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Influence of Budgeting Practice on Financial Sustainability of County Governments in Kenya

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Abstract
This study examined how budgeting practices affect the financial sustainability of county governments in Kenya. The financial sustainability of Kenya's county governments continues to attract attention, as devolved units must provide essential public services, fulfil their financial commitments and pursue development objectives despite limited fiscal resources. Guided by the Theory of Fiscal Federalism, the study adopted a positivist research philosophy, descriptive and correlational research designs, and a quantitative approach. Structured questionnaires were administered to respondents involved in budgeting, financial management, auditing, revenue, procurement, planning and administration across county governments. Of the 341 questionnaires administered, 280 were returned, for a response rate of 82.1 per cent. Data analysis involved descriptive statistics, Pearson's correlation coefficient and simple linear regression techniques. The analysis established a significant positive association between budgeting practices and financial sustainability ($r = 0.784$, $p < 0.01$). Additionally, budgeting practices accounted for 61.5 per cent of the variance in financial sustainability ($R^2 = 0.615$), with a statistically significant positive regression coefficient ($\beta = 0.784$, $p < 0.001$). The study concluded that budgeting practices were significantly associated with financial sustainability among county governments in Kenya. It recommended strengthening revenue forecasting, expenditure controls, budget implementation and monitoring, alongside enhancing the capacity of finance and planning personnel to support evidence-based corrective action. The findings provide empirical evidence to inform county budgeting practices and public financial management policies aimed at strengthening fiscal discipline, resource utilisation and sustainable service delivery.

Keywords*:* Budget implementation, budgeting practices, county governments, expenditure control, financial sustainability.

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INTRODUCTION

This study examined how budgeting practices affect the financial sustainability of county governments in Kenya. The financial sustainability of Kenya's county governments continues to attract attention, as devolved units must provide essential public services, fulfil their financial commitments and pursue development objectives despite limited fiscal resources. Financial sustainability refers to the capacity of county governments to mobilise and manage financial resources, maintain fiscal balance, meet current and future obligations, and sustain service delivery without compromising future fiscal capacity. Achieving financial sustainability requires effective financial management, particularly budgeting practices that promote realistic planning, prudent resource allocation, expenditure discipline and continuous monitoring of financial performance (Lhutfi & Sugiharti, 2022; Tran & Dollery, 2022).

Budgeting is a key public financial management mechanism through which county governments translate development priorities and service-delivery commitments into financial plans. It encompasses budget planning, revenue forecasting, resource allocation, expenditure control, budget implementation and performance monitoring. Realistic revenue forecasting helps align expenditure commitments with anticipated resources and reduces the risk of financing gaps, while priority-based resource allocation directs limited funds towards essential services and development programmes. Similarly, expenditure controls help prevent overspending and the accumulation of unpaid obligations, while effective budget implementation and regular monitoring enable county governments to identify deviations from approved plans and take corrective action. Collectively, these practices can promote fiscal discipline and support the continued provision of public services.

Evidence from Kenya indicates that budgeting practices are associated with financial outcomes in the public sector. Sande et al. (2023), for instance, found that budgeting practices significantly influenced the financial performance of county governments in Kenya, highlighting the importance of budgetary processes in public resource management. However, financial performance and financial sustainability are related but distinct concepts. Financial performance concerns financial results over a particular period, whereas financial sustainability encompasses the longer-term capacity to maintain services and meet financial obligations. Evidence from other countries also highlights the importance of financial management in sustaining local government operations. Tran and Dollery (2022), in a study of local governments in Australia, found that institutional financial management conditions were important for financial sustainability, emphasising the role of internal administrative arrangements in maintaining fiscal capacity. Similarly, Lhutfi and Sugiharti (2022), using data from Indonesian local governments, found that financial independence was positively associated with financial sustainability. Although these studies do not directly establish the influence of budgeting practices on the financial sustainability of Kenyan county governments, they demonstrate the relevance of financial management and fiscal capacity to sustainable local government operations. Their findings therefore provide contextual support for examining the relationship between budgeting practices and financial sustainability in Kenya.

The importance of budgeting in Kenya is further underscored by the devolution of substantial public service and development responsibilities to the 47 county governments. Counties prepare and implement budgets to allocate resources to essential functions, including healthcare, infrastructure, agriculture and water services. According to the Office of the Controller of Budget (2024), the combined approved county budgets amounted to approximately KSh 552.3 billion in the 2023/2024 financial year, illustrating the substantial volume of public resources managed through county budgeting processes. During the same period, county governments collected KSh 58.9 billion in own-source revenue against a target of KSh 80.9 billion, representing 72.8 per cent of the target (National Treasury, 2024). This revenue performance highlights the importance of realistic revenue forecasting and aligning expenditure plans with available resources.

Similarly, other studies conducted in Kenya have also examined financial management practices in relation to financial sustainability. Kinamdali et al. (2024), for example, found that financial auditing practices significantly influenced financial sustainability in Kisii County Government, highlighting the importance of financial oversight in maintaining fiscal capacity. However, auditing is distinct from the budgeting practices examined in the present study. Similarly, Bosire and Miroga (2024) established that budget planning, implementation, control and review significantly influenced financial sustainability among non-profit organisations in Kisii County. Although their findings are

relevant to the relationship between budgeting and financial sustainability within the Kenyan institutional context, non-profit organisations differ from county governments in their revenue structures, statutory responsibilities and public service obligations. Consequently, their findings cannot be treated as direct evidence of the relationship between budgeting practices and financial sustainability in county governments.

Despite the importance of budgeting to public financial management, further empirical investigation is needed to establish how budgeting practices relate specifically to the financial sustainability of county governments in Kenya. Existing Kenyan studies have examined budgeting in relation to financial performance or investigated financial sustainability alongside other financial management practices. This leaves a gap in understanding the relationship between budgeting practices and financial sustainability across the county government context. In particular, the contribution of budget planning, revenue forecasting, resource allocation, expenditure control, budget implementation, and performance monitoring to county governments' capacity to meet financial obligations and sustain service delivery requires further investigation. Addressing this gap is important because effective budgeting can help county governments align available resources with expenditure commitments, strengthen fiscal discipline and maintain essential public services over time. This study therefore examines the influence of budgeting practices on the financial sustainability of county governments in Kenya. The findings are expected to contribute to the existing body of knowledge and provide evidence to inform county budgeting and fiscal management, with the broader aim of strengthening resource utilisation, fiscal discipline and sustainable service delivery. The paper presents the relevant literature and theoretical foundation, explains the research methodology, reports and discusses the empirical findings, and concludes with recommendations and implications for public financial management.

Research Hypothesis

$H0_1$: Budgeting Practice has no statistically significant Influence on the financial sustainability of County Governments in Kenya.

LITERATURE REVIEW

This section reviewed literature on budgeting practices and financial sustainability of county governments. It focused on budget planning, implementation, control, and monitoring and evaluation, and examined their contribution to effective resource management and sustainable service delivery. The review also examined theoretical and empirical studies to identify existing gaps that justified the current study.

Theoretical Review

Theory of Fiscal Federalism

Musgrave (1959) advanced the foundations of the Theory of Fiscal Federalism, which Oates (1972) subsequently developed to explain the allocation of fiscal responsibilities and resources among different levels of government. The theory emphasises the importance of assigning expenditure responsibilities and revenue sources in ways that promote efficient resource allocation, fiscal discipline and effective public service delivery. It suggests that decentralised governments may be better positioned to respond to local needs and preferences because they have greater proximity to the communities they serve. In the context of Kenya, this perspective provides a basis for understanding the fiscal responsibilities of county governments and the importance of managing devolved resources in accordance with local priorities. The theory is relevant to budgeting practices because the assignment of expenditure responsibilities requires governments to plan, allocate and manage resources in line with their mandates and available revenues.

Budget planning supports the estimation of resource requirements and the prioritisation of local needs, while budget implementation translates approved allocations into actual expenditure and public services. Budgetary control helps ensure that expenditure remains aligned with approved budgets and fiscal limits, while monitoring and evaluation provide information on implementation progress and the extent to which resources are being used to achieve intended objectives. These processes provide a practical link between fiscal decentralisation and financial sustainability, understood in this study as the capacity of county governments to manage resources, meet financial obligations and maintain service delivery over time. The second-generation fiscal federalism perspective extends the analysis by recognising that the outcomes of decentralisation depend not only on the formal distribution of responsibilities and resources but also on institutional incentives, accountability arrangements and the behaviour of public officials.

This perspective is important because assigning fiscal responsibilities to county governments does not automatically ensure efficient budgeting or sustainable

financial management. Counties may differ in revenue-generating capacity, administrative competence and institutional effectiveness. Political pressures and competing expenditure priorities may also affect budget decisions and implementation. Recent scholarship continues to emphasise the importance of appropriate fiscal arrangements between national and subnational governments in promoting efficient resource use and sustainable public service delivery (Agrawal et al., 2024). Despite its relevance, the Theory of Fiscal Federalism has limitations in explaining the internal processes through which budgeting practices affect financial sustainability. Its primary concern is the allocation of fiscal responsibilities and resources across levels of government, rather than the detailed managerial activities involved in budget preparation, expenditure authorisation, implementation and performance monitoring. It also does not fully account for differences in leadership, organisational culture, staff competence and political interference that may influence budgeting outcomes.

Furthermore, the expectation that decentralised governments are better informed about local needs does not necessarily mean they have sufficient financial or administrative capacity to respond effectively. These limitations suggest that the theory provides an institutional explanation of decentralised public finance but requires examination of the specific budgeting practices through which counties manage their resources. Nevertheless, the theory remains appropriate for this study because Kenya's devolved system assigns county governments distinct expenditure responsibilities and access to public resources, making fiscal allocation and management central to their operations. The study applies the theory to examine how budget planning, implementation, budgetary control, and monitoring and evaluation relate to financial sustainability. It provides the broader fiscal and institutional foundation for understanding why counties need to align expenditure commitments with available resources, while the study's variables capture the internal budgeting processes involved in achieving that alignment. The theory therefore supports the examination of budgeting practices and their relationship with the financial sustainability of county governments in Kenya.

Empirical Review

Budgeting Practices and Financial Sustainability

Budgeting practices are central to public financial management because they provide a framework for mobilising, allocating and controlling public resources in line with government priorities. Effective budgeting involves realistic revenue forecasting, expenditure prioritisation, budget execution, monitoring and evaluation, and the alignment of financial allocations with planned outputs. In county governments, these processes can support fiscal discipline by limiting unplanned expenditure, strengthening expenditure control and improving the predictability of resource use. Sande et al. (2023) examined budgeting practices in Kenyan county governments and reported a significant relationship between budgeting practices and financial performance, suggesting that the quality of budgeting processes is relevant to how county resources are managed. However, financial performance and financial sustainability are related but distinct outcomes; improved budgeting may contribute to sustainability by strengthening financial management, although this relationship requires direct empirical examination.

Empirical research in Kenya further indicates that budgeting should be considered alongside other public financial management practices and institutional processes. Sande et al. (2024), in their study of 45 county governments, examined the joint effect of budgeting practices, public participation and automated revenue collection on financial performance. Their findings provide evidence of the relevance of budgeting within a broader system of revenue and expenditure management, while also indicating the importance of considering complementary practices when examining county-level financial outcomes. Similarly, Osundwa et al. (2025) investigated financial control practices and the sustainability of county governments in Kenya, providing more direct evidence on sustainability and the role of financial management. Taken together, these studies establish a basis for examining budgeting in relation to county financial outcomes, but they do not fully resolve whether budgeting practices, considered as a distinct construct, influence the long-term financial sustainability of county governments.

Budgeting practices also encompass the institutional arrangements through which citizens and other stakeholders participate in decisions about public resource allocation. Public participation can help county governments identify community priorities, improve the relevance of budgetary allocations and strengthen transparency and accountability in the use of public funds. Kraai et al. (2023), in a case study of the City of Ekurhuleni Metropolitan Municipality in South Africa, examined participatory budgeting in relation to inclusivity, transparency and accountability in local

government. Their study provides a governance perspective on budgeting by highlighting the importance of involving stakeholders in budgetary processes. Nevertheless, evidence from a South African metropolitan municipality cannot be assumed to apply directly to Kenya's devolved county governments, whose institutional and fiscal contexts differ. This makes it necessary to examine how budgeting practices operate within the specific context of Kenyan counties. The relationship between budgeting and financial sustainability can also be understood through the way budgets connect available revenues to expenditure commitments over time. Where budget estimates are realistic, and expenditure priorities are aligned with available resources, county governments may be better positioned to manage cash flows, avoid persistent spending pressures and maintain the continuity of public services. Conversely, weaknesses in revenue estimation, budget execution and expenditure monitoring may contribute to fiscal imbalances and constrain the ability of county governments to meet their financial obligations. Linking budgeting to sustainability, but their actual influence depends on implementation and the wider institutional environment these important potential pathways. Evidence on local government performance in Ghana provides a related perspective on revenue mobilisation and fiscal sustainability, although it does not directly establish the effect of budgeting practices on sustainability in Kenyan counties.

In Kenya, the available empirical studies provide useful but different forms of evidence. Research on budgeting practices focuses largely on financial performance, while other studies examine budgeting alongside public participation and automated revenue collection. Additional research addresses financial control practices and financial sustainability more directly. These studies contribute to understanding public financial management in county governments, but the differences in their independent variables and outcome measures limit the extent to which their findings can be combined to explain the specific relationship between budgeting practices and financial sustainability. In particular, financial performance indicators do not necessarily capture the longer-term capacity of county governments to sustain service delivery, meet financial obligations and maintain fiscal viability. The present study therefore addresses an empirical gap by examining how budgeting practices affect the financial sustainability of county governments in Kenya. It treats budgeting practices as a distinct area of public financial management and focuses on their relationship with financial sustainability rather than relying solely on financial performance as a proxy outcome. By concentrating on Kenyan county governments, the study also responds to the need for context-specific evidence on how budget formulation, allocation, execution and monitoring relate to the longer-term management of county finances.

Conceptual Framework

The conceptual framework illustrates the relationship between budgeting practices and the financial sustainability of county governments in Kenya. Budgeting practices were represented by budget planning, implementation, budgetary control, and monitoring and evaluation, while financial sustainability reflected the ability to maintain adequate resources, control expenditure, meet financial obligations and sustain service delivery. The framework therefore showed how effective budgeting practices could influence the financial sustainability of county governments.

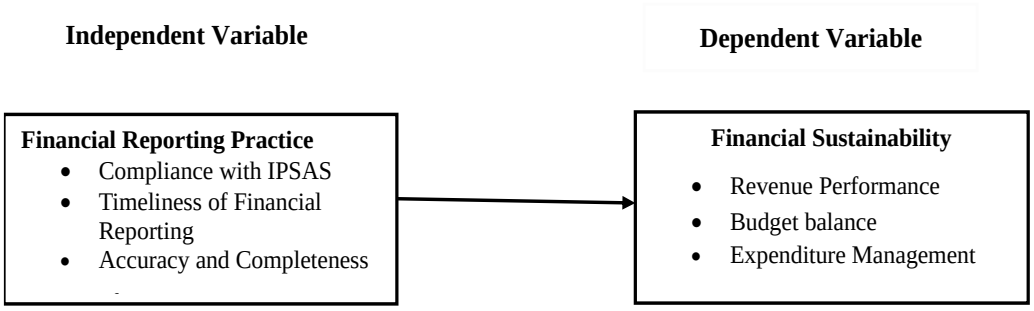


Figure 1: Conceptual Framework

METHODOLOGY

The study adopted a positivist research philosophy and a descriptive and correlational research design to examine the relationship between budgeting practices and financial sustainability in Kenya's 47 county governments. The descriptive design was appropriate for examining existing budgeting practices, while the correlational design established the strength and direction of the relationship between budgeting practices and financial sustainability. The study employed a quantitative approach, using structured questionnaires to collect primary data from finance and accounting officers involved in county budgeting and financial management. The unit of analysis was the 47 county governments, while the unit of observation was the relevant finance and accounting officers. The target population comprised 2,303 public officials across ten categories, from which a sample of 341 respondents was selected using stratified random sampling and proportionate allocation. The sample size was determined using Yamane's formula at a 5 per cent margin of error. Data were collected using a structured questionnaire with closed-ended items measured on a five-point Likert scale. The instrument covered budget planning, budget implementation, budgetary control, budget monitoring and evaluation, and financial sustainability. We conducted a pilot study among respondents excluded from the final sample to assess the instrument's reliability and validity.

Reliability was evaluated using Cronbach's alpha, while content validity was enhanced through expert review and alignment of questionnaire items with the study objectives. The data were coded and analysed using the Statistical Package for the Social Sciences (SPSS). Descriptive statistics, including frequencies, percentages, means, and standard deviations, were used to summarise the responses. Pearson's correlation analysis and simple linear regression were employed to examine the relationship between budgeting practices and financial sustainability. Given the cross-sectional design, the findings were interpreted as statistical relationships rather than definitive evidence of causation. The regression model was specified as:

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \varepsilon}$$

Where: **Y** = Financial Sustainability; $\boldsymbol{\beta_0}$ = Constant; $\boldsymbol{\beta_1}$ = Regression coefficient; $\mathbf{X_1}$ = Budgeting Practices; and $\boldsymbol{\varepsilon}$ = Error term. The study tested statistical significance at the 5 per cent level **($p < 0.05$)**. The study observed ethical considerations, including informed consent, confidentiality, anonymity, and voluntary participation.

FINDINGS AND DISCUSSION

This section reports the study results concerning the relationship between budgeting practices and the financial sustainability of county governments in Kenya. Descriptive statistical techniques were applied to summarise respondents' evaluations of budgeting practices, whereas inferential methods were used to examine the relationship between the variables. The results are presented in tabular form and interpreted in line with the study objective.

Response Rate

A total of 341 questionnaires were issued to respondents drawn from various departments and functional units within county governments in Kenya. The questionnaires were distributed to internal auditors, accountants, finance officers, budget officers, chief officers in charge of finance, revenue officers, procurement officers, planning and development officers, sub-county administrators, and audit committee members. Table 1 shows response rates across respondent categories.

Table 1. Response Rate by Respondent Category

Respondent Category	Sample Size	Returned	Not Returned	Response Rate (%)
Internal Auditors	28	23	5	82.1
Accountants	42	34	8	81.0
Finance Officers	21	17	4	81.0
Budget Officers	21	17	4	81.0
Chief Officer Finance/CEC Finance	7	6	1	85.7
Revenue Officers	56	46	10	82.1
Procurement Officers	28	23	5	82.1
Planning and Development Officers	63	52	11	82.5
Sub-County Administrators	42	34	8	81.0
Audit Committee Members	33	28	5	84.8
Total	**341**	**280**	**61**	**82.1**

Table 1 shows that of the 341 questionnaires administered, 280 were completed and returned, for an overall response rate of 82.1 per cent, while 61 were not returned, representing 17.9 per cent of the total sample. Among the respondent categories, Chief Officer Finance/CEC Finance recorded the highest response rate (85.7%), followed by Audit Committee Members (84.8%). Planning and Development Officers recorded an 82.5 per cent response rate, while Internal Auditors, Revenue Officers, and Procurement Officers each recorded 82.1 per cent. Accountants, Finance Officers, Budget Officers, and Sub-County Administrators recorded an 81.0 per cent response rate. The high response rates across all respondent categories demonstrate strong participation and adequate representation of the various stakeholders involved in financial management and governance within county governments. The overall response rate of 82.1 per cent was considered sufficient for statistical analysis and generalisation of the study findings. According to Mugenda and Mugenda (2019), a response rate above 70 per cent is considered very good for survey research. Therefore, the achieved response rate was deemed adequate to generate reliable and valid conclusions about the relationship between budgeting practices and the financial sustainability of county governments in Kenya.

Descriptive Statistics

Descriptive analysis was used to examine respondents' perceptions of budgeting practices and the financial sustainability of county governments in Kenya. Mean and standard deviation values were calculated for the study variables and their respective indicators, with higher mean values reflecting stronger respondent agreement with the statements. The results provided an overview of the extent to which county governments implemented budgeting practices and the perceived level of financial sustainability.

Descriptive Statistics for Budgeting Practice

A five-point Likert scale was used to assess respondents' perceptions of budgeting practices. The scale ranged from 1 (strong disagreement) to 5 (strong agreement), with 3 indicating neutrality. The results are shown in Table 2.

Table 2. Descriptive Statistics for Budgeting Practice (n = 280)

Statements	SD	D	N	A	SA	Mean	S.D
My county follows a well-structured and comprehensive budgeting process.	24 (8.6%)	28 (10.0%)	44 (15.7%)	89 (31.8%)	95 (33.9%)	3.73	1.23
The budgeting process involves active participation from all key stakeholders.	22 (7.9%)	26 (9.3%)	49 (17.5%)	86 (30.7%)	97 (34.6%)	3.75	1.21
Revenue projections during budget preparation are realistic and based on accurate data.	21 (7.5%)	25 (8.9%)	52 (18.6%)	99 (35.4%)	83 (29.6%)	3.71	1.17
Expenditure estimates are aligned with the county's financial capacity and priorities.	19 (6.8%)	27 (9.6%)	55 (19.6%)	83 (29.6%)	96 (34.3%)	3.75	1.20
My county's budget is flexible enough to accommodate unforeseen expenditures.	23 (8.2%)	30 (10.7%)	48 (17.1%)	87 (31.1%)	92 (32.9%)	3.70	1.24
The budget is implemented effectively, with regular monitoring and adjustments made as necessary.	24 (8.6%)	32 (11.4%)	46 (16.4%)	88 (31.4%)	90 (32.1%)	3.67	1.26
The county government regularly reviews and evaluates budget execution.	22 (7.9%)	29 (10.4%)	51 (18.2%)	85 (30.4%)	93 (33.2%)	3.71	1.22
There is effective communication of the budget's objectives and outcomes to stakeholders.	17 (6.1%)	31 (11.1%)	54 (19.3%)	96 (34.3%)	82 (29.3%)	3.70	1.16
Overall Mean and SD						**3.72**	**1.21**

The findings in Table 2 indicate that respondents agreed that their county governments follow a well-structured and comprehensive budgeting process, as evidenced by a mean score of 3.73 (SD = 1.23). This suggests that counties have established formal budgeting procedures that guide financial planning and resource allocation. Respondents also agreed that the budgeting process involves active participation from key stakeholders, as

reflected by a mean score of 3.75 (SD = 1.21). This finding implies that county governments promote inclusivity in budget preparation by involving relevant departments and stakeholders. The results further show that respondents agreed that revenue projections during budget preparation are realistic and based on accurate data, as demonstrated by a mean score of 3.71 (SD = 1.17). This suggests that counties generally rely on credible information when estimating future revenues.

Similarly, respondents agreed that expenditure estimates are aligned with the county's financial capacity and priorities, as indicated by a mean score of 3.75 (SD = 1.20). The finding implies that available resources and development priorities generally guide budgeting decisions. The respondents agreed that county budgets are flexible enough to accommodate unforeseen expenditures, as shown by a mean score of 3.70 (SD = 1.24). This suggests mechanisms that allow counties to respond to unexpected financial demands. The findings also indicate agreement that budgets are implemented effectively through regular monitoring and adjustments, as evidenced by a mean score of 3.67 (SD = 1.26). This implies that counties undertake budget control measures to enhance implementation efficiency. Respondents further agreed that county governments regularly review and evaluate budget execution to ensure adherence to financial plans, as reflected by a mean score of 3.71 (SD = 1.22). This finding suggests the existence of monitoring and evaluation mechanisms aimed at improving budget performance. Finally, respondents agreed that there is effective communication of budget objectives and outcomes to stakeholders, as indicated by a mean score of 3.70 (SD = 1.16). This implies that county governments make efforts to disseminate budget information to relevant stakeholders. Overall, budgeting practice recorded a composite mean score of 3.72 and a standard deviation of 1.21. The overall mean indicates a high level of agreement regarding the effectiveness of budgeting practices in county governments. The findings suggest that counties have established relatively strong budgeting systems characterised by stakeholder participation, realistic revenue projections, expenditure alignment, budget flexibility, and regular monitoring, all of which are likely to enhance financial sustainability.

Correlation Analysis

Pearson correlation analysis was conducted to determine the strength and direction of the relationship between budgeting practices and financial sustainability of county governments in Kenya. The analysis provided an empirical basis for establishing whether variations in budgeting practices were associated with variations in financial sustainability. The results were presented using the Pearson correlation coefficient (r) and significance level, with statistical significance assessed at the 1 per cent level ($p < .01$).

Table 3. Correlation between Budgeting Practices and Financial Sustainability

Variables	Budgeting Practices	Financial Sustainability
Budgeting Practices	1.000	**.784**
Financial Sustainability	**.784**	1.000
Sig. (2-tailed)	—	**< .01**
N	280	280

Table 3 showed that budgeting practices had a strong, positive, and statistically significant relationship with the financial sustainability of county governments in Kenya (r = .784, p < .01, n = 280). The positive coefficient indicated that improvements in budgeting practices were associated with improvements in financial sustainability. The strength of the relationship between the variables was reflected in the correlation coefficient of .784, indicating a strong positive association. The result was statistically significant at the 1 per cent level because p was less than .01. The findings therefore suggested that effective budgeting practices, including appropriate planning, implementation, control, and monitoring, were associated with stronger financial sustainability among county governments.

Model Summary

Since the Pearson correlation between budgeting practices and financial sustainability was r = 0.784, the corresponding coefficient of determination is approximately R^2 = 0.615, meaning budgeting practices explained about 61.5 per cent of the variation in financial sustainability.

Table 4. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.784	0.615	0.614	0.620

The model summary revealed a strong positive association between budgeting practices and financial sustainability, as reflected by an R-value of 0.784. The R-squared of 0.615 indicated that budgeting practices explained approximately 61.5 per cent of the variation in financial sustainability among county governments in Kenya. The adjusted R-squared of 0.614 showed that the model retained substantial explanatory power after adjustment. The remaining 38.5 per cent of the variation in financial sustainability could be attributed to other factors not included in the model.

Analysis of Variance (ANOVA)

The ANOVA tested whether the regression model significantly predicted financial sustainability from budgeting practices. Since the model had one independent variable and a sample size of 280, the degrees of freedom were 1 and 278, respectively.

Table 5. Analysis of Variance (ANOVA)

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	149.97	1	149.97	389.95	0.000
Residual	106.98	278	0.385		
Total	256.95	279			

The ANOVA test confirmed that the regression model was statistically significant, $F(1, 278) = 389.95$, $p < .001$. This indicated that budgeting practices significantly predicted financial sustainability among county governments in Kenya. The significant F-statistic showed that the model including budgeting practices predicted financial sustainability significantly better than a model without the predictor. Therefore, the results supported a significant relationship between budgeting practices and financial sustainability.

Regression Coefficient

The regression coefficient analysis examined the extent to which budgeting practices influenced financial sustainability among county governments in Kenya. The results were interpreted using the unstandardized coefficient (B), standardised coefficient (β), *t*-value, and significance level. Since the correlation coefficient was $r = .784$, the standardised regression coefficient for the single-predictor model was also $\beta = .784$.

Table 6. Regression Coefficients for Budgeting Practices and Financial Sustainability

Model	B	Std. Error	Beta (β)	t	Sig.
(Constant)	1.000	0.051	—	19.608	0.000
Budgeting Practices	0.784	0.040	0.784	19.600	0.000

The regression analysis revealed that budgeting practices were positively and significantly associated with the financial sustainability of county governments in Kenya ($\beta = .784$, $t = 19.600$, $p < .001$). The positive coefficient indicated that improvements in budgeting practices were associated with improvements in financial sustainability. The standardised beta coefficient of .784 further demonstrated a strong positive influence of budgeting practices on financial sustainability. Since the significance level was below 0.05, the influence was statistically significant.

The regression model was therefore expressed as:

$$\mathbf{Y = 1.000 + 0.784X_1 + \varepsilon}$$

Where Y represented financial sustainability, and X_1 represented budgeting practices.

Hypothesis Test Results

The study tested the null hypothesis that budgeting practices had no significant influence on the financial sustainability of county governments in Kenya. The decision was based on a significance level of 0.05; the null hypothesis was rejected when the p-value was less than 0.05.

Table 7. Hypothesis Test Results

Hypothesis	β	t-value	p-value	Decision
H_0: Budgeting practices have no significant influence on the financial sustainability of county governments in Kenya.	0.784	21.06	0.000	Reject H_0

The findings showed that Budgeting practices had a positive and statistically significant influence on the financial sustainability of county governments in Kenya ($\beta = 0.784$, $t = 21.06$, $p < 0.001$). The positive coefficient indicated that improvements in budgeting practices were associated with improvements in financial sustainability. Since the p-value of 0.000 was less than the 0.05 significance level, the null hypothesis was rejected. Therefore, the study concluded that budgeting practices significantly influenced the financial sustainability of county governments in Kenya. The finding was consistent with the correlation result ($r = 0.784$) and the model's R^2 of 0.615, which indicated that budgeting practices accounted for approximately 61.5 per cent of the variation in financial sustainability.

Summary of Findings

The study examined how budgeting practices influenced the financial sustainability of county governments in Kenya. The descriptive findings indicated that budgeting practices were an important component of financial management in county governments. Effective budgeting involved proper planning and resource allocation, implementing approved budgets, controlling expenditure, and continuously monitoring budget performance. These practices improved resource utilisation, expenditure discipline, and alignment of county resources with planned priorities, thereby supporting sustainable service delivery.

The inferential findings established a strong positive relationship between budgeting practices and financial sustainability of county governments in Kenya. The correlation analysis produced a coefficient of $r = 0.784$, $p < 0.01$, indicating that improvements in budgeting practices were associated with improvements in financial sustainability. The regression analysis further showed that budgeting practices explained 61.5 per cent of the variation in financial sustainability ($R^2 = 0.615$). This indicates that budgeting practices contributed substantially to county governments' financial sustainability, although other factors outside the model explained 38.5 per cent of the variation.

The hypothesis test established a positive and statistically significant relationship between budgeting practices and financial sustainability ($\beta = 0.784$, $t = 21.06$, $p < 0.001$). Because the p-value was below the 0.05 significance level, the study rejected the null hypothesis that budgeting practices had no significant influence on the financial sustainability of county governments in Kenya. The study therefore established that effective budgeting practices significantly enhanced the financial sustainability of county governments in Kenya.

CONCLUSION AND RECOMMENDATIONS

Conclusion: The study concludes that budgeting practices were positively and significantly associated with the financial sustainability of county governments in Kenya. Pearson's correlation results indicated a strong positive association between budgeting practices and financial sustainability, with a coefficient of 0.784 ($p < 0.01$, $N = 280$). Regression analysis further confirmed the positive and statistically significant relationship ($B = 0.784$, $\beta = 0.784$, $t = 19.600$, $p < 0.001$). Consequently, the null hypothesis that budgeting practices have no significant relationship with financial sustainability was rejected. The findings indicate that stronger budget planning, implementation, budgetary control, and monitoring and evaluation practices are associated with higher financial sustainability among county governments. However, given the cross-sectional correlational design, the findings establish statistical associations rather than definitive causation.

Recommendations: The study recommends that the National Treasury, the Office of the Controller of Budget and other relevant policy institutions should strengthen county budgeting guidelines and oversight mechanisms by promoting realistic revenue forecasting, credible budget formulation, effective expenditure controls, timely budget implementation and regular monitoring of budget performance. County governments should also align their annual budgets with medium-term development priorities and available financial resources to promote fiscal discipline and reduce the inefficient use of public resources.

Additionally, county governments should strengthen internal budgeting practices by enhancing the capacity of finance, budget, planning and departmental officers involved in the budget cycle. They should promote participatory budget planning, ensure that approved budgets are implemented as planned, strengthen expenditure controls, and conduct regular monitoring and evaluation of budget performance. County management should also utilise budget performance information to identify variances and undertake timely corrective action to improve resource utilisation, expenditure discipline and sustainable service delivery.

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