FINANCIAL MANAGEMENT PRACTICES AND FINANCIAL PERFORMANCE OF NON-COMMERCIAL SEMI-AUTONOMOUS GOVERNMENT AGENCIES IN SOCIAL PROTECTION SECTOR IN KENYA

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ABSTRACT

Financial management practices are common in most of the organizations, be it private or state-owned entities and the conceptual connection with financial performance amongst many organizations still portray controversial debate amongst scholars up to date. The specific objectives of this study was to evaluate the influence of budget management on financial performance of Semi-Autonomous Government Agencies under social protection sector in Kenya; to examine the influence of financial controls on financial performance of Semi-Autonomous Government Agencies under social protection sector in Kenya and to evaluate the influence of funding practices on financial performance of Semi-Autonomous Government Agencies under social protection sector in Kenya. This study is underpinned by three theories namely goal setting, contingency, and agency theories. Descriptive survey research methodology was adopted. The three hypotheses were tested at 95% confidence level using multiple linear regressions models. The population size was 19 non-commercial SAGAs under social protection sector in Kenya. Data was collected from the corresponding 19 senior officers, namely, chief finance officers or/and chief accountant whereby structured questionnaires were utilized. Statistical Package for Social Sciences (SPSS version 23.0) tool was used for data analysis and the results therefrom presented using statistical tools to provide insight on the degree of cause effect between the predictor and the dependent variable. It was established that the influence of budget management on financial performance of Semi-Autonomous Government Agencies under social protection sector in Kenya was direct and statistically significant. The financial controls also portrayed a positive and statistically significant influence on financial performance of Semi-Autonomous Government Agencies under social protection sector in Kenya and funding practices had a positive significant influence on financial performance of Semi-Autonomous Government Agencies under social protection sector in Kenya. This study recommends that budget management in relation to enhancing the performance and operations of SAGAs be embraced by all government agencies. This is because from the study, Budget management acted as a control tool to keep the Agencies on track. Secondly, the SAGAs need to put in place strong internal controls to ensure that the funds received and operations on the Agencies are well monitored. This is because from the study, it was determined that SAGAs that embraced financial controls, had a monitoring team to monitor progress of projects and regularly undertook cost-benefit analysis on projects which led to enhancement in performance. Thirdly, the SAGAs need to undertake funding practices and benefits realized from previous grants received from donors. This will enable SAGAs expand their operations and have a good structure in place thus leading to improvement of performance.

Key words: Financial performance; budget management; Financial controls Funding practices Semi-Autonomous Government Agencies (SAGAs).

INTRODUCTION

Non-commercial Semi-Autonomous Government Agencies (SAGAs) in Kenya positively economic growth since they are drivers and enablers under Sustainable Development Goals towards attainment of the UN goals 2063 and the Jubilee government big four Agenda (National Treasury and Planning Report (2018).). Generally, across economies, performance of government agencies whether commercial or non-commercial is key and relative to the quality and timeliness of service delivery to the citizens. Most public entities across the globe have presented poor financial performance, compared to private entities, and this has generally been attributed to the various financial management practices adopted. In this regard, to attain excellent financial and organizational performance, public institutions are obligated to enhance their financial management practices such as internal controls systems, budget management controls systems, risk management controls and operational management controls (Muhunyo and Jagongo, 2018 and Andrews, et al. 2014).

Financial management practices relate to the manner in which government institutions apply their financial resources through the budget systems. In this regard, it can therefore be inferred that financial management practices are a key driver by which governments and organizations implement policy guidelines to aid in achieving their economic as well as operational objectives (Cheruiyota, and Oketch, 2017). It is designed to fulfil fundamental goals such as ensuring prudence in application of government revenues to the most productive areas of the economy and identifying sustainable and regular revenue streams for service delivery. At the same time, financial management practice focuses on operational and allocative efficiency in order to ensure that entities operate at optimal cost and allocate resources to priority areas of government functions (Muthama, and Warui, 2021). Well-functioning management practices around finances is the backbone for prudent utilization of public assets and effective organizational performance. Aggregate fiscal discipline involves prudently matching aggregate revenues and expenditures, to ensure sustainable and regular revenue streams for organizations operation. Operational and allocative efficiency involves maintaining cost at possible minimum level, while apportioning resources in accordance with government priorities.

Notably, countries across the world are at different stages in developing and implementing effective financial management systems. In Brazil, USA, India, UK and Canada, key financial control systems have yielded enhanced profitability through enhanced working capital control tools such as cash-flow management as well as financing structures development. In Kosovo a review of the development of financial management practices in government agencies has shown that the implementation of systems of control in budget organizations is not in tandem with the development of the general legislative framework (Kosovo, Report, 2022).

Regionally past studies have shown dissimilar and controversial results. For instance: in Nigeria, the tools for management of finances have helped to positively impact on the performance in terms of financial deliverable of state agencies. Further, government agencies' financial controls have impacted on the economic growth of a nation especially when revenues allocation and expenditure are matched. More so, where adequate resources are allocated to development projects, unlike recurrent ones (Ikechi, Ugwueze and Matthew, 2023). In this regard, governments must examine their financial estimations and focus on priority areas while emphasizing the need for controlled recurrent spending, improved transparency, and accountability in a bid to improve performance of government agencies.

In Ghana, budget management in government agencies has been practiced, and this has proved that the development of budget plans, monitoring, controlling, coordination and evaluation of the same is a key part in financial operations of government agencies. This is because Agbenyo, Danquah and Shuangshuang, (2018) explored the role of budgeting and its effect on financial performance of listed manufacturing firms on the Ghana Stock Exchange as a case study. Specifically, the study sought to examine the role of budgeting and to analyze the impact of budgeting on the financial performance of these firms. Both cross-sectional and convenient sampling techniques were used to select fifty-one (51) respondents as the sample size of the study. Questionnaires were used to obtain data from the respondents. The correlation matrix was used to establish a positive relationship between budgeting and financial performance. The study discovered that budgeting plays imperative roles in the financial performance of listed manufacturing firms. The study again unveiled that there is a strong positive correlation betweenbudgeting and financial performance. The study also concludes that planning; monitoring and control; coordination and evaluation plays a vital role and has a positive effect on the financial performance of manufacturing firms. In Rwanda, financial controls such as budgetary controls, financial reporting, and cost controls have proved to positively influence Rwanda Broadcasting Agency's performance. This is because in the study by Speciose, (2020), he assessed the importance of Financial Control on organizational performance of RBA in the last three years. This study was of descriptive survey nature and a target population of three hundred (300) employees of RBA in which a sample size of 171 respondents was determined using Yamane (1967) formula and purposive sampling technique was used to select those respondents from the whole target population. The findings of this study between financial control and organizational performance portrayed that there is a significant relationship between budget control and financial reporting, between budget control and cost control, between financial reporting and cost control, between return on asset and return on capital, return on asset and net profit margin and return on capital employed and net profit margin. Thus, implying that to improve organizational performance in RBA there should be improvement of financial control through ensuring budget control, financial reporting and cost control.

In South Africa, a study of the South Africa Revenue Service (SARS) where some autonomy over personnel management was granted to modernize its personnel system indicated that this led to improved tax collection. In Uganda, tax collection through Uganda Tax Authority after its autonomy grant portrayed improvement in public performance whereby the corresponding financial cost of tax collection decreased (taking 2% as the benchmark) (Junquera-Varela, et al. 2019) . In Ethiopia, the government recognized internal audit as a key contributor in financial functioning of government entities in the country. This is due to the critical role of the government agencies in economic development in the country (Chepkonga, 2018).

In Kenya, similar studies undertaken with financial management practices being incorporated in the study and using diverse measurements to predict financial performance have shown that financial controls influence financial performance of state agencies. For instance, asset, accounting, audit, and budget controls have proved to positively influence the financial functioning of government owned sugar companies (Mumbua, 2022). Further study at Kenya Rural Roads Authority has portrayed those financial controls such as budgeting, financial reporting, internal control systems, cash management and application of technology impacted positively on performance of public entities. (Marsha and Larkin, 2019).).

In another study, conducted by Kamau and Simiyu (2019). to interrogate the contribution of financial controls profitability of government-business entities in Kenya, it was examined and concluded that aspects of internal controls, developing budgets plans, reporting, and managing risks to a great extend affects the financial outcome of state-business enterprises. In Nyeri Kenya, Waruingi, (2020) purposed to examine the function that management systems around finances play in the development of government hospitals within the County of Nyeri. The research focused on financial management practices features of budget processes, internal controls practices, financial monitoring, and waivers. The researcher targeted four county hospitals in Nyeri and showed that there has been an increased operational cost in most of the hospitals. Further, the study discovered delays before the budget is approved as well as disbursement of funds and this impacted the financial results in these hospitals. Further, the research noted inadequate revenue controls and poor coordination. It further indicated that financial monitoring procedures are difficult to adhere to and not very clear to all the staff.

Government Agencies including Non-commercial Semi-Autonomous Government Agencies in Kenya are financed through the government budget process whose underlying structures include the Medium-Term Plan and Medium-Term Expenditure Framework. (Keng'ara and Makina, 2020). The existing government policies on macro and micro-economic indicators have always been characterized by fluctuating economic performance resulting to scarce resources which necessitate public entities both commercial and non-commercial to adopt operational and financial management systems which optimize the application of funds to reap maximum benefit in terms of service delivery (Horni, Fuchs and Gourfinkel, 2020). The government has obligated each government agency including non-commercial semi-autonomous government agencies to enter into performance contract with the state via respective organs government arms, and sections so as to ensure effective service delivery and prudent and efficient resource utilization. Whincop, (2017) .

The non-commercial SAGAs in Kenya control over 30% of the Kenya's total budget and hence a sector that cannot be ignored (Mwangi, 2018) . In delivering their legislative mandate, SAGAs in addition to government grants generate their own source funds such as other donor funding, as well as revenues generated from their operations (A.I.A). Others engage in public private partnership programmes to accelerate economic growth (Brandusescu, 2021). These agencies have made notable efforts to improve on their operations such as automating processes, putting in place internal audit division, enhancing fiduciary oversight through board committees, designing and implement efficient internal controls, putting in place budget management mechanisms among other financial management practices (Kamau and Simiyu, 2019). However, these practices have not yielded the full realization of effective financial and organizational performance as envisaged in their performance contracting agreements with the government through the line Ministries and National Treasury.

Statement of the Problem

Semi-Autonomous Government Agencies (SAGAs) under social protection sector immensely contributes towards Kenya's transformational and economic growth. For instance, the sector refurbished and rehabilitated one national stadia and three regional stadia, established labour market Information system, upgraded, and expanded the Technology Development Centre, steered the development and approval of the national volunteerism policy, and implemented Cash Transfer Programmes benefiting 444,000 persons in 2014 and doubled this to 709,414 in 2016. The sector further facilitated certification to 440 children's homes, mobilized and registered 133,000 local community organizations and distributed relief food to 23 volatile counties covering a total population of 600,000 persons (Brandusescu, 2021). Therefore, the sector is an avenue through which the government provides goods and services to the citizens of the country (Ochieng et al., 2020).

Together with other government units, non-commercial state agencies are funded based on agreed performance indicators against a tabulated and justified performance-based budget (PBB)which is agreed between the government and the SAGA's during the Medium-Term Expenditure Framework (MTEF), and further cascaded and justified in the performance Contract (PC) with the government. (Assessment Report, (2017).

These entities are expected to absorb provided resources against the planned performance indicator which when carried out as planned would see 100% absorption of allocated resources and 100% implementation of Programme activities. The rule of the thumb is that non-commercial Semi-Autonomous Government Agencies have to absorb 100% of allocated funds or disbursed funds in order to effectively attain the intended organizational performance. This is the ideal performance considering all factors constant and thus any performance below 100% is deemed below average performance and thus requires interrogation. (Barasa et al. 2021 and Wanyama, and Otinga, (2019).

The level of absorption of approved and disbursed funds is therefore a measure of the effectiveness of non-commercial government agencies in delivering their mandate. Ordinarily, the percentage absorption of programme-based budget is directly proportional to the percentage of delivery of programme performance indicator hence organizational performance. To assure transparency, accountability and thus prudence in implementing organizational programmes as provided for in the programme-based budget and performance contract, service-oriented entities must carry out their functions within their approved performance targets against the approved budgets. (Public service 2021) This obligates non-commercial SAGA's to absorb allocated resources for only approved performance indicators and activities which culminates in effective delivery of services.

Although the sector reports for the period June 2015- June 2021 have portrayed an increasing budgetary allocation, a gesture that the government is committed to enhance efficientt service delivery for non-profit oriented government entities, the financial functioning of these institutions has depicted mixed results. The average budgetary performance in terms of absorption level for the five-year period ending June 2021, which falls within Medium Term Plan III stands at 90%. Particularly, the performance for four out of the six years went below 90% and this includes the year ending June 2016, to June 2021 (Treasury& Planning, 2022). Most budgetary under absorption below 10% of disbursed revenues calls for explanation to justify such performance. It is from this that the current study sought after an inquiry to discover the possible factors leading to the underlying budget under performance in the sector. (Treasury & Planning, 2022).

This notwithstanding, Prudential Financial systems and financial functioning across government institutions have also portrayed diverse trends across the globe. For instance, the study in China by (Jiang, Lu, Xia, Liu and Cui, 2019) purposed to examine the impact of the process of preparing budgets on the outcome in terms of revenue generation in government entities. The same applied to (Ezekiel and Obafemi, 2022) who used selected parastatal in Nigeria. (Yegon and Kilonzi, 2023) who studied Marine State Agencies and County Governments seeking to evaluate how the process of budgeting affects the financial functioning of public institutions in Kenya. All except found out that budget management process influences financial outcome of devolved government functions in the country.

However, research by Ezekiel *et al* (2021) which investigated selected parastatals in Nigeria presented a divergent finding that practices involving budget management significantly influence financial outcome in a positive manner. This conflicting finding necessitated the current study to provide elaborate insight as to the extent that practices related to management of budgets influences financial performance of service-oriented government agencies and in particular, non-commercial semi-autonomous government agencies under the social protection sector in the republic of Kenya. The inquiry further interrogated the depth at which financial controls and funding practices influenced financial results of non-profit semi-autonomous government agencies (SAGA's) under social protection, culture, and recreation sector in Kenya.

Research Hypothesis

The hypotheses guiding the research include: -

H_{01}: Budget management has no significant influence on financial performance of Semi-Autonomous Government Agencies under social protection sector in Kenya.

H_{02}: Financial controls has no significant influence on financial performance of Semi-Autonomous Government Agencies under social protection sector in Kenya.

H_{03}: Funding practices has no significant influence on financial performance of Semi-Autonomous Government Agencies under social protection sector in Kenya.

Theoretical Review

The study reviewed the extend to which financial management practices influence financial performance of non-commercial semi-autonomous government agencies under SPCR sector in Kenya. It was anchored on goal setting theory as proposed by Locke and Lotham (1990), contingency theory as advanced by Pike (1986), and agency theory as advanced by Jensen and Meckling, (1976).

Goal Setting Theory

In 1990, the scholars by the names Locke and Latham (1990) were the ones who were responsible of establishing the suggestion aforementioned. The supposition was developed in an industrial firm setting over a quarter of a century ago and was based on more than 500 laboratory and field studies. This theory suggests that setting objectives is efficient where a person has direct control of their operations. The discussion here was how you get people to be committed to their goal and the answer was given that it is through having them participate in setting up the goals. The aspect of whether participation in setting of goals would lead to commitment of the goals was affirmed by a study undertaken by Locke, and Wagner III (1997) who determined that employee's involvement in the process of making decision and especially planning of budget progressively inspires the functioning of the enterprises.

Goal setting was found to be a great motivator of performance of tasks in organizations as it gives a sense of direction and creates order in operations (Lunenburg, 2011).It was found out that goals are best performed when they are specific and challenging and this is brought about by planning and budgeting. This theory is pertinent to this exploration as it supports the budget management variable of this study. Budget setting in an organization is important as it help in planning and ensuring that the operations of the organization are orderly. In addition, budgets set should be challenging to encourage the employees in the organization to implement them. Budget management has been found to help in improving the functioning of enterprises.

Contingency Theory

This theory was advanced by Pike (1986) and focused on discussing the different factors within an organization that influence operational and financial performances. It presupposes that there are several internal factors that influence the operations of an organization which includes the trends in investment returns, staff competency level as well as adopted policies that are applied in capital budgeting. While contextual factors explain why the accounting systems change from one organization to another, the theory assumes that organizations have varied accounting systems and therefore post differing financial outcomes as a result of the different prevailing factors within their operating environments. In this regard, the allocation of financial resources should be carried out while considering these factors (Pike, 1986).

The proposition advanced that since there are differing combinations of corporate settings which coupled with the exogenous factors influences the performance of different firms, some financial management practices may work for some businesses and fails with others. It is therefore imperative for organizations to review, evaluate, and adopt financial management systems that are appropriate and aligns to their purpose. Organizations must therefore ensure a balance in corporate setting and financial management systems if they are to achieve enhance operational and financial performance. (Pike, 1986). This proposition fitted in the current study which adopted budget management, financial controls and funding practices as the independent variables deemed appropriate for predicting the state agency's financial performance.

Agency Theory

The theory regarding Agency relationship was advanced by Jensen and Meckling (1976) and encompasses the association that subsists between two parties in which one party (the Agent) is given the responsibility to run an organization on behalf of another (the principals/shareholders). In such a circumstance, the agent is obliged to apply availed resource to generate returns in the form of wealth towards principals. However, this is not always the case as the agent tends to increase perks and benefits and undertake short-term investments which have low risk and low returns, and this presents a conflict with the principal.

Therefore, the agency theory presents the foundation or guideline regarding the manner in which the two parties should relate with each other especially on matters of resource utilization. The theory presupposes that agents shall make use of the resources that belong to the principals to benefit the latter. This is not always the case since the agent always has more information (information asymmetry) concerning the prosperity of the firm as compared to the owner(s) of the organization (principals). Due to this fact, the agent ends up misappropriating the principal's resources under his control since the principal is separated from the daily operations of the management of the firms.

According to agency theory, the spirit behind the agency relationship is to safeguard the government resources(principal) given in the hands of management of government agencies(agents) so as to enhance the performance of the national government which would lead to increased service delivery to the citizens. To achieve this objective, establishment of specific financial management practices by the managerial board of the state agencies carry out a key responsibility hence assists in addressing the agency conflicts and therefore a positive overall outcome of the firm is registered. For example, financial management components provide efficient and effective flow of information (accounting information system) which in turn eliminates information asymmetry problems, giving rise to enhanced financial performance of the semi-autonomous government agencies.

RESEARCH METHODOLOGY

Target Population and Sampling

The 19 non-commercial semi-autonomous government agencies (SAGAs) under SPCR Sector represented the total population of the study.

Data Analysis

The empirical function which represents the current theoretical foundation in this study is as indicated below;.

$$\mathbf{Y=\beta_0+ \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + e}$$

Where.

Y= Financial Performance (Triangulated value)

X_1 = Budget management

X_2 = Financial Controls

X_3= Funding Practices
β_i (where i $_{= 0, 1, 2, \text{ up to } 3)}$ are coefficients
e = Error term

RESEARCH FINDINGS

Inferential Statistics

Various aspects of financial management practices were analyzed for inferential statistics to scrutinize how they influence financial performance of Non-Commercial SAGAs in the republic of Kenya. This segment covers the demonstration of the findings in this regard.

Analysis of Variance Test (ANOVA Test)

An ANOVA was undertaken to ascertain the level of statistical significance of the theoretical function, and the outcomes arising therefrom are as depicted in Table 4.12 below.

Table 1: ANOVA Test

ANOVA[a] Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.045	3	4.944	29.3	.000[b]
	Residual	.877	13	.169		
	Total	.922	16			

a. Dependent Variable: TrPer

b. Predictors: (Constant), TrFP, TrBM, TrFC

Source: Field Data 2023

Table 1 portrays P-value of 0.000 and this is evidence that the overall model was significant in describing the variations in performance among the non-commercial SAGAs in Kenya. Confident level of 95 % was applied to process data and this indicates that a statistic of below 0.05 is significant.

Regression Model

Table 2 portrays coefficient outcomes which explains the nature and extent of association among the variables.

Table 2: Regression Model

Coefficients[a] Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.718	.521		1.377	.490
	TrBM	.399	.091	.368	4.382	.000
	TrFC	1.466	.174	.838	8.414	.000
	TrFP	.641	.168	.514	3.809	.000

a. Dependent Variable: TrPer

Source: Field Data 2023

The mathematical model or function is presented below.

$$\mathbf{Y = 0.718 + 0.399X_1 + 1.466X_2 + 0.641X_3}$$

0.718 is the outcome of SAGAs financial performance when the study variables of focus are assumed to be constant. Further, one-unit alteration in matters of the SAGA's budget management translated to a 0.399-unit variance in the financial performance of SAGAs financial performance which was direct and statistically significant. Again, a one-unit change in financial controls brought about 1.466 units change in the financial performance of SAGAs financial performance which was positive and significant. The third predictor variable, namely funding practices portrayed that its one-unit change led to **0.641** units change in the financial performance of SAGAs financial performance which was statistically significant and direction wise it was positive. As reflected in p-values reported in the aforementioned Table 2, all study constructs had statistically significant function in influencing the financial performance of SAGAs in Kenya since the significant statistic were less than 0.05 across. It therefore can be concluded that Budget Management, Financial Controls, and Funding Practices significantly influence financial performance of SAGAs in Kenya.

Model Summary

The outcome of the model summary is as provided in Table 3.

Table 3: Model Summary

Model Summary[b] Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.883[a]	.780	.754	.41075	1.260

a. Predictors: (Constant), TrBM, TrFC, TrFP,

b. Dependent Variable: TrPer

Source: Field Data 2023

Table 3 presents the association that exists among the variables both the dependent and predictors. R^2 represents the determination coefficient which explains the degree with which the predictors affect variations in dependent variable while adjusted R^2 describes the degree of between the variables on addition of variables in the equation. The R of 0.883 shows strong association among the variables. The R^2 of 0.780 shows that 78 % of variations in financial performance was affected by changes in Budget Management, Financial Controls and, Funding Practices taken together. This therefore shows that other factors account for 22% of variations in financial performance among SAGAs Kenya. That is, those other factors which were not incorporated in this model.

Similar studies in support of the current one such as the one carried out by Agbenyo, Danquah, and Shuangshuang (2018) who undertook an enquiry to evaluate the level at which budget management influences financial operation of public firms that obtain their capital through listing shares in Ghana Stock Exchange. The outcome portrayed budget management as a key contributor in the financial outcome of manufacturing public companies listed in GSE. Again, the study of Keng'ara, (2020) determined to examine how budgeting functions of planning, control, monitoring and evaluation, in Marine State Agencies in Kenya influence financial and operational outcomes. It was established that budget functions such as planning, control, monitoring and evaluation, have a significant influence on financial and organizational functioning.

A similar study in Rwanda, Speciose, (2020). was carried out to the current one where they purposed to find out the impact the matters of financial controls measures had on the financial functioning of the Broadcasting Agency. The research outcome showed that financial controls influence financial and organizational performance. In another study by Wanyama, Okello & Otinga, (2019) they focused on determining how controls around financial facets affects financial results of sugar firms in the western region of Kenya. The inquiry revealed that assets control, accounting controls, audit and budgetary controls had a significant influence on the returns of sugars firms in western region in Kenya. These results are similar to the current case where financial controls were incorporated to predict the financial performance of SAGAs and was concluded that it was positive and significant. Other studies supporting the concept of funding practices and financial performance of SAGAs were that by Nyamita, et al. (2015) studied to evaluate how debt finances influence the financial results of government-owned entities across the republic of Kenya. The outcome indicated that debt to equity ratio was inversely proportional to the financial outcome of state -owned enterprises in the republic of Kenya.

CONCLUSION

The conclusions of this inquiry are drawn from the outcome of the data analyzed as reported in the findings. We therefore make conclusions for each objective of the inquiry as below.

The first null hypothesis H_{01} **"**There is no significant influence of budget management on financial performance of Semi-Autonomous Government Agencies under social protection sector in Kenya" was rejected and this gave rise to acceptance of the alternate hypothesis "There is a significant influence of budget management on financial performance of Semi-Autonomous Government

Agencies under social protection sector in Kenya." Therefore, budget management is an important element that impacts on the productivity aspect of the SAGAs in Kenya in terms of financial performance. Further, budget management was found to positively influence financial functioning and thus enhance the management of SAGAs by ensuring that a budget is in place, and it is strictly followed and monitored in every Agency.

The proceeding null hypothesis H_{02} which is the second one and states "There is no significant influence of financial controls on financial performance of Semi-Autonomous Government Agencies under social protection, culture, and recreation sector in Kenya" was rejected. This resulted to acceptance of the alternate hypothesis "There is a positive significant influence of financial controls on financial performance of Semi-Autonomous Government Agencies under social protection, culture, and recreation sector in Kenya" In addition, financial controls help organizations to establish strong internal controls which helps to reduce fraud in organizations.

The third null hypothesis H_{03} "There is no significant influence of funding practices on financial performance of Semi-Autonomous Government Agencies under social protection sector in Kenya" was rejected and this meant acceptance of the alternate hypothesis "There is a significant influence of funding practices on financial performance of Semi-Autonomous Government Agencies under social protection sector in Kenya". This study concludes that funding practice is a financial management practice that influences the financial results of SAGAs in Kenya. Additionally, the impact that funding practices has on performance of SAGAs is positive and significant. Further, the study indicated that adoption of funding practices yields enhanced financial performance of SAGAs in Kenya.

RECOMMENDATIONS

Arising from the inquiry results and conclusions, several recommendations geared towards policy formulations were suggested.

This study recommend that budget management enhances the performance and operations of SAGAs and therefore should be adopted by all government Agencies since in the study, it acted as a control tool to keep the Agencies on track.

Secondly, SAGAs need to embrace effective and efficient internal controls to guarantee that funds received and operations on the Agencies are well monitored. This study determined that SAGAs which embrace financial controls, had a monitoring team to monitor progress of projects and regularly undertook cost-benefit analysis on projects which led to enhancement in performance.

Thirdly, the SAGAs need to undertake thorough analysis of funding needs and benefits realized from previous grants received from donors. This will enable SAGAs expand their operations and have a good structure in place thus leading to improvement in financial performance.

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