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# EFFECT OF FINANCIAL PLANNING AND RESOURCE MANAGEMENT ON SERVICE DELIVERY IN THE COUNTY GOVERNMENT OF MANDERA, KENYA

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## ABSTRACT

*The success of devolved governance in Kenya is fundamentally contingent on the integrity of Public Financial Management (PFM) practices, which are meant to translate public funds into effective services. However, in marginalized regions like Mandera County, a significant gap persists between planned development and tangible outcomes. While PFM is a broad field, the critical link between the strategic planning phase and the operational resource management phase, and their combined effect on service delivery, remains insufficiently understood in such unique, high-stakes environments. This study aimed to determine the effect of financial planning and resource management practices on service delivery in the County Government of Mandera, Kenya. The study employed a descriptive research design with a mixed-methods approach. A census of 160 staff members involved in financial management in Mandera County was conducted, with 145 participating (90.6% response rate). Quantitative data were collected using structured questionnaires and analyzed via descriptive statistics, Pearson correlation, and multiple linear regression. Qualitative data were gathered through in-depth interviews with key informants, including senior finance and procurement officials, to provide explanatory context. The findings reveal that while financial planning has a significant positive effect on service delivery ($\beta$=.289, p<.001), its potential is catastrophically undermined by a dysfunctional resource management system. This effectively severs the link between strategic planning and on-the-ground results, rendering the entire PFM cycle dysfunctional. The findings provide a robust evidence base for urgent, targeted reforms focused on enforcing budget fidelity and overhauling the procurement-to-payment system to restore the integrity of public service delivery.*

***Keywords:*** *Public Financial Management (PFM), Financial Planning, Resource Management, Service Delivery, Devolution, Mandera County, Kenya, Implementation Gap*

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## INTRODUCTION

The architecture of modern governance is built upon the foundation of effective Public Financial Management (PFM). A robust PFM system is the essential mechanism through which government policies are translated into public value, ensuring that state resources are collected efficiently, allocated according to strategic priorities, and utilized transparently to foster economic stability and deliver essential services (PEFA, 2016). In developed economies, sophisticated and integrated PFM systems have been shown to directly correlate with higher levels of government accountability, reduced corruption, and superior public service outcomes (Hawke, 2022). Conversely, weaknesses in the PFM cycle in many developing nations, particularly in sub-Saharan Africa, are a primary cause of fiscal indiscipline, institutional incapacity, and a failure to meet development goals (Wechie, Igwe, & Davis, 2024).

Kenya embarked on a radical governance transformation with the promulgation of its 2010 Constitution, which enshrined devolution as a central pillar for promoting equitable development and citizen-centric service delivery. To operationalize this vision, the Public Finance Management (PFM) Act of 2012 was enacted, establishing a comprehensive legal framework to guide the management of public funds at both the national and county levels. This Act mandates a disciplined and transparent cycle of financial management, beginning with strategic financial planning and moving through to operational resource management.

Financial planning, the first critical stage, is legally anchored in the creation of a County Integrated Development Plan (CIDP), a five-year strategic blueprint derived from public consultation. This is then translated into Annual Development Plans (ADPs) and, ultimately, the annual budget. This process, as envisioned by Budget Theory, is meant to ensure that the allocation of public funds is a rational exercise aimed at maximizing public value by aligning expenditure with democratically determined priorities (Lewis, 1952). The second stage, resource management, encompasses the "nuts and bolts" of execution: procurement of goods and services, management of assets, and the timely payment of obligations. This operational phase is where the strategic intent of the budget is converted into tangible public services—a road, a health clinic, a water project. The effectiveness of this stage is the ultimate measure of a government's capacity to deliver on its promises.

This study focuses on these two foundational PFM practices within the challenging context of the County Government of Mandera. Located in the arid landscapes of Northern Kenya, Mandera is characterized by historical marginalization, chronic insecurity, and severe infrastructural deficits (Haji, 2024). The county's heavy reliance on financial transfers from the national government, due to a very low own-source revenue base, makes prudent and efficient financial management not just a matter of good practice but a requisite for socio-economic survival (Controller of Budget, 2023). For the citizens of Mandera, the integrity of the PFM system determines whether a borehole is drilled, a dispensary is stocked with medicine, or a stalled project is completed.

### Statement of the Problem

The core promise of devolution in Kenya was to bring services closer to the people and enhance the responsiveness of government to local needs. For the County Government of Mandera, however, the realization of this promise has been severely hampered by persistent and systemic failures in service delivery. Across the county, there is widespread and visible evidence of this challenge: stalled development projects litter the landscape, essential services like healthcare and water provision are frequently inadequate, and citizen satisfaction with the county's performance remains critically low. This failure to deliver public value is not due to a lack of resources in absolute terms; the county receives substantial annual allocations from the national government. The problem, therefore, appears to lie in the management of these resources.

This disconnect between financial inputs and service delivery outputs points to a fundamental breakdown within the county's Public Financial Management (PFM) system. Specifically, there are strong indications of a catastrophic failure in the plan-to-execution cycle. On one hand, the county engages in the legally mandated process of financial planning, creating CIDPs and annual budgets that are, in principle, aligned with public needs. On the other hand, the operational phase of resource management appears to be in a state of crisis. The county is plagued by enormous pending bills, a chronically low budget absorption rate (a mere 32% in the 2023/24 financial year), and recurrent adverse findings from the Auditor-General on irregular expenditures and non-compliant procurement.

These are not just administrative failings; they are symptoms of a systemic paralysis that directly prevents the translation of budgetary allocations into tangible services. The pending bills crisis cripples local suppliers and halts projects, while a low absorption rate is a de facto admission of an inability to plan, procure, and manage projects effectively. While a body of research on PFM in Kenya exists, it often treats PFM practices in isolation or measures their impact on a generic concept of "performance." There is a critical research gap in understanding the specific, interactive relationship between the strategic planning phase and the operational resource management phase, and how failures at each stage combine to impact service delivery in a uniquely fragile and resource-scarce context like Mandera.

This study sought to fill this gap. It moves beyond a general assessment to examine precisely how the practices of financial planning and resource management, both individually and collectively, influence the County Government of Mandera's ability to deliver the essential services its citizens demand and deserve.

**Objective of the Study**

The objective of this study was to determine the effect of financial planning and resource management practices on service delivery in the County Government of Mandera, Kenya.

**Research Hypothesis**

**$H_0$**: Financial planning has no significant effect on service delivery in the County Government of Mandera.

**Conceptual Framework**

**Financial Planning**
- The CIDP is the primary planning document.
- The planning process is consultative.
- The budget is implemented as approved.

**Accountability in County Government**
- Financial accountability
- Compliance with financial regulations
- Efficient utilization of public resources

**Independent Variable** **Dependent Variable**

**Figure 1: Conceptual Framework**

## LITERATURE REVIEW

This section synthesizes the theoretical and empirical literature that frames the critical link between financial planning, resource management, and public sector performance.

**Theoretical Framework**

This study is grounded in two complementary theories that, together, provide a comprehensive framework for understanding the "plan-to-execution" cycle in public finance: Budget Theory and Resource Dependency Theory.

**Budget Theory**

First articulated by scholars like V.O. Key Jr. and later refined by Lewis (1952), Budget Theory provides the foundational rationale for financial planning. The theory posits that the central question in budgeting is "On what basis shall it be decided to allocate X dollars to activity A instead of activity B?". It frames the budget not as a mere accounting document, but as a primary mechanism for making strategic choices about the allocation of scarce public resources to achieve common goals. The theory emphasizes the need for a rational, evidence-based process where the relative value of different expenditures is weighed to maximize public benefit.

This theory is directly relevant to the first independent variable of this study. The financial planning process in a Kenyan county, as mandated by the PFM Act, is a direct application of Budget Theory. The creation of the CIDP through public participation is intended to establish the "common goals" Lewis speaks of. The subsequent development of ADPs and the annual budget is the process of making allocative decisions. The theory allows us to hypothesize that a well-executed financial planning process, one that is consultative, evidence-based, and clearly links expenditure to strategic priorities, is a necessary precondition for effective service delivery. A failure in this planning stage, such as a budget that does not reflect public needs or is not aligned with the CIDP, will inevitably lead to a misallocation of resources and poor performance outcomes.

**Empirical Review**

**Financial Planning and County Performance**

For this particular research, empirical studies were used with the aim of examining the relationship between financial reporting, internal audit, and accountability in the country's sector. A study by Wanja and Ibrahim (2023) found that internal audit independent nod auditor competence is critical, given that they ensure that there is financial accountability in county governments. Further, a study by Justus et al. (2022),shows that effective monitoring and audit functions are crucial in improving transparency and reliability within county governments.

The empirical literature provides strong support for the critical role of strategic financial planning in public sector performance. A study by Chindengwike (2023) in Tanzania found a statistically positive association between the quality of financial planning and the performance of public sector entities. In the Kenyan context, studies on devolved units have consistently reached similar conclusions. Kimutai, Naibei, and Cheruiyot (2019) investigated Bomet County and found a significant positive relationship between strategic financial planning and the county government's performance. They noted that the disciplined use of the CIDP as the primary planning document was a key factor. Similarly, Achieng and Nyariki (2023) found that financial planning and budgeting reforms had a positive influence on the performance of Kisii County.

However, the literature also highlights a persistent gap between planning and implementation. Musyoka and Kamande (2023), in their study of Tharaka Nithi County, found that while the county had decentralized financial planning to departments, there were significant inefficiencies in oversight and a failure to adhere to the budget during implementation. This points to a common challenge where the formal process of creating a plan is not matched by the fiscal discipline required to execute it. This "implementation gap" is a central theme in public administration literature, where a failure to link planning to real-world execution is identified as a primary cause of government ineffectiveness (Andrews, 2010).

**Summary of Literature and Identified Research Gap**

The reviewed literature establishes a clear and consistent link between the quality of PFM practices and the performance of local governments. Both financial planning and resource management are shown to be critical determinants of outcomes. However, a significant contextual and integrative gap remains. The vast majority of studies have been conducted in relatively stable and more developed counties in Kenya or in different national contexts. The unique interplay of marginalization, insecurity, and a pastoralist economy in Mandera has been largely unexamined.

Furthermore, while studies often look at planning or resource management in isolation, there is a lack of research that investigates the integrative failure of the "plan-to-execution" cycle. This study addresses this gap by examining both practices concurrently within the high-stakes environment of Mandera County. It moves beyond a general assessment of "performance" to focus specifically on service delivery, providing a citizen-centric measure of government effectiveness and thus offering a more nuanced and practical contribution to the literature.

## METHODOLOGY

This study adopted a descriptive research design to systematically describe the current state of PFM practices and explore their relationship with service delivery and accountability (Flick, 2011).

The target population consisted of all 160 staff members directly involved in public fund management within the County Government of Mandera, including personnel from the finance, procurement, and policy departments. Given the small, specific, and accessible nature of this population, a census method was employed. This approach eliminates sampling error and ensures the findings are a complete and accurate representation of the perspectives of all key personnel involved in PFM in the county (Anderson, Kelley, & Maxwell, 2017).

Primary data were collected using structured questionnaires administered to the census population. The questionnaire was designed with 5-point Likert scale items to gather quantitative data on perceptions of financial planning, resource management, service delivery, and accountability. To provide deeper context and triangulate the findings, semi-structured interviews were conducted with purposively selected key informants: a Chief Officer in the Finance Department, a Director of Procurement, and the Head of the Internal Audit Unit.

The validity of the questionnaire was ensured through content validity, where the instrument was reviewed for relevance, clarity, and comprehensiveness by the university supervisors and an external expert in public finance. The **r**eliability of the instrument was tested through a pilot study in the neighboring Wajir County. The reliability of the scales was confirmed using Cronbach's Alpha, with all scales achieving a coefficient well above the acceptable threshold of 0.7 (e.g., Financial Planning: $\alpha = .815$; Resource Management: $\alpha = .789$).

Quantitative data from the 145 valid questionnaires were analyzed using SPSS Version 28. Descriptive statistics (frequencies, percentages, means, and standard deviations) were used to summarize the data. To test the hypotheses, a multiple linear regression analysis was conducted to determine the predictive effect of financial planning and resource management on service delivery. The significance level for all inferential tests was set at $p < 0.05$. Qualitative data from the interviews were transcribed and analyzed thematically.

The regression model was specified as: $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$

Where: Y = Service Delivery; $X_1$ = Financial Planning; $X_2$ = Resource Management; $X_3$ = Financial Reporting; $X_4$ = Internal Audit.

## RESULTS AND DISCUSSIONS

This section presents the empirical findings regarding financial planning, resource management, and their influence on service delivery.

### Descriptive Analysis: A System in Contrast

Respondents' perceptions of financial planning and resource management revealed a system of stark contrasts.

**Table 1: Perceptions on Financial Planning (N=145)**

| Statement | Mean | Std. Dev | Interpretation |
|---|---|---|---|
| The CIDP is the primary planning document. | 3.66 | 1.10 | Agreement |
| The planning process is consultative. | 3.37 | 1.25 | Agreement |
| The budget is implemented as approved. | 2.21 | 1.17 | Disagreement |
| **Overall Mean Score for Financial Planning** | **3.08** | **1.17** | **Moderate Agreement** |

The data in Table 1 shows that while the formal aspects of planning are perceived positively, the execution is seen as a failure. There is agreement that the CIDP is used (Mean=3.66) and the process is consultative (Mean=3.37). However, there is strong disagreement that the budget is implemented as approved (Mean=2.21), indicating a critical implementation gap.

This quantitative data was powerfully explained by the key informants. A senior finance official stated:

*"Our planning process on paper is world-class... The problem is the execution. Once the budget is passed, political interests and unforeseen cash flow problems... force us to re-prioritize, often abandoning what was in the plan."* (KI 1)

A procurement director was even more blunt about the resource management crisis:

*"Our biggest challenge is the pending bills crisis... Credible suppliers avoid us. This forces us into less transparent, more expensive single-sourcing, or it delays projects indefinitely. It is a vicious cycle that cripples our ability to deliver anything on time."* (KI 2)

**Inferential Analysis: Predicting Service Delivery**

A multiple linear regression was conducted to determine the unique effect of financial planning and resource management on service delivery, while controlling for financial reporting and internal audit.

**Table 2: Multiple Regression Model Predicting Service Delivery**

| Model | R Square | F-statistic | p-value | Most Influential Predictor (β) |
|---|---|---|---|---|
| Service Delivery | .645 | 63.78 | < .001 | 1. Resource Management (β = .387) 2. Financial Planning (β = .289) |

The overall regression model was highly significant, explaining 64.5% of the variance in service delivery. The standardized beta coefficients (β) reveal the relative importance of each predictor.

**Table 3: Regression Coefficients for Service Delivery**

| Predictor | Unstandardized B | Standardized Beta (β) | t | Sig. (p-value) |
|---|---|---|---|---|
| (Constant) | (omitted) | | | |
| Financial Planning | (omitted) | .289 | (omitted) | < .001 |
| Resource Management | (omitted) | .387 | (omitted) | < .001 |
| Financial Reporting | (omitted) | .221 | (omitted) | .001 |
| Internal Audit | (omitted) | .156 | (omitted) | .026 |

The regression coefficients confirm that both financial planning and resource management are highly significant positive predictors of service delivery ($p < .001$). However, Resource Management (β=.387) emerged as the strongest unique predictor, with a substantially larger beta coefficient than Financial Planning (β=.289). This indicates that while having a good plan is crucial, the operational capacity to manage resources effectively has the single greatest impact on whether services are actually delivered. Based on this evidence, the null hypotheses are rejected.

## DISCUSSION

The findings of this study converge to paint a stark picture of a public financial management system in crisis, where a chasm exists between strategic intent and operational reality. The analysis confirms that both financial planning and resource management are critical drivers of service delivery, but it is the catastrophic failure in the latter that serves as the primary bottleneck to progress in Mandera County.

The study reveals a paradox in the financial planning process. The perception that planning is consultative and follows legal frameworks suggests a degree of formal compliance, aligning with the principles of Budget Theory. However, this formal compliance is rendered meaningless by a subsequent failure to implement the budget as approved. This implementation gap is a classic symptom of "isomorphic mimicry," a phenomenon where developing world institutions adopt the outward forms of good governance without the functional substance (Andrews, 2010). The qualitative data confirms that political interests and fiscal indiscipline override the rational, consultative plan, leading directly to the stalled projects that characterize the service delivery failure.

It is in the realm of resource management, however, that the most critical failure is located. The regression analysis, which identified resource management as the strongest predictor of service delivery, provides robust statistical evidence that operational execution is paramount. The descriptive data and qualitative interviews vividly illustrate this failure, pinpointing the "pending bills crisis" as the epicenter of the county's operational paralysis. This finding aligns powerfully with Resource Dependency Theory (Pfeffer & Salancik, 1978). By failing to honor its financial obligations, the county has damaged its relationship with a critical external resource-its suppliers. As predicted by the theory, this has led to a withdrawal of credible partners, forcing the county into less competitive and less transparent procurement, and ultimately crippling its ability to complete projects. This is not just an administrative issue but a systemic breakdown that resonates with findings on the debilitating effects of pending bills across Kenya (Controller of Budget, 2023).

The study thus contributes a crucial insight: while poor planning sets the stage for failure, it is the acute crisis in resource management that delivers the final blow to service delivery. The inability to execute basic financial operations has created a vicious cycle of mistrust, inefficiency, and project failure that is the single greatest impediment to the county fulfilling its devolved mandate.

## CONCLUSIONS AND RECOMMENDATIONS

This study sought to determine the effect of financial planning and resource management on service delivery in the County Government of Mandera. The study concludes that while both PFM practices are significant determinants of service delivery, the primary driver of the current crisis is a profound failure in resource management. A legally compliant planning process is being rendered impotent by a subsequent operational paralysis, characterized by a lack of fiscal discipline, non-transparent procurement, and a systemic failure to honor financial obligations. This has created a critical "plan-to-paralysis" pipeline, where strategic intentions are lost in a quagmire of poor execution, leading directly to the stalled projects and inadequate services that define the citizen experience in Mandera.

Based on these conclusions, the following targeted recommendations are proposed: Strengthen Public Oversight of Project Management: The county should establish public-facing project monitoring dashboards (online or through public notices) that provide real-time updates on the status, budget, and timelines of all major development projects, allowing citizens to act as an external layer of oversight.

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