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EFFECT OF ACCOUNTS PAYABLE MANAGEMENT ON PERFORMANCE OF COASTAL COUNTY GOVERNMENT MINISTRIES

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Abstract

Financial performance within devolved government units is of critical importance in enabling those units to perform their mandates. The devolved government units across the world have always had challenges in their financial performance. The study focused on the role of account payable timelines, account payable procedures, account payable structure and account payable controls and on the financial performance of Coastal County governments. It adopted a descriptive research design to achieve its objectives. The study targeted a total of 72 chief officers of the Coastal County governments ministries who are directly involved with account payables. Structured questionnaires were utilized in data collection. The study found that accounts payable credit timelines, accounts payable procedures, accounts payable structure, and accounts payable controls, individually, have positive influence on financial performance of Coastal County governments' ministries. It thus recommended that County Governments comply with account payables timelines to ensure that the suppliers are paid and avoid hefty fines in court. The study also recommended that County government ministries adhere to account payables conditions for accountability in financial resources usage, that maturity dates of account payables be established before County governments begin work on developmental projects for continuity of the projects, and that measures for controls over the timelines of account payables including cash flow, efficiency in local revenue collection, and allocation of funds to developmental and recurrent expenditure be put in place.

Keywords: *Accounts Payable, Financial Performance, Devolved Government units*

I.INTRODUCTION

The financial performance of the government in general and devolved government in particular is of importance in enabling the governments to deliver critical goods and services to the citizens. According to Muriithi and Waweru (2017), financial performance relates to the examination of the firm's operations in terms of money. On the other hand, Harelimana (2017) indicates that financial performance is related to the achievement of financial obligations of a firm. In this context, Mwangi (2014) had also examined financial performance as a measure of efficiency of a firm's financial resources utilization in its operations with a view of meetings its financial obligations.

Unlike commercial firms whose financial performance is about the ability of the firm to generate profits, the ultimate purpose of the government is not to make profits (Tser-Yieth Chen, 2012). Therefore, the financial performance measures of the governments are different from those of commercial entities (Gousario & Dharmastuti, 2015). Robbins, Turley, and McNena (2016) in a study on local councils in Ireland, measured the financial performance in terms of ability of the councils to generate their own revenues, financial surplus or deficit after their operations, and efficiency in collection of rents due to the councils.

Examining the Brazilian municipalities, Gomes, Alfinito, and Albuquerque (2013) conceptualized the financial performance of municipalities as ability to be independent from external funding to support their financial requirements. Focusing on local government in South Africa, Mamogale (2014) examined financial performance of the local government in terms of utilization of financial resources with a view of ensuring financial sustainability of their activities. Mamogale (2014) further notes that the audits reports from the auditor general is an important component of measuring financial performance of the local governments in South Africa.

In Kenya, diverse measures have been used to measure financial performance of the county governments. Mohamed (2017) in a study on the financial performance of Garissa County, noted that diverse measures are of importance to financial performance at the county government levels. These measures included effective use of county revenues for developmental projects in the county, revenue collection aspects, reliable financial reports, and accountability in financial resources usage (Mohamed, 2017). Njahi (2017) in a study on financial performance of county governments noted that diverse measures can be utilized for the purposes of measuring financial performance in counties. Amongst these measures included cash flow, ability for a county to meet its financial obligations, efficiency in local revenue collection, and allocation of funds to developmental and recurrent expenditure (Arasa & Waititu, 2014).

The Public Finance Management County Government Act of 2012 sets diverse financial performance requirements for the county governments in Kenya (Government of Kenya, 2012). In this context, amongst the aspects indicated for financial performance include limiting wage bill expenditure to not more than 35% of the county government revenue (section 25 (1) (b)), county public debt not exceeding 20% of the total revenues (section 25 (1) (d)), county assembly expenditure not exceeding 7% of total county government revenue (section 25 (1) (f)), and financial transparency and accountability in county government budget preparation (Government of Kenya, 2012).

The devolved government units across the world have always had challenges in their financial performance. In Australia, Victorian Auditor-General., (2017) documented diverse financial performance challenges within the local governments in Australia. The auditor general noted diverse financial performance challenges as captured by the inaccuracies of some of the financial statements presented by the local government entities. For example, there was a total of 727.7 million Australian dollars (Approximately Ksh 53 trillion) understatement of total assets, and 1.7 million Australian Dollars (Approximately 126 million Kenya shillings) over estimation in total reliabilities for the local governments.

Amongst the other financial performance challenges included lack of asset register at West Wimmera Shire Council (Victorian Auditor-General., 2017). The auditor general also commented on the local governments increasingly overdependence on governments grants revenue. This was indicated by an increase from 1.4 billion Australian dollars government (Approximately 103 billion shillings) grants in 2015/2016 financial year to 1.9 billion (Approximately 140 billion shillings) Australian dollars government grants in 2016/2017 financial year (Victorian Auditor-General., 2017).

In South Africa, the auditor general in his 2013/2014 audit reports findings documented diverse financial performance challenges at the Mogale City Local Municipality(Auditor General., 2014). Amongst the financial performance challenges was the loss of over 77 million South African rands from water distribution losses. This consisted of 44% of the total water purchased. The local government had also accrued bad debts amounting to 624 million south African rands (Approximately 4.6 billion shillings) (Auditor General., 2014)

In Uganda, the Office of the Auditor General (OAG) has documented numerous challenges in financial performance within local authorities in the county. According to Office of the Auditor General., (2017) indicated that there was mismanagement of public funds in relation to the payroll payments for the financial year ending June of 2016. In this context, Office of the Auditor General., (2017) indicated salary overpayments of 1,163,414,641 Ugandan shillings (approximately Ksh 31 million), unsupported pension payments of 9,569,870,082 Ugandan shillings (UGX) (approximately 258 million shillings), and wrongly paid salaries of 657,437,536 Ugandan shillings (approximately 17 million shillings) within local authorities.

The auditor general further documented unaccounted for expenditure amounting to UGX.3,896,976,469 (approximately 105 million Kenya shillings) (Office of the Auditor General., 2017). There were also challenges of underutilized budgetary allocation. According to Office of the Auditor General., (2017) a total of 84 districts had failed to utilise UGX. 13,189,396,027 (approximately 356 million Kenya shillings) by the end of the financial year.

In Rwanda, Office of the Auditor General of State Finances., (2017) also documents diverse challenges in financial performance of local governments in Rwanda. In the audit report for the financial year ending June of 2016, Office of the Auditor General of State Finances., (2017) noted diverse challenges with the financial performance within local governments. Amongst the notable issues were utilization levels and transparency levels in the development funds from the national governments to local governments though the Vision 2020 Umurenge Program (VUP). The

Office of the Auditor General of State Finances., (2017) noted that physical verification carried out in some districts revealed that some of the projects that received VUP loans were not in existence. This was noted in Rutsiro (11 groups), Kirehe (7 groups), Gicumbi (6 groups), Muhanga (4 Groups), Nyamasheke (10 groups) and Nyaruguru (5 groups), Gisagara (1 project). These groups had received Frw 26,299,610 (approximately 2.8 million Kenya shillings) in loans.

Amongst the factors influencing financial performance is the account payables management. According to Ching, Novazzi, and Gerab (2011) accounts payables refers to money owned to creditors as a result of receiving goods and services on credit. Massawe (2014) defines accounts payables as debt-management. The author adds that account payables involve ensuring that payments are made and expenses are controlled. The control of expenses can be through receiving payments, processing the payments, and verifying and reconciling invoices in accordance to the established policies and procedures. Simply put, account payables entails ensuring payments and expenses are made/incurred in the most efficient, timely and accurate manner.

Mengesha (2014) in study on manufacturing firms in Ethiopia, found positive significant relationship between accounts payable period and profitability can be explained by the increased availability of funds caused by the delayed payment of accounts payable. On the other hand, Odhiambo (2016) in a study focusing on private colleges found that an increase in account payables time was associated with an increase in returns on assets. Similarly, Waithaka (2012) study on agricultural firms found that an increase in accounts payable is associated with increase in financial performance.

Financial performance within devolved government units is of critical importance in enabling those units to perform to perform their mandates. In Kenya, Public Finance Management Act of 2012 sets diverse financial performance requirements for the county governments in Kenya (Government of Kenya, 2012). In this context, amongst the aspects indicated for financial performance include limiting wage bill expenditure to not more than 35% of the county government revenue (section 25 (1) (b)), county public debt not exceeding 20% of the total revenues (section 25 (1) (d)), county assembly expenditure not exceeding 7% of total county government revenue (section 25 (1) (f)), and financial transparency and accountability in county government budget preparation

Amongst the aspects used to examine financial performance within county set up include effective use of county revenues for developmental projects in the county, revenue collection aspects, reliable financial reports, and accountability in financial resources usage (Mohamed, 2017). Others are effective use of county revenues for developmental projects in the county, revenue collection aspects, reliable financial reports, and accountability in financial resources usage (Mohamed, 2017). However, despite the importance of the financial performance within the county governments, the office of auditor general continues to document challenges with financial performance within counties.

In county government of Mombasa, Office of the Auditor General., (2016) noted challenges relating to variances between statement and Integrated Financial Management System (IFMIS) to the tune of Ksh 6,934,700,068, unsupported payments (Ksh 2,236,544,202), unsupported bank balances (Ksh 281,172,027), outstanding imprest (Ksh 188, 398,683), and holding of multiple imprest (Ksh 134,855,291). Other noted issues were payments of Ksh 10,654,298 through the imprest system to various entertainment outfits during Mombasa international cultural festival which was above the recommended threshold. Office of the Controller of Budget., (2018) further noted that the County Government of Mombasa had only utilized 0.4% of its total expenditure on developmental expenditure and achieved only 8.8% of local revenue against annual local revenue target in quarter 1 of 2017/2018 financial year.

This study sought to examine the role of accounts payable on financial performance of county government of Mombasa ministries. This was in a view to fill the literature gap in the area. Amongst scholars that have examined influence of accounts payables on financial performance include Ching, Novazzi, and Gerab (2011), Mengesha (2014), Odhiambo (2016) and Waithaka (2012) amongst others but they have not focused on county governments.

II.RESEARCH OBJECTIVES

(i) To examine the role of account payable credit timelines on the performance of Coastal county governments' ministries.

(ii) To establish the influence of account payable procedures on the performance of Coastal county governments' ministries.

(iii) To examine the role of account payable structure on the performance of Coastal county governments' ministries.

(iv) To establish the influence of account payable controls on the performance of Coastal county governments' ministries.

III. RESEARCH QUESTIONS

(i) What is the role of account payable credit timelines on the performance of Coastal county governments' ministries?
(ii) What is the influence of account payable procedures on the performance of Coastal county governments' ministries?
(iii) How does account payable structure influence the performance of Coastal county governments' ministries?
(iv) What is the influence of account payable controls on the performance of Coastal county governments' ministries"

IV.LITERATURE REVIEW

Effect of Account Payable Credit Timelines on Financial Performance

The account payable credit timelines have an influence on the financial performance of organizations. In a study on private colleges in Nairobi, Odhiambo (2016) using regression analysis found that a one day's increase in the days of accounts payables is associated with increase in ROA by 0.031%. These findings were attributed to the colleges using the extra cash liquidity to undertake their operations hence improving on their profitability. The study had utilized a descriptive research design and a sample size of 100 principals drawn from the colleges. The study was based in Nairobi, Kenya.

Using a five year secondary data from 2008 to 2012, Mengesha (2014) examined the diverse components of accounts payables and the manner in which they influence financial performance in metal manufacturing factories in Ethiopia. The study results revealed that in terms of accounts payable credit timelines, the metal manufacturing firms on average paid the account payables within 694 days. The study revealed a negative correlation between account payables timelines and the profitability of the metal firms as measured through return on assets. In this context, the study revealed that account payables has a negative relationship correlation coefficients of -0.336 and the p value is (0.0031) with return on assets. The study advanced the reasons for this being that the companies may have had cash flow challenges leading to their inability to settle their financial obligations in a timely manner.

The longer the timelines involved in accounts payables the longer the firm utilizes the available cash to undertake its operations hence resulting into higher profitability aspects. In this context, Mogaka (2017) examining short term financing decisions on financial performance of non-financial listed firms in Kenya found that account payables had positive and significant influence on the financial performance of the firms. The study attributed these findings to the reduction of the transactional costs of doing business as the payables were done cumulatively as opposed to every single time a purchase was made and the availability of funds to continue with operations of the business. The length of account payables implies that the firms hold onto suppliers' cash and utilize it for their own business and operational aspects before payments. To achieve its objectives the study had utilized an explanatory research design and a target population of non-listed firms at the NSE. The secondary data derived from financial statements of the listed firms.

Effect of Account Payable Procedures on Financial Performance

In seeking to examine the means of settling account payables and their influence on financial performance of firms, Kiprotich (2013) undertook a study on working capital management on financial performance. A descriptive cross sectional survey research design and a target population of 10 sugar firms were utilized by the study. Using a five point Likert scale (1=

Strongly Disagree and 5= Strongly Agree), the study by Kiprotich (2013) noted that some of the processes utilized in settling account payables included payments in installments (mean of 2.71), negotiations for extensions (mean of 1.93), alterations of payment conditions (mean of 2.07), settlement in cash (mean of 2.54), and investment to pay at maturity (mean of 2.14).

The account payables procedures relates to the considerations that are made in dealing with payments relating to goods and services procured on credit. Focusing on hire purchase industry, Kariuki (2012) illustrated the various corporate governance challenges that were considered in accounts payables management. Using a five point Likert scale (1=Strongly Disagree to 5=Strongly Agree), the study found that the aspects that were considered included industry practices (mean of 2.71), type of product (3.93), credit terms (4.36), discount policy (4.00) and relations with suppliers (4.36). Therefore, the relationship with the suppliers was a major consideration in accounts payables management. To achieve its objectives the study had utilized nineteen firms.

Effect of Account Payable Structure on Financial Performance

A study by Prempeh, Asare, and Sekyere (2016) sought to find out the influence of account payables structure on financial performance. This study focused on financial performance of listed manufacturing firms at Ghana's Stock Exchange and utilized panel data methodology aspects. In the study by Prempeh, Asare, and Sekyere,(2016), the firms' chosen for the utilization in the study population had to have financial data from 2005 to 2015 and had to have similar financial year closing periods in order to have a comparability elements. The account payable structure was examined in terms of the total amount of debts for the firms, the short term debts and long term debts.

The study by Prempeh et al. (2016) revealed that up to 49% of the manufacturing firms at Ghana's stock exchange utilized long term debts while 37% of those firms utilized short term debts. Some companies also utilized a mixture of both debt structure methods. The study indicated that the long term debts increased risks to the firms due to the long term obligation nature of the debts. The study utilized the f statistics to test diverse hypothesis used in the study. The financial performance of the firm was utilized in terms of returns on assets, and gross profit margin.

Prempeh et al. (2016) in its hypothesis testing revealed significant relationships between short term debts and return on assets; long term debts and return on assets; total debts and return on assets; short term debt and gross profit margin; and long term debt and gross profit margin. The study observed negative but statistically significant influence of diverse debt structure on financial performance metrics. This led to the conclusion that an increase in debt (Short-term, long-term and total debt) will cause a decrease in a firm's performance. The study therefore recommended a reduction on the debt levels to avoid cash flow challenges aspects.

In a study focusing on financial performance of state owned corporations in Kenya, Odhiambo, Dorasamy, and Garbharran (2015) sought to link the role of account payables structures on financial performance. The study utilized quantitative research methodology which allowed it to use regression analysis data analysis method for its analysis. To achieve its objectives, the study utilized a sample size of 50 income generating state corporations that were purposively derived from 206 established state corporations.

The study by Odhiambo et al. (2015) conceptualized financial performance in terms of Return on Assets , Return on Equity, and Return on Investments while debts were examined in terms of long term debts, short term debts and the total debts aspects. Similar to Prempeh et al. (2016), the study by Odhiambo et al. (2015) found that there were significant but negative correlational influence between both short term and long term debt structures and the financial performance indicators such as return on assets, return on investments and return on equity.

Further seeking to examine the role of the amount of the account payables on the financial performance of firms, Louw (2014) undertook a study examining these two components amongst listed firms in South Africa. The study utilized the financial reporting of these firms to undertake the analysis. The study by Louw (2014) found that the amounts of account payables is positively correlated with the financial performance indicators such as profitability. The study attributed this positive correlation with the purchase of goods and services in high quantities on credit hence resulting into lower costs of acquiring the goods. This would then be paid after goods are sold hence freeing up capital for other operational aspects.

Effects of Account Payable Controls on Financial Performance

With a view of examining the role of account payable controls on financial performance of firms, Addo (2017) undertook a study focusing on the top 100 Small and Medium Enterprises. The study was based in top 100 SMEs from based on KPMG survey. The study utilized structured questionnaires for the purposes of data collection. The study by Addo (2017) found that amongst the accounts payable controls that were utilized on account payables included maintaining proper records for all account payables aspects. Using a five point Likert scale, the study found that maintaining proper records for all payables had a mean of 3.83 indicating that majority of the respondents tended to agree that the same was done.

Still focusing on the small and medium enterprises within Nakuru, Kosgei (2016) sought to examine the various account payable controls applied within accounts payables and their influence on financial performance. The descriptive research design and a target population of 20,355 SMEs within Nakuru was used. Kosgei (2016) used the Naissuma’s formula to derive a sample size of 100 respondents and a structured questionnaire for the purposes of data collection. The study examined the account payables controls on financial performance. The account payable metrics that were used included account payables providing cheap source of working stock, realizing funds for capital investments, reduction of the overall cash requirements for running the business, reduction of costs associated with faulty goods, and improvement on the stocking levels.

Kosgei (2016) used the five point Likert scale for analyzing its data with metrics ranging from Strongly Disagree (1) to Strongly Agree (5). The study results revealed that account payables providing cheap source of working stock had a mean of 3.34, realizing funds for capital investments (mean of 2.40), reduction of the overall cash requirements for running the business (mean of 3.82), reduction of costs associated with faulty goods (mean of 2.57), and improvement on the stocking levels (mean of 3.86). The study results therefore indicated that on average the respondents tended to agree that account payable controls on reduction of the overall cash requirements for running the business and improvement on the stocking levels led to improvement in financial performance. This was due to the means above 3.5.

V. RESEARCH METHODOLOGY

This study used descriptive research design. The study targeted all the chief officers of the Coastal county governments. There were a total of seventy two chief officers within the coastal county governments. The coastal county governments include Kwale, Mombasa, Lamu, Tana River, Kilifi, and Taita Taveta. The study used census sampling method with a view of small number of the target population of the study. This study used structured questionnaires to in data collection. The study used multiple linear regression model for analysis.

VI.RESEARCH FINDINGS AND DISCUSSIONS

A multiple linear regression with financial performance as the dependent variable and accounts payable credit timelines, accounts payable procedures, accounts payable structure, and accounts payable controls as independent variables was used for inferential statistics. The study used the multiple linear regression for the purposes of examining the influence of the four independent variables on the dependent variable. Table 1 gives the model summary for this regression model.

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.778a	.605	.576	.15562

Predictors: (Constant), Account Payable Credit timelines, Account Payable Procedures, Account Payable Structure, Account Payable Controls

The study utilized the multiple correlation coefficient (denoted as R) to determine whether there was correlation between the independent variables and the dependent variable. From Table 1, the value of R was 0.523. This indicated that the independent variables, that is, accounts payable credit timelines, accounts payable procedures, accounts payable structure, and accounts payable controls were strongly and positively correlated with financial performance.

The coefficient of determination (R^2) of 0.605 indicated that 60.5% variance in financial performance can be accounted for by the independent variables. Therefore, there are other factors not present in the current regression model that account for 39.5% of the variance in financial performance.

The Analysis of Variance (ANOVA) was undertaken to check the overall viability of the regression model and results shown in Table 2.

Table 2: ANOVA[a]

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	2.007	4	.502	20.712	.000[b]
Residual	1.308	54	.024		
Total	3.314	58			

a. Dependent Variable: Financial performance
b. Predictors: (Constant), Controls, Structure, Procedures, Credit timelines

The level of significance used for the regression was 0.05. The p value from the ANOVA was 0.000 indicating that there was no probability or likelihood (0.0%) of the regression model giving a wrong prediction. Since the p value was less than0.05 (p=0.000, <0.05) which was the threshold for significance, the model was deemed reliable.

The coefficients of the individual independent variables (accounts payable credit timelines, accounts payable procedures, accounts payable structure, and accounts payable controls) were examined and results shown in Table 3.

Table 3: Coefficients[a]

Model	**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
	B	Std. Error	Beta		
(Constant)	-.036	.349		-.103	.918
Account Payable Credit Timelines	.225	.056	.372	4.042	.000
Account Payable Procedures	.225	.046	.441	4.860	.000
Account Payable Structure	.362	.050	.671	7.303	.000
Account Payable Controls	.192	.047	.371	4.109	.000

a. Dependent Variable: Financial Performance

The coefficients were 0.225 for accounts payable credit timelines, 0.225 for accounts payable procedures, 0.362 for accounts payable structure, and 0.192 for accounts payable controls. This indicates that a unit increase in accounts payable credit timelines while other factors are kept constant would result in a 0.225 increase in financial performance. Similar findings were made by Odhiambo (2016) in a study on private colleges in Nairobi, where a one day's increase in the days of accounts payables was associated with increase in ROA by 0.031%. These findings were attributed to the colleges using the extra cash liquidity to undertake their operations hence improving on their profitability. The regression model was as follows;

> Financial Performance= -0.036 + 0.025(Accounts Payable Credit Timelines) + 0.225(Accounts Payable Procedures) + 0.362(Accounts Payable Structure) + 0.192(Accounts Payable Controls)

Mogaka (2017) also made similar findings in an examination of short term financing decisions on financial performance of non-financial listed firms in Kenya found that account payables had positive and significant influence on the financial performance of the firms. The study attributed these findings to the reduction of the transactional costs of doing business as the payables were done cumulatively as opposed to every single time a purchase was made and the availability of funds to continue with operations of the business. The length of account payables implies that the firms hold onto suppliers' cash and utilize it for their own business and operational aspects before payments. The longer the timelines involved in accounts payables the longer the firm utilizes the available cash to undertake its operations hence resulting into higher profitability aspects.

However, the current study findings contradict those of Mengesha (2014) on financial performance in metal manufacturing factories in Ethiopia. The study found a negative correlation between account payables timelines and the profitability of the metal firms as measured through return on assets. The study advanced the reasons for this being that the companies may have had cash flow challenges leading to their inability to settle their financial obligations in a timely manner.

Similarly, a unit increase in accounts payable procedures would result in a 0.225 increase in financial performance with the other variables kept constant. A unit increase in accounts payable structure would result in a 0.362 increase in financial performance with the other variables kept constant. These findings contradict those of Prempeh et al. (2016) and Odhiambo et al. (2015).

In an examination of manufacturing firms at Ghana's stock exchange, Prempeh et al. (2016) observed negative but statistically significant influence of diverse debt structure on financial performance metrics. This led to the conclusion that an increase in debt (Short-term, long-term and total debt) will cause a decrease in a firm's performance. The study therefore recommended a reduction on the debt levels to avoid cash flow challenges aspects. In a study focusing on financial performance of state owned corporations in Kenya, Odhiambo et al. (2015) found that there were significant but negative correlational influence between both short term and long term debt structures and the financial performance indicators such as return on assets, return on investments and return on equity.

However, current study's findings are collaborated by those made by Louw (2014) in an examination of listed firms in South Africa. The study by found that the amounts of account payables is positively correlated with the financial performance indicators such as profitability. The study attributed this positive correlation with the purchase of goods and services in high quantities on credit hence resulting into lower costs of acquiring the goods. This would then be paid after goods are sold hence freeing up capital for other operational aspects.

Finally, a unit increase in accounts payable controls would result in a 0.192 increase in financial performance with the other variables kept constant. This indicates that accounts payable credit timelines, accounts payable procedures, accounts payable structure, and accounts payable controls positively influence the financial performance individually.

VII.CONCLUSION OF THE STUDY

In the context of account payables credit timelines, the study reached a conclusion that account payables credit timelines on their own have positive influence on financial performance of coastal county governments' ministries. The study also concludes that increasing the accounts payable credit timelines lead to an increase in financial performance. In regards to account payables procedures, the study concludes that they positively influence financial performance of coastal county governments' ministries on their own. Thus an increase in the accounts payable procedures of coastal county governments' ministries will increase their financial performance.

The study also concludes that account payables structure on its own positively influences financial performance of coastal county governments' ministries. Increasing the account payables structure increases the financial performance of coastal county governments' ministries. It is a conclusion of the study that account payables controls on their own positively influence financial performance of coastal county governments' ministries. The study concludes that increasing the account payables controls increases the financial performance of coastal county governments' ministries.

VIII.RECOMMENDATIONS OF THE STUDY

The study recommends that County Governments comply with account payables timelines. This will ensure that the suppliers are paid as per the terms of the contract and avoid hefty fines incurred by the county governments from late payment when the suppliers opt to settle such matters in court.

The study also recommends that county government ministries adhere to account payables conditions. This will ensure that expenditure of the county officials is within the recommended threshold and ensure there is accountability in financial resources usage. The study recommends that maturity dates of account payables be established before county governments begin work on developmental projects. This will assist the county governments in planning aspects to ensure there are sufficient funds for continuity of the projects as well as to settle recurrent expenses.

Finally, the study recommends that measures for controls over the timelines of account payables including cash flow, efficiency in local revenue collection, and allocation of funds to developmental and recurrent expenditure be put in place. This will enable county government ministries meet their financial obligations and improve their financial performance.

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