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FACTORS INFLUENCING IMPLEMENTATION OF PUBLIC FINANCIAL REGULATIONS BY NATIONAL SUB-COUNTY TREASURIES IN NAKURU COUNTY, KENYA

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Abstract

Regulation is amongst the central instruments through which governments seek to deliver on their policy priorities. However, a lack of consensus on how regulation should be conceptualized can make studying its nature and effects problematic. Therefore this study assessed the factors influencing implementation of financial regulations in national Sub-County Treasuries in Nakuru County, Kenya. The study examined the effect of technology on the implementation of financial regulations. A descriptive research design was employed. The target population was 68 finance officers in the national Sub-County Treasuries in Nakuru. The study conducted a census. A questionnaire constructed on a five point Likert scale was employed for data collection. The data was analyzed using both descriptive and inferential statistic using Statistical Package for Social Sciences (SPSS). The study established that technology significantly influenced implementation of financial regulations. The study concluded that implementation of financial regulations is significantly influenced by technology. The study recommended that for effective implementation of financial regulations in national Sub-county treasuries, the government should reinforce the use of information technology in treasury operations. The national treasury should put systems in place to check for internal accountability among staff operations.

Keywords: Regulations, Financial Regulations, Technology, Implementation, National treasury

INTRODUCTION

In the wake of the global financial crisis (GFC), many countries are prioritizing stability by strengthening financial regulation. Although important, this might be at the expense of inclusive growth, especially in poor countries. Without effective regulation, financial systems can become unstable, triggering crises that can devastate the real economy as evidenced by the recent GFC that began in 2007 (Spratt, 2013). Given the primary purpose of finance is to facilitate productive economic activity; the aim of regulations is to maintain financial stability and to promote economic growth. This is a delicate balancing act, as too great a focus on stability could stifle growth, while a dash for growth is likely to sow the seeds of future crises.

Regulation is amongst the central instruments through which governments seek to deliver on their policy priorities. However, a lack of consensus on exactly how regulation should be conceptualized can make studying its nature and effects problematic (Black, 2002). In recent years there has been a sustained argument from the International Federation of Accountants (IFAC), national professional accounting associations, the OECD, World Bank and IMF for governments around the world to follow the lead of Australia, New Zealand and the UK and introduce business style accrual accounting as the basis for government financial reporting (Smullen, 2009). The claim is that this approach will provide more useful information and so enable governments to be managed more efficiently.

However, this belief is based more on the ideologically contested view that governments should be run like a business than the actual experience of using business style accrual accounting over the last couple of decades. So, for example, the then chair of IFAC's public sector committee argued that a government "is no more than a huge business" and, therefore that the government's financial reports should be similar to those in the private sector (Anon, 2003). Since the late 1980s a variety of approaches, termed as New Public Management, have been considered international best practice. This has emphasized the importance of efficiency and the claim that this will be increased if governments work more like business (Pollitt & Bouckaert, 2000).

Governments are fundamentally different from business enterprises because they have different purposes, processes of generating revenues, stakeholders, budgetary obligations and propensity for longevity. These differences require separate accounting and financial reporting standards in order to meet the needs of the stakeholders who assess the government's ability for accountability and socio-economic development. Alongside a range of other public management reforms, such as contracting out and the creation of agencies, business style accrual accounting has been advocated as the best model for governments to report on their finances (Guthrie, Humphrey, Jones & Olson 2005; Smullen, 2009).

Global Perspectives on Financial Regulations

Governments worldwide are faced with the challenge of meeting the expectations of the citizenry. A number of studies have been conducted on Financial Regulations and public sector budgeting (World Bank, 2007; European Commission, 2008 and GoB, 2004). The Research on government accounting procedures in the United Kingdom (European Commission, 2008) found out that government Finance Officers and Accountants recorded transactions and prepared statements in accordance with the Generally Accepted Accounting Principles (GAAP). A world Bank research on the effectiveness of public sector accounting in Sri Lanka (2007) found out that while financial regulations existed, they did not have the force of the law and therefore were not always complied with and thus the oversight of government accounting outcomes were lacking.

Recent decades have seen an increase in emphasis on regulation as a mode of government in Europe, sometimes referred to as the rise of the regulatory state (Moran, 2002). The regulatory state is characterized by a decrease in centralized (State) provision and by new approaches to control, including contracting out of services, public/private partnerships and creation of executive and regulatory agencies to support the process of separating policymaking from day-today operational activity in government departments and between departments and service providers. Majone (1996) attributed the rise of the regulatory state to the increasingly technocratic nature of demands on government.

The delegation of operational management to specialized agencies is thought to present a solution to this, as the necessary expertise and access to information can be harnessed appropriately. In addition, such delegation can demonstrate credible commitment on the part of government and insulate much governance activity from the political sphere (Thatcher, 2002). This is the separation of ‘steering’ (policymaking) from ‘rowing’ (operational management) the ship of state (Scott, 2004). Deregulations of markets, sectoral liberalization and privatisation of formerly State-owned enterprises have all contributed to ‘the rise of the unelected’ (Vibert, 2007).

These developments shift control away from elected representatives and central bureaucracy to new actors and new instruments with the phenomenon of agencification becoming one important dimension (Christensen & Laegrid, 2006). The rise of the regulatory state outside the USA captures the essence of the transformation in the governance of the capitalist economy (Jordana & Levi-Faur, 2004). Financial transparency is promulgated as ingredient of a larger strategy or goal of good economic control practiced to achieve poverty eradication and accomplish the government goals. Infact, on the African continent, the push for more transparency in the budget procedures is element of a set of deeds aimed at addressing the inconsistency of numerous natural resources and growing donor nobility, on the one hand and apparently stubborn utter poverty, on the other hand. It is well intended at attending to fraud and theft of state reserves and money washing, among others (UNECA, 2013).

African Perspectives on Financial Regulations

In the early 1990s, developing countries in Africa began to focus on the improvement of public finance, in particular on budget and expenditure management reforms. Mainly as a response to concerns from the donor community, governments started to critically review the existing systems and processes. As a response to inadequate and outdated systems, a recommendation was the introduction of the financial management systems (FMS) along the experience of developed countries in the 70's and 80's for the Integration of different functions of public finance on the basis of a uniform technical platform (Musgrave & Musgrave, 2009).

Emerging economies in Africa such as Botswana and Ghana have embraced Financial Regulations as the hall mark of modern day public budgeting and financial management. The effective implementation of Financial Regulations in Botswana led to a reduction in government spending by close to US$ 4 Million (GoB, 2004). In Ghana, implementation of Financial Regulations reduced donor dependence in budgeting by 9.2% (World Bank, 2007).

Kenyan Perspective on Financial Regulations

According to Mas and Radcliffe (2010) the current regulatory model for financial regulation in Kenya is a hodgepodge of institutional and functional regulation. There are seven Governmental agencies regulating specific segments of financial services. The Central Bank of Kenya (CBK) licenses and supervises the operations of all commercial banks excluding the Kenya Post Office Savings Bank (KPOSB) which is regulated by the Treasury Development Finance Institutions (DFIs) are regulated by different Government ministries. For instance, the Industrial Development Bank (IDB) is regulated by the Ministry of Finance, Industrial and Commercial Development Corporation (ICDC) by the Ministry of Trade and the Agricultural Finance Corporation (AFC) by the Ministry of Agriculture.

The Capital Markets Authority (CMA) regulates the securities markets while the Retirement Benefits Authority (RBA) is responsible the pension sector. The Insurance Regulatory Authority (IRA) was established in 2006 to replace the Commissioner of Insurance who previously regulated the insurance industry. The Sacco Societies Regulatory Authority (SSRA) regulates all savings and credit co-operative societies. It is accountable to the Ministry of Cooperative Development. The Monopolies and Prices Department which is charged with antitrust powers and responsibilities is accountable to the Ministry of Finance, The existing regulatory arrangements for financial services involve a large number of regulators exercising jurisdiction over different sectors of the industry. It is fragmented with each regulatory agency being responsible for a particular segment. This largely politicized regulatory structure is a product of piece-meal reform and gradual evolution as opposed to deliberate planning (Mas, I & Radcliffe, 2010)

Many studies find a close linkage between financial deepening, productivity and economic growth. It is for example estimated that policies that would raise the M2/GDP ratio by 10% would increase the long-term per capita growth rate by 0.2–0.4% points (Ndulu & O'Connell 2008). Financial regulations were adopted in Kenya in 1989 to provide a framework of the administration, budgeting and utilization of government finances (Ministry of Finance, 1989). The regulations were based on the Constitution of Kenya, the Exchequer and Audit Act and the Paymaster-General's Act and Regulations which all contained relevant provisions regarding the control and management of government finances. The enactment of the Government Financial Management Act of 2004 and the PFM Act, 2012 augmented the aforementioned efforts towards realization of an effective and efficient Public Financial Management System and supportive of public service delivery and socioeconomic development.

Statement of the Problem

Regulation is amongst the central instruments through which governments seek to deliver on their policy priorities. Financial regulation plays a crucial role in shaping the behavior of financial institutions, and government agencies in dealing with finances. Given the primary purpose of finance is to facilitate productive economic activity; the aim of regulation is to maintain financial stability and to promote economic growth. However, failure to effectively implement financial regulations leads to financial mismanagement and consequently results to financial instability.

Without effective regulation, financial systems in governments can become unstable, triggering crises that can devastate the real economy as evidenced by Global Financial Crisis (GFC) that began in 2007. Regulation that is ineffective in meeting its objectives can be just as damaging to government businesses and consumers, as no regulation or over-regulation. Systemic failures of compliance are failures of public governance that devalue regulatory instruments and ultimately break down the credibility of government and governance under the rule of law.

The existence of financial scandals involving misappropriation and wastage of public resources on one hand, and on the other the inability by government ministries to timely meet their budgetary obligations raises serious issues on the adequacy and effectiveness of financial regulations. Businesses and the public expect governments and regulators to be able to demonstrate that regulatory systems are designed to be effective. Of necessity this requires attention to levels and trends in compliance. Nevertheless, the picture of compliance trends in Kenya is very hazy due to a lack of empirical evaluations of the effects and performance of regulatory systems. This study sought to fill this gap by looking at factors influencing implementation of public financial regulations in National Sub-County Treasuries in Nakuru County, Kenya.

Objective of the Study

The main objective of the study was to assess factors influencing implementation of public financial regulations in National Sub-County Treasuries in Nakuru County, Kenya.

The specific objective for the study was to examine the influence of technology on implementation of financial regulations in national Sub-County Treasuries in Nakuru County, Kenya.

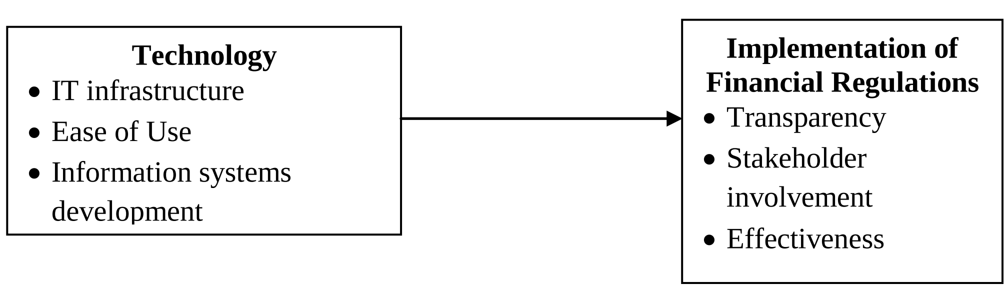
Hypothesis of the Study

H_{01}: Technology has no statistically significant influence on implementation of financial regulations in national Sub-County Treasuries in Nakuru County, Kenya.

Conceptual Framework

The independent variable for this study was technology while the dependent variable was implementation of financial regulations. The diagrammatic representation of the conceptual framework is as shown in figure 1.

Figure 1: Conceptual Framework



THEORETICAL REVIEW

The study was guided by circumvention innovation theory

Circumvention Innovation Theory

American economist Kane (1981) pioneered circumvention innovation theory. The theory asserts that many forms of government regulations and controls which have the same property of implicit taxation embarrass the profitable activity engaged by the company and the opportunity of earning profit, so the market innovation and regulation innovation should be regarded as the continuous fighting process between independent economic force and political force. Because financial industry is special, it has the stricter regulations. Financial institutions deal with the status such as the reduction of profits and the failure of management induced by government regulations in order to reduce the potential loss to the minimum.

Therefore, financial innovation is mostly induced by the purpose of earning profits and circumventing government regulations. It comes true through the game between government and microcosmic economic unity. Kane’s theory is different from the reality. The regulation innovation he assumed is always towards the direction of reinforcing regulation, however, the regulation innovation in reality is always towards the direction of liberal markets innovation, the result of the game is release of financial regulation and markets become more liberal. But his theory is better than constraint-induced financial innovation theory. It not only considered the origin of innovation in the market but also researched the process of regulation innovation and their dynamic relation. In the current study, the theory will help to determine whether the operations of the national Sub-County Treasuries are run under strict adherence of financial regulations. The researcher will seek to establish whether technology adoption is in line with the government policy and the regulations governing accountability in government operations.

EMPIRICAL REVIEW

Sound Economic Governance is essential for the achievement of reduction in poverty levels and improvements in economic growth for Developing countries. Effective public expenditure management and good public financial management are important for efficient and equitable utilization of scarce national resources, as cited by Dick Durevall and Mattias Erlandsson (2004) Public Financial Management (PFM) is concerned with the management of public money, where the expenditure budget process has a core role. The expenditure budget process can be divided up in to various stages: long-term planning, annual budget formulation in the executive, passage in Parliament, implementation and oversight. Effective management of public finances means that policy makers can take into account available resources and the implications of policy choices. Thus, a requirement for a well-functioning budget process in proper institutions and decision-making processes. The objective of PFM reform is to implement these, or to improve the existing ones.

Koth and Roberts (2011) observed that due to the dynamic nature of local and global macroeconomic forces, the potential to create, process and use information instantaneously, without barriers of geography or physical constraints is enormous and continues to grow exponentially underscoring the need for integrated financial management systems. In Kenya and the rest of Sub-Saharan Africa; the push for integrated public financial systems stems from the need to mitigate the drawbacks of the hitherto specialized approach in which case emphasis has tended to shift between the broader contribution of financial management to effective program management and a narrower focus on internal control and reporting (Charko et. al, 2010).

Technology and Implementation of Financial Regulations

Information Technology (IT) involves use of computers, software and internet connections infrastructure for supporting information processing and communication functions (Crompton 2007). Abushamsieh, Lopez, Hernandez & Ortiz (2013) suggest that, failure to use information technology is a contributing factor to poor government transparency. Since 2007, the National Treasury has published its financial budgets and other details online. Furthermore, the controller of the budget regularly publishes online the corresponding expenditure figures, allowing citizens to compare budgeted against expensed financial figures. This enables interested parties to raise timely queries rather than waiting for the Auditor General reports at the end of the year.

The adoption of integrated financial management systems among state corporations in Kenya has been championed as the best strategy in mitigating the ensuing effects of financial misappropriations that have dogged the public sector since independency. The World Bank (1998) for example, outlines the three main objectives of public sector financial management as ensuring: aggregate fiscal discipline; allocation of resources in accordance with strategic priorities, and efficient and effective use of resources in the implementation of strategic priorities.

In addition, integrating financial management systems will enable state corporations: Increase ability to undertake control and monitoring of expenditure and receipts in Government Departments; Increase ability to access information on financial and operational performance; increase ability to access information on Government’s cash position and Information on Economic performance; and increase ability to demonstrate accountability to donors and the public (Jobe, 2009). A strong Public Financial Management (PFM) system is a catalyst for economic growth and development (Ajayi & Omirin, 2007). It ensures that the government and its departments raise, manage, and spend public resources in an efficient and transparent way with the aim of improving service delivery.

Emerging Information and Communication Technology (ICT) can play an important role in fighting corruption in public finance systems by promoting greater comprehensiveness and transparency of information across government institutions. As a result, the introduction of Integrated Financial Management Systems (IFMIS) has been promoted as a core component – and in many cases a driver- of public financial reforms in many developing countries. Experience shows that in spite of the considerable amount of resources allocated to such schemes, IFMIS projects tend to stall in developing countries, as they face major challenges of institutional, political, technical and operational nature (Greta et al., 2011).

Muigai (2012) in his study of Government ministries in Kenya found that IFMIS has significantly contributed to improvement in financial management in Kenya. This improvement from using the system can only be realized if the implementation process is successful. Factors such as effective training of technical staff and end users; minimal resistance to change as a result of staff being sensitized on the need for the new system; a core team appointed to oversee the IFMIS implementation process, fully committed senior management, availability of funding by treasury, a standard chart of accounts, availability of ICT infrastructure and a legal and regulatory framework were factors that contributed to successful implementation (Mugambi, 2011).

Financial Regulations Implementation in National Sub-county Treasuries

Governments are fundamentally different from business enterprises because they have different purposes, processes of generating revenues, stakeholders, budgetary obligations and propensity for longevity. These differences require separate accounting and financial reporting standards in order to meet the needs of the stakeholders who assess the government's ability for accountability and socio-economic development. Kenya's Public Sector Reforms (GoK, 2003) have among others focused on the need to have a transparent, reliable and efficient budgeting and financial regulatory framework that would guarantee provision of effective and efficient services to the Kenyan public.

In Africa, emerging economies such as Botswana and Ghana have embraced Financial Regulations as the hall mark of modern day public budgeting and financial management. The effective implementation of Financial Regulations in Botswana led to a reduction in government spending by close to US$ 4 Million (GoB, 2004). In Ghana, implementation of Financial Regulations reduced donor dependence in budgeting by 9.2% (World Bank, 2007).

The existence of scandals involving misappropriation and wastage of public resources on one hand, and on the other, the inability by government ministries to timely meet their budgetary obligations raises serious issues on the adequacy and effectiveness of financial regulations. Moreover, a research by Mugwe (2011) on the challenges of budgeting in government ministries recommended the need to reform the financial regulations for success in budgeting. Other related studies have been conducted by Wabwoba (2012) on the impact of oil price regulation on the financial performance of national oil corporation of Kenya and Okwachi (2009) who conducted an evaluation of the effectiveness of state regulation of the insurance industry in Kenya.

RESEARCH METHODOLOGY

Research Design

A research design is a blue print for fulfilling the objectives of the study. Although there are numerous research designs; the study employed a descriptive research design. This is because the design is well structured with clearly stated research questions. Descriptive survey research design was adopted as it enabled the researcher generalize the findings to a large population. The study utilized quantitative approach in the collection of data. According to Kothari (2009), the approach enables data to be systematically collected and analyzed in order to provide a descriptive account of the questions under study.

Target Population

A population is a complete group of entities sharing some common set of characteristics. A target population is the complete group of specific population elements relevant to the research project (Cooper & Schindler, 2003; Zikmund, 2003). The target population for this study was the finance officers in the national sub-county treasuries in Nakuru County. There are 68 finance officers in national sub-county treasuries in Nakuru county Kenya. The financial regulation implementation process of the Government involves a cross section of individuals and most importantly the finance managers of the ministry since they play a major role in the decision making and ultimately effective implementation of financial regulations. For the purpose of study, the population comprised of all the 68 finance officers in the national sub-county treasuries in Nakuru County. As such the study adopted a census of all the 68 finance officers.

Data Collection Instrument

The study employed the use of questionnaires as the main tools for collecting data. According to Kothari (2006), a questionnaire is the best tool for the researcher who wishes to acquire the original data for describing a population. Questionnaires enable a researcher to reach a large sample within a short time. The questionnaire was composed of short structured closed ended statements constructed on 5 point Likert scale. The Questionnaire was pilot tested on 10% of the study population. Pilot testing enabled the researcher to test for the reliability of the questionnaire. Cronbach alpha coefficient was used to indicate the reliability of the research instruments. Technology scale components had a Cronbach alpha value of 0.78 while Implementation of Financial Regulations had a Cronbach alpha value of 0.74. Therefore the instrument was deemed reliable for data collection.

Data Collection Procedure

The researcher first sought the authorization from the chairman of department in Jomo Kenyatta University to proceed for data collection. The researcher then made a pre-visit in the field of research to familiarize with field and also book appointments with the relevant officers for data collection. The researcher then proceeded for the actual data collection. The researcher used drop and pick technique in distributing the questionnaires among the respondents.

Data Analysis Approach

The questionnaires collected from the respondents were ascertained to ensure that only the sufficiently and appropriately filled ones were considered for the study. Data collected from the questionnaires was analyzed, summarized, and interpreted accordingly with the aid of descriptive (Frequencies, percentages, means and standard deviations) as well as inferential (Pearson product moment correlation coefficient) statistics. Statistical Package for Social Sciences (SPSS) computer software version 24.0 was used for analysis. The findings were presented in the form of tables and discussions thereof.

ANALYSIS AND FINDINGS

The number of questionnaires that were administered to all the respondents was 58 questionnaires. A total of 51 questionnaires were properly filled and returned from the national Sub-county treasury employees. This represented an overall successful response rate of 87.9%. According to Mugenda and Mugenda (2003), a response rate of 50% or more is adequate. Babbie (2004) also asserted that return rates of 50% are acceptable to analyze and publish, 60% is good and 70% is very good. Thus, a response rate of 87.9% was characterized as very good.

Technology Application

Further the study sought the respondents' views regarding the usage of technology in national treasury departments. The means and standard deviations were computed to establish the trends in responses. The analysis results are presented in Table 1

Table 1: Technology

	N	Min	Max	Mean	Std. Dev
Treasury has an elaborate IT infrastructure across all the departments	51	1	5	2.08	.821
The IT infrastructure has been networked in all the nationals sub-county treasuries enabling synchronization of reports	51	1	5	2.25	1.017
The staff have found it easy to use the IT infrastructure in treasury	51	1	5	2.43	.985
The treasury staffs needs a lot of training to adapt to the use of IT	51	1	5	4.12	.931
The national sub-county treasuries upgrades its IT infrastructure regularly	51	1	5	2.73	1.185
IT infrastructure makes the performance of treasury functions efficient	51	1	5	4.04	.894
Valid N (listwise)	51				

The table showed that the respondents disagreed that treasury has an elaborate IT infrastructure across all the departments (M=2.08, Std. Dev=.821) and that the IT infrastructure has been networked in all the nationals sub-county treasuries enabling synchronization of reports (M=2.25, Std. Dev=1.017). In addition they disagreed that the staff have found it easy to use the IT infrastructure in treasury (M=2.43, Std. Dev=.985). Respondents remained undecided on whether the national sub-county treasuries upgrades their IT infrastructure regularly (M=2.73, Std. Dev=1.185). However, respondents agreed that the treasury staffs needs a lot of training to adapt to the use of IT (M=4.12, Std. Dev=.931) and that IT infrastructure makes the performance of treasury functions efficient (M=4.04, Std. Dev=.894). It was noted that 4 of the six statements had standard deviation values less than 1 indicating that the respondents were almost in agreement with each other in their responses.

Implementation of Financial Regulations

The study finally sought to establish respondents' views regarding implementation of financial regulations in national Sub-county treasuries. The means and standard deviations were computed to help researcher make deductions. The findings from the analysis were as presented in Table 2.

Table 2: Financial Regulations Implementation

		N	Min	Max	Mean	Std. Dev
i.	The financial management policy in treasury is guided by government financial regulations	51	2	5	4.14	.693
ii.	Implementation of financial regulations have brought about transparency in financial management	51	1	5	3.51	1.065
iii.	The treasury frequently publishes financial audit reports to enhance transparency	51	1	5	2.94	1.223
iv.	Treasury ensures the involvement of all stakeholders in financial decision making as guided through financial regulations	51	1	5	2.76	1.050
v.	The involvement of stakeholders enhances transparency in treasury	51	2	5	3.73	1.060
vi.	Financial regulations implementations have led to enhanced effectiveness in financial management in treasury	51	1	5	3.88	.973
Valid N (listwise)		51				

Respondents agreed that the financial management policy in treasury is guided by government financial regulations (M=4.14, Std. Dev=.693) and that the implementation of financial regulations have brought about transparency in financial management (M=3.51, Std. Dev=1.065). Respondents further agreed that the involvement of stakeholders enhances transparency in treasury (M=3.73, Std. Dev=1.060) and that financial regulations implementations have led to enhanced effectiveness in financial management in treasury (M=3.88, Std. Dev=.973). However respondents were undecided on whether the treasury frequently publishes financial audit reports to enhance transparency (M=2.94, Std. Dev=2.1.223) and on whether treasury ensures the involvement of all stakeholders in financial decision making as guided through financial regulations (M=2.76, Std. Dev=1.050). Respondents displayed inconsistencies in their responses with most of the aspects having standard deviation values exceeding one.

Relationship between Technology and Financial Implementation

The relationship between technology and implementation of financial regulations in the national Sub-county treasuries was established. Pearson correlation analysis yielded results shown in Table 3.

Table 3: Technology and implementation of financial regulations

		Technology
Financial Regulation Implementation	Pearson Correlation	.469**
	Sig. (2-tailed)	.001
	N	51

**. Correlation is significant at the 0.01 level (2-tailed).

The analysis showed that there is an average positive significant relationship (r=.469, p=.001) between technology and implementation of financial regulations in national Sub-county treasuries. The relationship was significant at p<.05 level of significance. Consequently, the null hypothesis H01 that technology has no statistically significant influence on implementation of financial regulations in national Sub-County Treasuries in Nakuru County, Kenya was rejected. As such, it was observed that implementation of financial regulations in the national Sub-county treasuries goes hand in hand with technology.

SUMMARY OF FINDINGS

Technology and Implementation of Financial Regulation

The study further aimed at establishing the influence of technology on implementation of financial regulation in the national Sub-county treasuries in Nakuru County. The findings showed that training is required for the adoption of IT and the use of IT infrastructure makes the performance of treasury efficient. Respondents however disagreed that that treasury has an elaborate IT infrastructure across all the departments and that the IT infrastructure has been networked in all the national sub-county treasuries enabling synchronization of reports. In addition they disagreed that the staff have found it easy to use the IT infrastructure in treasury. Respondents remained undecided on whether the national sub-county treasuries upgrade their IT infrastructure regularly.

Descriptive statistics showed that respondents agreed that the financial management policy in treasury is guided by government financial regulations and that the implementation of financial regulations have brought about transparency in financial management. Respondents further agreed that the involvement of stakeholders enhances transparency in treasury and that financial regulations implementations have led to enhanced effectiveness in financial management in treasury. However respondents were undecided on whether the treasury frequently publishes financial audit reports to enhance transparency and on whether treasury ensures the involvement of all stakeholders in financial decision making as guided through financial regulations.

Inferential statistics indicated the presence of an average significant relationship between technology and implementation of financial regulations. Thus implementation of financial regulations is significantly related to the technology. The study therefore observed that technology have a significant influence on implementation of financial regulation.

CONCLUSIONS OF THE STUDY

It was concluded that technology is the number one factor influencing the implementation of financial regulations in national Sub-county treasuries in Nakuru County. The findings indicated that technology influences implementation of financial regulations. Therefore, improving the technology infrastructure in national Sub-county treasuries would lead to improvement in implementation of financial regulations. Consequently, technology and implementation of financial regulations cannot be separated from each other. Implementation of financial regulations requires technology for its success.

The study recommended that for effective implementation of financial regulations in national Sub-county treasuries, the government should reinforce the use of information technology in its treasury operations. Information technology opens up processes for scrutiny thus enhancing transparency and accountability. Thus utilization of information technology would ensure efficiency in implementation of financial regulations. In addition, management teams in national treasuries should ensure sufficient training of its employees to ensure full utilization of information technology infrastructure. This will also enhance their competence in their jobs and increase efficiency in the observance of financial regulations.

WAY FORWARD

The researcher suggested that future researchers should replicate the same study in other sectors to authenticate the findings of this study. Further, future scholars should focus on the type of training that is efficient for implementation of financial regulations i.e in-service vis a vis out-service training. This will enhance proper planning of the training needs by various institutions.

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