COMMUNITY PERSPECTIVES ON ACCOUNTABILITY AND TRANSPARENCY IN THE MANAGEMENT OF LOCAL AUTHORITY TRANSFER FUND IN KENYA

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ABSTRACT

The Local Authorities Transfer Fund (LATF) is one of the funds that the Kenyan Government has decentralized to local authorities to supplement the financing of service delivery, enhance financial management and accountability, as well as reduce debts accumulated by the authorities. The purpose of this study was to assess and document community perspectives on accountability and transparency in the management of LATF resources. We sourced primary data from 162 community members, including opinion leaders and civil servants. The study found that participants were satisfied with community involvement in the planning and budgeting process (48.8%), enhancing accessibility of external auditor's reports (42.0%) and liability management (34.0%). However, they expressed dissatisfaction with indicators such as transparency in the procurement process (58.0%), management of Council assets (57.4%), publicization of expenditure reports (44.0%), cash flow management (42.0%), budget execution discipline (35.2%), accounting system (30.9%) as well as internal control and audit system (30.2%). The success of LATF largely depends on the Government's enforcement of existing regulations, identifying gaps and formulating additional controls, as well as taking public officers and political leaders through the change process. This will provide necessary safeguards against political interference and corruption in the management of LATF projects.

JEL: 016

KEYWORDS: Accountability, Transparency, Local Authority, Service Delivery, Decentralization, Fiscal Decentralization

INTRODUCTION

The Local Authorities Transfer Fund (LATF) was established through the Local Authorities Transfer Fund Act, No. 8 of 1998 (GoK, 1999), to achieve three objectives - improve service delivery, enhance financial management and accountability as well as reduce outstanding debts accumulated by local authorities (Kibua & Mwabu, 2008; Mboga, 2009). LATF is one of the public funds devolved to peripheral governance units, within the decentralization framework. As noted by Rondinelli (1999), decentralization entails the transfer of authority and responsibility for public functions from the central government to subordinate or quasi-independent public institutions as well as the private sector. Decentralization involves a combination of dimensions, including fiscal, administrative, political, and economic functions (Rondinelli, 1999; Cheema, 2007; Phillip, 2009). Public finance scholars have applied the concept in various fields, including public administration, economics, management science, law, and public finance, among others. Whatever the area of application, decentralization responds to limitations and challenges associated with centralized governance systems (Conyers, 2007).

Fiscal decentralization is one of the components of decentralized government functions, whose purpose is to improve efficiency in handling, management, expenditure, and accountability for public funds. As noted by Menon, Mutero, and Macharia (2008), fiscal decentralization involves the passing of budgetary authority from centralized governance systems to elected sub-national governments in the form of the power to make decisions on matters revenue and expenditure. Fiscal decentralization has four key attributes, including assigning clear expenditure and revenue responsibilities; intergovernmental fiscal transfer mechanisms from central to local governments; as well as authorization for borrowing and revenue mobilization through loan guarantees from the central government (Phillip, 2009). According to Wachira (2010), governments pursue fiscal decentralization to facilitate the participation of citizens in identification of community priorities, planning and budgeting, implementation as well as monitoring and evaluation. According to Bonoff and Zimmerman (2010), fiscal decentralization stems from the premise that local communities have the ability to prioritize projects in line with their needs, and that, local resources are easily accessible where community members are involved in development processes. In view of this, fiscal decentralization strengthens citizens' role in ensuring accountability and transparency in the management of public funds.

Decentralization is not a new concept in Kenya. The Government first proposed decentralization in the Sessional Paper No. 10 of 1965 on *African Socialism and its Application to Planning in Kenya*, with a view to strengthening the fight against poverty, disease and illiteracy (Chitere & Ireri, 2008). The Sessional paper marks one of the key initial attempts to decentralize development agenda and resources to the districts and local government authorities across the country (Kibua & Mwabu, 2008; Chitere & Ireri, 2008). In 1983, the Government introduced the District Focus for Rural Development (DFRD) mechanism as its official decentralization policy (Alila & Omosa, 1996; Chitere & Ireri, 2008). Under the DFRD framework, districts became the planning units for decentralized service delivery. However, performance of the strategy was constrained by various factors including limited involvement of communities in project cycle management (Chitere & Ireri, 2008).

As noted by Kibua and Mwabu (2008), decentralized development initiatives brings forth numerous benefits including increased community participation in decision-making, better governance, improved equity in resource sharing, improve the quality of government service delivery, as well as enhanced accountability in fund administration. More recently, decentralization was revisited in the *Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC) 2003-2007*, which stands out as the policy document providing a clear framework against which devolved funds are leveraged (Kibua & Mwabu, 2008; GoK, 2003). Fiscal decentralization framework is further set out in the *First Medium Term Plan (MTP) 2008-2012* (GoK, 2008), as well as *Kenya's Vision 2030* (GoK, 2010).

These policy efforts culminated to the establishment of various devolved funds, including LATF. The fund draws from the national revenues - 5% of the annual national income tax collection (Kibua & Mwabu, 2008; Mboga, 2009). The allocation criteria are designed to ensure consistency, fairness and transparency, as follows: a basic minimum lump sum of KES 1.5 million (6.6%) is shared equally among the country's 175 local authorities, while 60% of the fund is disbursed according to relative population sizes of local authorities. The Government allocates the remaining 35.4% subject to local authorities meeting set financial management and accountability criteria (Kibua & Mwabu, 2008; Mboga, 2009). The money disbursed through LATF supplements local authorities' revenues; it forms about one-quarter of local authority revenues (Kibua & Mwabu, 2008; Mboga, 2009).

In order to access LATF resources, local authorities are required to have action plans, known as Local Authority Service Delivery Plans (LASDAP), which are prepared through participatory processes, involving various stakeholder groups and community members. LASDAP specifies prioritized projects and activities for which the Government and local authority funds should finance. The participatory approach amplifies local communities' voice in project identification, planning, monitoring, evaluation, and accountability processes, as well as nurture ownership of LATF projects (Kibua & Mwabu, 2008; Menon et al., 2008; Bonoff & Zimmerman, 2010).

Furthermore, LASDAP anchors on key pillars focusing on poverty reduction line with the *Poverty Reduction Strategy Paper (PRSP)* and the *Economic Recovery Strategy (ERS)* whose priority areas include health, education, and infrastructure and upgrading of informal settlements (Mboga, 2009). The concept behind the LASDAP is to match all expenditure by local authorities to the needs of a local authority area; thus, avoid spending scarce resources on areas that are not of high priority (Institute of Economic Affairs [IEA], 2005). Local authorities adopt completed plans as a resolution, before submission to the Ministry of Local Government (MoLG). It is however, the responsibility of stakeholders to hold councilors and chief officers accountable for LASDAP's implementation; hence, the primacy of their monitoring role (Kibua & Mwabu, 2008; Mboga, 2009).

The MoLG encourages accountability and transparency by disbursing 60% of LATF upon submission of necessary budgetary and technical proposals. The Ministry further emphasizes performance by distributing the remaining 40% of the funds based on LASDAP's performance metrics, such as revenue enhancement strategies (Bonoff & Zimmerman, 2010). In the event of delayed delivery of reports, local authorities are subject to penalties: 15% loss of allocated funds for late filing of returns of up to 30 days, 40% of allocations for lateness of between 31 and 60 days late, and complete loss of LATF for local authorities whose documents are more than 60 days late (GoK, 1999; Bonoff & Zimmerman, 2010).

Furthermore, accountability improves through legal provisions for transparency to citizens. In this regard, the central government requires local authorities to publicize funds received each year through national newspapers. Besides, local authorities are required to hold annual budget days in the month of June, which provide forums to discuss revenues and expenditures for previous financial years and planned budgets for subsequent financial years with citizens (GoK, 1999; Bonoff & Zimmerman, 2010). Accountability is the obligation of public officers and elected leaders to take responsibility for their actions and decisions (World Bank, 2005). On the same note, Jalal (1999) perceives accountability as a process of holding public office bearers responsible for their performance, actions, and consequences of their decisions. Accountability in the management of public resources is a right to citizens and an obligation to those bearing the responsibility of managing such resources (Jalal, 1999).

There exist conflicting opinions regarding the point at which public servants should account to stakeholders. According to Ackerman (2004), whereas some scholars perceive accountability as an *ex-post* phenomenon, others argue that accountability measures should apply before, during and at the end of office tenure. Whatever the timing, accountability remains the cornerstone for good governance and democracy (World Bank, 2005). Social accountability mechanisms are potentially the most powerful tools against public sector corruption; involving citizens in the project cycle is an important strategy for initiating a strong oversight authority for the management of public resources in decentralized public institutions, including local authorities (World Bank, 2005). Accountability is an important component of empowerment for poor community members, poverty reduction, and sustainable development. Shende and Bennett (2004) note that the level of poverty significantly associates with lack of accountability and responsiveness to citizens' needs. Without accountable governance, poor citizens are likely to suffer most due to constrained service delivery (UNDP, 1996).

Furthermore, transparency denotes free access to all information about decisions, expenditures, revenues, and other activities of public institutions. Premchand (2001) notes that transparency enables stakeholders, including citizens, community-based organizations, service providers, civil servants, political leaders and development partners, among others to access and appreciate information published data on public finances, annual accounts as well as investigative and other general reports prepared by independent agencies (Shende & Bennett, 2004). Transparency is achievable in institutions where reliable information on government's fiscal policy intentions and forecasts is accessible consistently at minimal or no effort (Premchand, 2001). According to Singh, Rahim & Ray (2006), transparency connects closely to accountability. Enhancing accessibility of institutional information to stakeholders is a sure way of making public officers accountable and answerable for their decisions. Similarly, UNDP (1996) notes that the level of accountability depends on how much relevant information about public expenditure is accessible the general public, as well as how well members of the public can analyze the information and develop action-oriented conclusions. Access to such information enables citizens to evaluate the intentions of central or local governments, which in turn, reinforces discipline in handling and management of public resources (UNDP, 1996)

The International Monetary Fund (IMF) has set out four principles that define what transparency should entail in public institutions. In this regard, public institutions may improve transparency by ensuring: public availability of comprehensive information on financial stocks and flows; public availability of information on budget preparation and execution; financial data meeting accepted quality standards and subjected to independent audit scrutiny (IMF, 2001). The audit process often results into financial reports, which should be available to the public to improve transparency (Premchand, 2001).

Fiscal transparency is essential for sound economic governance. As noted by Shende and Bennett (2004), transparency should result in better-informed public debate about fiscal policy objectives; thus, strengthen the credibility of macroeconomic policies. For this matter, Singh, Rahim, and Ray (2006) asserts that developing the culture of transparency is key for efficient allocation of resources and effectiveness of public fiscal policies. According to Premchand (2001), transparency helps the general public and market participants to hold public officers accountable for their policy decisions, while Shende and Bennett (2004) point out that an important underlying objective of improved transparency is to reduce corruption. According to Hondeghem (1998), public institutions characterized by high degrees of transparency have exhibited greater degree of fiscal discipline and have achieved robust economic performance.

In Kenya, the demand for accountability and transparency in the management of public resources has been gaining momentum over the past two decades (Nyangena, Misati & Naburi, 2010). While the country's budgetary portfolio has been increasing every financial year, accountability for the resources allocated to decentralized public institutions has been a key challenge (Mwawashe, 2010). In the financial year 2012/13, various public institutions, including local authorities could not account for about KES 300 million, particularly due to inadequate enforcement of regulatory frameworks, as well as politically influenced corruption. A review of pertinent literature reveals that various studies, including Smoke (2000), IEA (2005), Kageri (2010) and Nyangena et al. (2010) have documented issues associated with financial management practices in Kenyan local authorities. However, none of the studies explicitly brought out information about community perspectives on the accountability and transparency in the management of LATF resources. This study adopted a social audit approach to assess community perspectives about various indicators of accountability and transparency in the management of LATF resources by Siaya Municipal Council. We have organized the remainder of the paper into four key sections, including literature review, data, and methodology, results, as well as concluding comments, which include limitations and further research.

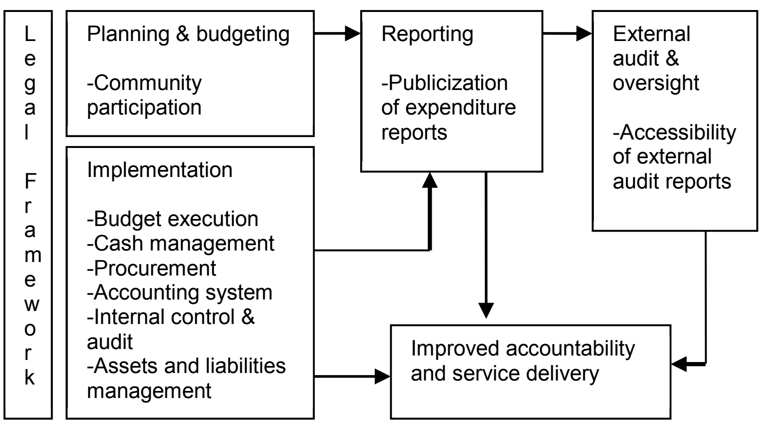
LITERATURE REVIEW

A strong public financial management system is the key to achieving development objectives and an efficient service delivery system in public institutions, including local authorities (Singh et al. 2006). The public financial management and accountability framework, in Figure 1 indicates key linkages between legislative, budgeting, implementation, reporting, and oversight processes in public institutions. Decentralized public funds such as LATF are established and regulated through various statutes, whose goal is to enhance accountability, transparency, as well as service delivery. Although such statutes may provide a watertight framework for financial management and reporting, enforcement remains a key challenge in many developing countries, including Kenya. Community involvement in the planning and budgeting process is critical for fiscal accountability and transparency in public institutions. According to Wagle and Shah (2001), community involvement in the entire project management cycle provides an omnipresent oversight authority, which in turn, is likely to improve accountability and transparency.

Annual budgets are typically the legal authority for spending public funds; hence, involvement of community members in the budgetary process is paramount in enhancing accountability and control at various levels of operations (Shende & Bennett, 2004). Laws, regulations, and codes of conduct are insufficient on their own, unless public institutions translate them into action. Consequently, adherence to fiscal regulations is often a challenge to many local authorities (Wagle & Shah, 2001; Shende & Bennett, 2004). Changing social mindsets is important for laws, regulations and codes of conduct to facilitate the achievement of desired results (Hondeghem, 1998).

An effective public financial management system should have in place measures to encourage strict implementation of budgetary items, monitoring and intermittent reviews. More still, public institutions require accounting systems that are complete, accurate, and valid. Such systems should facilitate the preparation of truthful performance reports and provide statements of financial status. For this matter, a computerized accounting system may be more advantageous in enhancing accountability than a manual system (Shende & Bennett, 2004). As noted by Singh et al. (2006), in a manual accounting system, the multiplicity of registers and limited capacity of staff generally often results in accounts remaining in arrears for several years. Furthermore, Andrea, Lucas and Pasteur (2000) point out that sound accounting control systems can make the greatest contribution to the reliability of fiscal data, and are the starting point for ensuring the integrity of the recording and reporting processes.

Figure 1: Public Finance Management and Accountability Framework



This Figure shows that analytical framework, which we have adapted and modified from Singh et al. (2006). The Figure indicates linkages between the legislative framework that establishing and regulating public funds in a decentralization context; planning and budgeting processes, which often result to action plans; implementation, reporting and external oversight processes in public institutions. The Figure further outlines indicators of accountability and transparency.

The existence of strong cash flow management systems also improves accountability and transparency in public institutions. Whereas, excessive liquidity is likely to create opportunity for leakages and non-prioritized spending, cash constraints may cause discontinuation of projects and stifle service delivery. More still, procurement of goods, services and works is a key area that is vulnerable to abuse and loss of public funds. Strict adherence to procurement regulations is perhaps the most important indicator of accountability and transparency in public institutions (World Bank, 2005). Public institutions should have clear and effective policies, systems, and procedures for internal control and audit. Shende & Bennett (2004) indicates that internal control includes administrative procedures governing decision-making processes as well as accounting procedures for governing the reliability of financial records. Public institutions should have functioning internal audit departments and standing committees, whose functions should include scrutinizing fiscal accounts at each level and ensuring compliance with budgetary priorities. According to the International Organization of Supreme Audit Institutions (INTOSAI), the objectives of internal control systems are to promote orderly, economical, efficient, and effective operations as well as safeguard resources against mismanagement, errors, or fraud. Internal control systems also encourage adherence to regulations, maintenance of reliable financial and management data, as well as timely disclosure of financial reports (Shende & Bennett, 2004). Effective internal control systems must be appropriate, consistent and cost-effective (Singh et al., 2006).

Public institutions should also have in place proper policies, procedures, and database of assets, which should inform decision-making in capital investments. The management of institutional assets and liabilities is an indication of the level of accountability. Furthermore, accountability and transparency anchor on fiscal reporting and dissemination to stakeholders, including taxpayers and voters (Singh et al., 2006). Accountable and transparent institutions should have regular and consistent fiscal reporting as part of institutional culture. Furthermore, such institutions should have in place clearly defined systems for timely and independent external audit, whose reports should be accessible to stakeholders and partners (Singh et al., 2006). Besides, involving community members in the project cycle is important for external oversight, which associates with high levels of accountability in public institutions (Andrea at al., 2000).

DATA AND METHODOLOGY

We applied the cross-sectional survey design to guide the research process, including planning, training and pretesting, data sourcing, data processing and analysis, as well as reporting. The study targeted community members, opinion leaders and civil servants in Siaya Municipality. For a period of 10 days, we contacted 200 potential participants. However, only 162 (81.0%) met the inclusion criteria; and we issued them with self-administered questionnaires. We collected primary data in the month of June 2011 and the process involved identification and prequalification of potential participants, consenting, questionnaire issuance and follow-up. Whereas some participants completed the questionnaire on the spot, we gave others two days to provide their perspectives on various indicators of accountability and transparency in management of public funds. We applied purposive and snow-ball sampling procedures to select potential participants. In this regard we selected key opinion leaders and civil servants who demonstrated awareness about Local Authority Transfer Fund (LATF) and who had either participated in Local Authorities Service Delivery Plan (LASDAP) planning and budgeting processes or had ever engaged in formal business with Siaya Municipal Council, in their capacity as government officers or personal capacity as suppliers of goods, services or works.

As part of prequalification for participation, we engaged participants in informal interviews to gauge their knowledge about operations of the local authority. We used a self-administered questionnaire with structured and semi-structured questions to source the data. Furthermore, we employed quantitative and qualitative techniques to process and analyze the data. Quantitative analysis generated frequency distributions with percentages and cross-tabulations, we also transcribed, clustered into nodes and explored qualitative data for perspective patterns about the selected accountability and transparency indicators. Detailed description of the design and approaches that we used in this study are available in following publications, including Nachmias & Nachmias, 1996; Bryman & Cramer 1997; American Statistical Association, 1999; Owens, 2002; Rindfleisch, Malter, Ganesan & Moorman, 2008.

RESULTS

We sourced the requisite information from 162 community members, including opinion leaders and civil servants. We present these results under two sub-sections, including information on participants' background profile in the first sub-section as well as community perspectives about the accountability and transparency indicators in the second sub-section. In this regard, Table 1 provides a summary of participants' socio-economic profile, where it may be noted that participants included 120 (74.1%) men and 42 (25.9%) women, suggesting that men were probably more aware and more involved in LATF activities than women. Besides, the participants reported ages ranging from 25 to 65 years, with majority, 56 (34.6%) being in the 40-49 years bracket and about one-third, 49 (30.2%) falling between 30 and 39 years. The results in Table 1 further show that most participants had attained at least secondary education. More specifically, 81 (50.0%) reported having college training, 56 (34.6%) had attained secondary education, while 22 (13.6%) were university graduates. Regarding occupation type, the results show that most participants, 72 (44.4%), were businessmen and women, while 21 (13.0%) were politicians, including serving and retired councillors.

Table 1: Socio-Economic Profile of Participants

Participants Attributes	Frequency	Percent
Gender		
Male	120	74.1
Female	42	25.9
Total	**162**	**100.0**
Age		
20-29 years	37	22.8
30-39 years	49	30.2
40-49 years	56	34.6
50 years+	20	12.3
Total	**162**	**100.0**
Education level		
Primary	3	1.9
Secondary	56	34.6
College	81	50.0
University	22	13.6
Total	**162**	**100.0**
Occupation		
Civil servants	12	7.4
Business	72	44.4
Faith leaders	7	4.3
Politicians	21	13.0
Teachers	12	7.4
Farmers	10	6.2
Lecturers	3	1.9
Healthworkers	8	4.9
Retired civil servants	6	3.7
Community health workers	7	4.3
NGO worker	4	2.5
Total	**162**	**100.0**
Average monthly income		
<KES 20,000	5	3.1
KES 20,000-39,000	34	21.0
KES 40,000-69,000	44	27.2
KES 70,000-99,000	33	20.4
KES 100,000+	46	28.4
Total	**162**	**100.0**

Presented in this Table is the distribution of participants with regards to socio-economic attribute, such as gender, age, educational attainment, occupation and average income level. Participants included insiders such as Ministry of Local Government staff, Council staff as well as serving and retired councilors. The purpose is to show the caliber of the people whose perspectives about the financial management and accountability systems existing at the time of the study, we have documented in this paper.

In addition, among the participants were 12 (7.4%) civil servants sampled from MoLG, Municipal Council, District Treasury, Ministry of Water and Irrigation, District Tender Committee and Ministry of Health. Participants also include 12 (7.4%) primary and secondary school deputy and head teachers, 10 (6.2%) farmers, 8 (4.9%) health facility staff, and 7 (4.3%) faith leaders, among others. Furthermore, participants reported average monthly incomes ranging from KES 18,000 to KES 166,000. More specifically, 46 (28.4%) participants stated average incomes of at least KES 100,000, 44 (27.25) were in the KES 40,000 to 69,000 income group, while 34 (21.0%) stated average incomes ranging between KES 20,000 and 39,000. These results suggest that the study included participants with good educational, income background, as well as general awareness about functions of the Council vis-à-vis the management of LATF resources. The next sub-section presents results related to community perspectives on the accountability and transparency systems for managing LATF resources at the Council. Involvement of community members in the planning and budgeting processes is important for ensuring that LATF projects match with pressing community needs; thus, set good footing for community ownership of such projects. In view of this, we requested participants to indicate their perspectives on community involvement in planning and budgeting processes. Table 2 indicates that 76 (46.9%) participants rated community involvement as 'good', while 65 (4.1%) described the same as 'fair'. Cumulatively, about one-half (48.8%) of the participants expressed affirmative perspectives about community involvement in the stated processes.

Participants indicated that involvement of community members in LATF planning and budgeting processes was necessitated by guidelines provided by the MoLG, which require communities to be involved in the formulation of Local Authority Service Delivery Plans (LASDAP). Arguably, involving community members in the planning and budgeting processes is crucial for the understanding of LATF project priorities right from the start, which in turn, will provide a basis for holding public officers accountable at the end of implementation periods. Nonetheless, the Council should improve community involvement in terms of wider scope of representation of community-based groups and organizations, irrespective of their political inclination, as well as increase women's representation in the process.

Table 2: Community Involvement, Budget Execution and Cash Flow Management

Community Perspectives	Frequency	Percent
Community involvement in planning & budgeting		
Very good	3	1.9
Good	76	46.9
Fair	65	40.1
Poor	12	7.4
Very poor	6	3.7
Total	**162**	**100**
Budget execution discipline		
Very good	1	0.6
Good	22	13.6
Fair	82	50.6
Poor	32	19.8
Very poor	25	15.4
Total	**162**	**100**
Cash flow management		
Very good	1	0.6
Good	29	17.9
Fair	64	39.5
Poor	56	34.6
Very poor	12	7.4
Total	**162**	**100**

This Table presents participants perspectives on various indicators of accountability in public institutions, including community involvement in planning and budgeting processes, budget execution discipline and cash flow management. Cumulatively, about one-half (48.8%) of the participants expressed affirmative perspectives about community involvement in the stated processes; however, up to 35.2% expressed dissatisfaction with budget execution discipline, while 42.0% of the participants expressed negative perspectives about cash flow management.

The LASDAP preparation process specifies priority projects, which local authorities should target with LATF resources. The main purpose of LASDAP implementation is to match expenditures with community priority needs. Thus, budget implementation process should focus on LASDAP priorities, to avoid potential deviations to activities outside the budgetary scope. Based on this, we requested participants to indicate their perspectives on budget execution discipline. In this regard, Table 2 shows that 22 (13.6%) participants rated budget execution discipline as 'good', while 32 (19.8%) and 25 (15.4%) rated the indicator as 'poor', and 'very poor', respectively. Cumulatively, 35.2% expressed dissatisfaction with the indicator; thus, suggesting need for the Council to improve budget adherence to effectively deliver services that are responsive to community priority needs.

Cash flow management is important for balancing incoming and outgoing cash. Whereas over liquidity bears the risk of cash leakage for unintended purposes and loss or earnings for the Council, under-liquidity may stifle service delivery or lead to discontinuation of LATF projects. The results in Table 2 show that 29 (17.9%) participants were of the view that cash flow management at the Council was 'good'; however, 56 (34.6%) rated the indicator as 'poor' and 12 (7.4%) said cash flow management was 'very poor'. Cumulatively, 42.0% of the participants expressed negative perspectives about cash flow management, which indicates the need for appropriate action to minimize the risks associated with over and under-liquidity. The procurement is probably the heart of accountability and transparency in the management of LATF resources. Without optimal adherence to the existing regulations, procurement is highly at risk of abuse by public officers and elected leaders. It provides the avenue through which public institutions, including local authorities, can lose LATF resources that should improve service delivery. The results in Table 3 indicate that 26 (16.0%) participants rated transparency of the procurement system as 'good'; however, 35 (21.6%) and 59 (36.4%) were of the view that the process was 'poor' or 'very poor', respectively. Overall, 58.0% of the participants reported dissatisfaction with transparency in the procurement process.

Table 3: Perspectives on Procurement Process, Accounting System and Internal Control System

Community Perspectives	Frequency	Percent
Transparency of the procurement process		
Very good	3	1.9
Good	26	16.0
Fair	39	24.1
Poor	35	21.6
Very poor	59	36.4
Total	**162**	**100**
Accounting system efficiency		
Very good	8	4.9
Good	37	22.8
Fair	67	41.4
Poor	36	22.2
Very poor	14	8.6
Total	**162**	**100**
Internal control and audit system		
Very good	4	2.5
Good	32	19.8
Fair	77	47.5
Poor	38	23.5
Very poor	11	6.8
Total	**162**	**100**

This Table presents participants' perspectives on three indicators of accountability and transparency in public institutions, including transparency of the procurement process, efficiency of the accounting system, as well as internal control and audit system. Overall, 58.0% of the participants reported dissatisfaction with transparency in the procurement process; about one-third (30.9%) expressed dissatisfaction with the accounting system, while the majority, 67 (41.4%) believed that the accounting system was 'fairly' efficient.

The efficiency of accounting systems is a key pillar for enhancing accountability in the management of public resources. An efficient accounting system ensures ready availability of complete, valid, and accurate financial information to facilitate decision-making as well as inform stakeholders. In this regard, a computerized accounting system may be more advantageous in enhancing accountability than a manual system. The results presented in Table 3 show that 37 (22.8%) participants rated the efficiency of the accounting system as 'good', while 36 (22.2%) stated that the system was 'poor' and 14 (8.6%) hinted that the system was 'very poor'. Cumulatively, about one-third (30.9%) expressed dissatisfaction with the accounting system. Nonetheless, the study found revealed that the Council was in the process of computerizing its accounting system, albeit with numerous obstacles, including under-funding, high turn-over of technical staff, leading to discontinuation.

Clear policies, systems, and procedures for internal control and audit are essential for enhancing accountability and transparency in the management of public resources. Effective internal control mechanisms should reveal issues such as over-expenditure or unnecessary expenditure, among others, to enable public officers to seek appropriate corrective measures in time. Besides, such a system should have appropriate safeguards against political influence, which may manipulate the system to cover-up expenditure irregularities. The results presented in Table 3 show that 32 (19.8%) participants rated the effectiveness of internal control and audit systems as 'good', 38 (23.5%) felt the system was 'poor', while 11 (6.8%) said it was 'very poor'. Overall, 30.2% of the participants suggested that the system was not effective. Issues surrounding the internal control and audit system included political influence and lack of independence, which often led to manipulation of financial reports to serve the interests of chief accounting officers and their accomplices.

The management of institutional assets and liabilities is an indication of the level of accountability in public institutions. Besides, proper management of institutional assets is an important indication of good stewardship on the part of chief accounting officers. In this study, we requested participants to indicate their perspectives about management of the Council's assets, including buildings, automobiles, furniture, and equipment, among others. The results in Table 4 show that only 10 (6.2%) participants rated the management of Council's assets as 'good', 47 (29.0%) and 46 (28.4%) indicated 'poor' and 'very poor' respectively. Overall, up to 57.4% of the participants, expressed outright dissatisfaction with the way public officers were managing Council assets; thus, suggesting the need for appropriate measures to enhance accountability.

Furthermore, liability portfolio is a key indicator of accountability in public institutions. Accountable management systems often have in place guidelines to ensure that the level of liability does not cripple institutional operations as well as service delivery. In this study, Table 4 shows that 52 (32.1%) participants expressed satisfaction with liability management at the Council by rating it as 'good'; contrastingly, 24 (14.8%) rated the indicator as 'poor', while 9 (5.6%) said it was 'very poor'. Cumulatively, up to 34.0% of the participants hinted satisfaction with liability management at the Council. Nonetheless, the results suggest that the Council was making effort to control its liabilities, by servicing its debts. However, participants pointed out that improvement in liability management was due to the requirement that all local authorities in the country should addressed their outstanding debts by the year 2010, as a pre-condition for continued access to LATF resources.

Furthermore, the MoLG requires local authorities to publish information about funds that they receive from the central government each year in national newspapers, while at the community level, the authorities should publicize expenditure, and external audit reports by holding annual budget days in the month of June. The authorities should also post such information on public notice boards and websites to enhance transparency. In view of these requirements, we requested participants to indicate their perspectives on the publicization of expenditure reports at the Council. The results presented in Table 4 indicate that 22 (13.6%) were of the view that publicization of such reports was 'good'. Contrastingly, 50 (31.0%) and 21 (13.6%) hinted that the indicator was 'poor' and 'very poor', respectively. Cumulatively up to 44.0% of the participants were unhappy with the publicization of expenditure reports.

Regarding the accessibility of external audit reports, the results in Table 4 show that 68 (42.0%) participants expressed satisfaction by rating the indicator as 'good'. However, up to 17 (10.5%) participants rated the same as 'poor', while 10 (6.2%) were of the view that accessibility of such reports was 'very poor'. Overall, only 16.7% of the participants expressed their reservations about accessibility of such reports. Nonetheless, the results suggest that accessibility of external auditor's reports was a significant achievement by the Council in efforts to enhance transparency in managing LATF resources. However, some participants noted that this is an area where the MoLG put emphasis to make local authorities more accountable to communities, which they serve.

Table 4: Perspectives on Management of Council's Assets, Liabilities, and Financial Reports

Community perspectives	Frequency	Percent
Management of Council's assets		
Very good	6	3.7
Good	10	6.2
Fair	53	32.7
Poor	47	29.0
Very poor	46	28.4
Total	**162**	**100**
Management of Council's liabilities		
Very good	3	1.9
Good	52	32.1
Fair	74	45.7
Poor	24	14.8
Very poor	9	5.6
Total	**162**	**100**
Publicization of expenditure reports		
Very good	6	3.7
Good	22	13.6
Fair	79	48.8
Poor	34	21.0
Very poor	21	13.0
Total	**162**	**100**
Accessibility of auditor's reports		
Very good	13	8.0
Good	68	42.0
Fair	54	33.3
Poor	17	10.5
Very poor	10	6.2
Total	**162**	**100**

This Table presents community perspectives on additional indicators of accountability, including management of Council assets and liabilities, publicization of periodical expenditure reports and accessibility of external auditor's reports. The results show that overall, up to 57.4% of the participants expressed outright dissatisfaction with the way public officers were managing Council assets; about 34.0% were satisfied with liability management at the Council, while up to 44.0% were unhappy with the publicization of expenditure reports.

CONCLUDING COMMENTS

The purpose of this study was to assess and document information on community perspectives on accountability and transparency in the management of LATF resources. The study found that participants were satisfied with indicators such as community involvement in the planning and budgeting process (48.8%), enhancing accessibility of external auditor's reports (42.0%) and liability management (34.0%). However, higher levels of dissatisfaction emerged with regards to indicators such as transparency in the procurement process (58.0%), management of Council assets (57.4%), publicization of expenditure reports (44.0%), cash flow management (42.0%), budget execution discipline (35.2%), accounting system (30.9%) as well as internal control and audit system (30.2%).

Community perspectives provide indications about key areas on which the Government and the local authority should focus to strengthen accountability and transparency in the management of LATF resources. Although the pursuit of decentralized development in Kenya started soon after independence in 1963 (Chitere & Ireri, 2008), these results suggest that the country has not fully reaped the benefits of the paradigm. LATF is one of the special funds that the Government has devolved to the peripheral local authorities, whose purpose is to enhance financial management and accountability, among other objectives (Kibua & Mwabu, 2008; Mboga, 2009). However, its success largely depends on the Government's enforcement of existing regulations, identifying gaps and formulating additional controls, as well as taking public officers and political leaders through a change process.

As noted by Hondeghem (1998), behavior change in public service is not just about enforcement of laws, regulations, and codes of conduct. It requires a change in the mindset, a process that one may not realize overnight. This will provide necessary safeguards against issues such as political interference and corruption in the management of LATF projects. Furthermore, the results suggest that participants were satisfied with indicators in which the Government had earmarked as pre-conditions for continued funding. This implies that enforcement of existing regulations is an approach that the Government should seriously to help nurture the culture of fiscal accountability and transparency, which are the cornerstones of successful decentralized funds.

This study adopted a social audit approach to assess community perspectives about various indicators of accountability and transparency in the management of LATF resources by Siaya Municipal Council. The challenge arising from this approach is that perspectives are vulnerable to distortion by political affinity, as well as socio-economic circumstances; thus, leading to inaccurate and biased findings. Although we contacted 200 community members during data collection, up to 38 (19.0%) indicated lack of awareness about LATF; leading to their exclusion from the study, but which, may have implications on the representativeness of the findings. Even though Kenya has 175 local authorities, this study purposively focused in Siaya Municipal Council. Hence, the findings reported in this paper should be treated with caution, because it may not provide an accurate national picture regarding community perspectives on accountability and transparency in the management of LATF. In view of this, there is for future research activities to scale-up the study to cover at least one-third of the Kenyan local authorities.

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ACKNOWLEDGEMENT

We are grateful to the University of Nairobi for granting the opportunity for to the first author to pursue Master of Arts degree in Project Planning and Management. Secondly, we thank all the participants who sacrificed their time to provide the requisite information. Thirdly, we are indebted to Mr. Tom Odhiambo, an independent research consultant for reviewing the manuscript.

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