

EFFECT OF TRANSPARENCY OF PUBLIC FINANCES ON BUDGET EXECUTION OF COUNTY GOVERNMENTS IN KENYA

Carol Ntinyari Muriungi.

Postgraduate Student, Department of Accounting & Finance, School of Business, Economics and Tourism, Kenyatta University, Kenya.

Dr. Faith Nkuru (PhD).

Lecturer, Department of Accounting & Finance, School of Business, Economics and Tourism, Kenyatta University, Kenya.

Dr. Jeremiah Koori (PhD).

Lecturer, Department of Accounting & Finance, School of Business, Economics and Tourism, Kenyatta University, Kenya.

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ABSTRACT

County governments in Kenya manage substantial public resources devolved from the national government and are therefore expected to execute budgets efficiently and transparently. Transparency of public finances encompassing open access to fiscal information, timely financial reporting, and public disclosure of budgetary data as a fundamental requirement for accountability and sound budget execution. However, challenges in budget absorption, incomplete project implementation, and weak financial reporting persist across many Kenyan county governments. Despite a rich body of literature on public financial management, limited empirical studies examine how transparency of public finances specifically shapes budget execution outcomes at the county level. This study addressed this gap by investigating the effect of transparency of public finances on budget execution of county governments in Kenya. The study was grounded on stakeholder theory, which explains how openness and accountability in financial information sharing influence the behavior of diverse actors involved in budget management. A positivism research philosophy and explanatory research design were adopted. The study targeted employees in Finance and Economic Planning departments, budget offices, county treasuries, IFMIS units, and internal audit sections. A sample of 332 respondents was

drawn using stratified and purposive sampling, of whom 283 responded, representing a response rate of 85.24%. Primary data was collected through structured questionnaires, and secondary data were drawn from county budget implementation reports and the Controller of Budget's office covering financial years 2013 to 2024. Data were analyzed using SPSS version 27, employing descriptive statistics and simple linear regression. Findings revealed that transparency of public finances has a positive and statistically significant effect on budget execution ($R = 0.611$, $R^2 = 0.373$, $\beta = 0.614$, $p < 0.001$). The study concludes that greater openness in financial reporting, timely disclosure of budget information, and enhanced public access to fiscal data significantly improve how county governments plan, allocate, and account for public resources. The study recommends that county governments should adopt open budget platforms, conduct regular independent audits, and invest in digital financial management systems to strengthen budget execution performance.

Key words: Transparency of Public Finances, Budget Execution, County Governments, Stakeholder Theory, Public Financial Management, Fiscal Accountability, Kenya.

INTRODUCTION

Background of the Study

Transparency of public finances refers to the degree to which governments make budget information openly accessible to citizens, legislators, and other stakeholders. It includes timely financial reporting, public disclosure of budget documents, open access to audit reports, and the provision of understandable fiscal data that enables meaningful oversight. In the context of public financial management (PFM), transparency is widely regarded as a prerequisite for accountability, effective governance, and efficient use of public resources (Krah & Mertens, 2023). When citizens and oversight institutions can access accurate and timely budget information, they are better positioned to hold governments accountable and to ensure that resources are used for their intended purposes.

County governments in Kenya were established under the Constitution of Kenya, 2010, and formally became operational in March 2013 following the devolution of functions and resources from the national government. Under the Public Finance Management Act, 2012, county governments are required to prepare and submit budgets, maintain financial accounts, publish quarterly and annual implementation reports, and facilitate public participation in the budgeting process. These legal requirements reflect the central role that transparency is expected to play in county-level fiscal management. However, concerns about budget underperformance, absorption challenges, and incomplete disclosure of fiscal information continue to be documented across many counties (IBP Kenya, 2023; Controller of Budget [CoB], 2024).

Budget execution refers to the process through which approved budgets are implemented, monitored, and reported upon. It encompasses revenue collection, expenditure management, procurement, financial reporting, and internal control. Effective budget execution requires not only adequate systems and capacity but also a culture of openness that enables timely identification of deviations and corrective action. Empirical evidence from various countries shows that fiscal transparency reduces inefficiencies, deters misuse of public funds, and improves the alignment between planned and actual spending (Jung, 2022; Prijakovic, 2022). In Kenya's county governments, budget execution performance has remained a concern, with the Office of the Controller of Budget (OCoB) regularly reporting low absorption of development funds, unmet revenue targets, and delayed project implementation (Controller of Budget, 2024).

Global Perspective

Globally, the link between fiscal transparency and budget execution has attracted considerable scholarly attention. The OECD (2023) documents that countries with robust budget transparency frameworks including publication of budget proposals, mid-year reports, and year-end financial statements tend to achieve stronger budget execution outcomes. Studies by Jung (2022), using data from South Korea's open budget system, demonstrate that budget transparency reduces unutilized

budget balances, a key indicator of execution inefficiency. In a cross-national analysis covering 95 countries, Citro *et al.* (2021) confirm that institutional features and political governance structures significantly shape budget openness and execution performance. These findings collectively point to the importance of transparent financial systems in promoting disciplined budget management.

The International Budget Partnership's Open Budget Survey [IBP], (2023) evaluates budget transparency, public participation, and legislative and audit oversight in over 120 countries. Countries that score higher on the Open Budget Index tend to demonstrate better fiscal discipline and more responsive service delivery. Evidence from OECD member states shows that digital budget management tools, including integrated financial management information systems (IFMIS), enhance transparency by providing real-time expenditure tracking, improving reporting accuracy, and reducing opportunities for discretionary spending (OECD, 2023). These global experiences suggest that investing in transparency infrastructure yields tangible improvements in how public budgets are executed.

Regional Perspective

In sub-Saharan Africa, transparency of public finances remains a governance challenge, with many governments struggling to meet basic disclosure requirements. A study by Krah and Mertens (2023) on local governments in sub-Saharan Africa found that financial transparency significantly improves citizens' trust and willingness to pay taxes, which in turn strengthens the fiscal base available for budget execution. The study highlights that openness in financial information sharing creates a virtuous cycle of accountability and improved service delivery. In Nigeria, research shows that opacity in government budgets facilitates corruption through vaguely specified projects, abandonment of initiatives, and misrepresentation of expenditures, all of which directly impair budget execution (Olawaju *et al.*, 2021, as cited in Ndum *et al.*, 2024).

In East Africa, studies indicate that IFMIS implementation has improved financial reporting and expenditure tracking in countries such as Uganda and Tanzania, though challenges in technical capacity and institutional commitment continue to limit the full realization of transparency gains (INTOSAI, 2023, as cited in RSIS International, 2025). The Public Expenditure and Financial Accountability (PEFA) framework, which assesses PFM performance across dimensions including transparency and fiscal reporting, has been applied in Kenya and reveals mixed progress, with improvements in budget classification but persistent gaps in expenditure composition variance (PEFA, 2023). These regional experiences affirm that while transparency frameworks are being established, their effect on budget execution depends on the quality of implementation and the strength of accountability institutions.

Local Perspective

In Kenya, the devolution of fiscal resources to 47 county governments since 2013 has created both opportunities and challenges for budget transparency and execution. The Public Finance Management Act, 2012, requires county governments to publish budget estimates, quarterly implementation reports, and annual financial statements. Despite this legal framework, the International Budget Partnership Kenya's County Budget Transparency Survey (CBTS) shows that compliance has been inconsistent. The CBTS 2023 recorded a national score of 56 out of 100 points, representing a 15-point improvement from 2022, yet revealing that budget documents produced at the implementation stage remain the least comprehensive, with only eight counties publishing all required quarterly implementation reports in a given financial year (IBP Kenya, 2023).

The four Nairobi metropolitan counties Nairobi, Kiambu, Machakos, and Kajiado present a unique study context. As economically significant counties, they manage large budgets and are subject to heightened public scrutiny. Yet the Controller of Budget's county budget implementation reviews have consistently flagged challenges in budget absorption, delayed procurement, and inadequate public reporting (Controller of Budget [CoB], 2024). The Citizens' Accountability Audit conducted by the Office of the Auditor-General [OAG], (2022) further revealed that public participation in the budget process remained limited in many counties, with County Budget and Economic Forums (CBEFs) failing to meet as required by law. These local dynamics suggest that the formal transparency architecture has not been fully translated into improved budget execution performance. This study therefore seeks to provide empirical evidence on the relationship between transparency of public finances and budget execution across the four Nairobi metropolitan county governments.

Statement of the Problem

County governments in Kenya are entrusted with significant public resources intended to finance development and service delivery at the local level. Since 2013, counties have collectively received billions of shillings annually from the national government as equitable share and conditional grants. However, budget execution performance across counties has remained a persistent concern, characterized by low development expenditure absorption rates, incomplete project implementation, and discrepancies between approved budgets and actual spending (Controller of Budget, 2024). Transparency of public finances encompassing timely disclosure of financial reports, public access to budget documents, and open financial management is a recognized driver of improved budget execution and accountability. The Public Finance Management Act, 2012, and the Constitution of Kenya, 2010, provide a strong legal foundation for fiscal transparency at the county level. Nonetheless, the International Budget Partnership Kenya (IBP Kenya, 2023) notes that budget implementation reports remain the least published budget documents, and public participation in the budget execution process continues to be superficial in many counties.

While studies on fiscal transparency have been conducted globally and regionally, limited empirical evidence exists on the specific effect of transparency of public finances on budget execution within Kenya's county governments. Much of the existing literature focuses on the national level or on broader PFM reforms, leaving a gap in understanding how county-specific transparency practices influence execution outcomes. This study therefore sought to address this empirical gap by examining the effect of transparency of public finances on budget execution across four Nairobi metropolitan county governments in Kenya, thereby informing policy and practice in sub-national public financial management.

Purpose of the Study

The purpose of this study was to establish the effect of transparency of public finances on budget execution of county governments in Kenya.

Research Hypothesis

H01: Transparency of public finances does not significantly affect budget execution of Kenya's county governments.

LITERATURE REVIEW

Theoretical Review

Stakeholder Theory

Stakeholder Theory, originally advanced by R. Edward Freeman in 1984, posits that organizations must consider the interests and concerns of all groups affected by or affecting their operations, not just shareholders or primary owners. In the context of public financial management, stakeholders include citizens, taxpayers, civil society organizations, legislators, auditors, service beneficiaries, and development partners all of whom have legitimate interests in how public resources are managed and reported (Freeman, 1984). The theory argues that managing stakeholder relationships effectively is central to enhancing organizational performance, building trust, and ensuring long-term institutional sustainability.

Contemporary scholarship has extended Stakeholder Theory beyond its corporate origins to public sector contexts. Grossi and Argento (2022) argue that public financial management must be understood within broader governance structures that incorporate ethical, social, and participatory elements, reflecting the theory's emphasis on stakeholder accountability rather than shareholder primacy. In this framework, transparency of public finances is not merely a technical requirement but a relational tool that shapes how diverse stakeholders engage with and respond to government budgets. When county governments make fiscal information accessible, accurate, and timely, they fulfil obligations to multiple stakeholders simultaneously enabling informed public participation, enhancing audit effectiveness, and improving legislative oversight.

Donaldson and Preston (1995) argued that all parties in a system of governance engage with the expectation of gaining value, and their interests should be factored into managerial decisions equally. In county budget management, this means that transparency in financial reporting must serve not only the internal management needs of the county government but also the information needs of external stakeholders such as community members, watchdog organizations, and parliamentary committees. Clarkson (1995) further viewed organizations as structured systems of stakeholders, with value creation as the central purpose of management. Applied to county budget execution, this perspective suggests that transparent financial systems that enable stakeholder engagement are more likely to produce efficient and accountable spending outcomes (Freeman et al., 2020, as cited in Oulasvirta & Ronkko, 2023).

The relevance of Stakeholder Theory to this study lies in its ability to explain why transparency of public finances matters in budget execution. When budgetary information is openly shared with relevant stakeholders including citizens attending public participation forums, county assembly members reviewing financial reports, and civil society organizations monitoring project implementation fiscal accountability increases. This accountability pressure, facilitated by transparency, reduces the likelihood of budget diversions, delays, and absorption challenges. Stakeholder Theory therefore provides a strong theoretical foundation for understanding the pathway through which fiscal transparency improves budget execution in Kenya's county governments.

Empirical Review

Transparency of Public Finances and Budget Execution

Empirical research on fiscal transparency and budget execution spans multiple countries and governance levels, yielding consistent findings that greater openness in financial management is positively associated with improved budget performance. Jung (2022) investigated the effect of budget transparency on execution efficiency using a natural experiment based on the introduction of an online open budget system in South Korea in 2017. Employing a difference-in-differences analysis, the study found that budget transparency substantially reduced the volume of unutilized budget balances a direct indicator of execution inefficiency. The efficiency gains were particularly pronounced in projects susceptible to principal-agent problems, suggesting that transparency acts as a monitoring mechanism that aligns agent behaviour with organizational goals.

Prijakovic (2022) conducted a systematic review of empirical evidence on the impacts of budget transparency on economic and political outcomes across subnational governments. The review concluded that while research at the national level is well developed, evidence at subnational levels remains sparse, particularly in developing countries. However, available studies consistently show that budget transparency at the local level improves fiscal discipline, reduces expenditure variance,

and enhances public trust in government financial management. Importantly, the review identified that measuring transparency using composite indices that capture the availability of multiple budget documents such as the Open Local Budget Index provides more robust evidence than single-indicator approaches. This methodological insight informs how this study operationalizes transparency of public finances across Kenya's county governments.

Shkolnyk et al. (2020) examined how transparency and corruption levels influence public finances in Ukraine, using data from 22 regions across 2010 to 2019. Employing Multiple Indicator Multiple Cause (MIMIC) models, the study found that corruption significantly impaired national budget expenditures, while transparency levels at regional governments had a notably weaker but still positive effect on local fiscal performance. The authors attributed the weaker subnational effect to capacity constraints and institutional design factors, suggesting that the relationship between transparency and budget execution is moderated by the quality of underlying governance institutions. This finding has direct relevance to Kenya's county governments, where institutional capacity varies widely and where the enforcement of transparency requirements is uneven.

Citro et al. (2021) analyzed political determinants of budget transparency in 95 countries over five survey years spanning 2006 to 2015. Their cross-national analysis revealed that budget openness is significantly influenced by the nature of political governance and electoral system characteristics. Countries with more open and competitive political environments tend to maintain higher levels of fiscal transparency, which in turn supports more disciplined budget execution. The study extended earlier literature by incorporating a broader set of political variables and a longer time horizon, offering a comprehensive view of how institutional incentive structures shape openness in budget management. For Kenya's county governments, this finding highlights the importance of county assembly oversight and competitive political environments in sustaining transparency practices.

Qiuxian et al. (2020) explored public satisfaction with local government budget transparency in China using structural equation modelling applied to survey data from 235 respondents. The study found that three factors significantly shape perceived transparency quality: the clarity and reliability of budget information, information accessibility, and the extent of public engagement. Each of these dimensions was positively associated with public satisfaction with budget processes. The study also found that perceived government image contributed positively to satisfaction levels, which in turn strengthened public trust. Notably, there was no significant link between public expectations and satisfaction, suggesting that actual informational and participatory experiences rather than prior expectations are the primary drivers of satisfaction and trust in budget management systems.

In the Kenyan context, Kariuki et al. (2020) examined the role of open data in enabling citizen-led budget monitoring across municipalities in Kenya and South Africa. Using a mixed-methods

approach, the study found that limited citizen oversight and weak fiscal accountability characterize local governments in both countries. The research identified that open data has the potential to increase public scrutiny of municipal budgets, improve fiscal transparency, and enhance credible participatory governance at the local level. However, realizing these potential benefits requires significant political will to make financial data genuinely accessible, as well as civil society capacity to use the information for accountability purposes. These findings are particularly relevant to Kenya's county governments, where public participation mechanisms exist in law but remain underutilized in practice (OAG, 2022).

Njaya (2022) examined transparency practices and their effect on the sustainability of water projects in Turkana South sub-county, using a descriptive design with 279 respondents from the county government. The study found that transparency practices were not fully utilized in water projects, despite the existence of relevant policy frameworks covering audit, oversight, participation, and information sharing. The findings indicated that transparency practices had a moderate, positive, and significant effect on water project sustainability, demonstrating that even partial implementation of transparency mechanisms yields measurable performance benefits.

IBP Kenya's County Budget Transparency Survey 2023 provides important local evidence on the state of budget transparency across Kenya's 47 counties. The survey recorded a national CBTS 2023 score of 56 out of 100 points, a significant improvement from 41 in 2022. However, it also noted that counties continue to perform poorly on disclosure of budget implementation documents, with public participation information scoring only 12 out of 100 points the lowest dimension measured (IBP Kenya, 2023). The Bajeti Hub County Budget Transparency Survey 2024 similarly found that while counties have improved the number and quality of budget documents published, meaningful public participation in budget execution monitoring remains limited, with disclosure of public participation information declining slightly from 2023 to 2024 (Bajeti Hub, 2024). These institutional assessments confirm that the gap between transparency requirements and actual practice continues to hinder effective budget execution at the county level.

Krah and Mertens (2023) offer perhaps the most directly relevant sub-Saharan African evidence, examining how financial transparency influences citizens' trust and fiscal behaviour in local governments across the region. Their study, published in the *Journal of Public Budgeting, Accounting and Financial Management*, found that financial transparency significantly improved citizens' willingness to pay taxes, which expands the local fiscal base and supports budget execution. The study grounded its analysis in stewardship and public choice theories, finding that transparent financial management creates conditions for collaborative fiscal relationships between governments and citizens. In the context of Kenya's county governments, this finding suggests that transparency not only improves the technical management of budgets but also strengthens the fiscal foundation that makes execution possible.

RESEARCH METHODOLOGY

This study was guided by the positivist research philosophy, which holds that reality is objective, measurable, and best understood through empirical investigation (Saunders et al., 2023). An explanatory research design was adopted to examine the relationship between transparency of public finances and budget execution among county governments. The study targeted 1,261 employees working in Finance and Economic Planning departments, county treasuries, budget offices, IFMIS units, and internal audit sections within Nairobi City, Kiambu, Machakos, and Kajiado counties. Stratified and simple random sampling techniques were used to select respondents, while purposive sampling identified key informants with specialized budget execution knowledge. A sample size of 332 respondents was determined using Yamane’s (1967) formula. Primary data were collected through structured questionnaires using a 5-point Likert scale, while secondary data were obtained from Controller of Budget reports, county budget implementation reports, and KNBS publications. Data were analyzed using SPSS version 27 through descriptive statistics and simple linear regression analysis to test the study hypothesis.

RESEARCH FINDINGS AND DISCUSSION

Response Rate

This section presents the distribution of target respondents and actual responses received from the study conducted across the four Nairobi metropolitan county governments in Kenya.

Table 1: Response Rate

County Name	Questionnaires Administered	Questionnaires Received	Percentage (%)
Nairobi	111	98	88.29%
Kiambu	79	70	88.60%
Machakos	86	73	84.88%
Kajiado	56	42	75.00%
Total	332	283	85.24%

Source: Field Data (2025)

As shown in Table 1, a total of 283 usable questionnaires were returned from the 332 distributed across the four counties, representing an overall response rate of 85.24%. According to Mugenda and Mugenda (2003), a response rate of 50% is adequate for analysis and reporting, 60% is good, and 70% and above is excellent. The achieved response rate of 85.24% is therefore excellent and reflects the willingness of participants to contribute to the study, as well as the relevance of the research topic to their professional experience. This high response rate minimizes non-response bias and enhances the validity and reliability of the research findings (Baruch & Holtom, 2008). County-level response rates varied from 75.00% in Kajiado to 88.60% in Kiambu, with Nairobi

(88.29%) and Machakos (84.88%) providing strong representation. The variation in response rates partly reflects differences in staff workload and accessibility across counties. Nevertheless, the overall representation across all four counties ensures adequate geographic and organizational coverage for the purposes of this study.

Descriptive Analysis

Descriptive analysis summarizes and organizes data using statistical measures such as means and standard deviations, providing insights into patterns, trends, and distributions within the dataset. The study employed a 5-point Likert scale where: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree. Mean scores were interpreted as follows: 1.00–1.80 (Very Low), 1.81–2.60 (Low), 2.61–3.40 (Moderate), 3.41–4.20 (High), and 4.21–5.00 (Very High).

Transparency of Public Finances

The study examined respondents' perceptions of the transparency of public finances in their respective county governments. The results are presented in Table 2 below.

Table 2: Descriptive Statistics for Transparency of Public Finances

Statement	N	Mean	Std. Dev.
Transparency in financial reporting is vital in building public trust and confidence in the execution of county budgets.	283	3.70	1.193
Timely disclosure of financial information is an essential practice for effectively monitoring and improving budget execution.	283	3.76	1.277
Enabling citizens' access to financial information serves as a catalyst for promoting accountability and enhancing the efficiency of budget execution.	283	4.11	1.206
Adequate public disclosure of budgetary data fosters public participation in the budget execution process, ensuring alignment with societal needs.	283	3.94	1.236
Clear and accessible financial reports empower county governments to make informed decisions regarding budget execution.	283	3.78	1.289
Transparent financial management practices significantly reduce the likelihood of financial crises that could adversely affect budget execution.	283	3.72	1.196
Public access to fiscal information promotes transparency and accountability within the budget execution process of county governments.	283	3.75	1.202
Average	283	3.82	1.228

Source: Field Data (2025)

The findings in Table 2 reveal that respondents generally agreed with statements linking transparency of public finances to accountability and budget execution, as evidenced by an overall mean of 3.82 (SD = 1.228). This score falls in the 'High' range of the interpretive scale, suggesting that participants perceive transparency practices as meaningfully connected to effective financial management at the county level.

The item with the highest mean score was the statement that enabling citizens' access to financial information serves as a catalyst for promoting accountability and enhancing budget execution efficiency (M = 4.11, SD = 1.206). This aligns with Kariuki et al. (2020), who found that open financial data has the potential to significantly improve public scrutiny of local government budgets and foster credible participatory governance. Similarly, the statement on adequate public disclosure of budgetary data fostering public participation received a high mean score (M = 3.94, SD = 1.236), consistent with findings from Qiuxian et al. (2020), who established that information accessibility and public engagement are among the strongest predictors of public satisfaction with budget transparency.

Timely disclosure of financial information as an essential practice for monitoring and improving budget execution received the second-highest mean (M = 3.76, SD = 1.277). This finding supports Jung (2022), who demonstrated that real-time and timely budget transparency, as implemented through South Korea's online open budget system, directly reduces execution inefficiencies by enabling prompt identification of unutilized budget balances. Transparent financial management practices reducing financial crises (M = 3.72, SD = 1.196) and public access to fiscal information promoting transparency and accountability (M = 3.75, SD = 1.202) also recorded high mean scores, reflecting respondents' recognition of the systemic benefits of fiscal openness.

The statement on clear and accessible financial reports empowering county governments to make informed decisions regarding budget execution scored M = 3.78 (SD = 1.289). This reflects the informational dimension of transparency highlighted by Kraah and Mertens (2023), who found that financial transparency improves governance outcomes in sub-Saharan Africa by creating shared understanding between government and stakeholders. Transparency in financial reporting as vital for building public trust and confidence recorded a mean of 3.70 (SD = 1.193), consistent with broader stakeholder theory, which emphasizes trust and accountability as outcomes of transparent management (Freeman, 1984; Grossi & Argento, 2022). Overall, the aggregate mean of 3.82 indicates that transparency of public finances is perceived positively by county government employees, though variability in standard deviations suggests that implementation experiences differ across departments and counties.

Budget Execution of County Governments in Kenya

The study also examined respondents' assessments of budget execution performance within their county governments. The results are presented in Table 3 below.

Table 3: Descriptive Statistics for Budget Execution of County Governments

Statement	N	Mean	Std. Dev.
County budgets are executed within planned timelines and approved budget ceilings.	283	2.74	1.183
The county government allocates resources according to budgeted priorities rather than political or informal preferences.	283	2.68	1.154
Budget execution reports are prepared and presented to the public in a timely and accurate manner.	283	2.95	1.132
County budget execution is aligned with the approved Annual Development Plan and County Integrated Development Plan.	283	2.82	1.087
The county government demonstrates value for money in the implementation of planned projects and programmes.	283	2.73	1.176
Internal control systems adequately support the effective execution of county budgets.	283	3.12	1.043
Technology and financial management information systems effectively support county budget execution.	283	2.58	1.198
Average	283	2.80	0.996

Source: Field Data (2025)

The findings in Table 3 indicate generally low to moderate performance in budget execution across the four county governments, with an overall mean of 2.80 (SD = 0.996). This falls in the 'Low to Moderate' range, reflecting persistent challenges in how county budgets are planned, implemented, and reported. These findings are broadly consistent with reports from the Office of the Controller of Budget (2024), which have consistently flagged low development expenditure absorption, revenue underperformance, and delayed project completion as recurring weaknesses in county budget execution.

Internal control systems received the highest mean score (M = 3.12, SD = 1.043), suggesting moderate recognition that control mechanisms are in place, though not necessarily operating at optimal effectiveness. This aligns with the Public Expenditure and Financial Accountability (PEFA) assessment of Kenya (2023), which found improvements in certain PFM control

dimensions while noting persistent gaps in expenditure management. The statement on budget execution reports being prepared and presented to the public in a timely and accurate manner recorded $M = 2.95$ ($SD = 1.132$), reflecting limited confidence in financial reporting practices a finding consistent with IBP Kenya's CBTS 2023 observation that budget implementation documents remain the least published and least comprehensive category of budget information across counties.

Value for money in implementation of projects and programs received a below-average score ($M = 2.73$, $SD = 1.176$), indicating that respondents did not strongly agree that county budgets were being executed with efficiency and economy. This is consistent with audit findings from the Office of the Auditor-General (OAG, 2022), which identified irregularities in procurement, unauthorized expenditures, and incomplete projects across several counties. Budget execution within planned timelines and approved ceilings also scored below average ($M = 2.74$, $SD = 1.183$), reflecting timeline and absorption challenges documented by the Controller of Budget (2024). Technology and financial management information systems received the lowest score ($M = 2.58$, $SD = 1.198$), suggesting that IFMIS and supporting digital tools are not yet perceived as sufficiently adequate or effective in supporting county budget execution. This finding mirrors evidence from East Africa more broadly, where IFMIS implementation has improved financial reporting accuracy but has not fully addressed technical capacity and system integration challenges (RSIS International, 2025).

The statement on resource allocation according to budgeted priorities rather than political or informal preferences recorded a mean of 2.68 ($SD = 1.154$), indicating that respondents had limited confidence in the merit-based nature of spending decisions. This aligns with IBP Kenya's finding that counties continue to face challenges in aligning actual expenditures with approved development plans. Budget execution aligned with Annual Development Plans and County Integrated Development Plans scored $M = 2.82$ ($SD = 1.087$), suggesting moderate agreement. Taken together, these descriptive findings paint a picture of county governments where systems exist on paper but are not consistently operationalized to achieve the full benefits of transparent and accountable budget execution.

Inferential Analysis

Inferential statistics were used to determine whether transparency of public finances significantly influences budget execution of county governments in Kenya. Since the study involved only one independent variable (transparency of public finances) and one dependent variable (budget execution of county governments), simple linear regression analysis was employed to examine the strength, direction, and significance of the relationship between the two variables.

Model Summary

Table 4 presents the model summary results showing the extent to which transparency of public finances explains variations in budget execution of county governments.

Table 4: Model Summary

R	R Square	Adjusted R Square	Std. Error of Estimate
0.611	0.373	0.361	0.7981

a. Predictors: (Constant), Transparency of Public Finances

Source: Field Data (2025)

The findings indicate an R value of 0.611, implying a strong positive relationship between transparency of public finances and budget execution of county governments in Kenya. The coefficient of determination (R^2) was 0.373, indicating that transparency of public finances explains 37.3% of the variation in budget execution. This demonstrates that transparency practices such as timely disclosure of financial information, accessibility of budget documents, and openness in financial reporting significantly contribute to improved budget execution outcomes in county governments.

The adjusted R^2 value of 0.361 further confirms that the regression model was reliable in explaining the relationship between the two variables. The standard error of estimate of 0.7981 indicates that the model had an acceptable level of prediction accuracy. The findings suggest that although transparency of public finances is an important determinant of budget execution, other factors not included in the study may also influence budget implementation performance in county governments.

ANOVA of the Regression Model

Table 5 presents the Analysis of Variance (ANOVA) results used to test whether the regression model significantly predicts budget execution of county governments.

Table 5: ANOVA

Model	Sum of Squares	df	Mean Square	F
Regression	30.247	1	30.247	47.511
Residual	50.892	281	0.637	
Total	81.139	282		

a. Dependent Variable: Budget Execution of County Governments

b. Predictors: (Constant), Transparency of Public Finances

Source: Field Data (2025)

The ANOVA findings show that the regression model was statistically significant with an F value of 47.511 and a significance level of $p < 0.001$. This implies that transparency of public finances

significantly affects budget execution of county governments in Kenya. Since the p-value was less than 0.05, the study rejected the null hypothesis that transparency of public finances has no significant effect on budget execution of county governments in Kenya. The results therefore confirm that improvements in financial transparency are associated with better budget execution outcomes. Counties that embrace openness in financial management are more likely to enhance accountability, reduce inefficiencies, and strengthen implementation of approved budgets.

Regression Coefficients

Table 6 presents the regression coefficients showing the direction and magnitude of the relationship between transparency of public finances and budget execution of county governments.

Table 6: Regression Coefficients

Model	B	Std. Error	t
(Constant)	4.863	0.371	13.107
Transparency of Public Finances	0.614	0.089	6.893

a. Dependent Variable: Budget Execution of County Governments

Source: Field Data (2025)

The regression coefficients reveal that transparency of public finances has a positive and statistically significant effect on budget execution of county governments ($\beta = 0.614$, $p < 0.001$). This means that a one-unit improvement in transparency of public finances leads to a 0.614-unit increase in budget execution, holding other factors constant. The positive coefficient indicates that greater openness in financial reporting and public access to budget information enhances implementation of county budgets.

The t-value of 6.893 and significance level below 0.05 provide strong evidence that the relationship between the two variables is statistically significant. The constant term of 4.863 indicates that budget execution would still exist even in the absence of transparency measures, although at a lower level.

The regression equation for the study was expressed as:

$$\text{Budget Execution} = 4.863 + 0.614 (\text{Transparency of Public Finances})$$

These findings imply that transparency of public finances is a significant predictor of budget execution among county governments in Kenya. Increased disclosure of financial information, timely publication of budget reports, and enhanced public access to fiscal data contribute positively toward efficient implementation of county budgets.

Summary of the study

The study examined the effect of transparency of public finances on budget execution of county governments in Kenya, focusing on Nairobi, Kiambu, Machakos, and Kajiado counties. The study adopted an explanatory research design and targeted employees working in finance-related departments within the selected county governments. Out of the targeted respondents, 283 successfully participated in the study, resulting in a high response rate. Descriptive findings showed that respondents generally agreed that transparency practices such as timely financial reporting, public disclosure of budget information, and accessibility of financial documents were important in enhancing accountability and improving budget implementation. However, the findings also revealed that county governments continued to experience challenges in budget execution, particularly in achieving implementation targets, adherence to timelines, and effective utilization of allocated resources. Inferential analysis established that transparency of public finances has a positive and statistically significant effect on budget execution of county governments in Kenya. The regression results showed that transparency of public finances explained 37.3% of the variation in budget execution ($R^2 = 0.373$). The model was statistically significant ($F = 47.511$, $p < 0.001$), while the regression coefficient ($\beta = 0.614$, $p < 0.001$) confirmed that improved transparency significantly enhances budget execution. The findings therefore demonstrate that strengthening transparency mechanisms can contribute substantially to improved fiscal management and implementation of county government budgets.

Conclusion

The study concluded that transparency of public finances has a positive and significant effect on budget execution of county governments in Kenya. Counties that promote openness in financial reporting, timely disclosure of budget information, and accessibility of fiscal documents are more likely to achieve effective implementation of their approved budgets. Transparency enhances accountability, reduces misuse of public resources, and promotes efficient utilization of county funds, thereby improving budget execution outcomes. The study further concluded that although legal and institutional frameworks supporting fiscal transparency exist in Kenya, gaps remain in the practical implementation of transparency mechanisms at the county level. Inadequate disclosure of financial information, weak public access to budget reports, and limited use of digital financial management systems continue to hinder effective budget execution. Therefore, enhancing transparency practices remains essential in strengthening financial accountability and improving the performance of county governments in Kenya.

Recommendations

County governments should strengthen transparency mechanisms by ensuring timely publication and public accessibility of key budget documents such as budget estimates, quarterly implementation reports, and annual financial statements. Financial information should be presented in formats that are understandable and accessible to both stakeholders and ordinary citizens to enhance accountability and oversight in budget implementation. The study further

recommends that county governments invest in effective financial management information systems to improve transparency in public financial management. Strengthening digital financial reporting systems will enhance accuracy, timeliness, and accessibility of financial information, thereby improving monitoring and execution of county budgets.

County governments should also enhance public participation in budget implementation and monitoring processes. Citizens should be actively involved through public forums, consultations, and dissemination of simplified budget reports. Increased citizen engagement will strengthen accountability and encourage proper utilization of public resources during budget implementation. Finally, county leadership and finance officers should promote a culture of openness and accountability in financial management. Regular training on transparency requirements, financial reporting standards, and public finance management practices should be conducted to improve compliance with transparency principles and enhance budget execution performance.

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