally, the disagreement among respondents regarding the contribution of effective budgetary control practices to higher levels of fund absorption highlights potential areas of divergence in perceptions regarding the effectiveness of financial management strategies (Simons, 2015).

Diagnostics for Multiple Linear Regression analysis models

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

Normality

This test was used to determine if data set is well modeled by normal distribution and to compute how likely it is for a random variable to be normally distributed. It is a statistical process used to determine if a sample or any group of data fits a standard normal distribution. The study used Kolmogorov-Smirnov test and the Shapiro-Wilk test to test for normality of the data. If the probability value is greater than 0.05, then the data is normally distributed (Saunders & Thornhill, 2012). The results in Table 6 present test for normality results, which established that the data was normally distributed since the probability value was greater than 0.05.

Table 6: Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	df	Sig.
Budget planning	.153	67	.200*	.924	67	.388
Budget review	.178	67	.200*	.939	67	.545
Resource allocation	.169	67	.200*	.878	67	.123
Revenue maximization	.128	67	.200*	.932	67	.471
Financial Performance	.165	67	.200*	.917	67	.651

*. This is a lower bound of the true significance.
a. Lilliefors Significance Correction

Normality was tested using the Shapiro-Wilk test which has power to detect departure from normality due to either skewness or kurtosis or both. Normality assumption was tested using Shapiro-Wilk Test (S-W). When the value of significance level is less than 0.05 then normality assumption has been violated while when the value is greater than 0.05 then the distribution is normal. From Table 6, normality was achieved and therefore, the study can use parametric tests.

Auto-correlation

Test of independence was done by the use of Durbin-Watson. It tests that the residuals from a linear regression or multiple regression are independent. When Durbin-Watson factors are between (1.5) and (2.5) there is no autocorrelation problem (Alsaeed, 2005) from table 7 the Durbin Watson value is between 1.5 and 2.5 hence there was no problem of autocorrelation.

Table 7: Autocorrelation Test for Regression

Std. Error of the Estimate	Durbin-Watson
.5828	2.085

Multi-Collinearity

Multicollinearity problem cause ability to define any variable to diminish owing to their interrelationship. According to Besley 1980 as sighted in (Jingyu li, 2003) researchers have used VIF= 10 as critical value rule of thumb to determine whether there is too much correlation. The VIF value in the table 8, are less than 10 so there is no multi-Collinearity problem in study variables.

Table 8: Multi-Collinearity

Independent variable	Tolerance	VIF
Budget planning	.689	1.452
Budget review	.753	1.328
Revenue maximization	.462	2.163
Resource allocation	.622	1.608

Linearity Test

Test of linearity refers to the degree to which the change in the dependent variable is related to the change in the independent variable. The correlation coefficient (r) results are presented as shown in Table 8 using Pearson correlation analysis, which computes the direction (Positive/negative) and the strength (Ranges from -1 to +1) of the relationship between two continues or ratio/scale variables. This was tested by correlation coefficients and correlation results showed that independent variables (Budget planning, Budget review, Resource allocation Revenue maximization) have significant correlation with the dependent variable (Financial Performance) as shown in table 8 on correlation analysis.

Pearson Correlation Results

The correlation coefficient (r) results are presented as shown in Table 9 using Pearson correlation analysis, which computes the direction (Positive/negative) and the strength (Ranges from -1 to +1) of the relationship between two continues or ratio/scale variables.

Table 9: Pearson Correlation Results

		BP	BR	RA	RM
Budget planning	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	67			
Budget review	Pearson Correlation	.369**	1		
	Sig. (2-tailed)	.002			
	N	67	67		
Resource allocation	Pearson Correlation	.544**	.476**	1	
	Sig. (2-tailed)	.000	.000		
	N	67	67	67	
Revenue maximization	Pearson Correlation	.348**	.336**	.613**	1
	Sig. (2-tailed)	.004	.005	.000	
	N	67	67	67	67
Financial Performance	Pearson Correlation	.565**	.539**	.752**	.630**
	Sig. (2-tailed)	.000	.000	.000	.000
	N	67	67	67	67

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

From the correlation Table 9, budget planning is positively correlated to financial performance of devolved units in Migori County Government, the coefficient is 0.565 (p value < 0.01) this is significant at 99% confidence level. Thus, increase in budget planning would make financial performance of devolved units in Migori County Government to increase in same direction. Aduda, Nyaga and Ogutu (2020) found a positive correlation between budget planning and financial performance in Kisii County, indicating that effective budget planning contributes to improved financial performance. Musundi and Orangi (2017) found no significant correlation between resource allocation and financial performance in Machakos County, indicating that other factors may have a more significant influence on financial performance outcomes.

Budget review is positively correlated to financial performance of devolved units in Migori County Government, the coefficient is 0.539 (p value < 0.01) this is significant at 99% confidence level. Thus, increase in budget review would make financial performance of devolved units in Migori County Government to increase in same direction. Ouma (2018) demonstrated a positive relationship between budget review and financial performance in Kisii County Government, suggesting that regular budget reviews are associated with better financial performance outcomes. Kimutai and Rop (2018) found no significant relationship between budget review and financial performance in Bomet County, indicating that budget review processes may not directly influence financial performance outcomes.

There is significant positive relationship between resource allocation and financial performance of devolved units in Migori County Government as indicated by .752**, p=0.000. This implies that increase in resource allocation would results to increase in financial performance of devolved units in Migori County Government. Omwenga and Nyanumba (2019) established a significant positive relationship between resource allocation and financial performance in Kisii County, suggesting that efficient resource allocation practices are associated with better financial performance outcomes. Musundi and Orangi (2017) found no significant correlation between resource allocation and financial performance in Machakos County, indicating that other factors may have a more significant influence on financial performance outcomes.

Lastly, the correlation coefficient for revenue maximization was 0.630, P=0.000, suggesting that there is significant positive relationship between revenue maximization and financial performance of devolved units in Migori County Government. Increase in revenue maximization would results to increase in financial performance of devolved units in Migori County Government. Chepkoech and Kibet (2017) revealed a significant positive relationship between revenue maximization and financial performance in Nakuru County, indicating that strategies aimed at increasing revenue contribute to improved financial performance. Murithi and Ngugi (2020) did not find a significant positive relationship between revenue maximization and financial performance in Meru County, suggesting that other factors may have a more substantial impact on financial performance outcomes.

Linear Regression Analysis

This tested the direct influence of independent variables (budget review, revenue maximization, and resource allocation on financial performance of devolved units in Migori County Government. This was computed by SPSS version 23 by first transforming categorical data into continuous data so as to validly run linear regression analysis.

Linear influence of Budget planning on financial performance of devolved units in Migori County Government

Simple linear regression analysis was conducted to establish direct influence of budget planning and financial performance of devolved units in Migori County Government. The results are as shown in Table 10.

Table 10: Model Summary for Budget planning on financial performance

Model	R	R Square	Adjusted R Square	Std. Error of Estimate	Change Statistics				
					R Sq Change	F Change	df1	df2	Sig. F Change
1	.565[a]	.319	.308	.7151	.319	30.409	1	65	.000

a. Predictors: (Constant), budget planning

The results illustrated that there was a statistically significant positive relationship between budget planning and financial performance of devolved units in Migori County Government. Budget planning accounted for 31.9% (R^2 = 0.319) variations in the financial performance of devolved units in Migori County Government.

Table 11: ANOVA Table for Budget planning

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	15.550	1	15.550	30.409	.000[b]
	Residual	33.239	66	.511		
	Total	48.789	67			

a. Dependent Variable: Financial performance

b. Predictors: (Constant), budget planning

Analysis of Variance (ANOVA) (Table 11) shows the mean squares and F statistics significant F(1,66)= 30.409; significant at *p<.001*), thus confirming the fitness of the model and also implies that the Budget planning has significant variations in their contributions to financial performance of devolved units in Migori County Government. Therefore, budget planning is a significant predicator of financial performance of devolved units in Migori County Government.

Table 12: Regression Coefficients for Budget planning

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.495	.513		.965	.338
	Budget planning	.751	.136	.565	5.514	.000

a. Dependent Variable: Financial performance

Results (Table 12) also showed that budget planning had a positive, linear and significant (p-value is less than 0.05) relationship with the financial performance of devolved units in Migori County Government {regression coefficient, B=0.751, ANOVA, F=30.409 and t-test value, t=5.514}. The results are represented in the following model:

$Y = \beta0 + \beta_1 X_1 + \varepsilon$

Where Y= financial performance of devolved units in Migori County Government,

$\beta0=0.495$ (constant)

$\beta_1= 0.751$

X_1= Budget planning

Replacing in the equation above, the model becomes: $Y=0.495 + 0.751X_1$

From the above equation, the constant had coefficient of 0.495, p=0.338, this implies that in the absence of budget planning, financial performance of devolved units in Migori County Government will be at 0.495. This performance will be insignificant (P>0.05). On the other hand, budget planning had beta coefficient of 0.751. This implies when everything is held constant, a unit increase in the budget planning would results to a significant increase in financial performance of devolved units in Migori County Government by 0.751 units.

Linear influence of budget review on financial performance of devolved units in Migori County Government

Simple linear regression analysis was conducted to establish direct influence of budget review and financial performance of devolved units in Migori County Government. The results are as shown in Table 13.

Table 13: Model Summary for Budget review on financial performance

Model	R	R Square	Adjusted R Square	Std. Error of Estimate	Change Statistics				
					R Sq Change	F Change	df1	df2	Sig. F Change
1	.539[a]	.290	.279	.7299	.290	26.580	1	65	.000

a. Predictors: (Constant), budget review

The results indicated that there was a statistically significant positive relationship between budget review and financial performance of devolved units in Migori County Government. Budget review accounted for 29.0% ($R^2 = 0.290$) variations in the financial performance of devolved units in Migori County Government.

Table 14: ANOVA Table for Budget review

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.160	1	14.160	26.580	.000[b]
	Residual	34.629	66	.533		
	Total	48.789	67			

a. Dependent Variable: Financial performance

b. Predictors: (Constant), budget review

Analysis of Variance (Table 14) shows the mean squares and F statistics significant $F(1,66)= 26.580$; significant at $p<.001$), thus confirming the fitness of the model and also implies that the budget review has a significant variations in their contributions to financial performance of devolved units in Migori County Government. Therefore, budget review is a significant predicator of financial performance of devolved units in Migori County Government.

Table 15: Regression Coefficients for Budget review

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.907	.469		1.934	.058
	Budget review	.662	.128	.539	5.156	.000

a. Dependent Variable: Financial performance

Results (Table 15) also showed that budget review had a positive, linear and significant (p-value is less than 0.05) relationship with the financial performance of devolved units in Migori County Government {regression coefficient, B=0.662, ANOVA, F=26.580 and t-test value, t=5.156}. The results are represented in the following model:

$Y = \beta 0 + \beta_1 X_1 + \varepsilon$

Where Y= financial performance of devolved units in Migori County Government,

$\beta 0=0.907$ (constant)

$\beta_1= 0.662$

X_1= Budget review

Replacing in the equation above, the model becomes: $Y=0.907 + 0.662X_1$

From the above equation, the constant had coefficient of 0.907, p=0.058, this implies that in the absence of budget review, financial performance of devolved units in Migori County Government will be at 0.907. This performance will be insignificant ($P>0.05$). On the other hand, budget review had beta coefficient of 0.662. This implies when everything is held constant, a unit increase in the budget review would results to a significant increase in financial performance of devolved units in Migori County Government by 0.662 units.

Linear Influence of Resource allocation on Financial Performance

Simple linear regression analysis was conducted to establish the relationship between resource allocation and financial performance of devolved units in Migori County Government. The results are as shown in Table 16.

Table 16: Model Summary for Resource allocation and Financial Performance

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.752[a]	.566	.559	.5710	.566	84.661	1	65	.000

a. Predictors: (Constant), Resource allocation

The results revealed that there was a statistically significant positive relationship between resource allocation and financial performance of devolved units in Migori County Government, Kenya. Resource allocation accounted for 56.6% ($R^2 = 0.566$) variations in the financial performance of devolved units in Migori County Government.

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Table 17: ANOVA Table for Resource allocation

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	27.599	1	27.599	84.661	.000[b]
	Residual	21.190	66	.326		
	Total	48.789	67			

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

ANOVA (Table 17) shows the mean squares and F statistics significant F(1,66)= 84.661; significant at *p<.001*), thus confirming the fitness of the model and also implies that the Resource allocation has significant variations in their contributions to financial performance of devolved units in Migori County Government. Therefore, resource allocation is a significant predicator of financial performance of devolved units in Migori County Government.

Table 18: Regression Coefficients for Resource Allocation

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	.798	.279		2.864	.006
	Resource allocation	.744	.081	.752	9.201	.000

Coefficients[a]

a. Dependent Variable: Financial performance

Results (Table 18) show that resource allocation had a positive, linear and significant (p-value is less than 0.05) association with the financial performance of devolved units in Migori County Government {regression coefficient, B=0.744, ANOVA, F=84.661 and t-test value, t=9.201}. The results are represented in the following model:

$Y = \beta 0 + \beta_2 X_2 + \varepsilon$

Where Y= financial performance of devolved units in Migori County Government,

β_0= 0.798 (constant)
β_2= 0.744
X_2= Resource allocation

Substituting equation above with values, the model becomes: $Y= 0.798 + 0.744X_2$

From the above model, the constant had coefficient of 0.798, p=0.006, this implies that in the absence of resource allocation, financial performance of devolved units in Migori County Government would be positive at 0.798. This financial performance of devolved units in Migori County Government would be significant (P<0.05). Further, resource allocation had beta coefficient of 0.744, P=0.000. This implies when everything is held constant a unit increase in the resource allocation would results to a significant increase in financial performance of devolved units in Migori County Government by 0.744 units.

Linear Influence of Revenue maximization on Financial Performance

Simple linear regression analysis was conducted to establish the relationship between revenue maximization and financial performance of devolved units in Migori County Government. The results are as shown in Table 19.

Table 19: Model Summary for Revenue maximization and Financial Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics: R Square Change	F Change	df1	df2	Sig. F Change
1	.630[a]	.397	.388	.6728	.397	42.778	1	65	.000

a. Predictors: (Constant), revenue maximization

The results demonstrated that there was a statistically significant positive relationship between revenue maximization and financial performance of devolved units in Migori County Government, Kenya. Revenue maximization accounted for 39.7% (R^2 = 0.397) variations in the financial performance of devolved units in Migori County Government, Kenya.

Table 20: ANOVA Table for Revenue maximization

ANOVA[a]						
Model		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
1	Regression	19.365	1	19.365	42.778	.000[b]
	Residual	29.424	66	.453		
	Total	48.789	67			

a. Dependent Variable: FP

b. Predictors: (Constant), revenue maximization

Analysis of Variance (Table 20) shows the mean squares and F statistics significant F(1,66)= 42.778; significant at *p<.001*), thus confirming the fitness of the model and also implies that revenue maximization has significant variations in their contributions to financial performance of devolved units in Migori County Government. Hence, revenue maximization are a significant predictor of financial performance of devolved units in Migori County Government, Kenya.

Table 21: Regression Coefficients for Revenue maximization

Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**T**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	.932	.368		2.531	.014
	Revenue maximization	.674	.103	.630	6.540	.000

a. Dependent Variable: Financial performance of devolved units in Migori County Government

Results (Table 21) show that revenue maximization had a positive, linear and significant (p-value is less than 0.05) relationship with the financial performance of devolved units in Migori County Government, Kenya {regression coefficient, B=0.674, ANOVA, F=42.778 and t-test value, t=6.540}. The results are represented in the following model:

$Y = \beta_0 + \beta_3 X_3 + \varepsilon$

Where Y= financial performance of devolved units in Migori County Government,

β_0= 0.932 (constant)

β_3= 0.674

X_3= Revenue maximization

Substituting equation above with values, the model becomes: $Y= 0.932+ 0.674X_4$

From the above model, the constant had coefficient of 0.932, P=0.014, this implies that in the absence of revenue maximization, financial performance of devolved units in Migori County Government would be positively at 0.932. This performance would be insignificant (P<0.05). Further, revenue maximization had beta coefficient of 0.674, P=0.000. This implies when everything is held constant, a unit increase in revenue maximization would results to a significant increase in financial performance of devolved units in Migori County Government by 0.674 units.

Multiple regression analysis

Multiple regression analysis was computed to assess the multivariate influence of the study's independent variables (budget planning, budget review, revenue maximization and resource allocation) on the dependent variable financial performance of devolved units in Migori County Government). This was after the compulsory assumptions of multiple regression analyses were checked and met. The multiple regression results are shown in table 22.

Table 22: Model Summary for Budgetary control

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.820[a]	.672	.651	.5080	.672	31.768	4	62	.000

Multiple regression analysis in table 22 shows the multiple regression results of the combined influence of the study's independent variables (budget review, revenue maximization and resource allocation). The model's R squared (R^2) is 0.672 which shows that the study explains 67.2% of variation in financial performance of devolved units in Migori County Government, while other factors not in the conceptualized study model accounts for 32.8%, hence, it is a good study model.

Table 23: ANOVA Table for Budgetary control

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	32.790	4	8.198	31.768	.000[b]
	Residual	15.999	63	.258		
	Total	48.789	67			

a. Predictors: (Constant), Resource allocation, Budget review, Revenue maximization, Budget planning

b. Dependent Variable: Financial performance of devolved units in Migori County Government

Furthermore, Analysis of Variance (ANOVA) (Table 23) shows the mean squares and F statistics significant ($F(4,66)= 31.768$; significant at $p<.001$), thus confirming the fitness of the model and also implies that the study's independent variables (budget planning, budget review, revenue maximization, resource allocation) have significant variations in their contributions to financial performance of devolved units in Migori County Government.

Finally, the values of unstandardized regression coefficients with test statistics in parenthesis in table 23 indicate that all the study's independent variables (Budget planning $\beta = 0.247$, $t=2.119$ at $p<0.05$; budget review; $\beta = 0.237$, $t=2.297$ at $p<0.05$, revenue maximization; $\beta = 0.400$, $t=3.782$ at $p<0.01$; resource allocation; $\beta = 0.270$, $t=2.741$ at $p<0.01$ significantly influenced financial performance of devolved units in Migori County Government (dependent variable).

In this regard, the study's final multiple regression equation is;

(v) $y = -0.762 + 0.247X_1 + 0.237X_2 + 0.400X_3 + 0.270X_4$

Where;

y= financial performance of devolved units in Migori County Government.

X_1= Budget planning

X_2= budget review

X_3= resource allocation

X_4= revenue maximization

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Table 24: Regression Coefficients for Budgetary control

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	-.762	.440		-1.732	.088
	Budget planning	.247	.117	.186	2.119	.038
1	Budget review	.237	.103	.193	2.297	.025
	Resource allocation	.400	.106	.405	3.782	.000
	Revenue maximization	.270	.099	.253	2.741	.008

a. Dependent Variable: financial performance of devolved units in Migori County Government

From the findings presented in Table 24, we look at the model results and scan down through the unstandardized coefficients B column. All budgetary control variables had significant influence on the financial performance of devolved units in Migori County Government. If budgetary control is held at zero or it is absent, the financial performance of devolved units in Migori County Government would be -0.762, p=0.088.

Multiple regression coefficients results indicate that budget planning significantly determined financial performance of devolved units in Migori County Government (β = 0.247 at *p<0.05*). The results indicate that a unit increase in budget planning will lead to 0.247-unit improvement in financial performance of devolved units in Migori County Government when other factors in the model are controlled. The results are supported by Mukah (2018) who found that implementing budgetary controls in Cameroon was beneficial for the country's economy. Arief (2020) showed tha: Budget Planning have direct and indirect effect on Organizational Performance at the General Bureau of the Regional Secretariat of West Sulawesi Province. Handuba and Mwanza (2022) found that budget planning had a positive effect on financial performance for First Quantum Minerals. Kiiru, Kamau and Nzioki (2018) revealed that there is a moderate positive and statistically significant correlation between budget planning and financial performance. However, Wijewardena and De Zoysa (2015) showed no significant difference was found between budget planning and return on investment (ROI), nor between budgetary control and return on investment. Sebastian (2018) indicated that more formalized budgeting planning leads to higher sales revenues. However; its impact on the growth of profit becomes very weak compared to formal budgetary control.

Multiple regression coefficients result also indicated that budget review significantly determined financial performance of devolved units in Migori County Government (β = 0.237 at *p<0.05*). The results indicate that a unit improvement in budget review will lead to 0.237-unit improvement in financial performance of devolved units in Migori County Government when other factors in the model are controlled. Keng'ara and Makina (2020) revealed that there was a positive significant relationship between budgetary processes for intense monitoring and evaluation on organization performance. Chepkorir, Rugut and Langat (2021) concluded that the budgetary monitoring had significant impact on financial performance of County Government of Kericho. Schubert and Kirsten (2021) concluded that budget monitoring has a significant and positive relationship with financial performance. Chaudhary and Chaudhary (2018) concluded that budget monitoring shows a significant positive bearing on the financial performance of NOC through the influences on financial objectives, allocation of funds as well as investment ventures. Mbogo, Jimmy and Olando (2021) indicated that the predictors of the model which budget monitoring and evaluation, have a correlation of 95.3% with the dependent variable (financial performance of Women for Women Rwanda). Marcarmick and Hardcastle (2017) concluded that there was a relationship between budget monitoring and financial outcome of state-owned corporations which was positive. Nickson and Mears (2018) applied a regression analysis model for the data. The finding was that a budget monitoring has huge influence on performance of the ministries.

Multiple regression coefficient results further indicated that resource allocation significantly determined financial performance of devolved units in Migori County Government (β = 0.400 at *p<0.01*). The results indicate that a unit improvement in resource allocation will lead to 0.400 units improvement in financial performance of devolved units in Migori County Government when other factors in the model are controlled. Nasieku, Cherono, & Muriiki (2021) established that the relationship between strategic resource allocation and service delivery was statistically positive and significant. The study discovered that allocated resources do not, in some instances, get to the intended departments. Kiprono & Kimutai, (2018) established that there is statistically significant effect of strategic total rewards on service delivery in the sugar manufacturing industry. Simon, Alala and Janet (2019) revealed a moderate positive correlation between resource allocation and service delivery. It also revealed that resource allocation had a statistically significant effect on service delivery in County governments in North Rift, Kenya. Karama and Muia (2019) showed that financial resources had significant and positive effects on devolved service delivery. The study concluded that financial resources are significant drivers of projects in counties. Omesa, Gachunga, Okibo & Ogutu (2019) established that financial resource allocation has a positive and significant effect on implementation of strategic plans in the County governments of Western Kenya and is a major management activity that allows for strategy execution.

Lastly, multiple regression coefficients results indicate that revenue maximization has significantly determined financial performance of devolved units in Migori County Government (β = 0.270 at *p<0.01*). The results indicate that a unit improvement in revenue maximization will lead to 0.270-unit improvement in financial performance of devolved units in Migori County Government when other factors in the model are controlled. Torome (2013) established that revenue mobilization positively influenced performance of surveyed local authorities. As such, it was imperative for local governments to strategize on ways to improve local revenue collection in order to provide quality service delivery. Kondo (2015) analyzed the effect of revenue enhancement strategies on financial performance. The focus was on Kenya Revenue Authority. Specifically, it was noted that computerized operations and staff training adversely and significantly influenced financial performance of the entity. However, Akorsu (2015) evaluated the effectiveness of revenue mobilization in Cape Coast Metropolitan Assembly in Ghana. The findings indicated that the institution was unable to mobilize sufficient funds due to the fact that traditional methods were used to collect funds.

CONCLUSIONS AND RECOMMENDATIONS

The first research question was what is the influence of budget planning on financial performance of devolved units in Migori County Government? The study concluded that budget planning positively and significantly influenced financial performance of devolved units in Migori County Government. Increase in budget planning would results to increase in financial performance of devolved units in Migori County Government. Timely budget plans, annual work plans, and continuous budget planning significantly enhance financial management effectiveness.

The second research question was what is the influence of budget review on financial performance of devolved units in Migori County Government?. In regard to budget review, the study concluded that budget review has a direct and significant impact on financial performance of devolved units in Migori County Government. The findings indicate broad agreement among respondents regarding the value of budget audit reports for enhancing transparency and financial accuracy. Similarly, budget review papers were acknowledged for facilitating informed decision-making and accountability. Additionally, while budget variance analysis was recognized as valuable, some uncertainty was noted.

The third research question was how does resource allocation influence financial performance of devolved units in Migori County Government? Resource allocation have a significant relationship with financial performance therefore; the study concluded that resource allocation is significant determinant of financial performance of devolved units in Migori County Government. The study underscores the diverse views on the efficacy of budgetary control in optimizing resource allocation, transparency, and accountability within Migori County Government's devolved units. While some respondents agree on its benefits, uncertainty and disagreement persist regarding its impact on time and human resource optimization.

The last research question was how does revenue maximization influence financial performance of devolved units in Migori County Government? Revenue maximization has a statistically significant relationship with financial performance of devolved units whereby they have a positive relationship. Therefore, the study concluded that revenue maximization significantly determines the financial performance of devolved units in Migori County Governments. The findings indicate general agreement among respondents regarding the positive impact of effective budgetary control measures on revenue generation from licensing fees, business permits, and land rates within Migori County Government's devolved units.

Based on the findings of this study the following recommendations were proposed in relation to each study objective.

To enhance financial performance within devolved units in Migori County Government, it is recommended to strengthen budget planning processes. This can be achieved by involving key stakeholders in the planning process and conducting regular reviews to ensure alignment with organizational objectives. Additionally, investing in training programs for budget planners to enhance their skills in forecasting, analysis, and strategic planning is crucial. Implementing performance-based budgeting approaches can also prioritize resource allocation and monitor outcomes effectively.

Furthermore, to improve financial performance, it is essential to enhance budget review practices. Clear guidelines and timelines should be established for conducting audits and reviews. Fostering a culture of transparency and accountability by regularly communicating budget review findings to stakeholders is vital. Investing in technology and systems to streamline budget review processes and improve accuracy and efficiency is also recommended.

Effective resource allocation is crucial for financial performance. The study recommended that there is need to conducting comprehensive assessments of resource needs and priorities to ensure optimal allocation and utilization is essential. Implementing performance metrics to track the effectiveness of resource allocation decisions and adjusting strategies accordingly is recommended. Promoting collaboration and communication among departments to ensure alignment of resource allocation with organizational goals is also beneficial.

Moreover, revenue maximization plays a significant role in financial performance. Exploring opportunities for diversifying revenue streams beyond traditional sources such as taxes and fees is recommended. Investing in marketing and promotion strategies to attract investment and increase revenue from licenses, permits, and land rates can be beneficial. Enhancing compliance and enforcement mechanisms to minimize revenue leakage and maximize collection efficiency is also crucial.

Areas for further research

The influence of budgetary control on the financial performance of devolved units in Migori County Government was investigated in this research. The budget review, resource allocation, budget planning, and revenue maximization were the primary subjects of the research. As indicated, the study further revealed that 67.2% of the variations in financial performance of devolved units in Migori County Government were explained by budgetary control. Further research should be carried out to establish the factors affecting the remaining 32.8% variation in financial performance of devolved units in Migori County Government such as budget implementation. Lastly, the study was conducted Migori County Government; therefore, further studies should be expanded to cover other counties in Kenya.

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