



Determinants of Public Funds Internal Control Systems And Service Delivery in Nairobi City Water and Sewerage Company Kenya

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Abstract

With water being an essential element for sustenance of life its scarcity is one aspect that should not feature, if a must then at the most minimal levels. The constitution of Kenya (article 43 (1)), places provision of water and sanitation services as a basic right that should be attained. Yet most parts of the country both arid, semi-arid, highlands and urban areas suffer the same fate. Management of public funds is the biggest obstacle to achieving the millennium development goals in developing countries if not handled with extreme caution, discipline and integrity. The general objective of this study to determine how internal control systems of public funds management affected service delivery at Nairobi city water and Sewerage Company. Specifically; the study focused on; examining how internal control systems, resource mobilization, budgeting, existing regulatory framework and auditing affected service delivered by the Nairobi city water and Sewerage Company employees. On theoretical review, the resource based theory, systems theory management plus 7 gap service quality delivery theories were focused. Studies were conducted on internal control systems, revenue mobilization, budgeting practices, and auditing featured in empirical review. The conceptual framework highlighted on the objectives. This research project adopted survey descriptive research design. The researcher targeted 180 workers organized in strata's to achieve the researcher's goal. The study adopted stratified probability-sampling procedure whereby out of the total number of the targeted population units, the study identified 30% of the target population to have a total sample of 54 staff respondents. The study used primary data that obtained by use of a self-made questionnaire. The validity and reliability tested in the study. Statistical package for social sciences (SPSS version 22) used to draw inferences from the coded data. These included descriptive, relational and inferential statistics. The descriptive statistics included frequency distribution tables; pie charts and percentages relational statistics that encompassed the regression analysis while the inferential statistics included the chi square test. The research indicated that water shortage in Nairobi is a resultant of inadequate internal controls of public funds due to poor planning, lack of infrastructure, and inadequate water harvesting techniques in catchment areas, illegal connections and limited technological innovations. The research concluded that an ineffective internal control system affects public funds in terms of service delivery at Nairobi city water and Sewerage Company significantly. Thereby the institution should work towards enhancing the policies that exist. The research recommended that the organization should invest in technology to reduce loopholes for funds pilferages. Funds raised should be geared more towards infrastructural developments and expansion plans while recurrent expenditure be reduced. The organization is encouraged to venture into other business areas that generate income like water bottling. The study suggested further research to be done on how system automations on public funds affect service delivery in the organization.

Keywords: Internal control systems and Millennium development goals

Background of the study

The N.C.W.S.C is charged with the responsibility of “providing quality water and sewerage services that meet the needs and expectations of its customers” according to its policy statement, within its area of jurisdiction. In the past several years many county governments in Kenya have restructured their public sectors in an attempt to deal with the twin problems of indebtedness and growing citizen disenchantment with government. Thus, making it difficult to guarantee good and quality services resulting into: increased cost of operations due to inefficiencies, public search for alternative service providers and spread of negative vibes which affects potential clients. Hence, the poor performance of the county governments (Mutisya, 2014).

In a study which was conducted in Nigeria, Demirel, Yoldas and Divanoglu, (2009) found a positive and significant relationship between customer’s perception of service quality and their willingness to recommend the company. They also recorded that; a well-functioning public sector that delivers quality public services consistent with citizen preferences and that fosters private market-led growth while managing fiscal resources prudently is considered critical to the World Bank’s mission of poverty alleviation and the achievement of Millennium Development Goals. The performance of public sector development indicators has been a major concern to the Kenyan national government, stakeholders, civil society, development partners and the people of Kenya. The performance evaluation for the year 2015/2017 Show poor indicators on the performance of service delivery measured by state of the roads, school infrastructure, availability of quality of drinking water and Sewerage management.

Osmond (2011) indicated that organizations implement internal controls based on the nature of their business and regularly audit them to ensure their adequacy. The study further relates safety of financial transactions and information to an organization’s internal controls. An 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. In a study done by Kabiru, (2009), embezzlement and mismanagement of public funds is the biggest obstacle to achieving the millennium development goals in developing countries. The study indicated that managing public funds should focus on public expectations.

Nairobi has been experiencing shortage of water for more than a decade. This prompted the operations department to re-structure, implement, maintain and supervise the rationing program for water supply branded as Water equitable distribution program. Recently this brought about a lot of political debate due to the fact that the rains were bountiful yet the water supply for domestic use still ration. It’s evident that this shortage is not only due to the fact that water is not a manufactured product here but management problems might be a contributing factor, not forgetting that Nairobi population is still at growth levels. N.C.W.S.C Strategic plan for the year 2018/2019, the rationale for the strategic theme broad plan is to use skills and resources objectively putting into consideration the demand for services are increasing.

The following has been the resultant effect: Low production for manufacturing companies that require water as a key ingredient, Loss of business growth opportunity such as setting up of water bottling commercial sector, Reduced revenue collection for the company, with only a 60% customer base instead of 100%, of which Kshs 9 billion is held as debt, Sanitation problems explode, Health diseases associated with sanitation like rise in cholera, Loss of life especially on fire emergencies and

arson, Reduced staff motivation, with about 65% productivity level according to the firms documents, Reduced level of employee satisfaction that as at the yr2017/2018 at a staggering figure of 79%, Sky rocketing disputes on erroneous water bills and bad debts write offs. Rise of illegal water connection, Constant sewer bursts as a result of improper management methodologies, Negative environmental impact due to poor management of environmental practices and Resource shortage on politicized debut e.g. holding of press conferences and media charges.

Based on MDG, Kenya is far below set target of halving the population that is surviving without sustainable access to affordable, safe drinking water and basic sanitation by the year 2015 by only 48% of household are connected main sewer lines. The water demand is estimated at 782,000m³ per day compared 553,000m³ per day according to N.C.W.S.C strategic plan year 2018/2019. In Nairobi city, only 10% of solid waste generated is collected. Inadequate drinking water supply and solid waste disposal services has resulted in widespread pollution of the environment.

Review of existing literature

This study is anchored on the Resource based theory, Systems theory management and Service quality gap model. Finally, the independent variables discussed in relation to the dependent variable based on the past empirical reviews.

Internal Control System and Service Delivery

Policy framework for effective financial controls includes the maintenance of proper accounting, M & E tools, optimal utilization of monies available, equitable distribution of finances, and setting of strategic planning framework. Therefore, ensuring that the institution is not unnecessarily exposed to financial risks. Khoove (2012) studied “the effects of Financial Controls on Financial Management in Kenya’s Public Sector: A Case of N.C.P.B”. The research used qualitative research design to collect data using observation and interview methods. The findings revealed that; financial controls and decisions covering are established by the administration in order to ensure that the activities are carried out in compliance with the purpose of the administration and the determined policies and the legislation. The researcher also notes that proper keeping of financial documents is important because it prevents corruption and reduces lose within the organization. While the forgoing study qualitative in nature, the current study will be quantitative and has delimited itself to using questionnaires as opposed to interviews and observation techniques.

Karanja and Ng’ang’a, (2015) studied the “Factors that influence implementation of integrated management information system in Kenya government ministry”. They used descriptive research design to collect data using a questionnaire and interview schedules. The sample derived from 47 respondents using stratified and simple random sampling techniques. Data was analyzed using both qualitative and quantitative techniques. The findings of this research revealed that; there is a direct positive correlation between proper financial control systems in government ministries and quality of service delivered to their clients. They also note that lack of proper of proper financial control systems leads to great losses because there is lack of accountability among the managers. the current study has delimited itself to using only a questionnaire as the instrument for data collection and only quantitative approaches will be used.

Revenue Mobilization Practices and Service Delivery

Revenue mobilization is classified as one of the sub-systems of public funds management which is linked to service delivery in government run institutions units. N.C.W.S.C cannot survive without adequate revenue of which can be mobilized in the form of sales revenue, license fee, surcharges, penalties paid, customer deposits, grants, P.P.P and development partners like NGO's. According to Bird (2010), sound revenue mobilization practices for government units are vital pre-condition for the success of public service delivery. This is because, apart from raising revenues, local revenue mobilization has the potential to foster political and administrative accountability by empowering communities.

A study from Uganda shows that small, informal non-farm enterprises pay local taxes in a regressive way. While the majority of the micro enterprises in the Ugandan sample were poor enough to be exempted from national business taxes including the small business tax and VAT, they ended up paying a large share of their profits to local authorities – with the poorest paying the highest share of profits. This is mainly due to the basic design of the local revenue system and the way revenues are collected. Thus, a top-down drive towards more taxation of this sector could be counterproductive, and would increase the

Otieno, (2015) studied the relationship between revenue mobilization and service delivery in local authorities in Kenya. The research used descriptive research design and sampled 35 local authorities. Secondary data was used on revenue collection and service delivery of local authorities. The study considered performance ranking for 10 years since inception of performance contracting ranking in Kenya. Multiple regression and correlation analysis carried out to determine the relationship between revenue mobilization and performance. The study revealed that there had been increase in revenue mobilization in the local authorities and that the higher the level of mobilized revenue the better the performance of local authorities, it also established that the Local authorities with low levels of mobilized revenue performed poorly. Lack of adequate finances to N.C.W.S.C remains a major challenge to the success of growing a highly lucrative service in Nairobi. Finances will facilitate projects that are worthwhile and value adding to the firm to which effective service provision will be offered, adequate supplies maintained and employee motivation handled extensively thus the company will attain its blue ocean strategic point.

Budgeting Practices and Service Delivery

Budgets allow for resources to be released to various spending agencies so as to enable those implements their expenditure programs. Nayak and Samanta (2014) conducted a study in rural West Bengal, India which had the purpose of understanding the role of community participation in budgeting on public service delivery. Primary data collected using structured questionnaires and analyzed by the use of qualitative and quantitative methods. The study noted that in India, like many other developing countries, governments spend a sizeable portion of their budget toward creating public utilities and providing host of public services. They record that application of participatory budgetary plays a big role in creating a good working relationship between the government and the people. This in turn is followed by improved efficiency in service delivery and good prioritization of what the citizens wanted. The research findings also revealed that resources in India are available, but ironically, there is inability and unwillingness to plan and utilize them optimally.

Maina, (2016) studied the role of public financial management practice of service delivery in selected counties. Descriptive study design was applied. The population targeted was 248 MCAs in the three counties of Nairobi, Kiambu and Kajiado. Questionnaire method utilized to collect data in this study. Results showed that budgeting and stakeholder participation practices and regulatory practices had a positive effect on service delivery in the counties. More political affiliation by locals has seen to have a more powerful impact on the citizens' likelihood of participating in budgets and hence contributing to better service delivery. They indicated that a budget acts as a framework and control mechanism for organizations' finances and cash flow.

Auditing Practices and Service Delivery

A study in Brunei by Athmay (2008) sought to establish the role of performance auditing and public sector management in Darussalam. A case study of Ministry of health. The study conducted a qualitative research and used both purposive and stratified sampling. The findings revealed, that auditing is important in an organization and that it correlates positively to quality of service delivered to the 'clients'. It was noted that auditing which is prevalent in Brunei is the traditional regularity and financial audits which focus on compliance with laid down procedures. This form of auditing does not have any effect on service delivery because it does not focus on outcomes but rather focuses on conformance with laid down rules and regulations.

In Edo state Nigeria, effective management and improved service delivery by local government agencies in the state was achieved through the role played by internal audit. This study was conducted by Enofe *et al.*, (2015). They used a self made questionnaires to collect data from manufacturing and service organizations from a sample of 150 respondents. The findings for this research revealed that; internal audit plays key role in ensuring effective management in public sector. However, the study established there is need for today's auditors to acquire the requisite technique and skills in computer operations and electronic data processing in order to carry out their work effectively to continually support internal audit effectiveness.

Regulatory Framework and Public Service Delivery

Prakash (2015) investigated the influence of regulatory framework and policy in steering healthcare service delivery. The purpose of this study was to explore regulation in the devolved Pakistan healthcare sector and make recommendations needed for enhancing the healthcare services. The study established that statutory regulation and governance standards are formulated by the national parliament and state legislatures, which have their own political economy and are influenced by international bodies, political, economic and social factors. The findings also indicted that existence of regulatory framework correlates positively to quality of service offered by workers in any organization. Another study on the effect of regulations on public service delivery was conducted in Wales' local governments by Andrews *et al.*, (2008). The study revealed that inspection had no effect on public service performance and that regulatory authorities also played an advisory role by seeking to promote good practice and supporting the home-grown improvement strategies of local authority service providers. However, they noted that policy regulatory framework has a significant impact on integrity, accountability, fairness and professionalism. The findings also showed that policy

regulatory framework maximizes the level of service provision within the organization hence leading to improved organizational performance.

A similar study by Karunguni (2017) on effect of policy and regulatory framework on organizational performance: A case of Nairobi County Assembly used quantitative research design and delimited to written survey. Purposive sampling was used to select 87 employees from procurement department. Questionnaires used and data analyzed using descriptive and regression analysis. The findings indicated that policy and regulatory framework within the procurement sector plays an important role in improving organizational performance by creating a level of playing field for organization engaged in procurement field. Policy and regulatory frame work also leads to improvement in transparency, ethical standard, openness, impartiality as well as improving decision making.

Objective of study

This study has the following specific objectives;-

1. To what extent does resource mobilization affect service delivery by N.C.W.S.C.?
2. How auditing practices does affects service delivery in N.C.W.S.C.?
3. How does regulatory frame work affect service delivery in N.C.W.S.C.?
4. How budgeting practices does affects service delivery by N.C.W.S.C.?

Hypothesis of the study

Hypothesis 1: There is no significant relationship between resource mobilization and service delivery by N.C.W.S.C.

Rejection of the null hypothesis point towards a statistically significant relationship between resource mobilization and service delivery by N.C.W.S.C

Hypothesis 2: There is no significant association between auditing practices and service delivery by N.C.W.S.C.

Rejection of the null hypothesis indicates a statistically significant association between auditing practices and service delivery by N.C.W.S.C

Hypothesis 3: Regulatory frame work has no influence on service delivery by N.C.W.S.C.

Rejection of the null hypothesis indicates a significant influence Regulatory frame on service delivery by N.C.W.S.C

Hypothesis 4: There is no significant relationship between budgeting practices and service delivery by N.C.W.S.C

Rejection of the null hypothesis indicates a statistically significant relationship between budgeting practices and service delivery by N.C.W.S.C

Database and methodology of the study

The research design for the study was descriptive research design. It was delimited to written survey. This design was appropriate because it was relatively cheap and employs the use of questionnaire which can be used to collect information from a large sample over a short period of time (Kothari, 2004). The target population for this study is at 180 workers of N.C.W.S.C, who are employees of the organization. According to Mugenda & Mugenda (2009) a sample size of between 10 and 30 % is a

good representation of the target population and hence the 30% was considered adequate for analysis. Thus, a sample size of 54 was appropriate.

The research used probability sampling techniques and in particular stratified the strata's were set in a systematic form in order to ensure that employees of all job categories that work in funds department are represented. Main target was employees in departments of finance and accounts, auditing and risk, human resource, procurement, legal and quality management systems.

The researcher used questionnaires to gather quantitative data which was distributed mainly at N.C.W.S.C headquarters to the intended target population as the premise has the most concentration of the staff. The filling of questionnaire commenced thereon after which the coded results were assessed are fed to SPSS 2.0 to come up with the data to be analyzed. A self-administered structured questionnaire was administered. The questionnaire for this study contained both open and closed ended items based on a Likert scale. The utilization of structured questionnaires enhanced the objectivity and supported the statistical analysis. It enabled the respondents respond to a series of pre-developed questions posed by the researcher (Cooper & Schindler, (2010). In this study, the researcher pre-tested the questionnaire prior to data collection with a section of workers in Kiambu Water and Sewerage Company which was purposefully selected because it has almost similar characteristics as Nairobi County given its proximity and interaction. Piloting also assisted in determining the reliability and validity of a research instrument. This research evaluated the research instruments for face and content validity. Researcher and peers in the subject areas established the content validity of questionnaire.

An instrument can be said to be reliable if its measurement accurately reflects the true scores of the attribute under investigation (Orodho & Kombo, 2002). The instrument was submitted to reliability testing after completion of data collection through test-retest method to ascertain the likelihood of obtaining the same results when the researcher will measure the same variable more than once. The researcher determined that using Cronbach's Coefficient Alpha scores. The Cronbach's Coefficient Alpha score was set at 0.7 and any item in the questionnaire below 0.7 was eliminated, as it was considered not achieving internal consistency.

Qualitative data was analyzed using descriptive, cross tabulation and referential statistics. It was then organized according to the study objectives and categorized after scrutiny of the content. The analyzed data was generated through tables, graphs and percentages. Findings were given leading to discussions, recommendations and finally suggestions. The following analytical model was used in analyzing the relationship between the dependent and independent variables: $Y = \alpha + \beta_1\chi_1 + \beta_2\chi_2 + \beta_3\chi_3 + \beta_4\chi_4 + e$

The items, which were measured on the ordinal level, were subjected to calculating the frequencies, medians and means. Chi-square was used to test association between predictor and criterion variables. Predictor variable which includes determinants of public funds internal controls systems, while criterion variable included efficiency in services delivery that was measured by satisfaction of services offered by the N.C.W.S.C.

Major findings of the study

The response rate was stated at a target sample size of 30% was considered adequate for analysis which translated to 54 was appropriate. And a total of 54 questioners were filled. The study sought

to determine the demographic characteristics of the respondents .This information aimed at testing the appropriateness of the respondents in answering the questions.

Demographic information results

The age of the respondents from the various departments was sought and the findings are presented in the table 4.1. On the age distribution of the respondents, it was found that 5.5 % of the respondents were between age 26-35; 35.2 % were between ages of 36-40 while 40.7 % of the respondents were between age 41-50. This class had the majority of the respondents. It was also realized that workers who were above 50 years old amounted to 18.5 % of the respondents. Thirty three respondents, (61.1%) were males while 21 respondents (38.9%) of the respondents were females. Giving clear indications that financial, economic and mathematics career are highly dominated by the male gender.

Descriptive statistics

This section provides the summary of descriptive statistics of the study variables. Descriptive statistics are a collection of measurements which determine the location and variability of the variables used in a study (Torres, 2009). The study results were grounded on mean, standard deviation, maximum and minimum of the values obtained from analysis of the study data. Specifically, the mean was used to show the central value of the study variable while the standard deviation provided the variability or spread of the study data from the centre value. The maximum and minimum were used to give the highest and lowest values respectively.

Table 4.01: Descriptive Statistics for Budgeting Practices (BP)

	N	Minimum	Maximum	Mean	Std. Deviation
The budgeting process in this organization is inclusive and wide consultations take place.	54	3.00	5.00	4.2593	.70538
Citizens participate in the budgeting process to ensure	54	3.00	5.00	4.2222	.76889
Enough resources are allocated to various projects	54	2.00	5.00	3.9630	1.00870
The budgeting and planning process is realistic and	54	1.00	5.00	3.5926	1.15772
Budgets are adhered to when it comes to spending	54	1.00	5.00	4.2222	1.02178
Value for money is a key concern in budgeting process	54	3.00	5.00	4.2593	.70538
Addressing marginalization and inequalities are key	54	3.00	5.00	4.2222	.76889
Budgets for previous years and their actualizations	54	2.00	5.00	3.9630	1.00870
Valid N (listwise)	54	Grand	Mean	3.0278	

Source: Survey data (2019)

From descriptive statistics in table 4.01, the respondents were asked to rate the extent to which they think Budgeting Practices (BP) influence Service Delivery at Nairobi City Water and Sewerage Company, Kenya using a Likert scale of 1-5 where; A grand mean of < 3 implies general agreement, while a mean of >2.9 imply a general disagreement. Accordingly, given the grand mean of 3.0278, it is inferred that the respondents have generally admitted to the influence of the parameters of Budgeting Practices (BP) on Service Delivery at Nairobi City Water and Sewerage Company, Kenya.

In literature, the findings compliment those of Nayak and Samanta (2014) study on understanding the role of community participation in budgeting on public service delivery. They submitted that, the application of participatory budgetary plays a big role in creating a good working relationship between the government and the people. This in turn is followed by improved efficiency in service delivery and good prioritization of what the citizens wanted.

Table 4.02 Descriptive Statistics RMP and Service Delivery

	N	Minimum	Maximum	Mean	Std. Deviation
Revenues generated by this organization are adequate for both recurrent expenditure and development projects	54	1.00	5.00	3.5926	1.15772
Revenue collection practices adopted by NCWSC are cost effective and efficient	54	1.00	5.00	4.2222	1.02178
Revenue collection practices in NCWSC are	54	1.00	5.00	3.4630	1.26957
Residents and businesses do not complain of tariffs	54	1.00	5.00	3.4444	1.32703
There are no conflicts between county government	54	1.00	6.00	3.1296	1.18236
The NCWSC collects revenues from clients on time	54	1.00	6.00	3.6667	1.83262
The NCWSC has been able to supplement the revenues it gets from the county government	54	2.00	5.00	3.7963	.83281
Valid N (listwise)	54	Grand	Mean	3.6155	

Source: Survey data (2019)

The summary of responses as can be seen from a grand mean of 3.6155. Using a Likert scale of 1-5 where a grand mean of < 3 implies general agreement, while a mean of >2.9 imply a general disagreement. It can be deduced that majority of the respondents were in agreement that resource mobilization practices indeed has influence on service delivery at Nairobi City Water and Sewerage Company, Kenya. This position is in harmony with that of Bird (2010), who established that sound revenue mobilization practices for government units are vital pre-condition for the success of public service delivery. This is because, apart from raising revenues, local revenue mobilization has the potential to foster political and administrative accountability by empowering communities.

Table 4.03 Descriptive Statistics Auditing Practices (AP) and Service Delivery

	N	Minimum	Maximum	Mean	Std. Deviation
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There are annual audits on how public finances are	54	2.00	5.00	4.3519	.70463
The audit reports are made public	54	3.00	5.00	4.5370	.63582
Audit reports are utilized and lessons learnt are	54	3.00	5.00	4.4815	.60628
Any public official who is found to have	54	2.00	5.00	4.3889	.71154
misappropriated public finances through audit is punished	54	3.00	5.00	4.6296	.59229
Auditing helps the organization by pushing the management into action on areas that are reported to have issues	54	1.00	5.00	4.2593	.99404
Auditing draws authorities' attention to specific	54	1.00	5.00	3.6296	1.18634
Auditing in the organization is performance	54	3.00	5.00	4.4630	.69263
The organization has internal auditors who continuously perform audits on financial documents	54	2.00	5.00	4.5185	.66562
The organization hires auditors with requisite skills and experience	54	2.00	5.00	4.2963	.86066
Valid N (listwise)	54	Grand	Mean	4.3556	

Source: Survey data (2019)

The summarized responses in the table 4.03 above indicate that majority respondents were in agreement that indeed Auditing Practices (AP) parameters tested had influence on service delivery at Nairobi City Water and Sewerage Company, Kenya as shown by the grand mean of 4.3556. Using a Likert scale of 1-5 where A grand mean of < 3 implies general agreement, while a mean of >2.9 imply a general disagreement. It can be deduced that according to the respondents. The above study findings are in support to those of Athmay (2008) study on the role of performance auditing and public sector management in Darussalam. The research findings revealed that auditing important in an organization and that it correlates positively to quality of service delivered to the 'clients'. It is noted that auditing which is prevalent in Brunei is the traditional regularity and financial audits which focus on compliance with laid down procedures. This form of auditing does not have any effect on service delivery because it does not focus on outcomes but rather focuses on conformance with laid down rules and regulations.

Table 4.04 Descriptive Statistics for Regulatory Practice Table

	N	Minimum	Maximum	Mean	Std. Deviation
There are rules and regulations that help curb tages and corruption in managing public finances	54	3.00	5.00	4.3148	.50746
The rules and regulations are adhered to and those who break them are punished accordingly	54	3.00	5.00	4.2593	.70538
There are clear regulatory framework that clarifies how the public funds are to be utilized for better service delivery	54	3.00	5.00	4.2222	.76889
The laws on governance are strict which ensures that punitive action is taken against officials who misuse public funds	54	2.00	5.00	3.9630	1.00870

Officials who misuse public funds lose their status and	54	1.00	5.00	3.5926	1.15772
Valid N (listwise)	54	Grand	Mean	4.0703	

Source: Survey data (2019)

From the descriptive analysis in Table 4.04 above, majority of the respondents generally agreed that certainly, Regulatory Practice (RP) do influence service delivery at Nairobi City Water and Sewerage Company, Kenya. Using a Likert scale of 1-5 where a grand mean of < 3 implies general agreement, while a mean of > 2.9 imply a general disagreement. It can be worked out that the institution alignment influences employee performance as shown by the grand mean of 4.0703. The above findings are in collaboration with those of Prakash, (2015) study on the influence of regulatory framework and policy in steering healthcare service delivery. The study established that existence of regulatory framework correlates positively to quality of service offered by workers in any organization.

Table 4.05 Descriptive Statistics for Service Delivery Assessment

	N	Minimum	Maximum	Mean	Std. Deviation
are prosecuted	54	1.00	5.00	4.2222	1.02178
In the organization there are reported cases of slip, trip or fall	54	1.00	5.00	4.2407	.93031
Over the last one year, I have at least lost of much sleep due to work related worries which can be attributed to safety	54	3.00	5.00	4.4444	.60397
Efficiency level of service delivery	54	3.00	5.00	4.2593	.70538
The quality of service being rendered	54	3.00	5.00	4.2222	.76889
The competency level of employees of the firm	54	2.00	5.00	3.9630	1.00870
Is the process of value addition on service delivery satisfactory?	54	1.00	5.00	3.5926	1.15772
Water treatment	54	1.00	5.00	4.2222	1.02178
Provision of water	54	1.00	5.00	3.4630	1.26957
Sewerage service	54	1.00	5.00	3.4444	1.32703
Infrastructure development	54	3.00	5.00	4.3148	.50746
Valid N (listwise)	54	Grand	Mean	4.0352	

Source: Survey data (2019)

Considering the descriptive analysis in Table 4.05 above, Using a Likert scale of 1-5 where a grand mean of < 3 implies general agreement, while a mean of > 2.9 imply a general disagreement. The researcher deduced that, given the grand mean of 4.0352, points to the fact that majority of the respondents generally consented to parameters of service delivery tested.

Inferential Statistics

In an endeavor to testing the hypotheses, multiple regression analysis was employed to empirically test the study hypotheses with regards to the rejection or acceptance of the null hypotheses. Multiple Regression analysis was applied to establish the strength and the magnitude of the relationship between the variables and to test the hypothesized relationships. The hypotheses were tested at 95%

level of confidence in order to draw conclusion. The assumptions of OLS Linearity, multicollinearity and normality tests were tested and merited the model.

Multiple Regression Results

Having computed and ascertained that all the OLS assumptions of normality, Strength of relationships and Linearity, Normality and collinearity diagnostics were fulfilled, multiple regression analysis was then computed. Table 4.06; showed the model summary results estimated to show the explained variations through R2 change between the determinants of public funds internal control systems and service delivery in Nairobi city water and sewerage company, Kenya. Table 4.06 gives the regression results on model summary.

Table 4.06: Multiple Regression Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.663 ^a	.440	.394	.32610	.440	9.621	4	49	.000

a. Predictors: (Constant), Budgeting Practices (BP), Regulatory Practices (RP), Resource Mobilization Practices (RMP), Auditing Practices (AP)

Source: Research data, (2019)

It is was established from the findings that the determinants; Budgeting Practices (BP), Regulatory Practices (RP), Resource Mobilization Practices (RMP), Auditing Practices (AP), explain about 44.0% of service delivery in Nairobi city water and sewerage company, Kenya, as represented by the R Square of multiple determinant = 0.440.

Table 4.07: Analysis of Variance (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.093	4	1.023	9.621	.000 ^b
	Residual	5.211	49	.106		
	Total	9.304	53			

a. Dependent Variable: Service Delivery (SD)

b. Predictors: (Constant), Budgeting Practices (BP), Regulatory Practices (RP), Resource Mobilization Practices (RMP), Auditing Practices (AP)

Source: Research data, (2019)

In an endeavor to test the significant of the model, ANOVA was used. From Table 4.17, the P-value is 0.000b which is within + or - 0.05 thus the model is statistically significance in predicting the relationship between the determinants of public funds internal control systems and service delivery in Nairobi city water and sewerage company, Kenya. The F critical at 5% level of significance is 2.56. Since F calculated (Value = 9.621) is greater than the F critical, this shows that the proposed model fitted well. The coefficients of the multiple regression models are presented in the Table 4.18.

Table 4.08; Regression Coefficients

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
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		B	Std. Error	Beta		
1	(Constant)	.815	.585		1.393	.070
	Resource Mobilization Practices (RMP)	.310	.110	.324	2.820	.007
	Regulatory Practices (RP)	.186	.146	.191	1.273	.209
	Auditing Practices (AP)	.248	.109	.339	2.271	.028
	Budgeting Practices (BP)	.098	.092	.122	1.067	.291
a. Dependent Variable: Service Delivery (SD)						

Source: Research data, (2019)

The regression model has ascertained that factoring in the determinants of public funds internal control systems elements considered in the study that is; Budgeting Practices (BP), Regulatory Practices (RP), Resource Mobilization Practices (RMP), Auditing Practices (AP) at constant zero, service delivery of Nairobi City Water and Sewerage Company, Kenya is at 0.815. Additionally, the study results revealed that, Resource Mobilization Practices (RMP) had the greatest influence on service delivery of Nairobi City Water and Sewerage Company, Kenya at $\beta = 0.310$ with P-value = 0.070. This implies that Resource Mobilization Practices (RMP), is positively related to service delivery of Nairobi City Water and Sewerage Company, Kenya and significant consideration a position also complimented by Nayak and Samanta (2014) study who established that, the application of participatory budgetary plays a big role in creating a good working relationship between the government and the people. This in turn is followed by improved efficiency in service delivery and good prioritization of what the citizens wanted.

The second most influential variable on the service delivery of Nairobi City Water and Sewerage Company, Kenya according to the study findings was Auditing Practices (AP) with a $\beta = 0.248$ and a P-value = 0.028. This implies that, Auditing Practices (AP) is positively related to service delivery of Nairobi City Water and Sewerage Company, Kenya and however significant. These findings mirrored those of Athmay, (2008) study findings which revealed that auditing important in an organization and that it correlates positively to quality of service delivered to the clients.

Thirdly, the study findings revealed that the third most influential element of the determinants of public funds internal control systems elements considered in the study was Regulatory Practices (RP) with a $\beta = 0.186$ and a P-value = 0.209. The study results imply that, Regulatory Practices (RP) is positively related to the service delivery of Nairobi City Water and Sewerage Company, Kenya however not significant a position also echoed by Prakash, (2015) study which established that, existence of regulatory framework correlates positively to quality of service offered by workers in any organization.

Lastly, the study findings showed that, Budgeting Practices (BP) was the least influential with a $\beta = 0.098$ and a P-value = 0.291. The study findings imply that, Budgeting Practices (BP) is positively related to the service delivery of Nairobi City Water and Sewerage Company, Kenya however not significant a position also echoed by Nayak and Samanta (2014) study which submitted that, the application of participatory budgetary plays a big role in creating a good working relationship between the government and the people. This in turn is followed by improved efficiency in service delivery and good prioritization of what the citizens wanted.

Conclusions

This study makes the following conclusions based on the study findings: - research clearly indicates that there is a positive and significant relation between internal control systems and public fund management. The better the I.C.S, the better the utilization of public fund within this organization that eventually translates to improved service provision. Services being offered by N.C.W.S.C are averaged due to factors that can be avoided with proper utilization of the available resources, especially the expansion of the available infrastructure to cater for the increasing population in Nairobi. There are laid down procedures to guide the budgeting and planning process. Budgets for previous years and their actualizations informed the future year's budgets. The existing revenue mobilization practices were inefficient. There are weaknesses that prevented auditing from playing its rightful role in ensuring prudent use of public resources to enhance service delivery. Regulations governing public funds management had significant effect on service delivery but compliance to laid down was the issue.

N.C.W.S.C has invented techniques that are in the process of being implemented to help on revenue collections like prepaid water meters, water kiosks, automated meter readers, water chambers etc. as an initiative to help on revenue collection. The firm though is experiencing challenges on the same as there are resistances from employees. Debt and credit management policies are not strictly adhered to.

The study results revealed that auditing practices had a significant effect on service delivery. N.C.W.S.C had internal auditors who continuously performed audits on the firm's finances. Both internal and external auditors are available and they are taking their work seriously. However not much is being done to follow up and implement on the audit recommendations and audit reports were not acted upon and lessons learnt were not applied in subsequent years.

Regulatory practices in regard to public funds management have a positive effect on service delivery. The researcher also established that policies, procedures and manuals are available. The area with the greatest gap is on enhancement and sensitization of the existence, usage, adherence and applicability of the policies, procedures and manuals while conducting the institutes business. The results indicate that there were rules and regulations that were designed to curb wastages and corruption. Clear regulatory framework that clarified how the public funds were to be utilized for better service delivery exists. Laws on public finance management were strict which prescribed punitive action against officials who misused public funds. However, implementation was the issue. Budget performance evaluation reports should be periodically generated, discussed and any variance therein dealt with.

Recommendations

For N.C.W.S.C to create a blue ocean strategy position for itself, an automated financial system that has been customized to meet the needs of the institution and also ensuring that checks and balances are closely monitored should be a key area of innovation. This will promote transparency and accountability thus eliminating any loop-holes for funds pilferages not forgetting the budgeting software application. Proper training and induction on this financial application should to be taken to reduce resistance of the employees. Customer enquiries and requisitions for water supply and sewerage service should be done using an online application and proper queuing system established. Leverage technology should be implemented. Though the company's mandate is to provide water and sewerage services, creation of a business portfolio will be of the highest benefit to the institution.

Business diversification will improve the firm's consumer market base. Venturing into water related revenue generating activities should be highly considered like water recycling stations, extraction of sewage by products for sale to fuel and fertilizer manufacturing companies, water bottling products, recreational centre for water gaming, that will in turn ensure its sustainability.

Also the organization must exert deliberate effort towards implementation of the strategic plan documentation into actual and realizable value adding activities.

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