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## **FACTORS INFLUENCING MISMANAGEMENT OF DEVOLVED PUBLIC FUNDS AND ITS EFFECTS ON SERVICE DELIVERY IN NAIROBI COUNTY**

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## **FACTORS INFLUENCING MISMANAGEMENT OF DEVOLVED PUBLIC FUNDS AND ITS EFFECTS ON SERVICE DELIVERY IN NAIROBI COUNTY**

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### **Abstract**

**Purpose:** To determine the factors influencing mismanagement of devolved public funds and its effects on service delivery in Nairobi County.

**Methodology:** The study utilized a descriptive research design.

**Findings:** Results revealed that policy framework and proper internal control system have a significant relationship with service delivery. This implies that good policy framework and proper internal control system in Nairobi County can result to better/improved service delivery within the county. Results also revealed that training of personnel have a significant relationship with service delivery. This implies that training of personnel in Nairobi County can result to better/improved service delivery within the county. Further, results revealed that staff motivation have a significant relationship with service delivery. This implies that staff motivation in Nairobi County can result to better/improved service delivery within the county.

**Unique contribution to theory, practice and policy:** This study will be significant to various groups of people. These include the government and monetary authorities, academicians and researchers and workers. The government and monetary authorities are the major policy makers when it comes to county government decisions. The recommendations of this study will enable them understand the condition with which employees perform better and avoids mismanagement of public funds. Empirical studies on mismanagement of public funds and service delivery in Kenya are particularly scarce. This study will hopefully stimulate further research in the area which has been a grey area for some time. The study will help workers and their representatives to know the causes for mismanagement of their funds. This will in turn pave way for them (workers) to advise accordingly.

**Keywords:** *Internal Control System, Service Delivery, Staff Motivation, Trained Personnel*

## INTRODUCTION

### Background

Devolution is the transfer of power from a central government to sub-national (such as state, regional, or local) authorities. Devolution usually occurs through conventional statutes rather than through a change in a country's constitution; thus, unitary systems of government that have devolved powers in this manner are still considered unitary rather than federal systems, because the powers of the sub-national authorities can be withdrawn by the central government at any time (Cabral, 2011).

Proponents of decentralization, especially of devolution, argue that these systems are a means to greater efficiency, equity, and citizen participation and empowerment because they reduce the monopoly of authority and choice from the centre. Demands for devolution and decentralization arise from perceptions of poor, inequitable and autocratic service delivery from the centre, which is often likely to base its interventions on a perceived average need among all the people in the country, rather than differentiated local needs. Allowing sub-national levels to identify their own priorities makes it possible to design service delivery that responds to locally perceived needs. Regional biases in government service delivery can generate secessionist demands, and devolution is one way to appease disgruntlement (Cabral, 2011).

The effectiveness of devolved governance depends very much on the extent to which its structures respond to the service delivery bottlenecks of the pre-reform context, otherwise devolution can transfer the inefficiencies of the national government to the sub-national level. For one, devolution requires political goodwill, which is likely to be more forthcoming in a democratic than non-democratic system. Ideally, devolution structures should be specified in the Constitution, or at least in legislation, assigning expenditures (which distinguishes the functions of the devolved governments from those of the national government) and assigning revenues (to be raised by the national level from those that can be raised by the sub-national levels). Since devolution might undermine national economies of scale, its implementation would best thrive in a context of positive economic growth (Cabral, 2011).

Since independence, Kenya has experienced episodes of political instability which have had adverse effect on country's economic performance and social cohesion. For example, in 2008 Kenya witnessed violence following the disputed national elections held in December 2007. Kenya also experienced other failures from time to time. These failures include; corruption, economic stagnation, inequality and poverty. These failures and episodic instability can be linked to the quality of governance (Kimenyi & Meagher, 2004). Quality of governance is dependent on institutions which take different forms ranging from constitutions, local authority by-laws to self regulation in informal business setting. These institutions collectively determine the governance framework in a country. Different governance framework yield to different political social and economic outcomes which emanate from differences in rules, organizing capabilities, social and political principles captured in the governance concept of which devolution is one of them (Kimenyi & Meagher, 2004).

Mismanagement of public funds is a common phenomenon in developing countries (El-Nafabi, 2011). According to Kabiru (2009), embezzlement and mismanagement of public funds is the biggest obstacle to achieving the millennium development goals in developing countries. Heald and McLeod (2002) define public money as all money received by a public body from whatever source. Webber (2004) indicates that managing public funds should focus on public expectations. The public is concerned about the purpose for what money is allocated, the way it is spent and the benefits realized.

According to Miller (2003), poor internal controls lead to asset misappropriations, corruption, organizational fraud and fraudulent financial statements. Yale University guides (2000) define internal controls as a process affected by the organization's board members, administration and staff designed to effectively and efficiently achieve operational, financial and compliance objectives. Osmond (2011) indicates that organizations implement internal controls basing on the nature of their business and regularly audit them (internal controls) to ensure their adequacy. He (Osmond, 2011) further relates safety of financial transactions and information to an organization's internal controls. Internal control system is usually responsible for organizations' failure to achieve efficiency and effectiveness, reliability of financial reporting and compliance with relevant laws and regulations (Amudo & Inanga, 2009).

Al-Shuaibi (2008) states that there are two main types of mismanagement of public funds: internal mismanagement and trans-border mismanagement. Internal mismanagement of public funds is classified as that which occurs within the organizations while trans-border mismanagement of public funds takes place across territorial borders including international organizations thereby resulting in Global Corruption and mismanagement of public funds. Langseth (2009) states three specific examples of corruption and mismanagement of public funds, they are viewed as forms of internal mismanagement of public funds, and they are: administrative, grand and state capture mismanagement of public funds. Mismanagement of public funds can also be categorized in other ways besides the ones mentioned above.

Mismanagement of public funds and corruption within public institutions is not a new phenomenon. Two thousand years ago, Kautilya, the prime minister of an Indian king, had already written a book, *Arthashastra*, discussing it. Seven centuries ago, Dante placed bribers in the deepest parts of Hell, reflecting the medieval distaste for corrupt behavior. Shakespeare gave corruption a prominent role in some of his plays; and the American Constitution made bribery one of two explicitly-mentioned crimes which could lead to the impeachment of a U.S. president.' However, the degree of attention currently paid to corruption is unprecedented and nothing short of extraordinary. For example, in its end-of-year editorial on December 31, 1995, The Financial Times characterized 1995 as the year of corruption. The following two years could have earned the same title. The degree of attention now paid to corruption leads naturally to the question of why. Why so much attention now? Is it because there is more corruption than in the past? Or is it because more attention is being paid to a phenomenon that had always existed but had been largely, though not completely, ignored? The answer is not obvious, and there are no reliable statistics that would make possible a definitive answer.

## **Statement Problem**

Nairobi city county government like any other government is faced with misuse and mismanagement of public funds hampering service delivery. This has led to a loss of funds meant for other public benefits for example construction of roads, provision of cheaper electricity, taking care of children and families with vulnerable conditions and many more. Interestingly, the development potential and attendant challenges facing Nairobi county government region are indeed enormous. Nairobi County has inadequate community and social services, such as schools and health facilities, to meet the rising demand. This is also true for open spaces, sports and recreational facilities. It is also noted that even when these facilities are available, they are ill-equipped and poorly maintained and managed. In 2003 for example, primary school net attendance ratio was 85% and secondary schools at 32%. The situation is lower and worse in other smaller towns in the metropolitan region. Additionally, Nairobi has severely limited mobility and poor transport system.

Kenya's car population is between 400-500,000 units, of which 30-40% are in Nairobi. This means that Nairobi has a high car dependence level compared to other towns. Within the city, regional commuter distances are in excessive 30-40 kilometres long. However, in the metropolitan region urban transport is expensive and poorly run whereby the public transport in Nairobi is mainly run by the private matatu sector. This sector is often blamed for causing traffic congestion, accidents and flouting traffic rules. Another big challenge faced by Nairobi city and its metropolitan region is increased environmental pollution. This is mainly due to inadequate disposal of wastewater and solid waste. The metropolitan region is also experiencing increased air pollution due to increased motor vehicle traffic and emission from processing factories in Nairobi, Thika, Mavoko, Ruiru, Kikuyu and Limuru. Nairobi metropolitan region also has poor provision of infrastructure and utilities. The household level of access to electricity, water supply and waste disposal is low. Although Nairobi city has higher level of access to services – electricity connection at 75% of households, piped water at 76%, and sewer connection at 66% of households - the situation is worse in other smaller towns in the metropolitan region.

The metropolitan region 2010 water demand is estimated at 1,000,000 m<sup>3</sup> per day compared to the low water supply of 400,000-500,000m<sup>3</sup> per day. In Nairobi city, only 10% of solid waste generated is collected. Inadequate waste water and solid waste disposal services has resulted in widespread pollution of the environment. All these problems within the county arise due to some unforeseen reasons. Questions that arise include, what are the causes of poor road network in the county? Why is it that, only 10% of waste generated is collected? Why is there a situation of lack of sanitation within the county? The answers lie on the hands of the county policy makers. No reliable consensus has so far been reached by researchers explaining the reasons. This study is aimed at filling the gap by conducting a thorough analysis on the factors that influences mismanagement of public funds and how it affects service delivery in Nairobi city government.

## **Objectives of the Study**

- To examine how lack of good policy framework and proper internal control system affects service delivery in Nairobi County.

- To identify how lack of trained personnel affects service delivery in Nairobi County.
- To identify how lack of staff motivation affects service delivery in Nairobi County.

## THEORETICAL REVIEW

### Fraud Awareness Theory

It is obviously essential that public servants and government contractors know which behaviors are tolerable and which are not. There may be practices, currently regarded as acceptable throughout the public sector, which authorities will wish formally to define as wasteful or abusive. To this end, agencies must make a very clear distinction between acceptable fringe benefits and minor theft. This distinction must be communicated clearly and unambiguously to all personnel. A fraud awareness campaign should not, however, be regarded as a magic bullet, or as the solution to fraud, but as one which complements other countermeasures. Moreover, it should be reinforced by word and by deed from the highest levels. A campaign perceived as simple window dressing or a public relations exercise may itself be categorized as waste, if not fraud. The precise themes upon which a fraud awareness campaign might be based may vary, depending upon the organizational culture of a given public sector agency. Altruistic or patriotic appeals might be more appropriate for some individuals, whereas messages aimed at an individual's self interest may be more effective in other cases. In general, perceptions of formal or informal sanctions, whilst significant, have been found to be less important than internalized norms in explaining the decision to engage in illegal behavior (Stalans *et al.*, 1989).

It would in any event be useful to determine what sanctions are perceived as credibly threatening by potential perpetrators of fraud and waste. Whilst it is desirable to maximize competition amongst prospective government contractors, fraud prevention considerations might militate in favor of certain conditions of eligibility to enter into contracts with the government. These could entail the imposition of disclosure requirements upon or the assumption of self-regulatory responsibilities by prospective contractors (Braithwaite, 1982; Monahan & Claiborne, 1988). The virtue of such measures is that they shift some of the costs of oversight from the government to the contractor, at the same time as communicating the government's concern for fraud prevention.

### The Accountability Triangle

Services reach the public in a two-step process: *allocation* (by policymakers) and *production* (by service providers/implementers). Accountability between the policy maker and the implementer is defined by a *compact*, which includes service delivery standards, monitoring methods, rewards and sanctions. This service compact cannot fully specify outcomes, especially for services that are inherently transaction-intensive and hard to monitor (such as classroom education). Moreover, the user of the services – the client – is not a party to the service compact. Users have two potential routes of accountability for securing essential services: a long route, *via* the policy makers; and a short route, directly to the producers.

The *long route* of political accountability is the more visible of the two. Whether the services are produced by a state agency or contracted out to a private provider, the state has an irreducible

role in choosing, designing, allocating and often regulating essential services such as education, healthcare and water/sanitation. This is clearest in the case of security and justice administration, the area in which the state asserts its authority and shows that it is indeed a state. The long route can also be referred to as *voice*, defined as the expression of citizen satisfaction or dissatisfaction through political, administrative, legal and media channels. Citizens use these channels to voice public demands – including their preferences concerning policies of allocation and production of services. Note that the long route is especially relevant to national-level policy decisions and centralized programs such as vaccination; here, the short route (see below) is weaker. The long route of accountability depends for its functioning on a legitimate and effective state; thus, it readily breaks down in fragile situations, becoming problematic or even inoperative. Especially in low-income countries, ordinary people have little power over their elected officials, who may be embedded in a clientele or non-competitive political system.

## METHODOLOGY OF THE STUDY

The study was carried out in Nairobi County and mainly focused on county public servants. This research adopted a descriptive research design. The researcher targeted 300 senior staff members in Nairobi County. The study adopted probability sampling procedure whereby out of the total number of the targeted population units, the study identified a 20% of the target population to have a total sample of 60 senior staff members. The study used primary which was obtained by use of a questionnaire. Statistical package for social science (SPSS) was used to draw inferences from the coded data. This included descriptive and inferential statistics. The descriptive statistics included frequency distribution tables, pie charts and percentages while the inferential statistics included the regression analysis.

## RESULTS OF THE STUDY

### Response Rate

The number of questionnaires that were administered was 60. A total of 52 questionnaires were properly filled and returned. This represented an overall successful response rate of 87% as shown on Table1.

**Table 1: Response Rate**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
Returned	52	87%
Unreturned	8	13%
<b>Total</b>	<b>60</b>	<b>100%</b>

### Demographic Characteristics

The respondents were asked to describe their basic characteristics such as their gender, age, level of education, marital status and position. Results showed that majority of the respondent were male as shown by 61.54% whereas 38.46% of the respondents were females. Thus, there was a significant gender disparity amongst the respondents and the indication is that most of the

respondents were male (the head of the family). Results also showed that 36.54% of the respondent were between 26-35 years, 26.92% were between 46-55 years, 17.31% were between 36-45 years, 9.62% were below 25 years and 9.62% were 56 years and above. This is an indication that majority of the respondents were at the middle age (productive age). Results also showed that majority of 50% of the respondents reiterated that they had acquired up to the university education, 26.92% had acquired education up to the college level, while 23.08% of them had acquired up to secondary education. This implied that workers in Nairobi County were educated. Further, results showed that majority of the respondents, as shown by 60% were married, 29% of the respondents were single while 11% were divorced. Results also showed that 38.46% of the respondents were in the supervisory level of management, 34.62% in the middle level of management while 26.92% were in the top level of management. Results also showed that 36.54% of the respondents had worked in the county for less than 6 months, 30.77% of the respondents for 6-12 months, 19.23% for 12-18 months and 13.46% had worked in the county for more than 18 months. This indicates that the rate of employee turnover in Nairobi County is high.

## **Descriptive Statistics**

### **Service Delivery**

The study sought to determine the effects of factors influencing mismanagement of public funds of service delivery in Nairobi County. Results in Table 2 show that 94.1% of the respondents agreed on the statement that policy framework and internal control system influences mismanagement of public funds within the county and affects service delivery negatively. Ninety-six-point one percent (96.1%) of the respondents agreed on the statement that training of personnel influences mismanagement of public funds within the county and affects service delivery negatively. Further, the results showed that 88.4% of the respondents agreed with the statement that staff motivation influences mismanagement of public funds within the county and affects service delivery negatively while 92.3% of the respondents agreed that generally service delivery is poor within the county. The mean of the responses indicated from the results was 2.54 which show that the respondents were agreeing on most of the statements while the standard deviation was 0.84 which indicates that the answers received were varied as they were dispersed far from the mean.



**Table 2: Service Delivery**

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std Dev
Policy framework and internal control system influences mismanagement of public funds within the county and affects service delivery negatively.	0.00%	0.00%	5.80%	42.30%	51.90%	4.46	0.61
Training of personnel influences mismanagement of public funds within the county and affects service delivery negatively.	0.00%	3.80%	0.00%	42.30%	53.80%	4.46	0.70
Staff motivation influences mismanagement of public funds within the county and affects service delivery negatively.	0.00%	7.70%	3.80%	44.20%	44.20%	4.25	0.86
Generally service delivery is poor within the county.	1.90%	0.00%	5.80%	44.20%	48.10%	4.37	0.77
<b>Average</b>						<b>2.54</b>	<b>0.84</b>

### Policy Framework and Internal Control System

The study sought to examine how lack of good policy framework and proper internal control system affects service delivery in Nairobi County. Results in Table 3 show that 84.7% of the respondents disagreed that Nairobi City County follows the county's purchasing procedure to buy assets and services, 84.7% of the respondents disagreed that Nairobi City County follows the county's investment procedure, 78.8% of the respondents disagreed that Nairobi City County gives advances and loans according to regulations, 84.7% of the respondents disagreed that the county's payments are subject to authorization, 78.9% of the respondents disagreed that Nairobi City County applies inventory control techniques, 77% of the respondents disagreed that Nairobi City County follows the county's disposing off procedure, 98% of the respondents disagreed that

travelling abroad is regulated in Nairobi City County, 98% of the respondents disagreed that Nairobi City County adequately keeps documents and records, 90.4% of the respondents disagreed that Nairobi City County applies International Accounting Standards, 92.3% of the respondents disagreed that Nairobi City County is audited by certified public accountants, 98% of the respondents disagreed that Nairobi City County compares internal with external audit reports and reconcile, 98% of the respondents disagreed that Nairobi City County easily observe the trend of affairs at the organization, 90.4% of the respondents disagreed that Nairobi City County measures parameters to indicate performance, 90.4% of the respondents disagreed that Nairobi City County follows the county's purchasing procedure to buy assets and services, 90.45 of the respondents disagreed that Nairobi City County gives advances and loans to its staff members according to regulations while 96.2% of the respondents disagreed that Nairobi City County follows the county's investment procedure. The mean of the responses indicated from the results was 1.64 which shows that the respondents were disagreeing on most of the statements while the standard deviation was 0.79 which indicates that the answers received were varied as they were dispersed far from the mean.

**Table 3: Policy Framework and Internal Control System**

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std Dev
Nairobi City County follows the county's purchasing procedure to buy assets and services.	46.20%	38.50%	11.50%	3.80%	0.00%	1.73	0.82
Nairobi City County follows the county's investment procedure.	46.20%	38.50%	11.50%	3.80%	0.00%	1.73	0.82
Nairobi City County gives advances and loans according to regulations.	42.30%	36.50%	11.50%	7.70%	1.90%	1.90	1.01
The county's payments are subject to authorization.	46.20%	38.50%	11.50%	3.80%	0.00%	1.73	0.82
Nairobi City County applies inventory	40.40%	38.50%	13.50%	7.70%	0.00%	1.88	0.92

control techniques.							
Nairobi City County follows the county's disposing off procedure.	38.50%	38.50%	15.40%	5.80%	1.90%	1.94	0.98
Travelling abroad is regulated in Nairobi City County.	61.50%	36.50%	0.00%	1.90%	0.00%	1.42	0.61
Nairobi City County adequately keeps documents and records.	61.50%	36.50%	0.00%	1.90%	0.00%	1.42	0.61
Nairobi City County applies International Accounting Standards.	55.80%	34.60%	1.90%	5.80%	1.90%	1.63	0.93
Nairobi City County is audited by certified public accountants.	55.80%	36.50%	1.90%	3.80%	1.90%	1.60	0.87
Nairobi City County compares internal with external audit reports and reconcile.	61.50%	36.50%	0.00%	1.90%	0.00%	1.42	0.61
Nairobi City County easily observe the trend of affairs at the organization.	61.50%	36.50%	0.00%	1.90%	0.00%	1.42	0.61
Nairobi City County	51.90%	38.50%	5.80%	3.80%	0.00%	1.62	0.77

measures parameters to indicate performance.								
Nairobi City County follows the county's purchasing procedure to buy assets and services.	51.90%	38.50%	5.80%	3.80%	0.00%	1.62	0.77	
Nairobi City County gives advances and loans to its staff members according to regulations.	51.90%	38.50%	5.80%	3.80%	0.00%	1.62	0.77	
Nairobi City County follows the county's investment procedure.	55.80%	40.40%	0.00%	3.80%	0.00%	1.52	0.70	
<b>Average</b>						<b>1.64</b>	<b>0.79</b>	

### Training of Personnel

The study sought to identify how lack of trained personnel affects service delivery in Nairobi County. Results in Table 4 show that a majority of 96.2% of the respondents disagreed that Nairobi City County management gives employees' motivation by paying them good salaries, 96.2% of the respondents disagreed that Nairobi City County trains employees to suit their needs, 98% of the respondents disagreed that Nairobi City County gives their managers decision making techniques, 92.3% of the respondents disagreed that Nairobi City County managers visit similar counties to see how affairs are handled, 92.3% of the respondents disagreed that Nairobi City County management trains employees on how to resist internal political pressure, 92.3% of the respondents disagreed that Nairobi City County management has cost minimization skills, 98.1% of the respondents disagreed that Nairobi City County management has skills on effective utilization of resources while 98.1% of the respondents disagreed that Nairobi City County recruits employees according to qualifications. The mean of the responses indicated from the results was 1.53 which shows that the respondents were disagreeing on most of the statements while the standard deviation was 0.70 which indicates that the answers received were varied as they were dispersed far from the mean.

**Table 4: Training of Personnel**

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std Dev
Nairobi City County gives orientation to all new employees.	55.80%	40.40%	0.00%	3.80%	0.00%	1.52	0.70
Nairobi City County trains employees to suit their needs.	55.80%	40.40%	0.00%	3.80%	0.00%	1.52	0.70
Nairobi City County gives their managers decision making techniques.	61.50%	36.50%	0.00%	1.90%	0.00%	1.42	0.61
Nairobi City County managers visit similar counties to see how affairs are handled.	57.70%	34.60%	5.80%	1.90%	0.00%	1.52	0.70
Nairobi City County management trains employees on how to resist internal political pressure.	55.80%	36.50%	5.80%	1.90%	0.00%	1.54	0.70
Nairobi City County management has cost minimization skills.	55.80%	36.50%	5.80%	1.90%	0.00%	1.54	0.70
Nairobi City County management has skills on effective utilization of resources.	59.60%	38.50%	0.00%	1.90%	0.00%	1.44	0.61
Nairobi City County recruits employees according to qualifications.	59.60%	38.50%	0.00%	1.90%	0.00%	1.44	0.61
<b>Average</b>						<b>1.53</b>	<b>0.70</b>

### Staff Motivation

The study sought to identify how lack of staff motivation affects service delivery in Nairobi County. Results in Table 5 show that a majority of 94.2% of the respondents disagreed that Nairobi City County management gives employees' motivation by paying them good salaries, 90.4% of the respondents disagreed that Nairobi City County management gives employees motivation by engaging them in a profit sharing programme, 96.1% of the respondents disagreed that Nairobi City County management gives employees motivation by giving them a commission based on their output, 90.4% of the respondents disagreed that Nairobi City County management

gives employees motivation by paying them for overtime hours, 90.4 of the respondents disagreed that Nairobi City County management gives employees motivation by having team building activities, 86.5% of the respondents disagreed that Nairobi City County management gives employees motivation by giving them moral support, 76.9% of the respondents disagreed that Nairobi City County management gives employees motivation by giving them the freedom of expression while 92.3% of the respondents disagreed that Nairobi City County management gives employees motivation by complimenting them. The mean of the responses indicated from the results was 1.56 which shows that the respondents were disagreeing on most of the statements while the standard deviation was 0.80 which indicates that the answers received were varied as they were dispersed far from the mean.

**Table 5: Staff Motivation**

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std Dev
Nairobi City County management gives employees motivation by paying them good salaries.	61.50%	32.70%	0.00%	5.80%	0.00%	1.50	0.78
Nairobi City County management gives employees motivation by engaging them in a profit sharing programme.	57.70%	32.70%	3.80%	3.80%	1.90%	1.60	0.89
Nairobi City County management gives employees motivation by giving them a commission based on their output.	61.50%	34.60%	1.90%	1.90%	0.00%	1.44	0.64
Nairobi City County management gives employees motivation by paying them for overtime hours.	59.60%	30.80%	3.80%	3.80%	1.90%	1.58	0.89
Nairobi City County management gives employees motivation by having team building activities.	57.70%	32.70%	3.80%	3.80%	1.90%	1.60	0.89
Nairobi City County management gives	57.70%	28.80%	3.80%	7.70%	1.90%	1.67	1.00

employees motivation by giving them moral support.								
Nairobi City County management gives employees motivation by giving them the freedom of expression.	50.00%	26.90%	7.70%	9.60%	5.80%	1.94	1.23	
Nairobi City County management gives employees motivation by complimenting them.	61.50%	30.80%	3.80%	3.80%	0.00%	1.50	0.75	
<b>Average</b>						<b>1.56</b>	<b>0.80</b>	

### Inferential Statistics

This section provides results from regression between the dependent and the independent variables.

### Regression Analysis

The results presented in Table 6 present the fitness of model used of the regression model in explaining the study phenomena. Policy framework and internal control system, training of personnel and staff motivation were found to be satisfactory variables that influence mismanagement of public funds and thus affecting service delivery. This is supported by coefficient of determination also known as the R square of 28.5%. This means that policy framework and internal control system, training of personnel and staff motivation explain 28.5% of the variations in the dependent variable which is service delivery. This results further means that the model applied to link the relationship of the variables was satisfactory.

**Table 6: Model Fitness**

Indicator	Coefficient
R	0.534
R Square	0.285
Adjusted R Square	0.249
Std. Error of the Estimate	0.27176

In statistics significance testing the p-value indicates the level of relation of the independent variable to the dependent variable. If the significance number found is less than the critical value also known as the probability value (p) which is statistically set at 0.05, then the conclusion would be that the model is significant in explaining the relationship; else the model would be regarded as non-significant.

Table 7 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the independent variables are good predictors of service delivery in Nairobi County. This was supported by an F statistic of 7.874 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance level.

**Table 7: Analysis of Variance**

Indicator	Sum of Squares	df	Mean Square	F	Sig.
Regression	0.272	3	0.091	7.874	0.000
Residual	6.036	48	0.126		
Total	6.308	51			

Regression of coefficients results in Table 8 shows that there is a significant relationship between policy framework and internal control system, training of personnel and staff motivation as supported by beta coefficients of 0.412, 0.051 and 0.101 respectively. These results show that an increase in the unit change of policy framework and internal control system, training of personnel and staff motivation would result to an increase in service delivery.

**Table 8: Regression of Coefficients**

Variable	B	Std. Error	t	Sig.
(Constant)	1.426	0.445	3.205	0.002
Policy framework and internal control system	0.412	0.133	-3.101	0.003
Training of personnel	0.051	0.026	-1.981	0.012
Staff motivation	0.101	0.0448	-2.256	0.002

Thus, the optimal model for the study is;

$$\text{Service Delivery} = 1.426 + 0.412 \text{ Policy Framework and Internal Control System} + 0.051 \text{ Training of Personnel} + 0.101 \text{ Staff Motivation}$$

## CONCLUSIONS

Based on the findings of the study, the study concluded that lack of good policy framework and proper internal control system, lack of training of personnel and lack of staff motivation were the factors that influenced mismanagement of public funds Nairobi County. Further, the study concluded that and its effects on service delivery in policy framework and internal control system, training of personnel and staff motivation have a significant effect on service delivery within Nairobi County.

## RECOMMENDATIONS

The study recommends that the government should formulate monitoring and evaluation policy that will guide in accessing the effectiveness of the operations of the county government. The



study also recommends that Nairobi County should adopt good policy framework and proper internal control system to enhance service delivery within the county. Further, the study recommends that Nairobi County should training of personnel as this will sharpen their skills and thus enhance service delivery within the county. The study also recommended that Nairobi County should motivate their staff for better output in their work. This will result to better/improved service delivery.

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