

**ASSUMED ROLE OF DEVOLVED GOVERNMENT ON PERFORMANCE OF
CONSTITUENCY DEVELOPMENT FUND: A STUDY OF MIGORI COUNTY IN
KENYA**

By

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DECLARATION

I declare that this dissertation is my original work and has not been previously published or submitted elsewhere for award of a degree. I also declare that this dissertation contains no material written or published by other people except where due reference is made and author duly acknowledged.

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ABSTRACT

The main reason for the study was to assess the role that devolution was going to play on the performance of CDF. The specific objectives were to evaluate the role of internal controls and the ward representatives on the CDF performance, to assess the role of separation of power on the performance CDF, to determine the role of County Project Committee on the accountability and community participation on CDF performance and to establish the checks and balances for the CDF processes implementation. The study adopted a descriptive survey design. The study aimed at collecting information from respondents on the impact of devolution of government on the accountability of CDF focusing on constituency development fund with a view to establish strategies that may effectively improve service delivery, efficiency and accountability of CDF. A target population of all the CDFC member of the constituencies in Migori County was considered in this study. All Eight (8) constituencies with a population of 144 (18 from each constituency) CDFC members was targeted for the study. The research was carried out using a questionnaire. Statistical Package for Social Science (SPSS) version 17.0 was used in the analysis of data collected from the questionnaires. Descriptive statistics was used which included the use of percentages, frequency, mean and standard deviation. The study found that that there were challenges facing CDF in the constituency majority cited yes, respondents were asked whether they face challenges in the selection of CPC members in their constituency majority cited yes, on whether respondents think that CPC can influence CDF operations majority indicated no, on whether the constituency involves public to be involved in selection and implementation of CDF projects majority indicated yes, on respondents view concerning the publishes and publicizes the CDF reports and whether the problems are with the implementation of CDF projects majority cited yes. From the study the researcher concludes that however there are CDF internal controls the CDF implementation process still faces challenges like mismanagement of funds and it's also affected by personal interest culprits being the CDF leaders. Citizens are allowed to take part in the selection of CPC members in their constituency which influences CDF operations to a great extent. Citizens were allowed to take part in the selection of CDF members and besides they receive publications of CDF reports. The study recommends that internal controls should be improved in order to boost CDF performance. The study also established that factors influencing completion of projects were insufficient funds and insufficient skills. The study therefore recommends that enough funds and skills should be allocated to projects.

Key words: Constituency development Fund, Internal Control, CDF Act 2013

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ACRONYMS AND ABBREVIATIONS

CDF:	Constituency Development Fund
MP:	Member of Parliament
CSO:	Civil Society Organization
PMC:	Project Management Committee
IIA:	Institute of Internal Auditors
CEO:	Chief Executive Officer
DDC:	District Development Committee
CDFC:	Constituency Development Fund Committee
LDC:	Location Development Committees
WDC:	Ward Development Committee
LATF:	Local Authority Transfer Fund
CDC:	Constituency Development Committee
CPC:	County Project Committee
CFC:	Constituency Fund Committee
DPC:	District Projects Committee
KHRC:	Kenya Human Rights Commission

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Constituency Development Fund (C.D.F.) in Kenya was introduced and launched in 2003 by the Kibaki government under the C.D.F. Act of that year with the objective of combating poverty at the grass root level through implementing community based projects and to relieve the members of parliament the burden of fundraising for development projects (Mapesa & Kibua, 2006). These funds are called Constituency Development Fund because they are funds meant for the implementation of development initiatives at the constituency level which is assumed to be the lowest level of governance (Gikonyo, 2008).

Eremu (2008) contends that Constituency Development Fund (CDF) provides an alternative source of financing for community-based development activities that is managed at the sub-county level by project committee Members. CDF supplements, or operates in support of other funds channeled by the national government to its entities. In East Africa, the CDF has been introduced in Kenya and Uganda since 2003 and 2005, respectively and recently in August 2008, it was introduced in Tanzania. In Kenya, CDF was introduced with a parliamentary motion from the then Opposition MPs whose concerns were that their constituencies were not receiving development funds and consequently these areas remained with poor infrastructure and social services. In their view, introducing the CDF was to ensure a fair distribution of funds and therefore lead to more even-handed development throughout Kenya's 210 constituencies (Institute of Economic Affairs-IEA, 2006).

CDF had the objective of creating and enhancing improved living standards of the people and at the same time creating development in rural areas through devolution of financial resources to

the rural areas (CDF Act, 2003). On the same understanding the introduction of CDF was to eradicate unequal allocation of resources across regions thus reducing inequalities in regional development brought about by skewed sharing of national cake is an (Mapesa & Kibua, 2006). These funds are released directly to the constituencies and do not have to go through any rigorous bureaucratic process. C.D.F. gives the local communities at the grass root level an opportunity to take part in its administration by contributing towards identification of development priorities within the community. C.D.F. can then be seen as a development tool whereby all the stakeholders including community are involved thereby empowering them hence giving them the chance to manage their development projects (Kimenyi, 2005).

Gikonyo (2008) asserts that the creation of CDF conforms to the country's commitment to bringing growth and services closer to the people by ensuring that the people affected are involved in the creation of growth amongst themselves and in particular development agenda and their implementation. It is a requirement of CDF Act 2013 that there shall be a democratically constituted Constituency Development Fund Committee (CDFC) responsible for managing CDF at the constituency level. Once the CDFC has been appointed, the MP remains an ex-officio member of the committee without voting rights as per the Act. The manner in which committee meetings are held are spelt out in the Act and at the Ward level. The projects prioritized are then forwarded to the County Project Committee (CPC) for further evaluation to avoid duplication of projects and highlight for monitoring. Once evaluated, the proposals are then forwarded by the CPC to the National CDFC board for approval and funding. Once funded, CDF projects are to be implemented within the existing financial procedure within government at the sub county level (CDF Act, 2013).

In Kenya, within the judicial systems there are a handful of cases yet to be concluded and some have been concluded putting the members of parliament (patrons) of defense to explain whether there exist mismanagement of the fund (Kimenyi, 2005). CDF is operational in all the 210 constituencies in Kenya where there is lack of integrity which usually results to criminal activities, and in the same spirit, this implies that the fund operates in an environment where prudence is not observed thereby accountability is lacking, this leads to the risk of sub-optimism and the achievement of personal interest not the public common goal (Kimenyi, 2005). A more proactive approach needs required to be adopted in order to mitigate the concerns in the management of the fund through reviewing the internal control structures of the fund (Mapesa and Kibua, 2006). Internal control is a whole system that guarantees organizational operation system and safeguards asset. This enables an organization achieve its overall objectives including operational efficiency and effectiveness, reliability of financial reporting and compliance with relevant laws and regulations (Irving, 2006).

The Constituency Development Fund was established by an Act of parliament in the year 2003 to stimulate the overall development of projects at the grassroots. Over time CDF Act has gone through various reviews and revised to meet the changing trends such that its objective can be realized. In the year 2013 in line with devolution of government that was as a result of new constitution, the CDF Act was revised to take into account the devolution of government. The Act has so far bestowed the management of the fund to Constituency Development Fund Committee (CDFC), the county government through the governor should constitute a County Project Committee (CPC) that is charged with the responsibility of evaluating all the project proposals from the constituencies before submitting them for approval to the national secretariat. The nomination of the CDFC members has changed from the Member of Parliament hand

picking the members but the members are to be elected democratically across all the wards. CDF money is received directly to their various accounts from the secretariat and yet the constitution stipulates that the governor is to be in-charge of all the projects in the county. The governor will not be in a position to exercise oversight and implementation of the projects that are directly funded. The study is to evaluate the impact of devolution on CDF.

Tables below provide information on the allocations to some of the constituencies audited by NTA and at the same time provide an over view of analysis of other constituencies in the country.

TABLE 1. Allocations of CDF to Constituencies 2007/08- 2010/11 (NTA, 2012)

Constituency Name	2007/ 2008	2008/ 2009	2009/ 2010	2010/ 2011	Total
Migori	47,089,905	47,089,905	57,483,719	66,533,015	218,196,544
Rongo	47,956,612	47,956,612	58,541,729	66,541,374	220,996,327
Uriki	42,920,283	42,920,283	52,393,767	60,341,303	198,575,636
TOTAL					637,768,507

Source: NTA (2012)

TABLE 2. Summary of Findings in Migori Constituency (NTA, 2012)

Class	Project Description	No. of Projects	Budget Awarded	Budget Spent	Budget Unaccounted For	Balance in Bank Account
			Kshs.	Kshs.	Kshs.	Kshs.
A	Well built, completed projects - good quality construction, good value for money for taxpayers'.	44	34,440,546	34,440,546	-	-
B	Badly built, complete and Ongoing projects - poor quality construction, money wasted, poor value for money	14	11,750,000	11,750,000	-	-
C	Well built, incomplete projects - project not yet complete, being built in phases, so far well built	32	13,800,000	13,750,000	50,000	-
D	Abandoned projects - projects are incomplete and did not receive financial allocation in the subsequent Financial Year	3	800,000	800,000	-	-
G	Delayed implementation-The project was officially allocated funds but the implementation has not started and funds are in the project account.	1	100,000	3,000	-	97,000
TOTAL		94	60,890,546	60,743,546	50,000	97,000

Source: NTA (2012)

From the NTA there is problem with the consumption of CDF monies and at the same time management of the funds. The study assessed the role of devolution on the accountability of CDF and in turn draw conclusion as to whether devolution will lead to realization of CDF objectives hence improved performance.

1.2 Problem Statement

Research has been done by many researchers who have also advanced their argument on the management of the fund in the country; such projects under the CDF are considered the first visible infrastructural development within the country in many years (IEA 2006; Mapesa and Kibua 2006). This demonstrates that if used well, CDF has great potential to facilitate the much needed development at the local levels and to address some of the inequalities that exist in the country. However, if not implemented well, CDF is culpable of entrenching mismanagement and inequality at the lower levels due to gaps in the CDF Act. As argued by various authors, CDF has mainly been used for self gain on individuals as opposed to the benefit of local community's development as was envisioned in the CDF Act (Awiti 2008; IEA 2006; Gikonyo 2008; Mapesa and Kibua 2006; Mwalulu and Irungu 2007).

A few studies attempting to shade some light on the subject under study are more general or have failed to give detailed insights and analysis on the role of devolved government on the performance of Constituency Development Fund. In his study Orero (2011) the factors affecting prudent management of CDF in Kenya. The study found that low technical in-put due to lack of expertise in projects management and implementation, the consisting and emerging community interests coupled by government led CDF legal legislation policies has led to poor projects formulation and implementation strategies. The study found out that politics still has a role in the

management, formulation and implementation of CDF initiated projects. In her study, Mungai (2009) looked at how Civil Society Organizations (CSOs) are strengthening prudent accountability and community's involvement the CDF process in Kenya. Although the studies attained their objectives they did not focus on the role of devolved government on the performance of CDF as there shall be only one county CEO who is the Governor.

National Taxpayers association Citizens Audit of CDF (2010/2011 Financial year) found out that Kshs 125.8 billion was badly used, wasted or unaccounted for (Table 3). In the same report, constituencies in Migori County registered huge sums of wastages and unaccounted funds example Migori constituency (Table 2). The report further revealed that most projects were concentrated in areas where elected leaders got overwhelming votes against the spirit of equitable distribution of resources. It was therefore, the purpose of this study to evaluate the role of devolved government on solving some of the foresaid issues in Migori County.

1.3 Objectives of the Study

The objective of the study is divided into two with one providing the general objective of the study and the other providing the specific objectives.

1.3.1 General Objective

The general objective of the study was to assess the assumed role of devolved government on the performance of CDF focusing on constituency development fund in Migori County.

1.3.2 Specific Objectives

The study specifically aimed;

- (i) To evaluate the role of internal controls and the ward representatives on the CDF performance in Migori County.
- (ii) To assess the role of separation of power on the performance CDF in Migori County.
- (iii) To determine the role of County Project Committee on the accountability and community participation on CDF performance in Migori County.
- (iv) To establish the checks and balances that influence CDF processes implementation in Migori County.

1.4 Research Questions

The study aimed to answer the following questions;

- (i) Do the internal controls have a role influencing CDF performance in Migori County?
- (ii) Does separation of power influence performance of CDF in Migori County?
- (iii) What is the role of County Project Committee on the accountability and community participation on CDF performance in Migori County?
- (iv) What are the checks and balances that influence CDF processes implementation in Migori County?

1.5 Significance of the Study

This study provides a necessary basis for enhancing fund management. A new CDF Act was formulated to enhance the performance of CDF but this instead has created power struggles. Devolution was created out of the promulgation of the new Constitution and it was to steer

development at the county level. Constituency projects prioritization is a duty of the CPC by the CDF Act 2013, this body plays a vital role in ensuring that CDF is managed prudently. Out of the funds investigated in the 34 constituencies Kshs 357,040,815 were badly used, wasted or unaccounted for (Table 3). Migori as a County is ranked so low according to the National Taxpayers Audit and comparing to other Counties a comparative study is necessary in order to establish if County Government can improve the performance. CDF's monies will be channeled directly to the constituencies yet it is expected that the Governors are to provide stewardship on all the projects done within the county. The investigation to the role of devolution of government on the performance of constituency development fund is vital for enhancing accountability while at the same time ensuring that the fund objectives are achieved. In that regard, living standards of the citizens will be improved and ultimately management of public sector projects will be more efficient and effective.

1.6 Justification of the Study

The study findings will enhance improvement of management of public sector funds and especially the CDF. All other Government formulated funds needs prudent management just as CDF. The study will at the same time create a basis for policy formulation. Further, significant findings can be of use to the CDF secretariat in enhancing and improving the funds administration policy. The study will also be beneficial to the County Government in terms of accountability and to the general community to understand their role in participation on CDF management. At the same time the civil society will also gain valuable insight into the risks faced by the CDFC's in managing CDF and the pivotal role played by the Governor on the management of CDF. The study will also be beneficial to parliament as they provide oversight.

This study will also be of interest to other researchers in this line of study. The regulators and the policy makers can use the finding as reference for policy guidelines on service delivery and management of public sector projects. They will be able to effectively deploy findings to formulate viable policy documents that effectively will in turn boost productivity. These may relate to regulating those aspects that threaten to adversely impact on the operations and development of such institutions. The findings of this study will enrich existing knowledge and hence will be of interest to both researchers and academicians who seek to explore and carry out further investigations. It will provide basis for further research.

1.7 Scope of Study

The scope of the study covered only the eight constituencies of Migori County. Migori County is found in Nyanza region of the republic of Kenya. It is one of the 47 counties of Kenya. The study covered two fiscal years that is 2012/2013 and 2013/2014 financial years. This period was significant since it was the transition period.

1.8 Assumptions of the Study

All constituencies in Kenya were involved in the study. A sample was used to represent the whole population. Another assumption was that individuals responding to questionnaires did so honestly and objectively and they returned their answered questionnaires in time for the study. The CDF Act was reviewed to cater for the findings of this or any other research on this subject matter.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction to Literature Review

This chapter presents a review of literature relevant to the study as presented by various researchers, scholars, analysts and authors. Past studies are critically important as they building blocks of present and future research. (Watkins, 2008) describes a literature review as a focus on a very specific problem that needs to be mitigated. The literature is comprised of the theoretical review which covers; background of CDF, internal control, separation of power and control, pitfalls of the devolved funds, and related literature.

Management of many organizations with well established Visions, Misions and Objectives seek way to best control their enterprises. Internal controls are put in place to keep the company on course toward profitability goals and achievement of its mission (Price, 2005). According to Brewer and List (2004), internal controls are designed and maintained to meet basic objectives of: carrying on the business in an organized way, safeguarding assets, ensuring observation of administrative rules and securing the accuracy of record. Organizations establish systems of internal control to help them achieve performance and organizational goals, prevent loss of resources, enable production of reliable reports and ensure compliance with laws and regulations (Lubabah, 2009; Price, 2005; and Wills, 2002). The existence of a public administration which is modern, flexible, preferment and adapted to the requirements of taxpayers represents an essential requirement in achieving the objectives afferent to the activity of state revenues` administration (Davies, 2007).

Gupta and Thomson (2006) refer to internal controls as the measures instituted by an organization so as to ensure attainment of the entity's objectives, goals and missions. While

Lubabah (2009) define internal controls as a set of policies and procedures adopted by an entity in ensuring that an organization's transactions are processed in the appropriate manner to avoid waste, theft and misuse of organization resources. Internal controls are all those processes designed and implemented by those in the board, management, and other employees to provide reasonable assurance about the achievement of an entity's objectives with regard to reliability of the financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. Irvin (2006) notes that internal controls only provide reasonable but not absolute assurance to an entity's management and board of directors that the organization's objectives will be achieved. The possibility of achievement of objectives is affected by limitations inherent in all systems of internal control and organizational traditions.

Though internal auditors are employees of the organization, they are guided by principles such as independence, objectivity, integrity, confidentiality and competency to perform their functions which in turn lead to effective internal controls (Sun et al., 2011). Today, internal auditors are an indispensable part of top management team involved in the creation of organizational wealth and values through effective internal control system.

2.2 Background to CDF

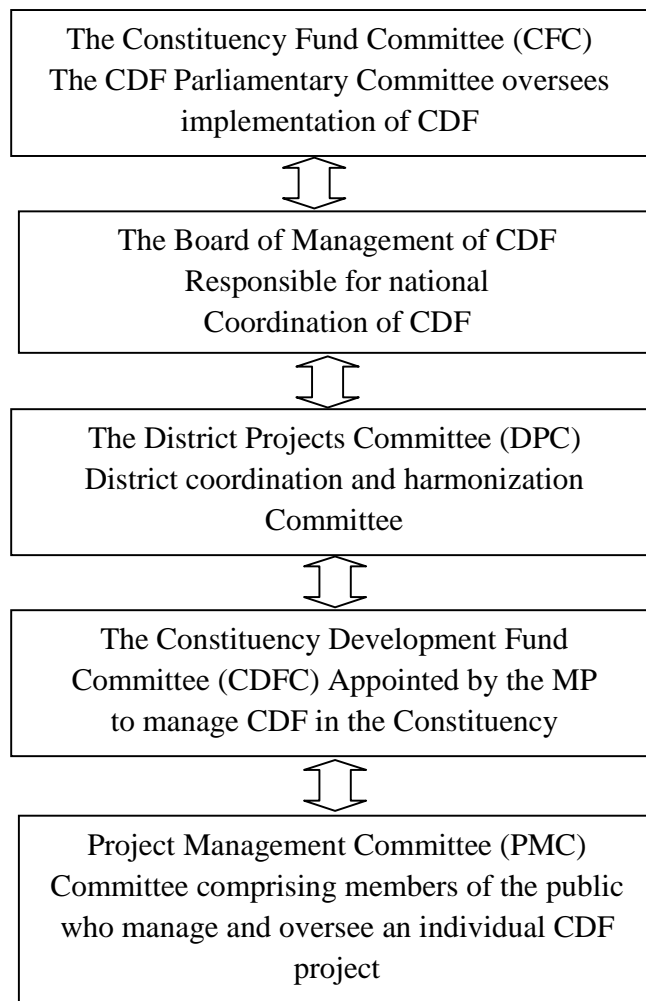
Constituency Development Fund originated out of an Act of parliament with the bill being introduced by the then MPs with the main reason to encourage a more fair distribution of financial resources and income across the country. The CDF bill became an act of parliament in 2003 after a change of government in the previous year (Gikonyo, 2008). CDF resources are out of a percentage of total revenue of the National Government including Value Added Tax (VAT), Income tax collected by the government, excise tax collected from manufacturing and service

firms, customs on imports and licenses fees. Consequently, Kenyan tax payers contribute directly or indirectly into the CDF kitty (Nyamori, 2009).

Nationally, Section 4(2a) of the CDF Act (2003) requires 2.5% of tax to be channeled to each Constituency so as to be used in developing the areas. The CDF Act under section 19(1) determines the sharing ratio amongst counties for the 2.5% ; 75% is shared equally amongst all the constituencies while 25% is shared in accordance with the national poverty index vis-a-vis the constituency poverty index (CDF Act 2013). Within a Constituency, Upto 3% of its annual budget may be set aside for administration, 15% for education, 2% for games and 2% for environmental management (CDF Act 2013). CDF permits 3% of the budget of a constituency yearly to be utilized for recurring costs of cars, tools because they are listed as growing initiatives in the Act. 2% may be set aside for assessing initiatives that are currently being undertaken and capacity building activities while 5% is set aside for emergencies. (Nyamori, 2009; and Oyugi, 2006).

(Mungai, 2009), states that the CDF Act 2003 puts in place 5 agencies to assist in the proper management of CDF. They are: the board in charge of CDF operating at the National level; Constituencies Fund Committees operating at the Parliamentary level; District Committee in charge of initiatives in the area ; the Development Committee found at Constituency level and Committees in charge of project management operating at the community level (CDF Act, 2013). Coordination and integration amongst these bodies is fundamental for success of the various CDF projects being undertaken.

FIGURE 1: Bodies Beneath CDF



Source: Gikonyo (2008)

2.3 Role of County Project Committee

In order for the general public to participate in CDF management, there need to be in place a Committee tasked with managing projects (PMC) (TISA, 2011). Most of the investigated projects had PMCs, but the process of selecting PMC members is not transparent (Mulwa & Nguluu, 2003). This is only different in schools where management groups are in control; PMCs for other tasks may be appointed by CDFs or are simply nominated by the ruling class in the

community. PMC's are not accountable to the people. The committees managing projects are defined in the CDF Act (2007) ammended as the group tasked with ensuring a project is implemented (CDF Act, 2013). They are also in charge of procurement but subject to government rules. (Kimenyi, 2005).

The Public body in charge of procurement (PPOA) insists that PMCs have no legal authority to award tenders under current laws (Mwangi, Kimenyi and Meagher, 2004). In a shift from the norm, in contradiction to this law the CDF rules acknowledge the PMCs as procurement bodies. This contravenes the Act on Public Procurement and Disposal (2005) Section 143 which changed the Exchequer and Audit Act by removing Sec 5A thus PMCs cannot be thought of as a separate entity and as such they should not purport to create a committee in charge of the tendering process. The procurement Act under Section 5(1) states that, "whenever it differs with any other law except the constitution, it shall take effect. This makes the process of tendering by constituency PMC's lawful" (Gituto, 2007).

An NACC research carried out in Kenya established that 88% of the subjects in the study had no faith in the integrity of the CDF management. The flow of information in the use of funds is safeguarded and this demonstrates the lack of transparency. The IEA, KHRC report state that one half of those who benefit were either not satisfied or had no clue on all the costs of projects, those in management and at the same time, the anticipated impact to caused by the project that defines the general scope of the project (TISA, 2011). As a result of that, most of the boards at the constituency level spread out projects under the pretext the every area is considered thereby ending up stalled, abandoned or incomplete projects

2.4 Internal Controls and CDF Performance

Direct regulation is defined as the way of doing things and all the mechanisms used by the administration of a business to help in realizing set goals of making sure that as much as possible, the proper and smooth running of its enterprise, observation of administrative rules, the protection of resources, guarding against mismanagement, the correctness and wholeness of the financial department and the relevant arrangement of useful accounting records. A properly employed systems of internal control will ensure; completeness of all transactions and records undertaken by an entity, that the entity's assets are safeguarded, that transactions in the financial statements are stated at the appropriate amounts prudently, that all assets of the institution's financial statements are in existence, that all the assets presented in the institution's financial statements are of the reported value and are recoverable and that the accounts are maintained in an efficient and economic manner (Lubabah, 2009; Irving, 2006; Kober *et al.*, 2007; and Wills, 2002).

According to Millichamp (2002), internal control is a comprehensive of controls, financial and otherwise, established by the board in order to ensure that the enterprise is run in an orderly and efficient manner, ensure management policies are adhered to, assets safeguarded also ensure that the records are complete and accurate. Kober *et al.*, 2007 define internal control as a process, affected by the entity's board of directors, management and other employees, designed to provide reasonable assurance regarding the achievement of objective in the following categories: effectiveness and efficiency of operations, reliability in financial reporting and compliance with applicable laws and regulations.

2.3.1 Establishment of Internal Control System

Attwood and Stein (1986) in Odei (2011) argue that every business has some kind of accounting system by which transactions are processed, recorded and maintained. (Millichamp, 2002) further states that administration put up an internal regulatory mechanism, either internally or indirectly by getting consultants, internal audit, or accounting personnel. Consequently, the administration is accountable for developing regulations so as to continue the works of the business in properly and efficiently, ensure observation of administrative policies, secure its properties and protect as much as practicable the wholeness and correctness of the documents. This role comes out of the trust bestowed on the administration. Direct regulations are developed to cater for the needs of the administration. However, though the establishment of direct regulation mechanism is purely an administrative responsibility and the internal audit responsibility adds abundantly development of the regulations. Because Internal Auditors are people in possession of the knowledge to assess the influence of any regulatory mechanism being put in place, whatever they come up with is important in developing functional systems to be used internally (Odei, 2011).

2.3.3 Components of Internal Control

According to Odei (2011), the Sponsoring committee of Organizations of the Tread way Commission (COSO, 1992; 1994), in its research on the reasons that contribute to falsifying monetary documents in the 19th C America, found that internal regulation is made up of five (5) things. These are extracted from the way the administration runs the enterprise, and are embedded within the administrative procedure. These are; the regulatory environment, Risk assessment, Communication and information mechanism, Regulatory Activities, and Monitoring

This consists of components such as transparency and ethics, board of governors or audit committee, administrative policies and the way things are done, business arrangement, human capital rules and norms and designation of power and roles. Even though many considerations go into regulatory issues, this factor is most importantly affected by the efficiency of the board of governors or audit committee. However, the efficiency of these components largely relies on their synergy with both the internal and external auditor. This means internal auditors are important to efficient regulatory environment (Odei, 2011).

This is the test of components that may interfere with the achievement of the set goals of the enterprise. As stated under direct regulation, the administration mostly styles direct regulations in a way that ensures it is effective and efficient, reliability of financial reporting and observance of rules and controls. Under the job description of the internal auditor, they must make sure that set goals are met, by conducting performance reviews and assessing of the functionality and efficiency of the regulations the way they are styled (Odei, 2011).

Relevant information should be noted, recorded and dispersed in a certain way and within a feedback range that allows users to carry out their work. Information mechanisms generate reports whose components are operational, financial and compliance, related information that make it possible to direct and regulate the enterprise (Odei, 2011).

Rules, regulations and methods that assist in making sure that administrative orders are implemented and they happen throughout the organization at all levels and in all responsibilities. They consist of many different things such as agreement, permission, checking, reconciliations, and reviews of work performance, protection of resources and separation of roles. Most of these can be achieved using the assistance of the internal audit role (Odei, 2011).

It is a method that evaluates the standard of the direct regulation mechanism over certain. Since direct controls are processes; and thus may require to be transformed over time. This be fulfilled through constant checking and administrative policies such checking of customer care as well as timely audits by internal auditors. Internal auditors verify and report on direct regulation mechanism and the efficacy that the various roles are performing their given functions. As per the Institute of Internal Auditors (IIA), internal auditors bring a systematic and controlled method to the assessment and enhancement of risk reduction activities and management process through verification of direct regulation and assessment of the quality of the regulations (Odei, 2011).

As per Autorite Des Marches Financiers (2010), the role for the creation of direct regulation rests wholly on the administration. But, direct regulation is an issue of worry to everyone, from the management institutions to the whole staff. Executive administration or the Administrative Board creates the direct regulatory mechanism. The stuff must be appropriately informed (Odei, 2011). The level of interaction of Boards of Governors or Supervisory Boards with regards to direct regulation is different from one enterprise to another. It is up to top Administration or the Administrative Board to communicate to the Board (or its audit committee when there is one) of the main components of the direct regulatory mechanism. Direct regulation is not subject to a set of methods nor simply to accounting and financial processes, nor does it embrace all of the initiatives taken by the executive bodies or by administration, such as outlining firm strategy, stating objectives, and administrative orders, and evaluating performance (Price, 2005; and Odei, 2011).

2.4 Checks and Balances for the CDF Processes Implementation.

(Price, 2005) states that corporate management and evaluation methods are aimed at safeguarding shareholders interest, which is the top priority of most enterprises. He therefore states that efficient direct regulations are important in ensuring that the stewardship functionality placed on the administration is performed effectively and efficiently by; safeguarding its assets against waste, fraud, and inefficiency; ensuring accuracy and reliability in accounting and operating data; securing compliance with the regulations of the business; and assessing the level of performance in all organizational units of the business to make sure that goals are met as set out.

Odei (2011) asserts that organizational checks and balances give authority responsibilities that reduce the possibility of waste, fraud, abuse and mismanagement. Thus, direct regulations act as a watchdog on behalf of the administration. it states that any enterprise, profit and non-profit alike, without effective direct regulatory mechanism is more prone to irregularities and errors such as waste, fraud, inefficiency, as well as fines for non-compliance with the set rules (Brewer and List, 2004; Chenhall, 2003; Kinney, 2000; Kober *et al.*, 2007; Doyle *et al.*, 2007).

2.5 Segregation of duties

Job division is very important to effective direct regulation since it lowers the risk of both erroneous and inappropriate actions. Generally, the approval responsibility, the accounting and reconciling responsibilities and the asset custody function should be separated among workers. When the responsibilities cannot be separated due to the size of the organization, a detailed internal check of related activities is required as a compensating regulatory activity. Job division prevents fraud because it requires collusion amongst persons to perpetrate a fraudulent act (Gituto, 2007).

2.6 Pitfalls of the devolved funds in Kenya

The Kenyan government has made sustained efforts to devolve most of its development projects over the past five years, key among them, the projects aimed at meeting the people's needs at the lowest government levels (Ogola, 2009). More precisely, in the year 2007-2008 budgetary allocations, more than Ksh 58 Billion went to devolved structures. One of the decentralized fund enacted by the Kenyan Parliament was Constituency Development Fund through the CDF Act 2003, which was later changed to CDF amendment act of 2007 and most recently CDF Act 2013(Ogola, 2009). The fund comprised of an annual budgetary allocation equivalent to 2.5% of all the government ordinary revenue collected in every financial year (CREAW, 2011). Constituency development fund is managed at both the national and the grass root levels (Ogola, 2009). At the national level there are constituency development fund Secretariate with the board and the constituency fund committees, while at the grass roots the fund is channeled through provincial administration structure under the District development Committee (DDC), Constituency Development Fund Committee (CDFC), Locational Development Committees (LDC), and the Ward Development Committees (WDC) (Ogola, 2009).

The potential pitfalls of the devolved funds as proposed by the Institute of Economic affairs –Kenya (2006) include; electoral populism versus the development planning -The citizen-state interface has been significantly changed over the past two decades through devolution of government and public service reforms. While the greater role played by devolution could be a positive factor, thinly or narrowly spread resources, expensive management structures, proliferation of functions and responsibilities and distorted incentives for example the electoral populism against development planning undermine the efficiency and effectiveness of

accountability of public spending. Particularly with respect to CDF and Local Authority Transfer Fund (LATF), governments funds are used to boost political strengths rather than in accordance with strategic development agendas (Gikonyo 2008; and Mwalulu and Irungu, 2007).

Secondly, there is the capacity of committee member's problem; devolution has established a new administrative level in which citizen participation has been fore grounded. But capacity of the committee members is still a hindrance. This is expressed principally through representative committees, where citizens, government representatives and other stakeholders jointly engage in the administration of public funds and development planning. Given that committees are always brought together for citizen participation, much more emphasis need to be laid on capacity building of committee members and streamline administrative tools such as the electoral processes, constitutions, and reporting channels. This applies not only to committees, but also to barazas, suggestion boxes, and accessibility of government offices. Synergy needs to be developed between committees and local sites of power and representation especially religious, women's groups & youth groups. Otherwise, committees will tend to support individual rather than collective interests, and be subject to malpractice (Awiti 2008; and Gikonyo 2008).

Thirdly there is the managerial and leadership problems in that alongside administrative and mechanical factors, behavioral dynamics also hinder the effectiveness of the governance mechanism and create hindrance to people participation. These include intimidation, exclusion and theft, which feed off ignorance and lack of empowerment. In order to address these issues of ignorance, massive civic education is needed on the nature of government provisions (funds and services), the channels of reporting, monitoring and management. Education and awareness will also help to deal with lack of empowerment or 'fear'. Fourthly there is also the pitfall of under

funded projects for example in the Kenyan context; devolution suffers from a number of factors that have accompanied current governance reforms (Awiti 2008; and Gikonyo 2008). Devolved funds are implemented in a top down fashion rather than being instigated from the bottom up by citizens actively claiming a greater role in governance systems, thereby derailing ownership and the extent of genuine citizen participation. Devolution processes are under-funded and under-capacitated undermining their effectiveness to deliver good governance. Devolved units lend support to normative power structures, even while shifting the focus of power from national to county levels (Hadiz, Cornwall and Coelho, 2007).

Other potential pitfalls are projects being white elephants where devolved funds were set aside for construction. However this leaves room for poor construction and unfinished buildings. Corruption cases and withheld information are also mentioned as barriers to the effectiveness of devolution (ANSA, 2009). The poor rating of devolution is an interesting finding, given that devolution has been designed to enhance the involvement of people in planning and execution. Next there is the problem of politics; there is the political angle that arises from the nature and administration of devolution. It's noted that CDF, LATF and other funds is a form of decentralization. However, in Zimbabwe Bulawayo, unlike in pure fiscal decentralization which is signaled by both taxes and expenditures (NYDT, 2011), CDF is a one sided affair since expenditure are not linked to the local taxes or fiscal effort. Such partial decentralization can associate with fiscal illusion which minimizes the level to which beneficiaries evaluate use of money. Simply, managers consider the funds as "free" and thus are not motivated to evaluate utilization of funds since they do not take into account the costs of the projects. It is therefore significant to investigate the evaluating aspects associated with CDF and the degree to which

constituency characteristics may influence fiscal illusion and therefore inefficacies (Awiti 2008; IEA 2006; and Gikonyo 2008).

Gikonyo (2008) contends that governance is a major concern for devolution in that the Acts of Parliament that have created some of the funds give excess power to the Member of Parliament (MP). Corruption has been witnessed in the usage of funds, such as some councilors/MPs making it a requirement that beneficiaries make give them part of the money before getting a fraction of the benefits due. CDF is seen as the most vulnerable in this aspect, followed by the HIV/AIDS and bursary funds, in that order. Political affiliations determine how resources are shared across constituencies/wards. There is no accountability and transparency because of compromised supervision and implementation roles. Implementation is another pitfall that is facing the devolved funds in that there is lack of knowledge by community members and fund administrators of their functions and responsibilities in the governance of funds has contributed to poor performance and in some cases a complete failure of the funds. Poor participation, particularly for minority groups, results in poor prioritization of projects and intern exclusion of most important projects.

The methods used for giving out secondary education bursary fund, for example has been found not to favor orphans, whose varying roles contribute to poor academic performance (Oyuke, 2007). No systems are in place to deal with projects such roads, water systems, and schools that may cut across constituencies entailing shared benefits. No clear systems are in place to avert multiplication of roles. Both CDF and the Ministry of Education offer education bursaries. There are also reported instances of a single project claiming support from different funds, with no checks to prevent 'double' accounting. Finally, there are difficulties in ensuring that all devolved funds reach all parts of the sub-counties or constituency in sufficient amounts

(Oyuke, 2007). At the same time all funds allocated are actually utilized instead of being returned to the source (Gikonyo 2008; Mapesa and Kibua 2006; Mwalulu and Irungu 2007).

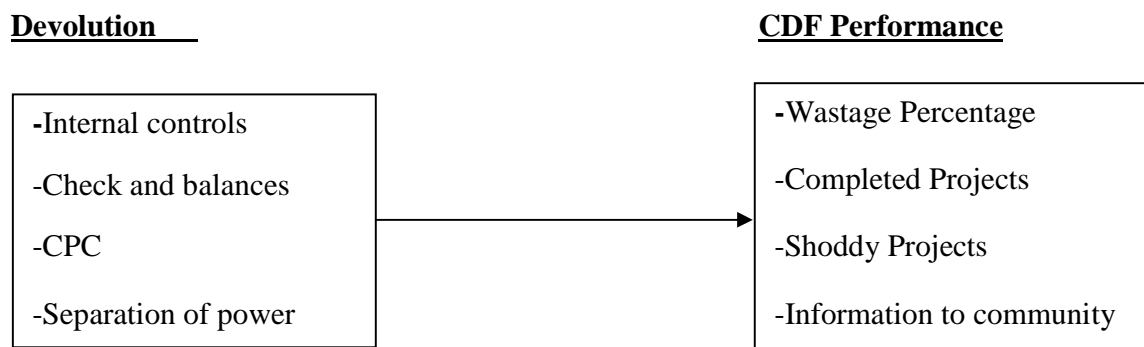
Others are the monitoring and evaluation of devolution in that there is a lack of professional and technical supervision, which has led to poor project quality. In addition, there is low community participation in evaluation due to the inadequacy of data and general information about the funds. The community members' misconception that CDF funds are free or are personal donations from politicians further complicates the matter (Oyuke, 2007). Poor monitoring and evaluation has led to misuse of funds and fostered a sense of impunity amongst the perpetrators. Effectiveness and efficiency of the funds is lacking in that allocations from the various funds are inadequate. In addition, tension between fund managers and technocrats over money management and remuneration has led to delays in the release of funds. Inadequate professional and technical support especially from Government departments has prevented funds from achieving their full potential, while lack of transparency in procurement systems has affected the cost-effectiveness of projects. Lastly, there has been increased dependency on these funds, especially in education (Mapesa and Kibua 2006).

Mwalulu and Irungu (2007), states that, political maximization versus the welfare maximization is another pitfall. CDF also has some direct political impacts. Political leaders may see CDF as an investment in their political futures with returns spread over the electoral periods. Simply, a politician would prefer projects that maximize political capital while voters would prefer projects that maximize welfare. These two goals may be in tandem but there are many instances where the constituency characteristics might result in divergence such that political capital is not equivalent to welfare maximization. To the extent that members of Parliament have a key function in the identification and implementation of the projects, we do expect

priorities to be influenced by political capital. Finally, there is a possibility that devolution could suppress local fiscal effort which has hitherto been through voluntary contributions for community development. Such displacement effect could be counterproductive and may actually weaken participation. Ideally, devolution of funds should not discourage local mobilization of development resources but should instead be complementary. In evaluating the efficiency and efficacy of devolution, it is necessary to investigate the extent to which the funds are complementing or substituting local resource mobilization source (Gikonyo 2008).

2.7 Conceptual Framework

FIGURE 2. Conceptual Framework



Source: Self Conceptualized

A properly instituted systems of internal control will ensure; completeness of all transactions undertaken by an entity, that the entity's assets are safeguarded from theft and misuse, that transactions in the financial statements are stated at the appropriate amounts, that all assets in the company's financial statements do exist, that all the assets presented in the company's financial statements are recoverable and that the entity's transactions are presented in

the appropriate manner according to the applicable reporting framework. Checks and balances give authority roles that reduce the possibility of waste, fraud, abuse and mismanagement. The CPC committees at the constituencies play an important function in ensuring that high levels of project implementation and ethical practices permeate throughout the activities surrounding the custody and use of these funds. By separating power and community participation C.D.F. can then be seen as a community driven development initiative that empowers local communities by giving them the chance to manage their development projects

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter encompasses the research methodology that was used in the field. It outlines the methods that was used for the study and adopts the following structure: research design, population and sample, population description, data collection methods, research procedures and data analysis and methods. Research methodology is a system of explicit rules and procedure upon which research is based and against which claims for knowledge are. It outlined the methods to be employed by the researcher in collecting, assembling and analyzing data.

3.2 Research Design

The study adopted a descriptive survey design which according to Churchill (1991) is appropriate where the study seeks to describe the characteristics of certain groups, estimate the proportion of people who have certain characteristics and make predictions. The study aimed at collecting information from respondents on the impact of devolution of government on the accountability of CDF focusing on constituency development fund with a view to establish strategies that may effectively improve service delivery, efficiency and accountability of CDF. Khan (1993) recommends descriptive survey design for its ability to produce statistical information about aspects of education that interest policy makers and researchers. Descriptive survey research designs are used in preliminary and exploratory studies to allow researchers to gather information and summarize, present and interpret data for the purpose of clarification (Orodho, 2003). According to Mugenda and Mugenda (2003) the purpose of

descriptive research is to determine and report the way things are and it helps in establishing the current status of the population under study. This design research involved both qualitative and quantitative, that is why descriptive approach is appropriate.

3.3 Target Population

A target population of all the CDFC member of the constituencies in Migori County was considered in this study. Migori County has eight constituencies namely Rongo, Awendo, Uriri, Suna East, Suna West, Nyatike, Kuria East, and Kuria West Constituencies. All Eight (8) constituencies with a population of 144 (18 from each constituency) CDFC members was targeted for the study.

3.4 Sampling and Sample Size

The basic idea of sampling is that by selecting some of the elements in a population, conclusions are drawn about the entire population. By studying the sample, and understanding the characteristics of the sample, it would be possible to generalize the properties or characteristics to the population elements. Sample size is the number of elements sampled for the study. Owing to the kind of data required for this study, the study selected a sample based on the purposive basis. In order to form part of the sample, out of a population 144 CDFC members, 5 members which include; chairperson, secretary, Member of Parliament, youth representative, women representative, were selected from each constituency making a sample size of 40. These members were selected for sampling since they had the understanding of the fund and its operation hence the need for purposive sampling.

3.5 Data Collection Procedure

The research was carried out using a questionnaire. A questionnaire consists of a number of questions printed or typed in a definite order on a form or a set of forms (Creswell, 2003). According to Mugenda and Mugenda (2003), a questionnaire was used to obtain information about the population. A sample of the questionnaire is attached (see appendix I) at the end of this study proposed. The researcher bore in mind how each questionnaire was analyzed. Its main purpose is to communicate to the respondent what is intended and to elicit desired response. The questionnaire was designed to contain both structured and semi structured questions.

According to Bryman (2001), structured questions enhance comparability of the answers, are easy for respondents to complete may clarify the meaning of a question for respondents and the answers are easy to process. Semi structured questions on the other hand are also preferred in that respondents can answer in their own terms, they allow unusual responses to be derived, they are useful for exploring new areas in which the researcher will have limited knowledge and finally questions do not suggest certain kind of answers to respondents.

Questionnaires work best with standardized questions that are interpreted the same way by all respondents. If worded correctly they normally require less skill and sensitivity to administer. The researcher after designing the questionnaire, it was distributed through a drop and pick later method to the respondents, three days was given to the respondents to complete the questionnaire after which they were collected by the researcher.

3.6 Data Analysis Techniques

The process of data analysis will involve coding and checking for any errors and omissions. Descriptive statistics will be used to present the findings. Responses in the

questionnaires was tabulated, coded and processed by use of a computer Statistical Package for Social Science (SPSS) version 17.0 programme which analyzed the data. Descriptive statistics was used which included the use of percentages, frequency, mean and standard deviation. The researcher also used inferential statistics which included; reliability test and multiple regression analysis. SPSS was used to run the statistical outputs.

Researcher used the most common internal consistency measure known as Cronbach's alpha (α). It indicated the extent to which a set of test items can be treated as measuring a single latent variable (Cronbach, 1951). The recommended value of 0.7 was used as a cut-off of reliabilities. Cronbach's alpha is a general form of the Kuder-Richardson (K-R) 20 formulas used to assess internal consistency of an instrument based on split-half reliabilities of data from all possible halves of the instrument. It reduces time required to compute a reliability coefficient in other methods (Mugenda & Mugenda, 2003).

The following model shall be adopted

$$\text{EQUATION 1: } Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where:

Y = Performance of CDF

β_0 = Constant Term

β_1 = Beta coefficients

X_1 = Role of CDC

X_2 = Internal control

X_3 = Checks and balance

X_4 = Separation of power

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETITION

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The results are presented on assumed role of devolved government on the performance of constituency development fund in Migori County. The data was gathered exclusively from questionnaire as the research instrument. The questionnaire was designed in line with the objectives of the study. To enhance quality of data obtained, Likert type questions were included whereby respondents indicated the extent to which the variables were practiced in a five point Likerts scale.

4.1.1 Response Rate

The study targeted to sample 40 respondents in collecting data with regard to assumed role of devolved government on the performance of constituency development fund in Migori County. From the study, 35 out of 40 sampled respondents filled in and returned the questionnaire contributing to 88%. This commendable response rate was made a reality after the researcher made personal visits to remind the respondent to fill-in and return the questionnaires.

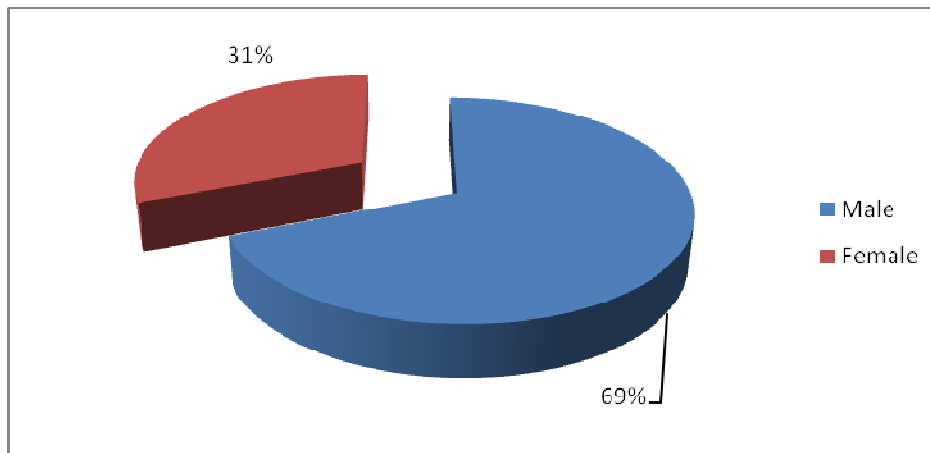
Table 3: Response Rate

Response	Frequency	Percentage
Responded	35	88
Not responded	5	13
Total	40	100

Source: Survey Data, 2013

4.2 Respondents Information

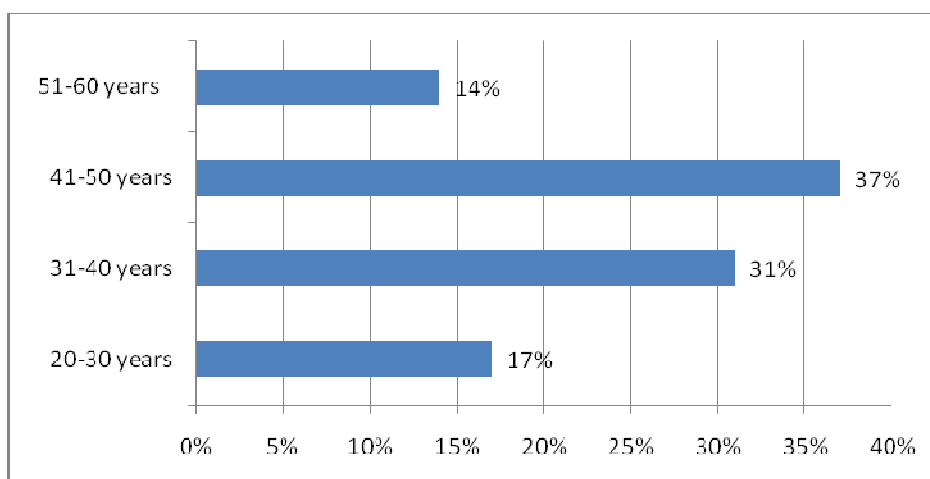
Figure 4:1: Gender of Respondents



The study aimed at investigating respondent's gender, 69% who were the majority were male while 31% were female. This indicates the men are still dominating in the management of CDF.

4.2.1 Age Bracket

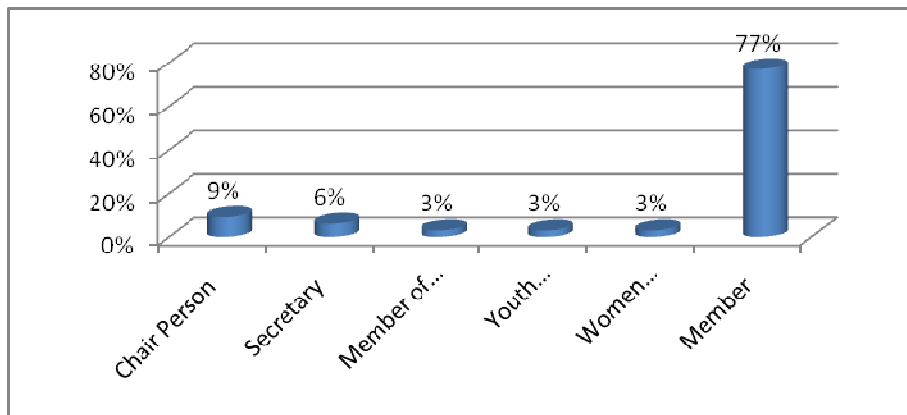
Figure 4:2: Age of the Respondents



On the respondents' age, the study found that the majority were between the age of 40-50 years range with a percentage of 68%, 17% were between the age of years 20-30 while 14% were between the age of 51-60 years.

4.2.2 Category of the Respondents

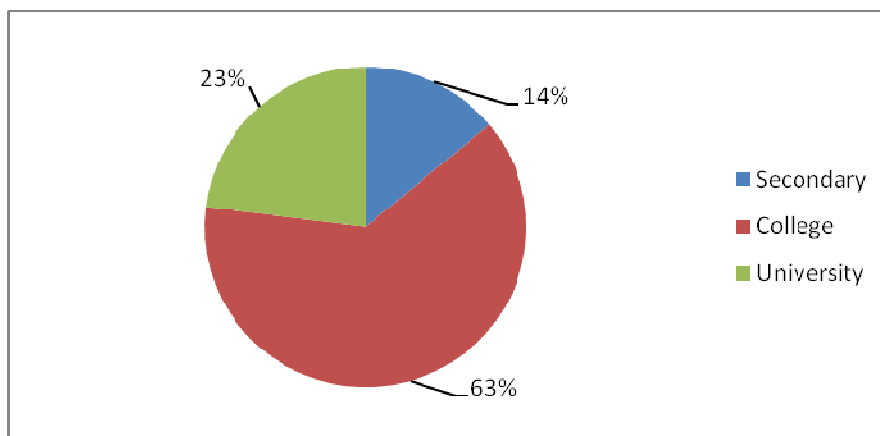
Figure 4:3: Category of Members



On the respondent's category in CDF 77% who were the majority were members, 9% were chair person, 6% were secretary, 3% were Member of Parliament, youth representative and women representative respectively.

4.2.3 Education Level

Figure 4:4: Education level



The study aimed at investigating the respondents education level according to the study 63% who were the majority were college graduates, 23% were university graduates and 14% had secondary school certificates.

4.2.4 Years Living in the Constituency

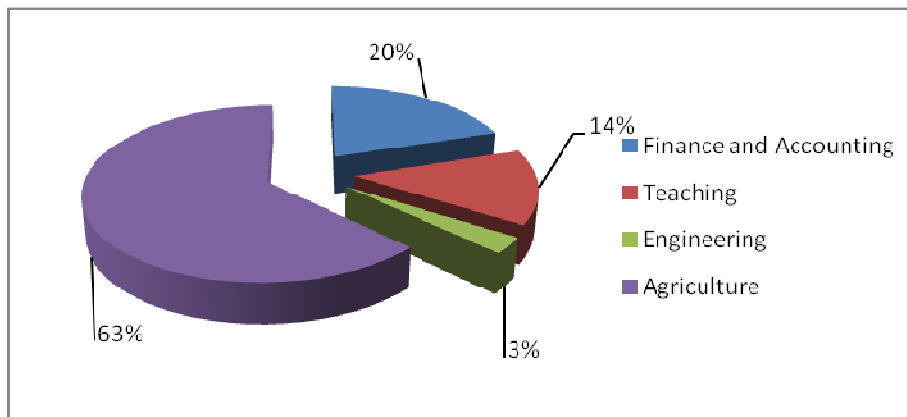
On the years respondents had in that constituency 77% who were the majority had stayed in the area for over 10 years, 14% had stayed for 6- 10 years and 9% had stayed for 0-5 years.

Table 4: Years living in the constituency

Years in the area	Frequency	Percentage
0-5 years	3	9
6- 10 years	5	14
Over 10 years	27	77
Total	35	100

4.2.5 Area of Specialization

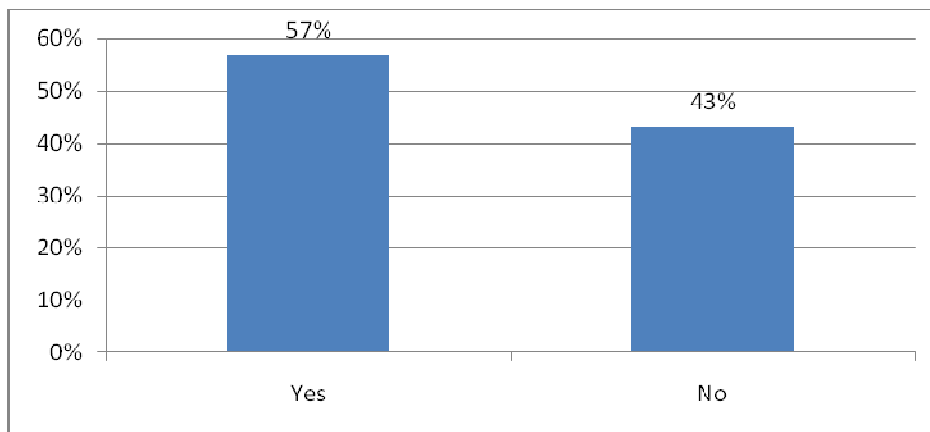
Figure 4:5: Area of specialization



On respondents area of specialization the study found that 63% who were the majority had specialized in Agriculture, 20% had specialized in Finance and accounting, 14% had specialized in Teaching and 3% had specialized in Engineering.

4.2.6 Political Party

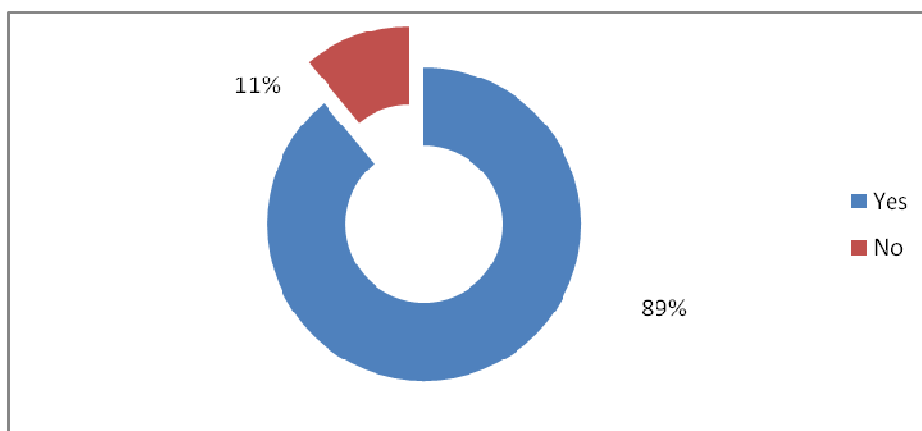
Figure 4:6: Political party



Respondents were asked on whether they belonged to any political party, 57% who were the majority indicated yes while 43% indicated no.

4.3 Challenges Facing CDF in Constituency

Figure 4:7: Challenges facing CDF in constituency



Respondents were asked on whether there were challenges facing CDF in the constituency, 89% who were the majority cited yes while 11% indicated no the findings are as shown by the figure above.

4.3.2 Selection of CPC Members

Respondents were asked whether they face challenges in the selection of CPC members in their constituency 57% who were the majority cited yes while 43% cited no.

Table 5: Selection of CPC members

Response	Frequency	Percentage
No	15	43
Yes	20	57
Total	35	100

4.3.3 Least Challenges

Those who responded yes to the challenges cited regulations set for selection to a more extent as shown by a mean score of 4.3067, relevant Acts of parliament was to a most extent as shown by a mean score of 4.3733, information flow was to a most extent as shown by a mean score of 4.3600, personal interest was to a most extent as shown by a mean score of 4.2400 while governor's contribution was to a less extent as shown by a mean score 3.3253.

Table 6: Least challenges

	Mean	Std. Deviation
Regulations set for selection	4.3067	1.09017
Relevant Acts of parliament	4.3733	.92668
Information flow	4.3600	.93923
Personal interest	4.2400	.89805
Governor's contribution	3.3253	.51667

4.3.4 CPC in Influencing CDF Operations

On whether respondents think that CPC can influence CDF operations 51% who were the majority indicated no while 49% indicated yes the results are as tabulated below.

Table 7: CPC in influencing CDF operations

Response	Frequency	Percentage
Yes	17	49
No	18	51
Total	35	100

4.3.5 Citizens Involvement

On whether the constituency involves citizens in selection and implementation of CDF projects, 77% who were the majority indicated yes while 23% indicated no.

Table 8: Citizens involvement

Response	Frequency	Percentage
Yes	27	77
No	8	23
Total	35	100

4.3.6 Selection Process

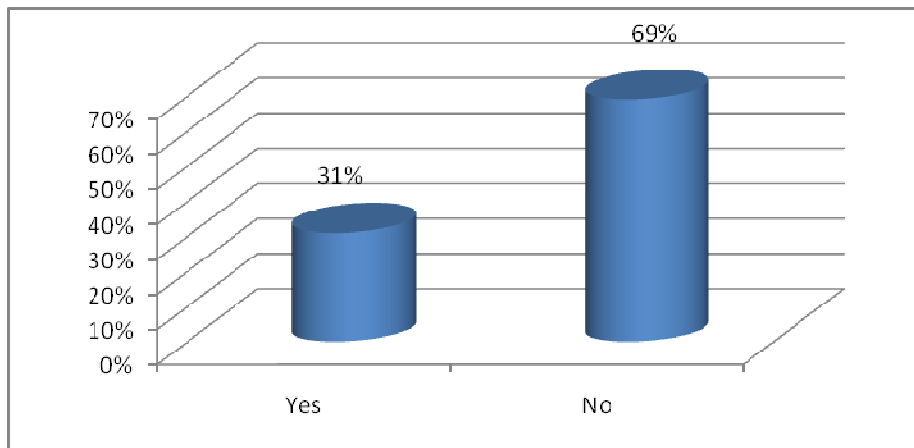
Those who cited no as their response indicated that the selection was done by member of Parliament as shown by 50%, selected individuals 25% and 25% for the County Governor.

Table 9: Selection process

Response	Frequency	Percentage
Selected individuals	2	25
The Governor	2	25
The MP	4	50
Total	8	100

4.3.7 Publishing and Publicizing of CDF Reports

Figure 4:8: Publishing and publicizing of CDF reports



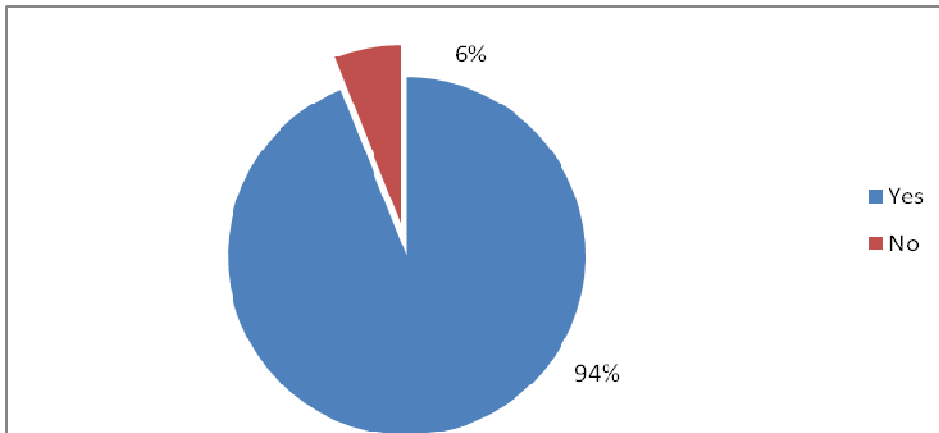
On whether CDF committee publishes and publicizes the CDF reports 69% who were the majority cited yes while a few 31% indicated no as their response.

4.3.8 Implementation of CDF Projects

Table 10: Implementation of CDF projects

Response	Frequency	Percentage
Procurement procedures	11	33
Government regulation	4	12
Political interference	8	24
Personal interests	10	30
Total	33	100

Figure 4:9: Implementation of CDF projects

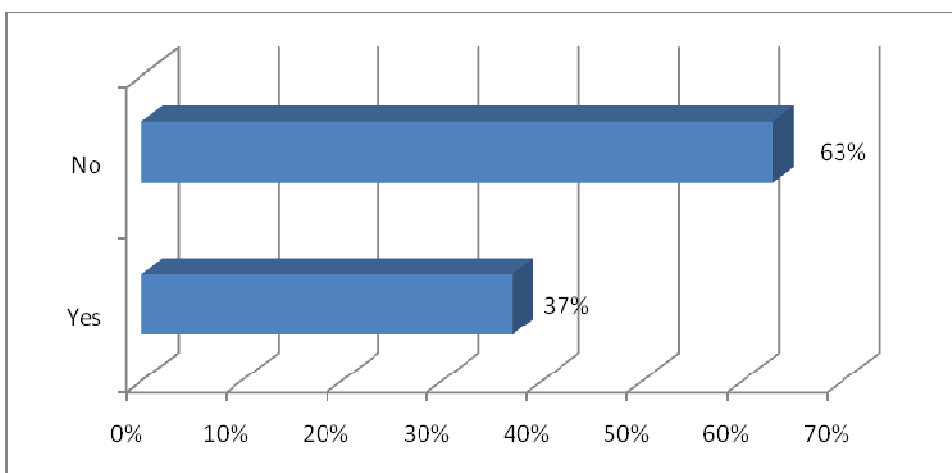


On respondents view concerning the publishes and publicizes the CDF reports and whether the problems are with the implementation of CDF projects 94% cited yes while 6% cited no as their response.

Those who indicated yes as their response problems like procurement procedures as shown by 33%, personal interests as shown by 30%, political interference as shown by 24% and government regulation as shown by 12%.

4.4 CPC Performance

Figure 4:20: CPC performance



On whether respondents thought that CPC was doing enough to improve the performance of CDF in your constituency 63% who were the majority indicated no as their response while 37% indicated yes.

4.4.2 Response in Allocation of Funds

On how respondents would rate the response time to request for allocation of funds 29% who were the majority indicated very low, 37% pointed out to be low, 23% indicated minimal, 9% cited high while 3% indicated very high as their response.

Table 11: Response in allocation of funds

Response	Frequency	Percentage
Very high	1	3
High	3	9
Minimal	8	23
Low	13	37
Very low	10	29
Total	35	100

4.4.3 Approving Decisions in Allocation of Funds

On rating the response time in approving decisions on allocation of funds 40% who were the majority indicated to be minimal, 31% cited to a very low extent, 17% cited Low, very high was shown by 9% while 3% cited high as their response.

Table 12: approving decisions in allocation of funds

Response	Frequency	Percentage
Very high	3	9
High	1	3
Minimal	14	40
Low	6	17
Very low	11	31
Total	35	100

4.4.4 Citizens Updated on Information of Projects

Respondents were asked the intervals in which citizens are updated and given information on projects, 31% who were the majority indicated semi annually and annually respectively, 26% indicated none, 9% cited they are updated quarterly while 3% indicated that they are updated weekly.

Table 13: Citizens updated on information of projects

Response	Frequency	Percentage
Daily	-	-
Weekly	1	3
Quarterly	3	9
Semi annually	11	31
Annually	11	31
None	9	26
Total	35	100

4.4.5 County Government Regulation

On whether respondents thought the county government regulation affects the performance of CDF 69% who were the majority indicated yes while 31% cited no as their response.

Table 14: County government regulation

References	Frequency	Percentage
Yes	24	69
No	11	31
Total	35	100

4.4.6 Regulations on Performance of CDF

Those who indicated yes as their response cited that county government regulations affects the performance of CDF greatly with 54%, 21% cited it's slightly affected, 13% indicated least affects, 8% cited significantly affects while 4% were not sure.

Table 15: Regulations on performance of CDF

Response	Frequency	Percentage
Greatly affects	13	54
Significantly affects	2	8
Slightly affects	5	21
Least affects	3	13
Not sure	1	4
Total	24	100

4.4.7 County Government Support

On how respondents would rate county government support to the management of CDF, 63% who were the majority rated them on average Support, 14% rated Strong support, 6% rated no support, 3% rated very strong/extensive support while 1% rated minimal support.

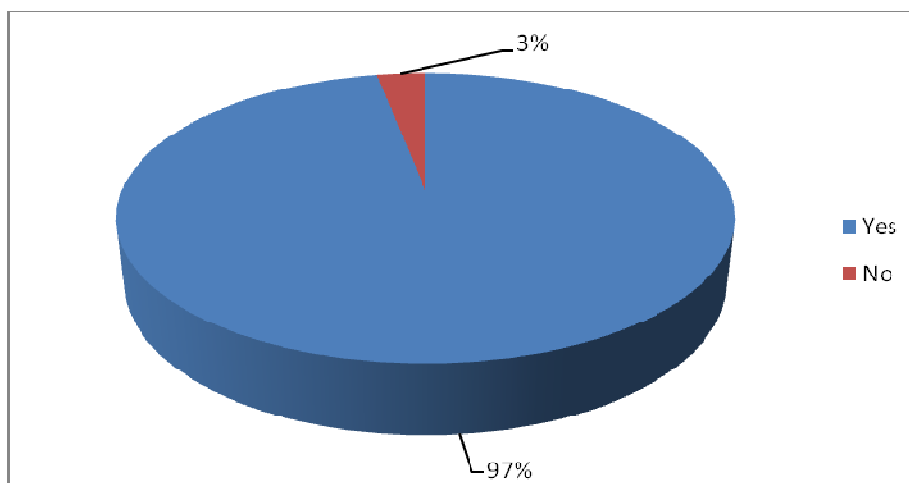
Table 16: county government support

Response	Frequency	Percentage
No support	2	6
Minimal support	5	14
Average Support	22	63
Strong support	5	14
Very strong/Extensive support	1	3
Total	35	100

4.5 County Project Committee on the accountability

4.5.1 Conflict of Interest on Oversight of CDF

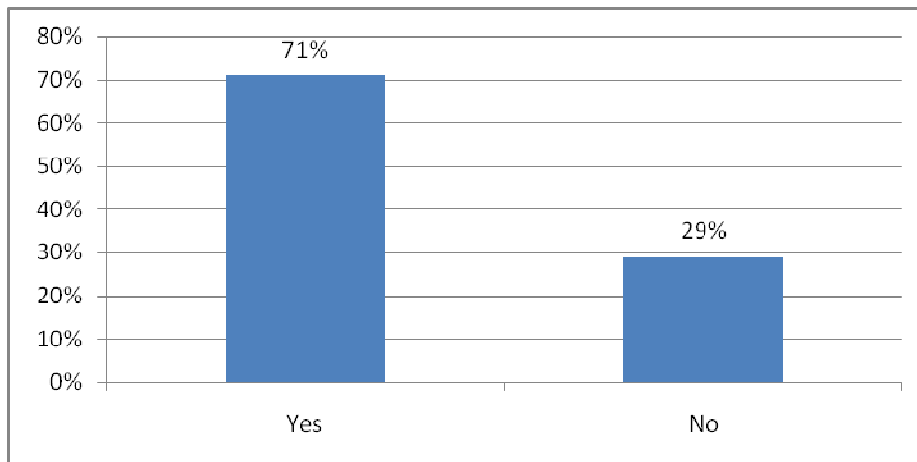
Figure 4:31: Conflict of interest on oversight of CDF



Respondents were asked on whether there exists conflict of interest on oversight of CDF 97% who were the majority cited yes while 3% cited no as their response.

4.5.2 Concentration of CDF Projects

Figure 4:42: Concentration of CDF projects



On whether some areas in the respondent's constituency concentrated with project 71% cited yes while 29% cited no as their response this is as shown by the figure above. Those who cited yes as their response indicated reasons like; personal interests as shown by a mean score of 52%, special programmes shown by 16%, political affiliation shown by 12%, demand by the residents shown by 12% and proximity to head office shown by 8%.

Table 17: Concentration of CDF projects

Response	Frequency	Percentage
Political affiliation	4	12
Proximity to head office	3	8
Personal interests	18	52
Demand by the residents	4	12
Special programmes	6	16
Total	35	100

4.5.3 Performance and Implementation of CDF

On rating the rate the performance and implementation of CDF in the past three years, number of projects completed respondents didn't know as shown by a mean score of 4.3289, number of on-going projects respondents didn't know as shown by a mean score of 4.1689, number of stalled projects respondents didn't know as shown by a mean score of 4.04887 the findings are as shown below.

Table 18: Concentration of CDF projects

Area of growth		Mean	Std. Deviation
Number of projects completed	Last twelve months	4.5600	.79253
	Last twelve months	4.3200	.90285
	Last twelve months	4.1067	1.10983
Total		12.9867	2.80521
Average		4.3289	0.93507
Number of on-going projects	Last twelve months	4.4267	.85698
	Last twelve months	3.9733	1.11468
	Last twelve months	4.1067	1.09758
Total		12.5067	3.06924
Average		4.1689	1.02308
Number of stalled projects	Last twelve months	3.6400	1.19277
	Last twelve months	4.0933	.93250
	Last twelve months	4.4133	.91671
Total		12.1466	3.04198
Average		4.048867	1.013993

4.5.4 Attributable of Improved Performance

On reasons attributable to the improved performance experienced 29% who were the majority cited monitoring and evaluation, 23% cited increased public participation, 17% indicated both competent staff and separation of power while 14% cited internal audit function.

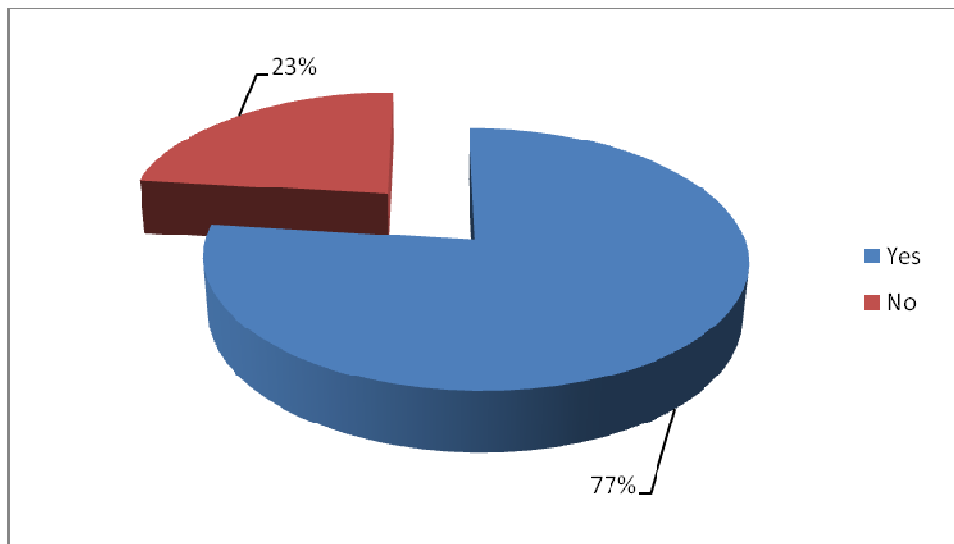
Table 19: Attributable of improved performance

Response	Frequency	Percentage
Competent Staff	6	17
Increased public participation	8	23
Internal audit function	5	14
Monitoring and evaluation	10	29
Separation of power	6	17
Total	35	100

4.6 Checks and Balances for the CDF Processes

4.6.1 Checks and Balances in CDF Operations

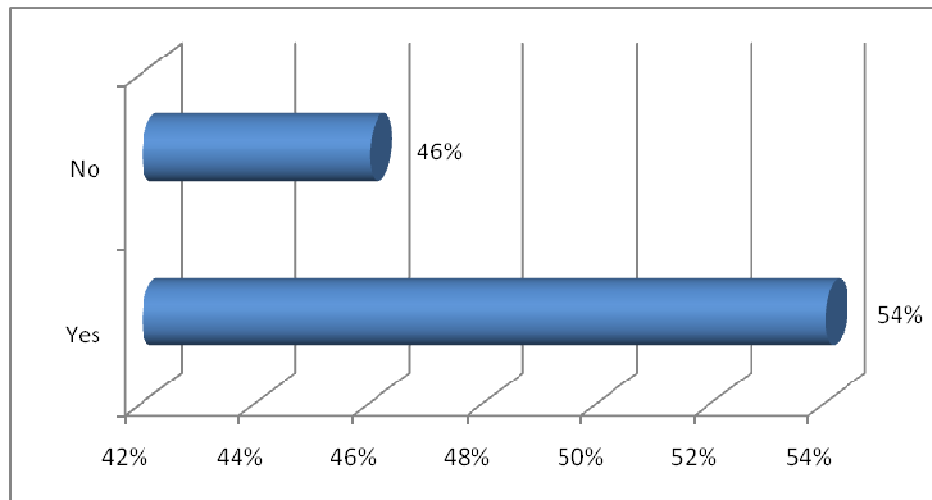
Figure 4:53: Checks and balances in CDF operations



Respondents were asked whether there are checks and balances in the CDF operations 77% who were the majority indicated yes while 23% indicated no. the findings are as tabulated above.

4.6.2 Constituency Legal Petition

Figure 4:64: Constituency legal petition



On whether respondent’s constituency faced any legal petition, 54% who were the majority cited yes while 46% cited no as their response. Those who cited yes as their response indicated the petition were mostly from other political parties as shown by 37%, civil societies as shown by 16% , individual constituents as shown by 47%

Table 20: Constituency legal petition

Response	Frequency	Percentage
Other political parties	7	37
Civil societies	3	16
Individual constituents	9	47
Total	19	100

4.6.3 Petition Faced the Constituency

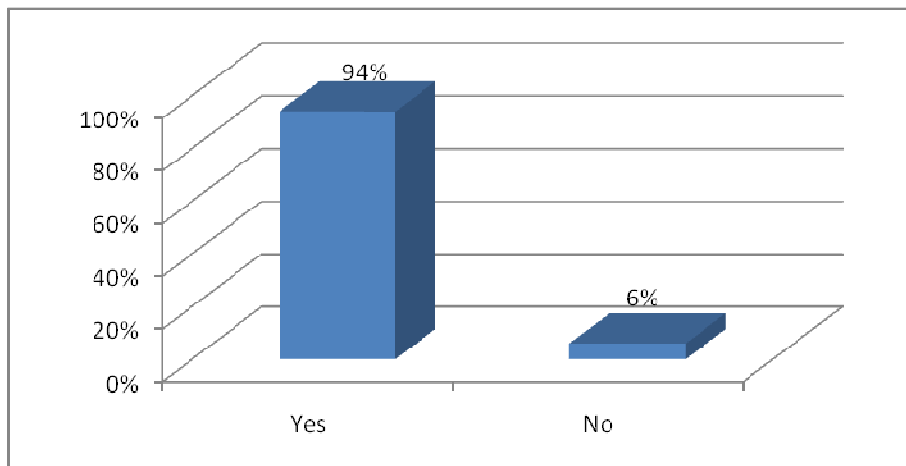
Respondents described the kind of petition faced in their constituency by 31% who were the majority indicating it was necessary, 20% cited it was very weak, 14% indicated it was very necessary, 14% indicated it was no petition, 11% indicated it was weak while 9% indicated it was fairly necessary.

Table 21: Petition faced the constituency

Response	Frequency	Percentage
Very necessary	5	14
Fairly necessary	3	9
Necessary	11	31
Weak	4	11
Very weak	7	20
No petition	5	14
Total	35	100

4.6.4 Lack of Transparency in CDFC Selection

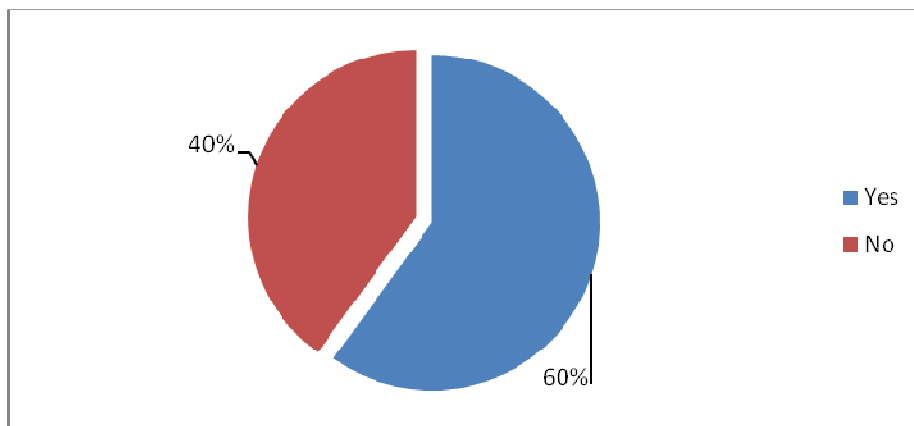
Figure 4:75: Lack of transparency in CDFC selection



On whether respondents would you consider lack of transparency in selection of CDFC members a challenge to CDF performance 94% who were the majority indicates yes while 6% cited no as their response.

4.6.5 Monitoring and Evaluation Model

Figure 4:86: Monitoring and evaluation model



On whether the constituency had a monitoring and evaluation model 60% indicated yes while 40% cited no as their response.

4.6.6 Compliance with Regulations and Procedures

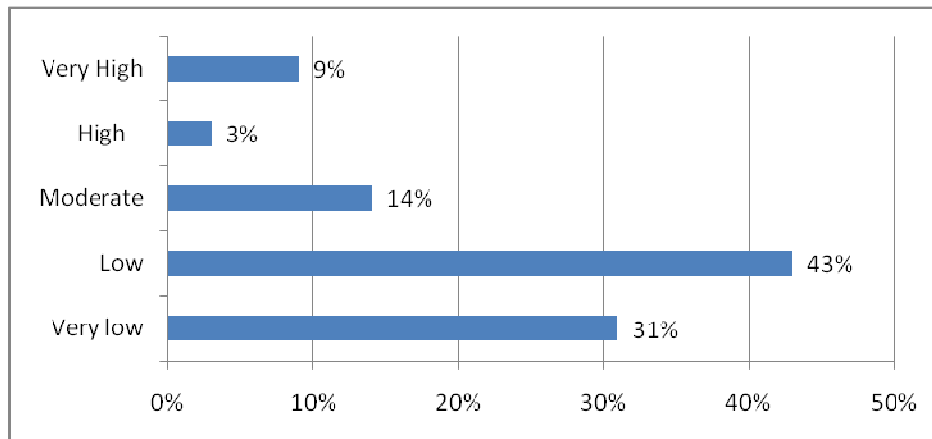
Those who cited yes as their response yes rated the effectiveness of the factors in the model in complying with regulations and procedures in that; composition of committees was highly effective as shown by a mean score of 4.49, operation manual was highly effective as shown by a mean score of 4.41, type of projects was highly effective as shown by a mean score of 4.28, allocation to projects was highly effective as shown by a mean score of 4.24 and the level of education was Moderately effective as shown by a mean score of 3.16 while relevant tender committees and project approvals were not effective as shown by a mean score of 2.25 and 1.44 respectively.

Table 22: Compliance with regulations and procedures

Regulations and Procedures	Mean	Std. Deviation
Operation manual	4.41	.916
Relevant tender committees	2.25	.973
Level of education	3.16	1.12
Type of projects	4.28	.923
Allocation to projects	4.24	.942
Composition of committees	4.49	.723
Project approvals	1.44	.757

4.6.7 Participation of County Governor

Figure 4:97: Participation of County Governor



Respondents ranked the participation of the County Governor in the activities of CDF as low shown by 43%, very low and very high both shown by 31%, moderate shown by 14% and high shown by 3%.

4.6.8 Distribution of Roles within the Act

On how respondents rated the distribution of roles within the Act between the Governor and the MP, 43% who were the majority indicated fair, 29% indicated good, 14% indicated very good, 9% indicated very poor and 6% were poor.

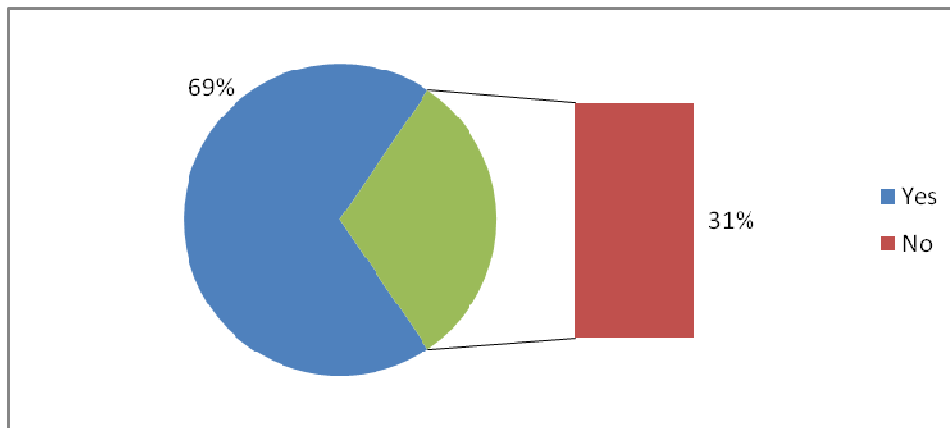
Table 23: Distribution of roles within the Act

Response	Frequency	Percentage
Very good	5	14
Good	10	29
Fair	15	43
Poor	2	6
Very poor	3	9
Total	35	100

4.6.9 Governor Role in CDF Management

According to 69% of the respondents who are the majority cited yes as their response while 31% indicated no.

Figure 4:108: Governor’s role in CDF management



4.6.10 Governor Role in CDF Performance

Respondents were asked whether they agree with statement that relate to role of Governor in performance of CDF. Respondents agreed that exclusion of Governors in the control of CDF affects the performance of CDF as shown by a mean score of 4.7067 as well they agreed that MP’s would want to retain CDF since they feel that this is the only way they can be appraised on performance as shown by a mean score of 4.5867.

Table 24: Governor’s role in CDF performance

Scale	Mean	Std. Dev
Exclusion of Governors in the control of CDF affects the performance of CDF.	4.7067	.63189
MP’s would want to retain CDF since they feel that this is the only way they can be appraised on performance.	4.5867	.65951

4.6.11 Objectives of Having CDF

In rating objectives of having CDF in its importance respondents cited CDF controls imbalance in regional development as least important shown by a mean score of 4.2133, CDF ensure citizen participation through project identification, implementation, M&E was important shown by a mean score of 3.0733, a shift from fund raising to national budget to priority projects was moderate shown by a mean score of 2.2000 and CDF change development focus from national to grass-root i.e. constituencies was least important shown by a mean score of 1.1200.

Table 25: Objectives of having CDF

	Mean	Std. Deviation
To control imbalance in regional development	4.2133	.82680
To ensure citizen participation through project identification, implementation , M&E	3.0733	.92959
To change development focus from national to grass-root i.e. constituencies.	1.1200	1.02614
A shift from fund raising to national budget to priority projects.	2.2000	.97260

4.7 Regression Analysis of the Findings

The researcher conducted a multiple linear regression analysis so as to determine the assumed roles of devolved government on the performance of constituency development fund: role of CDC, internal control, checks and balance and separation of power.

Table 26: Model Summary

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	0.843	0.742	0.724	0.4216

a) Predictors: (Constant), role of CDC, internal control, checks and balance and separation of power.

b) Dependent variable: Performance of CDF

The study used the R square. The R Square is called the coefficient of determination and tells us how the performance of CDF varied with role of CDC, internal control, checks and balance and separation of power. The four independent variables that were studied explain 74.2% of the factors affecting performance of CDF as represented by R Squared (Coefficient of determinant). This therefore means that other factors not studied in this research contribute 25.8% of the factors affecting performance of CDF.

Table 27: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.72	9	1.302	44.231	.000(a)
	Residual	3.432	31	0.066		
	Total	15.152	40			

a) Predictors: (Constant), role of CDC, internal control, checks and balance and separation of power

The study used ANOVA to establish the significance of the regression model from which an f-significance value of p less than 0.05 was established. The model is statistically significant in predicting how role of CDC, internal control, checks and balance and separation of power affect performance of CDF. This shows that the regression model has a less than 0.05 likelihood (probability) of giving a wrong prediction. This therefore means that the regression model has a confidence level of above 95% hence high reliability of the results.

Table 28: Coefficients Results

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.116	.186		0.623	.535
Role of CDC	0.577	.068	.559	8.478	.000
Internal control	0.157	.043	.257	3.676	.036
Checks and balance	0.082	.042	.301	2.252	.020
Separation of power	0.021	.002	.245	6.906	.001

a) Predictors: (Constant), Role of CDC, internal control, checks and balance and separation of power

b) Dependent Variable: Performance of CDF

The established regression equation was

EQUATION 2: $Y = 0.116 + 0.577X_1 + 0.157X_2 + 0.082X_3 + 0.021X_4$

The regression equation above has established that holding all factors (Role of CDC, internal control, checks and balance and separation of power) constant, factors affecting Performance of CDF will be 0.116. The findings presented also shows that taking all other

independent variables at zero, a unit increase in role of CDC will lead to a 0.577 increase in the scores of the performance of CDF. A unit increase in internal control will lead to a 0.157 increase in performance of CDF. On the other hand, a unit increase in checks and balance will lead to a 0.082 increase in the scores of the performance of CDF; and a unit increase in separation of power will lead to a 0.021 increase in the scores of the performance of CDF. This infers that role of CDC influences the performance of CDF most followed by checks and balance, internal control and then separation of power. The study also established a significant relationship between performance of CDF and the independent variables; role of CDC ($p=0.00<0.05$), internal control ($p=0.036<0.05$), checks and balance ($p=0.20<0.05$) and separation of power ($p=0.001<0.05$) as shown by the p values. The researcher dropped the regression model because $p>0.5$ and $t<1.96$. Therefore the restated model is as follows:

EQUATION 3: $Y=0.577X_1+0.157X_2+0.082X_3+0.021X_4$

4.8 Non-parametric correlation

A Spearman correlation is used when one or both of the variables are not assumed to be normally distributed. The values of the variables were converted in ranks and then correlated. The study correlated role of CDC, Internal control, checks and balance and the separation of power under the assumption that both of these variables are normal and interval.

CHAPTER FIVE

SUMMARY OF FINDINGS CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary of the findings from chapter four, and also it gives the conclusions and recommendations of the study based on the objectives of the study. The objectives of this study were to evaluate the role of internal controls and the ward representatives on the CDF performance, to assess the role of separation of power on the performance CDF, to determine the role of County Project Committee on the accountability and community participation on CDF performance and to establish the checks and balances for the CDF processes implementation.

5.2 Summary of the Findings

The study found that there were challenges facing CDF in the constituency majority cited yes, respondents were asked whether they face challenges in the selection of CPC members in their constituency majority cited yes, on whether respondents think that CPC can influence CDF operations majority indicated no, on whether the constituency involves citizens in selection and implementation of CDF projects majority indicated yes, on respondents view concerning the publishes and publicizes the CDF reports and whether the problems are with the implementation of CDF projects majority cited yes.

On Separation of Power the study found that thought that CPC was doing enough to improve the performance of CDF in the constituency majority indicated no, on how respondents would rate the response time to request for allocation of funds majority indicated very low, on rating the response time in approving decisions on allocation of funds majority indicated to be minimal, respondents were asked the intervals in which citizens are updated and given

information on projects the majority indicated semi annually and annually respectively, on whether respondents thought the county government regulation affects the performance of CDF the majority indicated yes and those who indicated yes as their response cited that county government regulations affects the performance of CDF greatly, on how respondents would rate county government support to the management of CDF majority rated them on average support. The study also found that there exists conflict of interest on oversight of CDF by majority citing yes, on whether some areas in the respondent's constituency concentrated with project majority cited yes, on reasons attributable to the improved performance experienced majority cited monitoring and evaluation.

The study further found that there are checks and balances in the CDF operations the majority indicated yes, on whether respondent's constituency faced any legal petition the majority cited yes, respondents described the kind of petition faced in their constituency by the majority indicating it was necessary, whether respondents would you consider lack of transparency in selection of CDFC members a challenge to CDF performance the majority indicates yes, respondents ranked the participation of the County Governor in the activities of CDF as low, on how respondents rated the distribution of roles within the Act between the Governor and the MP, majority indicated fair.

The regression equation above has established that holding all factors (Role of CDC, internal control, checks and balance and separation of power) constant, factors affecting Performance of CDF. The findings presented also shows that taking all other independent variables at zero, a unit increase in role of CDC will lead to an increase in the scores of the performance of CDF. A unit increase in internal control will lead to an increase in performance of CDF. On the other hand, a unit increase in checks and balance will lead to an increase in the

scores of the performance of CDF; and a unit increase in separation of power will lead to an increase in the scores of the performance of CDF. This infers that role of CDC influences the performance of CDF most followed by checks and balance, internal control and then separation of power. The study also established a significant relationship between performance of CDF and the independent variables; role of CDC, internal control, checks and balance and separation of power as shown by the p values.

5.3 Discussion of the Findings

The study endeavors' to find out whether devolution to county Government has a role in the performance of CDF. A number of studies have been done on the evaluation of performance of CDF with a view of understanding its operation and ultimately improving its performance. With the findings of the study and the findings of others, the traditional approach to operational management (status quo) leads to low performance (Mungai, 2009). Low involvement of the community, low informational flow and selective selection of CPMC are among the contributors to low performance of CDF (Oraro, 2011). All the studies reported that at least there is either wastage, unaccounted for funds or misused funds with the CDF (NTA, 2009).

Other studies looked at technical capabilities of the boards and the committees. The findings indicated that lack of technical knowledge in project management was a contributor and also low capacity with the PMC's on the understanding of the financial structure of CDF operations (Gikonyo, 2008). This can be considered neutral as the CDF Act does not consider academic and professional qualification but democracy in representation (NTA, 2009). The studies have not yet provided insights on how devolution to county Government will play a role on the performance of CDF. The findings indicated that things like confidence on the County

leadership and democratic selection of CDFC members largely contribute to improved CDF performance. Strong internal control systems and separation of power are recognizable factors that affect CDF performance.

5.4 Conclusions

From the study the researcher concludes that however there are CDF internal controls the CDF implementation process still faces challenges like mismanagement of funds and it's also affected by personal interest culprits being the CDF leaders. Citizens are allowed to take part in the selection of CPC members in their constituency which influences CDF operations to a great extent. Citizens were allowed to take part in the selection of CDF members and besides they receive publications of CDF reports.

On the role of separation of power on the performance CDF the study concludes that separation of Power are thought that CPC which improve the performance of CDF in the constituency, on request for allocation of funds were very low, on rating the response time in approving decisions on allocation of funds the study concludes it was minimal. On the intervals in which citizens are updated and given information on projects the study found it was semi annually and annually respectively and that the county government regulation affects the performance of CDF performance greatly.

The study concludes that role of County Project Committee impacted on the accountability and community participation on CDF performance to great extent in that there exists conflict of interest on oversight of CDF and that the CDF project concentrated on one area of the constituency although there were attributable improved performance experienced due to frequent monitoring and evaluation.

The study concludes that there are checks and balances set for the CDF processes implementation but the constituency faced legal petitions were necessary. There lacked transparency in selection of CDFC members which also challenge CDF performance. County Governor participation in CDF activities was ranked low however it was fair on the distribution of roles within the Act between the Governor and the MP.

5.5 Recommendations

The study recommends that internal controls should be improved in order to boost CDF performance by this it will assist in achieving management objectives of ensuring as far as practicable, the orderly and efficient conduct including adherence to management policies, the safeguarding of the project, prevention and detection of fraud and error, the accuracy and completeness of accounting records and the timely preparation of reliable financial information. The study also established that factors influencing completion of projects were insufficient funds and insufficient skills. The study therefore recommends that enough funds and skills should be allocated to projects

The study found that stakeholder involvement influence performance of CDF projects. The study therefore recommends that the constituents' should play a critical role in decision making because they are the beneficiaries of the projects and know well projects are beneficial to them. There is need for change of system to computerized systems, avoidance of political differences and interference if the CDF projects are to be successful. Proper bidding of tenders should be encouraged and tenders should be awarded to deserving persons. Transparency during awarding of tenders (avoidance of long bureaucratic tendering process) is fundamental to the success of the CDF projects. The committee should encourage community

participation, cooperation among committee members and auditing of complete project to access their worth.

5.6 Suggestions for Further Research

The study has explored the assumed role of devolved government on the performance of constituency development fund in Migori County. Further studies should be done on the factors influencing performance of Constituency Development Fund projects in other constituencies. A study should also be done on the factors influencing performance of other projects funded by for example Kazi kwa Vijana funds and other funds.

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APPENDIX

Questionnaire

INSTRUCTIONS

Thank you for taking time to complete this questionnaire. Kindly answer the following questions. The responses will be used for research purposes only, and will be treated with utmost confidence.

SECTION A: GENERAL

1. Name of your constituency (optional).....

2. Gender

Male

Female

3. Kindly indicate your age

a) 20-30 years []

b) 31-40 years []

c) 41-50 years []

d) 51-60 years []

4. Please indicate your category

a) Chair Person

b) Secretary

c) Member of Parliament

d) Youth Representative

e) Women representative

f) Member

5. What is your education level? (Tick as applicable)

- a) College
- b) University
- c) Other (Specify)

6. Years living in that constituency (Tick as applicable)

- 0-5 years 6- 10 years over 10 years

7. Kindly indicate your area of specialization.

- i) Finance and Accounting []
- ii) Teaching []
- iii) Engineering []
- iv) Agriculture []
- v) Others(Please specify)_____

8. Do you belong to any political party?

- Yes [] No []

Section B.

9. Are there any challenges facing CDF in your constituency?

- Yes [] No []

10. Are there any challenges in the selection of CPC members in your constituency?

- i) Yes []
- ii) No []

11. If yes, which of the following features contribute most or least to the challenges? Please tick appropriately.

	Least	Less	More	Most
Regulations set for selection.				
Relevant Acts of parliament.				
Information flow.				
Personal interest.				
Governor's contribution				

12. Do you think that CPC can influence CDF operations?

Yes [] No []

13. Does your constituency involve citizens in selection and implementation of CDF projects?

Yes [] No []

14. If No, who does the selection? Choose one from below.

i) Selected individuals []

ii) The Governor []

iii) The MP []

15. Does the CDF committee publishes and publicizes the CDF reports?

Yes [] No []

16. In your view, are there problems with the implementation of CDF projects?

Yes [] No []

If Yes, choose one of the below problems,

- (i) Procurement procedures []
- (ii) Government regulation []
- (iii) Political interference []
- (iv) Personal interests []

II)

17. Do you think that CPC is doing enough to improve the performance of CDF in your constituency?

Yes [] No []

18. How would you rate the response time to request for allocation of funds?

- i) Very high []
- ii) High []
- iii) Minimal []
- iv) Low []
- v) Very low []

19. How would you rate the response time in approving decisions on allocation of funds?

i) Very high

ii) High

iii) Minimal

iv) Low

v) Very low

20. At what intervals are the citizens updated given information on projects?

i) Daily

ii) Weekly

iii) Quarterly

iv) Semi annually

v) Annually

v) None

21. Do you think county government regulation affects the performance of CDF?

Yes [] No []

22. If yes, how would you say county government regulations affects the performance of CDF?

i) Greatly affects []

ii) Significantly affects []

iii) Slightly affects []

iv) Least affects []

v) Not sure []

23. On a scale of 1 to 5 how would you rate county government support to the management of CDF?

1. No support []

2. Minimal support []

3. Average Support []

4. Strong support []

5. Very strong/Extensive support []

III)

24. Do you think that there exists conflict of interest on oversight of CDF?

Yes [] No []

25. Are some areas in your constituency concentrated with project?

Yes [] No []

If Yes, what are some of the reasons,

i) Political affiliation []

ii) Proximity to head office []

iii) Personal interests []

iv) Demand by the residents []

v) Special programmes []

26. How can you rate the performance and implementation of CDF in the past three years?

Please indicate 1, 2, 3 or 4. 1= Has grown 2= Static 3= Declined 4= Don't know

Area of growth	Last twelve months.	Last twenty four months.	Last thirty six months.
Number of projects completed.			
Number of on-going projects.			
Number of stalled projects.			

27. Kindly give the reasons attributable to the improved performance experienced.

(Tick where applicable if more than one)

- a) Competent Staff []
- b) Increased public participation []
- c) Internal audit function []
- d) Monitoring and evaluation []
- e) Separation of power []

IV)

28. Do you think there are checks and balances in the CDF operations?

Yes [] No []

29. Does your constituency face any legal petition?

Yes [] No []

30. If yes, petition is mostly from

i) Other political parties []

ii) Civil societies []

iii) Individual constituents []

31. How would you describe the kind of petition faced in your constituency?

a) Very necessary []

b) Fairly necessary []

c) Necessary []

d) Weak []

e) Very weak []

f) No petition []

32. Would you consider lack of transparency in selection of CDFC members a challenge to CDF performance?

Yes [] No []

33. a) Does your constituency have a monitoring and evaluation model?

Yes

No

b) If your answer is yes, please rate the effectiveness of the following factors in the model in complying with regulations and procedures.

1. Not effective
2. Least effective
3. Moderately effective
4. Highly effective

i) Operation manual	1. <input type="checkbox"/>	2. <input type="checkbox"/>	3. <input type="checkbox"/>	4. <input type="checkbox"/>
ii) Relevant tender committees	1. <input type="checkbox"/>	2. <input type="checkbox"/>	3. <input type="checkbox"/>	4. <input type="checkbox"/>
iii) Level of education	1. <input type="checkbox"/>	2. <input type="checkbox"/>	3. <input type="checkbox"/>	4. <input type="checkbox"/>
iv) Type of projects	1. <input type="checkbox"/>	2. <input type="checkbox"/>	3. <input type="checkbox"/>	4. <input type="checkbox"/>
v) Allocation to projects	1. <input type="checkbox"/>	2. <input type="checkbox"/>	3. <input type="checkbox"/>	4. <input type="checkbox"/>
vi) Composition of committees	1. <input type="checkbox"/>	2. <input type="checkbox"/>	3. <input type="checkbox"/>	4. <input type="checkbox"/>
vii) Project approvals	1. <input type="checkbox"/>	2. <input type="checkbox"/>	3. <input type="checkbox"/>	4. <input type="checkbox"/>

34. How would you rank the participation of the County Governor in the activities of CDF?

i) Very low [] ii) Low [] iii) Moderate []

iv) High [] v) Very High []

35. How would you rate the distribution of roles within the Act between the Governor and the MP?

i) Very good []

ii) Good []

iii) Fair []

iv) Poor []

v) Very poor []

36. Do you think more could be done to increase role of the Governor in the management of CDF?

Yes [] No []

37. On a scale of 1 to 5 indicate whether you agree with the following statement in relation to role of Governor in performance of CDF.

Scale	5	4	3	2	1
	Strongly agree	Agree	Disagree	Strongly disagree	Not sure
Exclusion of Governors in the control of CDF affects the performance of CDF.					
MP's would want to retain CDF since they feel that this is the only way they can be appraised on performance.					

39. The following are some objectives of having CDF, Please indicate the order of their importance. Such that 1 is the most important and 4 is the least important.

(Tick the appropriate box)

	1	2	3	4
To control imbalance in regional development				
To ensure citizen participation through project identification, implementation , M&E				
To change development focus from national to grass-root i.e.				

constituencies.				
A shift from fund raising to national budget to priority projects.				

Thank you for your time!