Relationship between Financial Planning and Financial Performance of Nandi County Government, Kenya

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Abstract

This study sought to establish the relationship between financial planning and financial performance of Nandi county government in Kenya. The study answered the following research questions; what is the relationship between working capital management and financial performance of Nandi county government? What are the relationship betweenbudgetary allocation and the financial performance of Nandi county government? What is the relationship between financial objectives and the financial performance of Nandi county government? How does investment decision by management relate to the financial performance of Nandi county government? This study was guided by the iceberg theory of money management. Other theories reviewed are stakeholder theory, modern portfolio theory and agency Theory. This research used the correlational research design. The study was carried out in Nandi county government. A target population of 80 management staff was drawn and 66 respondents was sampled using stratified and simple random sampling. Data was collected using questionnaires and analyzed using both descriptive and inferential statistical methods. The study provided two types of data analysis, descriptive analysis and inferential analysis. This study found a strong positive relationship between financial planning and financial performance in the county Government of Nandi. The study therefore concludes that sound financial planning by the county government of Nandi lead to a better financial performance as accountability was enhanced through all levels of decision making. The study recommended that awareness was to be created by policy makers to the employees on the importance of the financial planning in business operations. Also the policy makers should be consulting widely on the effective financial plans the government should adopt.

Key words: Financial Planning, Performance and county Government of Nandi

Introduction

1.1 Background to the problem

Financial planning involves analyzing financial flows of a firm as a whole, forecasting the consequences of various investments, financing and dividend decisions and weighting the effects of various alternatives. Financial planning is the core of financial management. The complex nature of business demands that management should place greater emphasis upon financial planning to secure and employ capital resources in the amount and proportion necessary to increase the efficiency of remaining factors of production. Financial planning is needed both in dynamic and perfect economic conditions. It helps management to avoid waste by furnishing policies and procedures which make possible a closer co-ordination between the various functions of business (Oye, 2006).

Financial planning must however be complemented by control in order to achieve the basic aim of planning. The actual results must be measured concurrently against projections. Control is the financial management function, which must be exercised by executive personnel of the business enterprise to achieve the goals established by the planning function. It deals with testing the degree of management performance in the attainment of the set objectives. It is also a check to deviations from the planning function, and once the causes for the difference between the actual and expected performance have been identified, a corrective action should be initiated. (Arnold, & Chapman,2004).

Financial planning is defined as the process which assures that financial resources are obtained economically and used efficiently and effectively in the accomplishment of desired goals. It covers the entire process of monitoring actions emanating from the decisions. Seen as an integral part of financial management, it also forms part of budgeting, accounting, reporting and review. The budget is then put in practice and results expected. Budgetary control system forms a good basis of controlling plans. Definitely, actual activities are monitored and their results measured and then compared with plan. Then significant deviations from plan are identified and reported upon. The last step is to investigate the deviations accordingly and take corrective measures (Arnold, & Chapman, 2004).

The existence of efficient financial planning practices can make a substantial difference between the success and failure of an enterprise and it is of particular importance to the managers of small scale enterprises, because it is them who strive for finances and the opportunity cost of finances, for them is usually on the higher side (Kwame, 2007). As established by Padachi (2006), efficient management of working capital is vital for the success and survival of the SSEs which needs to be embraced to enhance performance and contribution to economic growth

Medium-term Financial Plan is prepared for a period of between two to five years. This plan looks after replacement and maintenance of assets, research and development and so on. It mainly provides an intermediary between long term financial plans and the short term financial plans. The main objective is to ensure companies existing assets are bringing value for money where by the benefits of the assets exceed the costs of the same assets. It is through medium term financial planning that the firms are able to identify assets that are no longer bringing value and make a decision to replace such assets depending on the positive cash flow position of the firm. Medium term financial planning also enables a firm to carry out research and development where it plans the costs of the research and development. Many firms do not actually carry out medium term financial planning as it's mostly categorized on long term financial planning (Mudit, 2011).

Long-term Financial Plan is prepared for a period of more than five years. It looks after the long-term financial objectives of the company, its capital structure, expansion activities and so on. Long-term financial planning provides a strategy for the future financial growth and expansion of a company. These types of decisions have extended lead times and require a long-term view of how to implement the strategy. The strategy makes certain assumptions, based on such factors as the future economic outlook, interest and inflation rates, product sales and revenue projections, and business environment assessments based on specific regulatory and tax structures. The purpose of establishing the plan is to set financial milestones that, once achieved, result in successfully realizing long-term financial objectives. Both cash budgeting and long-term financial planning are focused on the financial health of a company. In both cases the objective is

Performance.Performance refers to the act of performing; execution, accomplishment, fulfillment, etc.
In broader sense, performance refers to the accomplishment of a given task measured against preset standards of accuracy, completeness, cost, and speed. In other words, it refers to the degree to which an achievement is being or has been accomplished. In the words of Frich (2009), "The performance is a general term applied to a part or to all the conducts of activities of an organization over a period of time often with reference to past or projected cost efficiency, management responsibility or accountability or the like". Thus, not just the presentation, but the quality of results achieved refers to the performance. Performance is used to indicate firm's success, conditions, and compliance.

The recommended measures for financial analysis that determine a firm's financial performance are grouped into five broad categories: liquidity, solvency, profitability, repayment capacity and financial efficiency. It is important to remember that past and present financial information are not the only factors affecting a firm's financial performance keeping in mind the fact that monitoring the "sweet 16" measures as a group is more important than focusing on only one or two measures at the exclusion of others, (Crane, 2010).

1.2 Statement of the Problem

Ideally, financial planning combines financial forecasting with financial strategies to identify future challenges and opportunities. A good financial planning does not simply project the status quo of "X" number of years into the future. But rather financial planning stimulates discussion about the long term impact of decision made and how the county can position itself now and deliver stable levels of essential services to the people. It should restore the community's trust in County government with transparency by revealing the complex decision-making processes and strategies required to deliver County services, planners should also be responsible for building a plan that considers the community's diverse needs and priorities and to maintaining the long-term financial health of the County while investing in the County's core service areas.

In Nandi however, several challenges have been encountered which include delays in the disbursement from National government, Shortfall in collection of local revenue more specifically on cess where the rates are pending approval upon receipt of stakeholders' input. Budget implementation started at slow pace in the early months of the year as the staff in the various ministries and departments were learning on the programme based budgeting ,Unclear devolved functions due to lack of specific guidelines on devolved functions and finally, Public expenditure pressures especially on recurrent expenditure thus limiting the…..

Various studies have been done in this area, a study done by Institute of economic affairs on First County Integrated Development Planning: Experiences and Lessons from Laikipia, UasinGishu, and Meru Counties, (2014). Found that Achieving consensus between the Members of the County Assembly and those of the executive remained a challenge and hence many of the plans have long lists of proposed projects. In another study done by Kipkoech, (2013) on 'An Analysis of Factors Influencing Financial Control Practices in Community Based Organizations in Baringo County, Kenya', found that internal control systems were positively correlated with financial control practices respectively. With the various studies done in this area, no study has been done in Nandi County. This study therefore sought to establish the relationship between financial planning and financial performance of Nandi county government in Kenya.

1.3 Research questions

This study answered the following research questions:
  i. What is the relationship between working capital management and financial performance of Nandi county government?
  ii. Whatis the relationship between budgetary allocationand the financial performance of Nandi county government?
  iii. What is the relationship between financial objectives and the financial performance of Nandi county government?
  iv. How does investment decision management relate to the financial performance of Nandi county government?

1.4 Research hypothesis

H_1 There is arelationship between working capital management and financial performance of Nandi county government.

H_2 There is a relationship between budgetary allocation and financial performance of Nandi county government.

H_3 There is a relationship between financial objectives and financial performance of Nandi county government.

H_4 There is a relationship between Investment decision management and financial performance of Nandi county government.

1.5 Significance of the study

This study was benefitial to the county government of Nandi as they were able to appreciate how financial planning can enhance a firm's competitive advantage in managing costs and risks. This study also enabled counties to appreciate the importance of financial planning and how it enable it to come up with both short term and long term goals of managing and increasing its resources. Financial planning also serves as a blue print of a firm's future financial plan in terms of cash flow management, investments and expansion plans.

The study was a significant to the government as it abled them to understand the relationship of financial planning and performance on the county governments and how to promote performance. Therefore, based on the report that was given in this study, the government had to promote them through policies and regulations so as to promote their role.

The study findings were useful to future researchers also by widen their understanding in matters of financial planning as a tool for good financial performance. The researchers therefore were to use the findings of this research to advance related argument in future.

1.6 Theoretical Framework

1.6.1 Iceberg Theory of Money Management

This study was guided by the iceberg theory of money management. This theory was advanced by RanjanVarma, (2009). It says that money management expertise has four components: knowledge; skills; attitude; characteristics. Knowledgeable people make financial mistakes too because they may not have the right skills or attitude towards money management. RanjanVarma, (2009) divided the above components into two: The visible that is, knowledge level and skill level can be seen and can be improved by reading up blog, dailies, magazines and in-service training but this visible part is only 10-15% of what it takes to manage money; The hidden part that is, it depends on one's attitude and other characteristics like what one values, what is learned from parents and from others. This hidden part accounts for 85-90% of what it takes to manage money.

1.7 Conceptual framework

The purpose of a conceptual framework is to help the reader quickly see the proposed relationship between variables in the study. The conceptual framework for this study spells out the relationship between financial objectives, budgetary allocation, working capital management and investment decision management (independent variables) and financial performance of Nandi county government (dependent variable) as measured by net debt, capital assets and accumulated surplus or deficit**.** Financial planning has had adverse relationship on the financial performance of firms.

INDEPENDENT VARIABLES   **DEPENDENT VARIABLES**

FINANCIAL PLANNING:

- Working capital management

- Budgetary allocation

- Financial objectives

- Investment decision management

FINANCIAL PERFORMANCE:

- Net debt

- Capital assets

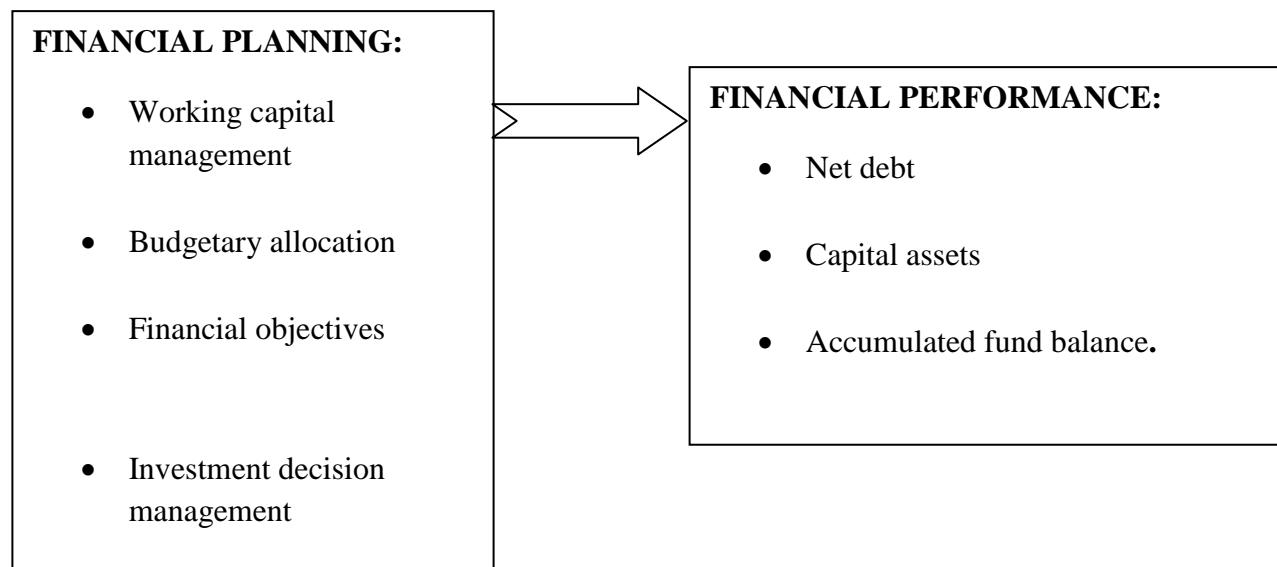- Accumulated fund balance**.**

Figure 1.1: Conceptual framework
Source: Researcher 2015

LITERATURE REVIEW

2.1 Review of Theories

2.1.1 Stakeholder theory

In the traditional view of a company, the shareholder view, only the owners or shareholders (= stockholders) of the company are important, and the company has a binding fiduciary duty to put their needs first, to increase value for them. Stakeholder theory instead argues that there are other parties involved, including employees, customers, suppliers, financiers, communities, governmental bodies, political groups, trade associations, and trade unions. Even competitors are sometimes counted as stakeholders – their status being derived from their capacity to affect the firm and its stakeholders. The stakeholder view of strategy integrates both a resource-based view and a market-based view, and adds a socio-political level.

2.1.2 Modern portfolio theory (MPT)

MPT is a mathematical formulation of the concept of diversification in investing, with the aim of selecting a collection of investment assets that has lower overall risk than any other combination of assets with the same expected return. More technically, MPT models an asset's return as a normally or elliptically distributed random variable, defines risk as the standard deviation of asset price fluctuation, and models a portfolio as a weighted combination of assets, so that the return of a portfolio is the weighted combination of the assets' returns. By combining different assets whose returns are not perfectly positively correlated, MPT seeks to reduce the total variance of the portfolio return. MPT also assumes that investors are rational and markets are efficient.

2.1.3 Agency Theory

The theory is on the notion of the principle of 'two-sided transactions' which holds that any financial transactions involve two parties, both acting in their own best interests, but with different expectations. Nevertheless, the theory provides useful knowledge into many matters in SMEs financial management and shows considerable avenues as to how SMEs financial management should be practiced and perceived.

2.2 Criticism of the Theories

The risk, return, and correlation measures used by MPT are based on expected values, which means that they are mathematical statements about the future (the expected value of returns is explicit in the above equations, and implicit in the definitions of variance and covariance). In practice, investors must substitute predictions based on historical measurements of asset return and volatility for these values in the equations. More fundamentally, investors are stuck with estimating key parameters from past market data because MPT attempts to model risk in terms of the likelihood of losses, but says nothing about why those losses might occur. The risk measurements used are probabilistic in nature, not structural. This is a major difference as compared to many engineering approaches to risk management.

RESEARCH DESIGN AND METHODOLOGY

3.1 Research Design.

This study used the correlational research design in obtaining the relationship of financial planning on financial performance in the Nandi county government. Acorrelational descriptive survey design is carefully designed to ensure a complete design of the situation, making sure that there is minimum bias in the collection of data and to reduce errors in interpreting the data collected. The design was preferred since itwas concerned with the questions such as who, how, what, which, when and how much.

3.2 Target population

The target population was 80 management staff of Nandi county government from the different ministries. The county has nine different ministries namely, trade, investment and industrial development, finance and economic planning, transport and infrastructure, agriculture, health and sanitation, land, environment and natural resources, devolved unit and special programmes, youth, gender, sports and social services, tourism, culture and cooperative development and education and vocational training.

3.3 Description of the Sample size and Sampling Procedures

To gain information about the entire population stratified sampling technique targeting county management staff working in different departments was used and samples drawn out of each using simple random sampling as per the proportion of each computed population of 80, the sample size was obtained by use of a formula by Yamane (1973) as shown below;

$$n = \frac{N}{1 + N_{e^2}}$$

Where:

n = Sample size

N = Population size

e = the error of Sampling

This study allowed the error of sampling on 0.05. Thus, sample size was as follows:
This study allowed the error of sampling on 0.05. Thus, sample size was as follows:
$66 = 80/1 + 80_{(0.005)}^2$

3.4 Description of Research instruments

Both open and closed ended questionnaires were used to let the respondents give their own opinion about the study. The questionnaire had seven sections; the first section collected information on the bio data. The second section collected data on how financial objectives and budgetary allocation relates to financial performance in Nandi County, the third section collected information on how working capital management relates to financial performance in Nandi County and the final section collected data on how investment decision management relates to the financial performance in Nandi County.

3.5 Description of validity and reliability of the instruments

3.5:1 Validity of the Research Instrument results

To measure validity of research instrument the researcher used expert judgment; this was by relying on groups of individuals with specialist skill set, training or experience in the subject matter relevant to the activity being performed. The OASIS group of research consultants was conducted to check the validity of the research instrument.

3.5:2 Reliability of the Research instrument

The researcher enhanced the reliability of the data collected by ensuring that the questionnaires were pretested before being administered to the sample group. The instrument was piloted using 8 county management staff of who was not part of the sample before they were administered. From the piloted instruments, reliability was determined. Data reliability, which is a measure of internal consistency and average correlation, was measured using Cronbach's alpha coefficient that ranges between zero and one (Kipkebut, 2010).Higher alpha coefficient values means there is consistency among the items in measuring the concept of interest. As a rule of thumb acceptable alpha should be at least 0.60 and above (Hair *et al.*, 2006).

Table 3.3 Reliability analysis

Case Processing Summary

		N	%
	Valid	61	100
Cases	Excluded[a]	0	0
	Total	61	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.967	27

The result of the reliability statistics shows that Cronbach's Alpha is 0.967. It shows that the instrument is reliable since it is greater than 0.7. Creswell (2003), notes that a reliability value above 0.7 is considered to be an adequate test of reliability of a research instrument.

3.6 Description of data collection procedures

The study incorporated a self-completion data collection method where all the identified respondents were given a questionnaire to complete and follow-up was made to ensure that there was an adequate completion rate. The instrument that was used is a semi-structured questionnaire having both open and close-ended questions. Data on financial planning was collected using questionnaires filled by the employees in various departments. A questionnaire was used to collect data on the financial planning practices because it is a first time data which can only be gotten from the respondents. The questionnaire also saved time and was economical to administer. Secondary data on performance was collected through a document analysis guide that collected data from financial records of the county government.

3.7 Description of data analysis procedure

The primary and secondary data from the staff and the financial statements and reports of the Nandi county government was reviewed for completeness and consistency in order to do statistical analysis. A regression analysis was conducted to assist the researcher in establishing the relationship of financial planning on the financial performance of Nandi county government. The researcher used descriptive statistic techniques to analyze the data tabulated. This involved the use of means, relative frequencies, mode, median and standard deviation. The processed data was presented in tables, pie charts and explanations provided.

The researcher used multivariate linear regressions to establish the relationship between financial planning on the financial performance of Nandi county government. Pearson product moment correlation (r) was applied to establish the relationship between financial goals, budgetary allocations, working capital management and investment decision management and financial performance indicators of net assets, capital assets and accumulated surplus/deficit. Hypothesis was tested using 0.05 level of significance level (95% confidence level)

The regression model that was used is:

$$Y = \beta_0 + \beta_{1X_1} + \beta_{2X_2} + \beta_{3X_3} + \beta_{4X_4} + \varepsilon$$

Where;

Y	=	Financial Performance of Nandi county
β_0	=	Constant
$\beta_1, \beta_2, \beta_3, \beta_4$	=	Coefficients of determination
X1	=	Working capital management
X2	=	Budgetary allocation
X3	=	Financial objectives
X4	=	Investment decision management
ε	=	Error term

RESULTS

4.1. Presentation of Findings

4.1.1 Response rate

The sampled respondents were 66 but the researcher was able to collect 61 out of the 66 questionnaires delivered. This gives a response rate of 92.42%. The response rate is viewed as being highly favorable according to Mugenda and Mugenda (2003) who assert that a response rate of 50% is adequate, 60% good and above 70% is rated as being very good. This implies that the respondents were an adequate representation of the entire targeted population. This is further supported by Creswell (2003) who provides guidance that a 40% response rate is adequate.

4.1.2 Demographic characteristics

The demographic information of the respondents was established so as to enable the researcher understand the respondents involved in the study. The variables that were obtained in the demographics are the age of the respondents, the sex, academic qualifications and the professional trainings they each had. The findings are as shown below.

4.1.2.1 Age of the Respondents

Table 4.1: AGE

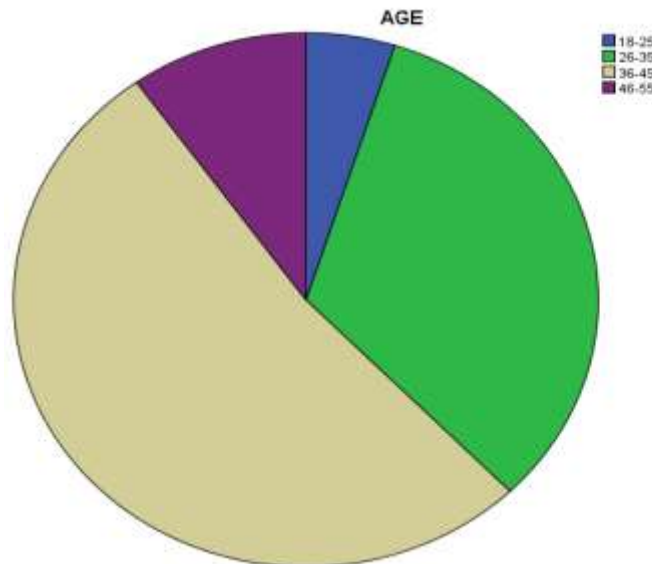|		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	3	4.9	4.9	4.9
	26-35	20	32.8	32.8	37.7
	36-45	32	52.5	52.5	90.2
	46-55	6	9.8	9.8	100.0
	Total	61	100.0	100.0	

Figure 4.1: Age of respondents

The study showed that the respondents aged 18-25 were 3 accounting for 4.9% of the respondents. Those aged 26-35 were 20, making up 32.8% of the respondents, those aged 36-45 were 32, making 52.5%, and those aged 46-55 were 6, making 9.8%. The results indicate that majority of the employees of the different departments in Nandi County are aged between 36-45 years.

4.1.2.2 Gender of Respondents

Table 4.2: GENDER

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	38	62.3	62.3	62.3
	Female	23	37.7	37.7	100.0
	Total	61	100.0	100.0	

The new constitution on Kenya indicates that a third gender rule should be followed by all firms in every aspect of their activities. It was therefore important to establish the gender of the respondents. The results indicate that the male were 38 accounting for 62.3%, while the female were 23, accounting for 23% of all the respondents.

4.1.2.3 Academic Qualification of the Respondents

Table 4.3: QUALIFICATION

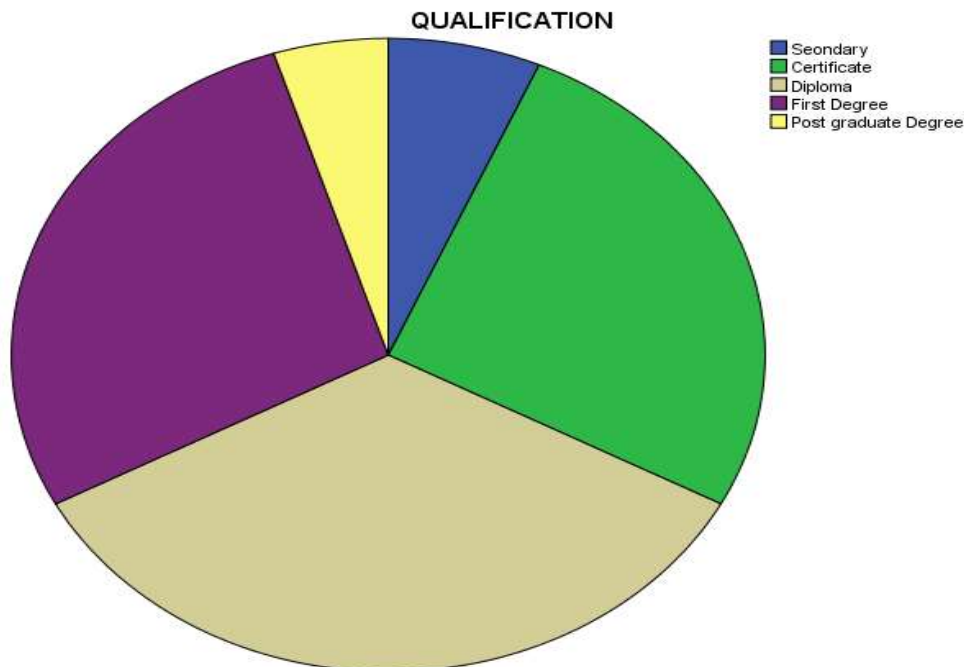|		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Secondary	4	6.6	6.6	6.6
	Certificate	16	26.2	26.2	32.8
	Diploma	21	34.4	34.4	67.2
	First Degree	17	27.9	27.9	95.1
	Post graduate Degree	3	4.9	4.9	100.0
	Total	61	100.0	100.0	

Figure 4.2: Qualification of respondents

The level of academic qualification of the participants was important since it revealed the level of professionalism an individual had in addition to the ability of an individual to understand and interpret concepts. The results indicated that majority of the respondents were having a Diploma as their academic qualification. The number of respondents who had a secondary education was 4 constituting 6.6% of the respondents. Certificate holders were 16 constituting 26.2% of the respondents. Respondents with Diplomas were 21 constituting 34.4% of the respondents. While the respondents qualified with the first degrees were 17 constituting 27.9 % of the respondents. Similarly, 3 respondents had a post graduate degree accounting for 4.9% of the respondents.

4.1.2.4 Professional training

Table 4.4: PROFFESSIONAL TRAINING

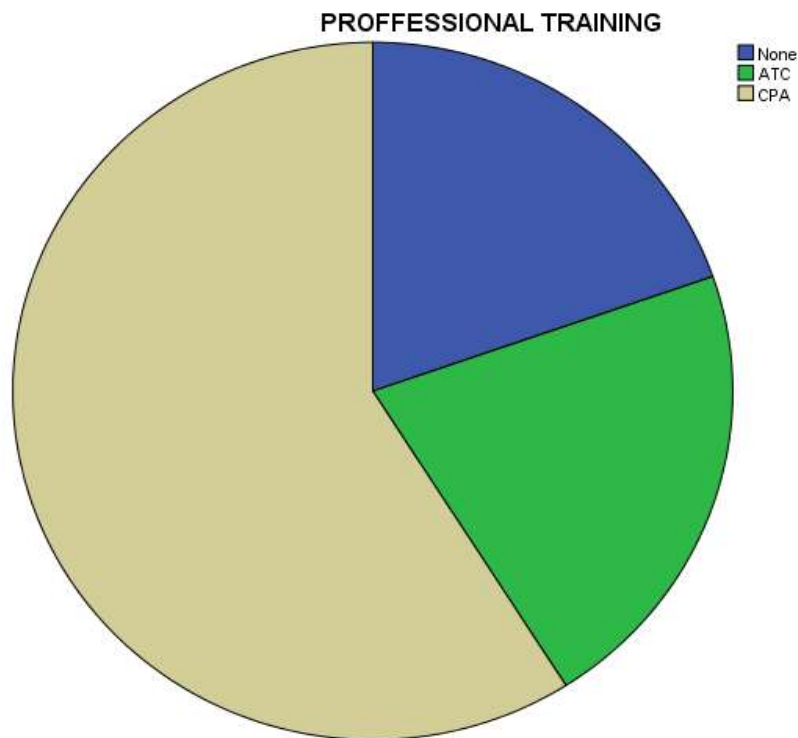|		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	None	12	19.7	19.7	19.7
	ATC	13	21.3	21.3	41.0
	CPA	36	59.0	59.0	100.0
	Total	61	100.0	100.0	

Figure 4.3: Professional training of respondents

It was important to know the professional trainings that the respondents had. The knowledge on professional training was important since the financial planning in an entity requires skill and expertise. The results showed that 12 of the respondents had no professional training, while 13 had the ATC certificate. 36 of the respondents had a CPA certificate. The study did not look further on the levels of the CPA professional training each individual had.

4.1.2.5 Years of Experience

Table 4.5: EXPERIENCE

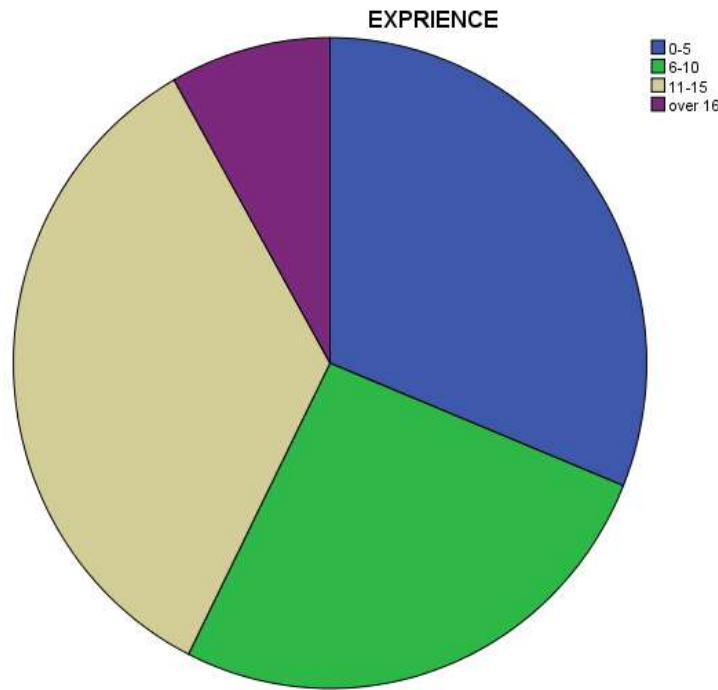|		Frequency	Percent	Valid Percent	Cumulative Percent
	0-5	19	31.1	31.1	31.1
	6-10	16	26.2	26.2	57.4
Valid	11-15	21	34.4	34.4	91.8
	over 16	5	8.2	8.2	100.0
	Total	61	100.0	100.0	

Figure 4.4: experience of respondents

The findings revealed that 31.1% of the respondents had a work experience of between 0-5 years, 26.2 % had work experience of between 6-10 years, 34.4 % had worked for a period of between 11-15 years and 8.2 % had a work experience of more than 16 years. This show that majority of the respondents had a work experience of between 11-15 years.

4.1.3 Descriptive Statistics

4.1.3.1 Working Capital Management

Table 4.6

	N	Minimum	Maximum	Mean	Std. Deviation
Determination of target cash balance	61	2	5	3.21	.710
Preparation of cash flow statement	61	3	4	3.15	.358
Occurrence of cash deficit	61	4	5	4.90	.300
Review levels of receivables	61	3	5	3.93	.680
Review levels of bad debts	61	2	3	2.28	.452
Provision for bad debts	61	1	2	1.23	.424
Review of inventory control	61	1	2	1.38	.489
Valid N (list wise)	61				

The working capital management's descriptive statistics is explained. The determination of target cash balance average minimum of 2 and an average maximum of 5 with a mean of 3.21 and a standard deviation of 0.710. Review levels of receivables had a minimum of 3 and a maximum of 5 with a mean of 3.93 and a standard deviation of 0.68. Review of inventory control has a minimum of 1, maximum of 2, mean of 1.38, and a standard deviation of 0.489

4.1.3.2 Budgetary allocation

Table 4.7

	N	Minimum	Maximum	Mean	Std. Deviation
Budgets are always prepared & followed	61	3	5	4.08	.640
Budget process is participatory	61	1	2	1.13	.340
Budgeting leads to better financial plans	61	2	4	3.69	.647
Valid N (list wise)	61				

The budgetary allocation's descriptive statistics is explained. The budgets are always prepared and followed has a minimum of 3, maximum of 5, mean of 4.08, and a standard deviation of 0.64. The budget process is participatory has a minimum of 1, maximum of 2 mean of 1.13, and a standard deviation of 0.340. The budgeting process leads to better financial plans has a minimum of 2, maximum of 4, mean of 3.69, and a standard deviation of 0.647.

4.1.3.3 Financial Objectives

Table 4.8

	N	Minimum	Maximum	Mean	Std. Deviation
Employees present accountabilities of funds	61	3	5	4.07	.574
Financial statements are available when needed	61	4	5	4.11	.321
All revenues collected are recorded in books	61	4	5	4.87	.340
All expenditure are authorized before incurred	61	5	5	5.00	.000
All incurred expenditure are recorded	61	4	5	4.21	.413
It is easy to report fraud	61	1	2	1.44	.501
Financial performance is satisfactory	61	1	4	2.03	.730
There is enough capital assets to generate revenue	61	1	3	1.48	.622
Valid N (list wise)	61				

The financial objectives' descriptive statistics is explained. All expenditure are authorized before incurred has a minimum of 5, maximum of 5, mean of 5, and a standard deviation of 0.000. All incurred expenditure are recorded has a minimum of 4, maximum of 5, mean of 4.21, and a standard deviation of 0.413. There is enough capital assets to generate revenue has a minimum of 1, maximum of 3, mean of 1.48, and a standard deviation of 0.622.

4.1.3.4 Investment Decision Management

<p align="center">**Table 4.9**</p>

	N	Minimum	Maximum	Mean	Std. Deviation
Risk factors are considered before investment	61	1	2	1.44	.501
Investment are done in order of priorities	61	1	3	1.42	.730
NPV is used in analyzing investment	61	1	1	1.00	.001
Valid N (list wise)	61				

The investment decision management's descriptive statistics is explained. Risk factors are considered before investment 1, maximum of 2, mean of 1.44, and a standard deviation of 0.501. Investment are done in order of priority has a minimum of 1, maximum of 3, mean of 1.42, and a standard deviation of 0.730. NPV is used in analyzing investment has a minimum of 1, maximum of 1, mean of 1.00, and a standard deviation of 0.001.

Financial Planning

The results below show the views of the respondents on whether the county government undertakes financial planning from the departmental level. Based on the study 68.85% of the total respondents indicated that the county government undertakes financial planning, while 31.15 % of the respondents indicated the county government does not undertake financial planning. From Table 4.6 it can be deduced that the respondent's in the departments are not involved when undertaking the financial plans of the Nandi County government.

<p align="center">**Table 4.10: Nandi County Undertakes Financial Planning from the departmental level**</p>

	Frequency	Percentage	Cumulative percentage
No	42	68.85	68.85
Yes	19	31.15	100
Total	**61**	**100**	

4.1.3.2 Frequency of financial planning

The study below shows the views of the respondents on how frequently financial planning is undertaken in the Nandi County Government. Based on the study there 24.59% indicated that financial planning is undertaken bi-annually, 73.77% indicated annually, while 1.64% stated that financial planning is undertaken quarterly. From table 4.11 it can be deduced that Nandi County government undertakes financial planning annually.

<p align="center">**Table 4.11: Frequency of financial planning**</p>

	Frequency	Percentage	Cumulative percentage
Quarterly	1	1.64	1.64
Bi- annually	15	24.59	26.23
Annually	45	73.77	100.00
Total	61	100	

4.1.3.3 Influence of Financial Planning on Financial Performance

Table 4.12 below show the views of the respondents on whether financial planning facilitates financial performance of the county government. Based on the study results 85.25% indicated that financial planning does facilitate financial performance of the organization, while 14.75% indicated that financial planning does not facilitate financial performance of the organization. From the study it can be deduced that financial planning facilitates financial performance of the Nandi County government.

Table 4.12: Influence of financial planning on financial performance

	Frequency	Percentage	Cumulative percentage
YES	52	85.25	85.25
NO	9	14.75	100.00
Total	61	100	

4.1.4 Correlation analysis

4.1.4.1 Correlation between working capital management and financial performance

Table 4.13

		Capital Assets	Preparation of cash flow statement	Occurrence of cash deficit	Review levels of receivables	Review levels of bad debts	Provision for bad debts	Review of inventory control
Capital Assets	Pearson Correlation	1	.662**	.569**	.789**	.851**	.776**	.725**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000
	N	61	61	61	61	61	61	61
Preparation of cash flow statement	Pearson Correlation	.662**	1	.137	.657**	.669**	.762**	.535**
	Sig. (2-tailed)	.000		.291	.000	.000	.000	.000
	N	61	61	61	61	61	61	61
Occurrence of cash deficit	Pearson Correlation	.569**	.137	1	.458**	.205	.180	.257*
	Sig. (2-tailed)	.000	.291		.000	.112	.164	.046
	N	61	61	61	61	61	61	61
Review levels of receivables	Pearson Correlation	.789**	.657**	.458**	1	.711**	.747**	.678**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000
	N	61	61	61	61	61	61	61
Review levels of bad debts	Pearson Correlation	.851**	.669**	.205	.711**	1	.878**	.799**
	Sig. (2-tailed)	.000	.000	.112	.000		.000	.000
	N	61	61	61	61	61	61	61
Provision for bad debts	Pearson Correlation	.776**	.762**	.180	.747**	.878**	1	.702**
	Sig. (2-tailed)	.000	.000	.164	.000	.000		.000
	N	61	61	61	61	61	61	61
Review of inventory control	Pearson Correlation	.725**	.535**	.257*	.678**	.799**	.702**	1
	Sig. (2-tailed)	.000	.000	.046	.000	.000	.000	
	N	61	61	61	61	61	61	61

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

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

From table 4.13 above, there is a strong positive correlation between working capital management and financial performance of the Nandi county government, with Preparation of cash flow statement having 0.662, Occurrence of cash deficit having 0.569, Review of receivables having 0.789, review of bad debts having 0.881, provision for bad debts having 0.776, and review of inventory control having 0.725.

4.1.4.2 Correlation between Budgetary allocation and financial performance

Table 4.14

		Budgets are always prepared & followed	Budget process is participatory	Budgeting leads to better financial plans
Budgets are always prepared & followed	Pearson Correlation	1	.562**	.707**
	Sig. (2-tailed)		.000	.000
	N	61	61	61
Budget process is participatory	Pearson Correlation	.562**	1	.189
	Sig. (2-tailed-)	.000		.145
	N	61	61	61
Budgeting leads to better financial plans	Pearson Correlation	.707**	.189	1
	Sig. (2-tailed)	.000	.145	
	N	61	61	61

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

From table 4.14 above, there is a strong positive correlation between budgetary allocation and financial performance of the Nandi county government, with budgets being followed having 0.562, budget process is participatory having 0.562, and budgeting leads to better financial plans having 0.707.

4.1.4.3 Correlation between financial objectives and financial performance

Table 4.15

		Financial statements are available when needed	All revenues collected are recorded in books	All expenditure are authorized before incurred	All incurred expenditure are recorded
Financial statements are available when needed	Pearson Correlation	1	.140	.a	.692**
	Sig. (2-tailed)		.282	.	.000
	N	61	61	61	61
All revenues collected are recorded in books	Pearson Correlation	.140	1	.	.202
	Sig. (2-tailed)	.682		.	.118
	N	61	61	61	61
All expenditure are authorized before incurred	Pearson Correlation	.532	.	.	.
	Sig. (2-tailed)	.	.		.
	N	61	61	61	61
All incurred expenditure are recorded	Pearson Correlation	.698**	.202	.	1
	Sig. (2-tailed)	.000	.118	.	
	N	61	61	61	61

**. Correlation is significant at the 0.01 level (2-tailed).
a. Cannot be computed because at least one of the variables is constant.

From table 4.15 above, there is a strong positive correlation between financial objectives and financial performance of the Nandi county government, with all revenue collected are recorded having 0.682, all expenditure is authorized before incurred having 0.532, and all expenditures are recorded having 0.698.

4:1:4:4 Correlation between investment decision management and financial performances

Table 4.16

		Risk factors are considered before investment	Investment are done in order of priorities	NPV is used in analyzing investment	
The county an investment committee	Pearson Correlation	1	.310	.822	.562**
	Sig. (2-tailed)		.822	.	.000
	N	61	61	61	61
Risk factors are considered before investment	Pearson Correlation	.310	1	.	.420
	Sig. (2-tailed)	.001		.	.311
	N	61	61	61	61
Investment are done in order of priorities	Pearson Correlation	.822	.	.	.
	Sig. (2-tailed)	.000	.		.
	N	61	61	61	61
NPV is used in analyzing investment	Pearson Correlation	.562**	.420	.	1
	Sig. (2-tailed)	.000	.311	.	
	N	61	61	61	61

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

From table 4.16 above, there is a strong positive correlation between investment decision management and financial performance of the Nandi county government, with risk factors are considered before investing having 0.310, investments are done in the order of priorities having 0.822 and NPV is used in analyzing investment having 0.562.

4.1.5 Regression Analysis

This study tested the relationship between financial planning and financial performance in Nandi County government using a regression analysis. Below are the results of the findings:

4.1.5.1 Model Summary

The summary of the model was used to determine the correlation between the variables (R) and then coefficient of determination (R^2) of the study variables in order to establish whether the model was a suitable predictor in determining the relationship between the variables. The results in the table above, showed that 68.9 % variation was explained by the variables under the study. This means that the regression model used is a good predictor. Similarly, the correlation between the variables was found to be R=0.776 which implies the variables contributed 77.6% on the relationship between the independent and the dependent variables. The standard error estimates gives a measure of dispersion for the prediction equation. Therefore, 95% of the time, the estimates of profitability will be within a range of plus or minus 0.564 of being correct.

Table 4.17: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.766[a]	0.689	0.658	0.284

a. Predictors: (Constant), Working capital management, financial objectives, budgetary allocation, investment decision management

Source: Research data 2016

4.1.5.2 Coefficients

Table 4.18: Coefficients with net debt as the dependent variable
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.389	.687		1.295	.0199
	Working capital management	2.631	.093	.000	.000	.002
	Financial objective	6.177	.079	1.222	1.077	.004
	Budgetary allocation	2.556	.053	.539	1.538	.008
	Investment decision management	9.587	.67	.495	.0587	.048

a. Dependent Variable: Net Debt

NET DEBT $= 8.389 + 2.631\ X_1 + 6.177\ X_2 + 2.556\ X_3 + 9.587\ X_4$
This means that for every unit change in the financial planning features the net debt grows by 2.631, every unit change in financial objective net debt grows by 6.117. For every unit change in budgetary allocation net debt grows by 2.556, and with every unit change in investment decision management net debt changes with 9.587. If there is an absence of all the financial planning practices, the net debt increases by 8.389. Since the significance of all the variables are below 0.05 at 95% level of confidence, the model is robust for this study.

Table 4.19: Coefficients[b]With capital assets as the dependent variable

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.387	.332		13.055	.000
	Working capital management	2.064	.258	.037	1.100	.027
	Financial objective	3.012	.363	.031	.419	.047
	Budgetary allocation	2.987	.157	.058	.347	.002
	Investment decision management	6.037	.58	.034	.718	.044

b. Dependent Variable: Capital assets

Capital assets $= 4.387 + 2.064\ X_1 + 3.012\ X_2 + 2.987\ X_3 + 6.037\ X_4$
This means that for every unit change in the financial planning features the capital assets grows by 2.064, every unit change in financial objective capital assets grows by 3.012. For every unit change in budgetary allocation capital assets grows by 2.987, and with every unit change in investment decision management capital assets changes with 6.037. If there is an absence of all the financial planning practices, the capital assets increases by 4.387. Since the significance of all the variables are below 0.05 at 95% level of confidence, the model is robust for this study.

Table 4.20: Coefficients With Accumulated fund balance as the dependent variable

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	1.473	.220		9.130	.021
	Working capital management	4.602	.452	.013	2.10	.072
1	Financial objective	2.103	.254	.043	.149	.003
	Budgetary allocation	1.582	.121	.024	.437	.016
	Investment decision management	1.064	.105	.043	.178	.024

b. Dependent Variable: Accumulated fund balance

Accumulated fund balance = $1.473 + 4.602 X_1 + 2.103 X_2 + 1.582 X_3 + 1.064 X_4$

This means that for every unit change in the working capital management features the Accumulated fund balance grows by 4.602, every unit change in financial objective accumulated fund balance grows by 2.103. For every unit change in budgetary allocation accumulated fund balance grows by 1.582, and with every unit change in investment decision management accumulated fund balance changes with 1.064. If there is an absence of all the financial planning practices, the accumulated fund balance increases by 1.473. Since the significance of all the variables are below 0.05 at 95% level of confidence, the model is good for this study.

4.1.6. Test of Hypothesis

4.1.6.1 Working Capital Management

H_{01} There is no relationship between working capital management and financial performance of Nandi county government.

H_{11} There is a relationship between working capital management and financial performance of Nandi county government.

Table 4.20: Model Summary Working Capital

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	0.514[a]	0.478	0.421	0.147

a. Predictors: (Constant), Working capital management

Source: Research data 2016

From the model, R means the correlation coefficient. It shows the relation between the independent variable and the dependent variable. A positive coefficient means that when the independent variable increases, it causes an increase in the dependent variable. Also, a negative coefficient means that an increase in the independent variable leads to a decrease in the dependent variable. The results show that all the value in the correlation coefficient (R) is more than zero. With R being 0.514 means that when working capital increases, the financial performance of Nandi County also increases. The results indicate that the predictor variable of working capital management has a relationship with the financial performance of the Nandi County government. Consequently, the null hypothesis was rejectedsince there is a relationship between working capital management and financial performance in Nandi County.

4.1.6.2 Budgetary allocation

H_{02} There is no relationship between budgetary allocation and financial performance of Nandi county government.

H_{12} There is a relationship between budgetary allocation and financial performance of Nandi county government.

Table 4.21: Model Summary Budgetary Allocation

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	0.676[a]	0.631	0.611	0.174

a. Predictors: (Constant), budgetary allocation,

Source: Research data 2016

The results show that the correlation coefficient (R) is greater than zero. With R being 0.676 means that when budgetary allocation increases, the financial performance of Nandi County also increases. The results indicate that the predictor variable of budgetary allocation has a positive relationship with the financial performance of the Nandi County government. Consequently, the null hypothesis was rejected.

4.1.6.3 Financial Objectives

H_{03} There is no relationship between financial objectives and financial performance of Nandi county government.

H_{13} There is a relationship between financial objectives and financial performance of Nandi county government.

Table 4.22: Model Summary Financial Objective

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	0.587[a]	0.546	0.519	0.183

a. Predictors: (Constant), financial objectives

Source: Research data 2016

The results show that the correlation coefficient (R) is more than zero. With R being 0.587 means that when financial objective increases, the financial performance of Nandi County also increases. The results indicate that the predictor variable of financial objectives has a positive relationship with the financial performance of the Nandi County government. Consequently, the null hypothesis was rejected.

4.1.6.4 Investment Decision Management

H_{04} There is no relationship between Investment decision management and financial performance of Nandi county government.

H_{14} There is a relationship between Investment decision management and financial performance of Nandi county government.

Table 4.23: Model Summary Investment Decision

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	0.716[a]	0.691	0.648	0.324

a. Predictors: (Constant), investment decision management

Source: Research data 2016

The results show that the correlation coefficient (R) is more than zero. With R being 0.716 means that when investment decision management increases, the financial performance of Nandi County also increases. The results indicate that the predictor variable of investment management has a strong positive relationship with the financial performance of the Nandi County government. Consequently, the null hypothesis was rejected.

4.2 Discussion of the findings

The study showed that the respondents aged 18-25 were 3 accounting for 4.9% of the respondents. Those aged 26-35 were 20, making up 32.8% of the respondents, those aged 36-45 were 32, making 52.5%, and those aged 46-55 were 6, making 9.8%. The results indicate that majority of the employees of the different departments in Nandi County are aged between 36-45 years. Male respondents were 38 accounting for 62.3%, while the female were 23; accounting for 23% of all the respondents.Majority of the respondents was having a Diploma as their academic qualification. The number of respondents who had a secondary education was 4 constituting 6.6% of the respondents. Certificate holders were 16 constituting 26.2% of the respondents. Respondents with Diplomas were 21 constituting 34.4% of the respondents. While the respondents qualified with the first degrees were 17 constituting 27.9 % of the respondents. Similarly, 3 respondents had a post graduate degree accounting for 4.9% of the respondents.

Further, the results showed that 12 of the respondents had no professional training, while 13 had the ATC certificate. 36 of the respondents had a CPA certificate. The study did not look further on the levels of the CPA professional training each individual had. The findings revealed that 31.1% of the respondents had a work experience of between 0-5 years, 26.2 % had work experience of between 6-10 years, 34.4 % had worked for a period of between 11-15 years and 8.2 % had a work experience of more than 16 years. This show that majority of the respondents had a work experience of between 11-15 years.

Based on the study 68.85% of the total respondents indicated that the county government undertakes financial planning, while 31.15 % of the respondents indicated the county government does not undertake financial planning. 24.59% of the respondents indicated that financial planning is undertaken bi-annually, 73.77% indicated annually, while 1.64% stated that financial planning is undertaken quarterly. On the other hand, 85.25% of the respondents indicated that financial planning does facilitate financial performance of the organization, while 14.75% indicated that financial planning does not facilitate financial performance of the organization. From the study it can be deduced that financial planning facilitates financial performance of the Nandi County government. The study found that there is a strong positive correlation between working capital management and financial performance of the Nandi county government, with Preparation of cash flow statement having 0.662, Occurrence of cash deficit having 0.569, Review of receivables having 0.789, review of bad debts having 0.881, provision for bad debts having 0.776, and review of inventory control having 0.725. The results further show that 68.9 % variation was explained by the variables under the study. This means that the regression model used is a good predictor. Similarly, the correlation between the variables was found to be $R=0.776$ which implies the variables contributed 77.6% on the relationship between the independent and the dependent variables. The standard error estimates gives a measure of dispersion for the prediction equation. Therefore, 95% of the time, the estimates of profitability will be within a range of plus or minus 0.564 of being correct.

The findings of this study coincided with Oduor (2003) who carried out a study on the effect of financial planning strategies on the financial performance of local commercial banks in Kenya. The researcher used net profit to measure the financial performance of the commercial banks in Kenya. The researcher from his findings found out that banks which had applied sound financial planning strategies recorded a higher net profit growth as compared to those banks that had applied little or no financial planning strategies. The researcher noted that commercial banks which were applying financial planning in their operations were attaining between 10% to 20% net profit growth annually whereas banks which were applying little or no financial planning were attaining below 10% net profit grow.

Similarly, the results agree with the findings of Mohammed (2008). The researcher carried out a study on the impact of financial planning on the financial performance of micro finance firms in Kenya. The researcher used net profit to measure the financial performance of the micro finance firms in Kenya. The researcher from his findings found out that micro finance firms that applied financial planning in its financial management control system had a higher net profit as compared to firms which applied little or no financial planning in its operations. The researcher noted that micro finance firms which were applying financial planning were attaining between 10% to 25% net profit growth annually whereas micro finance firms which were applying little or no financial planning were attaining below 10% net profit growth annually. The researcher noted that financial planning affected the financial performance of micro finance firms in Kenya.

The results also correspond with Kalimalwendo (2005). The researcher carried out a study on the effect of financial planning on the financial performance of the co-operative sector in East Africa. The researcher used return on capital employed to determine the financial performance of the co-operative sector in East Africa. From his findings the researcher found out that most of the co-operatives in East Africa applied weak financial planning strategies in their operations and that the few that had applied financial planning strategies were achieving a higher return on capital employed and those which applied little or no financial planning in their operations had a low return on capital employed. The researcher noted that co-operatives in East Africa which were applying financial planning were attaining between 10% to 20% return on capital employed annually whereas co-operatives which were applying little or no financial planning were attaining below 10% return on capital employed annually. The researcher noted that financial planning affected the financial performance of the cooperatives operating in East Africa.

According to a study by Masurel&Smit (2000) in Vietnam, enterprises with a formal planning system appeared to be more profitable than those without, and also that smaller firms were less likely to have formal plans. This means that SMEs which 46 have no formal financial planning are likely to be less profitable in Nairobi City Centre. According to Arnold, & Chapman (2004) financial planning is understanding past performance and translating that insight into forward-looking targets to align business results with the corporate strategy is key to driving shareholder value. The study shows that SMEs operating in Nairobi City Centre practiced to a great extent three main types of financial planning: periodical budget estimations (M=4.2), activity based budgeting (M=4.1) and financial analysis (M=4.0). To a moderate extent the SMEs keep records and prepare financial statements (M=3.4). The SMEs do not prepare business profomas (M=2.7) which predisposes them to risk and volatility. Hilton & Gordon, (1988) defines financial planning as the adaption of the broad objectives, strategies and other plans of an organization into financial terms.

The empirical result suggests that working capital management, financial objective, budgetary allocation, and investment decision management have a positive coefficient on net debt, capital assets, and accumulated surplus or deficit fund. This is interpreted to mean that for every unit change in the working capital management features the net debt grows by 2.631, every unit change in financial objective net debt grows by 6.117. For every unit change in budgetary allocation net debt grows by 2.556, and with every unit change in investment decision management net debt changes with 9.587. If there is an absence of all the financial planning practices, the net debt increases by 8.389. It also means that for every unit change in the financial planning features the capital assets grows by 2.064; every unit change in financial objective capital assets grows by 3.012. For every unit change in budgetary allocation capital assets grows by 2.987, and with every unit change in investment decision management capital assets changes with 6.037. If there is an absence of all the financial planning practices, the capital assets increases by 4.387.

The empirical results are in agreements with a study by Ling, Fayman, & Michael (2014). They concluded that firms which practice financial planning are likely to have an increased profit due to the fact that they have catered for any unforeseen event that might arise in the course of business. Similarly this finding concurs with the study by Obidike, Ejeh, &Ugwuegbe (2015). The findings are also in agreement with the findings of Mbithi (2012).

4.3 Interpretations of the findings

The research sought to establish the relationship of financial planning and financial performance of the Nandi County government. The correlation matrix for the three variables shows that there is a good positive correlation between individual independent variables and the financial performance as measured by net debt, capital assets, and accumulated surplus/deficit fund. There was a strong positive correlation between working capital management as independent variables and financial performance indicators of net debt, capital assets, and accumulated surplus/deficit fund. That is, efficient management of the working capital would yield a big positive result on net debt, capital assets, and accumulated surplus/deficit fund. There was a strong positive correlation between financial objectives as independent variables and financial performance indicators of net debt, capital assets, and accumulated surplus/deficit fund. That is, increase in the financial objectives by the county government would yield a positive result on net debt, capital assets, and accumulated surplus/deficit fund.

Findings

5.1 Summary

This study sought to establish the relationship between financial planning and financial performance of Nandi county government in Kenya. The study answered the following research questions; what is the relationship between working capital management and financial performance of Nandi county government? What is the relationship betweenbudgetary allocation and financial performance of Nandi county government? What is the relationship between financial objectives and the financial performance of Nandi county government? How does investment decision by management relate to the financial performance of Nandi county government? The study be of benefit to the county governments in planning, managing costs and coming up with policies and regulations. This study was guided by the iceberg theory of money management. Other theories reviewed are stakeholder theory, modern portfolio theory and agency Theory. This research used the correlationalresearch design. The study was carried out in Nandi county government. It targeted all the county management staff across all the departments. A target population of 80 management staff was drawn and 66 respondents was sampled using stratified and simple random sampling. Data was collected using questionnaires and analyzed using both descriptive and inferential statistical methods. Out of the 66 questionnaires delivered to respondents, 61 of them were collected. Since this accounting for 92.42% of the response rate, the researcher coded the data and run the analysis.

The study provided two types of data analysis, descriptive analysis and inferential analysis. The descriptive analysis helped the study to describe the relevant aspects of the phenomena under consideration and provide detailed information about each relevant variable. The study found that financial planning indicators of working capital management, budgetary allocation, financial objectives, and investment decision management had a strong positive correlation with financial performance of Nandi County government.

For inferential analysis, the study used Pearson correlation and regression analysis statistics. These findings strongly reveal there is a relationship in the company's financial performance as a result of having sound financial planning techniques. The positive relationship between working capital management and financial performance may reflect how firms need to have a balance between the money that is in the hands of debtors while at the same time take advantage of longer credit periods offered by creditors.

5.2 Conclusions

The findings of research question one found that working capital management had a strong positive relationship on the Nandi County's financial performance. The positive relationship between working capital management and financial performance may reflect how firms need to have a balance between the money that is in the hands of debtors while at the same time take advantage of longer credit periods offered by creditors.

The findings of research question two were that there exists a relationship between financial objectives and financial performance indicators. The study found a positive correlation between financial objectives and net debt, capital assets, and accumulated funds. Therefore it can be concluded that firms should always have sound financial plans for both short term and long term strategies. The financial objectives should be planned from short term to medium term, to long term. The County government should also have alternative plans in case the initial plans face some challenges.

The findings of research question three established that an increase in budgetary allocation impacts positively to the financial performance of the County government. Budgetary allocation ensures that the expenditures by the county government are done according to the vote head allocated to them. Once the vote is depleted, the expenditure is put on hold until the next financial year. This ensures that every expenditure was done according to the initial plan and no expenditure was done without the authority of the person in charge.

The findings of research question four established that an increase in investment decision management has a positive relationship on the financial performance of the County government. Investment decision management is done in a way that resources are allocated to the most profitable and the most needed projects of the county.

The study therefore concludes that sound financial planning by the county government of Nandi will lead to a better financial performance as accountability is enhanced through all levels of decision making. Financial planning is an integral part of financial management which deals with the management of a firm's funds with a view to maximizing profit and the wealth of shareholders.

The purpose of financial planning is to determine where the firm has been, where it is now, and where it is going. It also determines deviations from the most likely outcome. Finance is concerned with the study of the problems involved in acquisition and use of funds by a business enterprise. The financial planning practices also had other benefits such as keeping of clean records. The records served as collaterals for the county government to secure loans when need arises. Also the financial planning practices acts like a framework which guides the county government to work and achieve certain targets within a specified period of time.

5.3 Recommendations

Based on the findings and conclusion of the study, the study found that some of the employees of the Nandi County government were not aware that financial planning is a practice in their enterprise. This renders their performance prone to anticipated business risks and some inefficiency. It is recommended that awareness be created by policy makers to the employees on the importance of the financial planning in business operations. Also the policy makers should be consulting widely on the effective financial plans the government should adopt.

The study established that the county government reviews their financial planning practices on annual basis. This period is long for close monitoring of the businesses and therefore it is difficult to correct deviations at early stages. Thus to deal with problem, it is recommended that reviews be done on biannually basis to reduce the long-time intervals.

Based on the above conclusions, the research study recommends that managers should be thoroughly trained on working capital management skills. The managers should undergo continuous development programme through interactive symposiums, conferences, and open forums.

Effective budget implementation at the county level should be facilitated through capacity building, robust systems and processes, prioritization, close monitoring and evaluation. All stakeholders should get involved in budget execution in enhancing the overall budget implementation.

The financial management system needs to be supported in order to ensure prudent management of funds. There is a need for adequate sensitization of both the employees and the public on best financial management practices so that the oversight role is enhanced. The county needs to establish a strong link between the planning process and the budget process.

5.3.1   Suggested Areas for Further Research

This study involved the county government of Nandi. Another study should be done on a different study. Another study may also be done to establish the effectiveness of the IFMIS (Integrated Financial Management Information Systems) system that was recently introduced in the national and county governments.

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