# THE EFFECT OF INTEGRATED FINANCIAL MANAGEMENT INFORMATION SYSTEM ON THE FINANCIAL MANAGEMENT OF PUBLIC SECTOR IN KENYA


**BY**

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# DECLARATION

This research project is my original work and has not been submitted for examination in any other University.

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This research project has been submitted for examination with my approval as a university supervisor.

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**Prof. Josiah Aduda**

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## DEDICATION

I dedicate this research to my parents who laid the moral groundwork in my life and for constantly pushing me to be the best that I can be. I will always treasure you. I also dedicate this research to my loving Husband who has stood by me through thick and thin to ensure I complete my project.

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## ABBREVIATIONS & ACRONYMS

| | |
|---|---|
| **ERP** | Entrepreneur Resource Planning |
| **GoK** | Government of Kenya |
| **ICT** | Information and Communications Technology |
| **IFMIS** | Integrated Financial Management Information System |
| **IMF** | International Monetary Fund |
| **IPPD** | Integrated Personnel Payroll Data |
| **IT** | Information Technology |
| **PFM** | Public Financial Management |
| **PIFRA** | Project to Improve Financial Reporting and Auditing |
| **PSWP** | Public Sector Work Program |
| **SPSS** | Statistical Package for Social Sciences |
| **USAID** | United States Agency for International Development |

## ABSTRACT

Generally, the objective of implementing Integrated Financial Management Information System (IFMIS) is to increase the effectiveness and efficiency of state financial management and facilitate the adoption of modern public expenditure practices in keeping with international standards and benchmarks. The main objectives of the study was to analyse the effectiveness of cash management and budgeting systems; financial reporting systems in IFMIS; internal control systems in IFMIS; and the effectiveness of organisational accountability systems in IFMIS on financial management in public sector in Kenya. The study adopted a descriptive research in this study with a targeted population of 18 National Government Ministries in Kenya. The primary data was collected using questionnaire that relates to specific objectives of the study. Secondary data involved past reports such as annual budget data, progress reports and internal audits reports since the system implementation started and had key information that will be helpful to the research study. The study used both quantitative and qualitative method of data analysis. Collected data was first coded and then quantitatively analysed according to statistical information derived from the research questions. Secondary data were derived from desk review of annual information on IFMIS for all variables for a period of three years (2013-2015). The study found that organizational accountability systems, cash management and budgeting systems, internal control systems and financial reporting systems positively and significantly influenced the financial management in the public sector. The study recommends that mmanagers can use this information to plan and formulate budgets; examine results against budgets and plans; manage cash balances; track the status of debts and receivables; monitor the use of fixed assets and monitor the performance of specific departments or units.

# CHAPTER ONE

# INTRODUCTION

## 1.1 Back Ground of the Study

Generally, the objective of implementing Integrated Financial Management Information System (IFMIS) is to increase the effectiveness and efficiency of state financial management and facilitate the adoption of modern public expenditure practices in keeping with international standards and benchmarks. Much of the work in automating IFMIS systems has focused on financial management information system, including general ledger, accounts payable, accounts receivable, procurement, payroll, asset management, debt management, budgeting. Other points in this regard were to start from where you are in terms of PFM system development, rather than from where you want to be and also to recognize that not everything may need to be automated. As IFMIS systems evolve, the needs will change, so the scope of the automation can be expanded. Given the rapid change in technology, it may not be feasible to plan all of these potential needs or IT options in advance (Bartel, 2009).

Governments in developing countries are increasingly exploring methods and systems to modernise and improve public financial management. For example, over the years, there has been an introduction of the IFMIS as one of the most common financial management reform practices, aimed at the promotion of efficiency, effectiveness, accountability, transparency, security of data management and comprehensive financial reporting. The scope and functionality of an IFMIS varies across countries, but normally it represents an enormous, complex, strategic reform process (Husnan & Pudjiastuti, 2006).

This follows a growing interest in the quality of public sector financial management in developing countries by the donor community. In the early years after the fall of the Berlin Wall in 1989, interest in the state affairs was limited, but following the World Bank's report, the role of the state became increasingly prominent in development efforts, and particularly in the drive against poverty (World Bank, 2008). As a result, consultants and other advisors of governments in Africa started toying with idea of the introduction of modern information technology, the Integrated Financial Management Information Systems -IFMIS (World Bank, 2004).

The government of Kenya has for a long time been very much concerned over the persistent poor performance in financial management due to lack of reliable and timely information for decision making. A review by the department of accountant general at treasury, financial management, accounting systems and role of audits revealed weaknesses in the management of financial information. The review focused on the need to develop a strategic plan aimed at improving the financial management systems; skills and capacity within the government financial operations units. It also reviewed how timeliness of financial information, if improved, could form the basis for improving control of expenditure against budget (Kinyua, 2003).

### 1.1.1 Integrated Financial Management Information System (IFMIS)

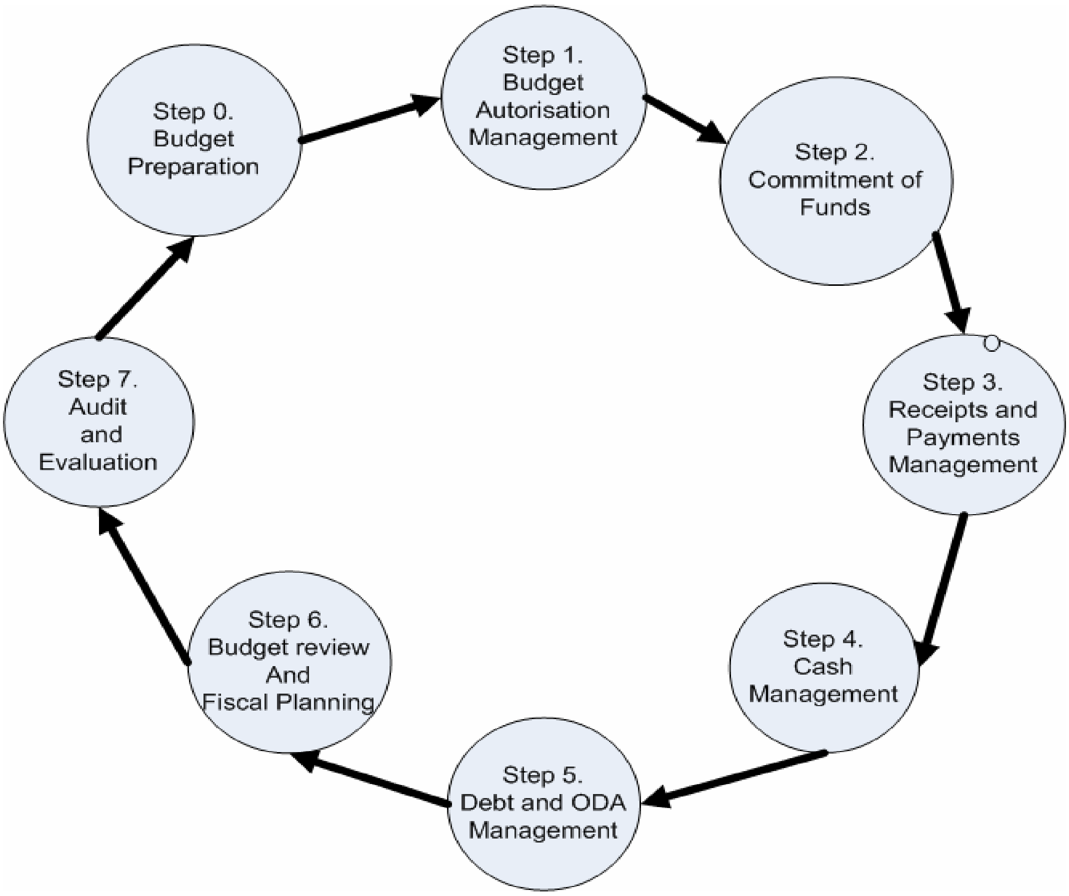
An IFMIS is a fiscal tool for government that bundles all financial management functions into one suite of applications. It is an Information Technology (IT) based budgeting and accounting system designed to assist the government entities on how to plan budget requests, spend their budgets, manage and report on their financial activities, and deliver services to the public more efficiently, effectively and economically. IFMIS operates on a common structure and platform that will enable improved compatibility and consistency of fiscal and financial information, reduces governments overall investment in the development of expensive accounting systems in each government entity (Diamond & Khemani, 2005).

One of the basic features of the IFMIS is the ability to interface with a number of existing and planned automated systems such as the Integrated Personnel Payroll Data (IPPD) and Government Payments Solution (G-pay). IFMIS software to Kenya government was contracted to oracle financials in 2003. Oracle financials being an Entrepreneur Resource Planning (ERP) was designed to consolidate the core modules to all ministries, these are; purchasing module, accounts payable module, general ledger module, cash management module and public sector budgeting module (Ministry of Finance, 2013). Effectiveness and improved outcomes are important goals for any IFMIS acquisition. The benefits of an IFMIS include: better fiscal management, more optimal resource allocation, improved management of resources (value for money), reduced fraud and corruption, improved transparency and accountability, lower transaction costs (Ministry of Finance, 2003). Diamond and Khemani (2005) said that an IFMIS consists of several Elements with different functions. He identified the core of an IFMIS to include the following Modules and systems, General ledger, budgetary accounting, Accounts payable and Accounts Receivable, and the noncore or other modules as, Payroll system, Budget development, Procurement, Project ledger and Asset module.

Integration is the key to any successful IFMIS. In a nutshell, integration implies that the system has the following basic features; standard data classification for recording financial events, internal controls over data entry, transaction processing, reporting, a common process for similar transactions and a system design that eliminates duplicate data entry. Integration often applies only to core financial management functions that an IFMIS supports, but in an ideal world it would also cover other information systems within which the core systems communicate such as human resources, payroll, and revenue. At a minimum, the IFMIS should be designed to interface with these systems. IFMIS can improve an organization’s financial management by enhancing management of cash, debt and liabilities. It also has the ability to use historical information to provide better budget modelling processes.

Integrated financial management information system in public financial management involves a number of steps which are simulated from single point of data entry widely accepted as the basic requirement to accomplish real time financial data or fiscal discipline. This format may use functional structured approach for all financial management functions under one umbrella for the purpose of transparency, accuracy and timeliness. United States Agency for International Development guide considered function of budgeting in PFM as illustrated in figure 1 below. This demonstrated the complex set of various functions of government that may be supported by IFMIS. These include the typical functions that make up the PFM cycle, from budget formulation to budget execution and review, to audit and evaluation of financial performance and results (USAID, 2008).

**Figure 1: IFMIS and the public financial management cycle**




***Source:*** **USAID IFMIS Practical Guide (2008)**

### 1.1.2 Financial Management

"Financial" relating to finance, or money, and can also be interpreted as the science of managing money. Management means to control something in a way that is satisfactory. Hence financial management is that managerial activity which is concerned with the planning and controlling of financial resources. Planning, directing, monitoring, organizing and controlling of the monetary resources (Husnan & Pudjiastuti, 2006). There is need for basic numeracy skills such as the ability to calculate returns on investments, the interest rate on debt, and basic arithmetic ability. The lack of knowledge in financial management contributes to the low survival of new venture creation and eventually the high rate of failure among the entrepreneurs and frequently the entrepreneurs are intimidated by financial management (Timmons & Spaneli, 2007).

Financial management is concerned with the planning, organizing, procurement and utilization of government financial resources as well as the formulation of appropriate policies in order to achieve the aspiration of members of that society. Premchand (1999) sees public financial management as the link between the community's aspirations with resources, and the present with future. It lies at the very heart of the operations and fiscal policy of government .Financial management involves many stages which includes;

Policy Formulation which is one of the most important stages in financial management structure according to Premchand (1999), the transformation of the society's aspirations into feasible policies with well recognized financial implication is at the heart of financial management. Budget formulation is the step that involves the allocation of resources before the submission to the legislature for review and final approval. According to Appah, (2009), the budget formulation involves the articulation of the fiscal, monetary, political, economic, social, and welfare objectives of the government. One of the fundamental aspects of public sector financial management in Kenya is the issue of audit of government financial reports. Audit is the process carried out by suitably qualified Auditors during which the accounting records and the financial statement of enterprises are subjected to examination by the independent auditors with the main purpose of expressing an opinion in accordance with the terms of appointment.

Government accounting and financial reporting is a very important component of the public sector financial management process in Kenya. Government accounting entails the recording, communicating, summarizing, analysing, and interpreting financial statement in aggregate and in details. In the same vein, premchand (1999) argues that government accounts have the dual purpose of meeting internal management requirement while providing the public with a window on government operations. Kenya is expected to perform this very important task of controlling and regulating the revenue and expenditure estimates in any fiscal year. It is the responsibility of the members of the national assembly to ensure that the budget estimates are properly scrutinized to ensure accuracy, effectiveness and efficiency of government revenue and expenditure.

### 1.1.3 Integrated Financial Management Information System and Financial Management

Integrated Financial Management Information System (IFMIS) is an information system that tracks financial events and summarizes financial information. In its basic form, an IFMIS is little more than accounting system configured to operate according to the needs and specifications of the environment in which it is installed. Generally IFMIS refers to the use of information and communications technology in financial operations to support management and budget decisions, fiduciary responsibilities, and the preparation of financial reports and statements. In the government realm, IFMIS refers more specifically to the computerization of the public financial management processes, from budget preparation and execution to accounting and reporting, with the help of an integrated system for financial management of line ministries, spending agencies and other public sector operations (Timmons & Spaneli, 2007).

An IFMIS stores, organizes and makes access to financial information easy. It not only stores all the financial information relating current and past years spending, but also stores the approved budgets for these years' details on inflows and outflow of funds, as well as complete inventories of financial assets (e.g. equipment, land and buildings) and liabilities (debt). A strong Public Financial Management (PFM) system is a catalyst for economy's growth and development. It ensures that the government and its departments raise manage and spend public resources in an efficient and transparent way. Sound systems, strong legal and regulatory frameworks as well as a competent and productive civil service are the cornerstones of an efficient PFM regime. Public Financial Management reforms have been identified as the key drivers to efficient public service delivery and creation of wealth and employment (McKinney, 2004).

### 1.1.4 Public Sector in Kenya

Integrated financial management information system in public financial management involves a number of steps which are simulated from single point of data entry widely accepted as the basic requirement to accomplish real time financial data or fiscal discipline. This format may use functional structured approach for all financial management functions under one umbrella for the purpose of transparency, accuracy and timeliness. United States Agency for International Development guide considered function of budgeting in PFM. This demonstrated the complex set of various functions of government that may be supported by IFMIS. These include the typical functions that make up the PFM cycle, from budget formulation to budget execution and review, to audit and evaluation of financial performance and results (USAID, 2008).

The government of Kenya has for a long time been very much concerned over the persistent poor performance in financial management due to lack of reliable and timely information for decision making. A review by the department of accountant general at treasury, financial management, accounting systems and role of audits revealed weaknesses in the management of financial information. The review focused on the need to develop a strategic plan aimed at improving the financial management systems; skills and capacity within the government financial operations units. It also reviewed how timeliness of financial information, if improved, could form the basis for improving control of expenditure against budget (Kinyua, 2003).

The government of Kenya took an initiative to address the shortcomings of the financial reporting system and to ensure good governance. The International Monetary Fund (IMF) carried out a survey in government accounting in early 1993 followed by a diagnostic study sponsored by the World Bank; this led to introduction of IFMIS. The main objective of this project was to computerize the whole accounting and auditing system in the country. The idea behind computerizing the whole system was generation of accurate and reliable financial statements; to monitor fiscal deficit; to forecast flow of cash; to manage public debt and to achieve effective financial controls (Kinyua, 2003). The old accounting system lacked timeliness, accuracy and most importantly transparency. Accounts of any organization, large or small, are the most important tool for curbing the corruption by keeping an eye on cash flows and more importantly to give the overall inner picture of the organization to the stakeholders which helps them take informed decisions (Kearney, 2004).

Peterson et al. (2008) noted that in modern cash management, the emphasis is usually on the part of the cash management which is responsible for many operations. A person responsible for the cash management function is primarily concerned with short-term financial activities. In a changing money management environment, it is more important to know how to improve the company's cash position, including managing accounts receivable, improving cash flow, transferring funds, and controlling cash disbursements. It is therefore necessary to assess the effect of Integrated Financial Management Systems on cash management.

### 1.2 Research Problem

Diamond and Khemani (2005) noted that in most developing countries, budget execution and accounting processes were or are either manual or supported by very old and inadequately maintained software applications. They said that this has had detrimental effects on the functioning of the public expenditure management (PEM) systems and that the consequent lack of reliable and timely revenue and expenditure data for budget planning, monitoring, expenditure control, and reporting has negatively impacted budget management resulting in a poorly controlled commitment of government resources, often leading to a large build-up of arrears; excessive borrowing, pushing up interest rates and crowding out private sector investment and misallocation of resources thus undermining the effectiveness and efficiency of service delivery. Further, they said governments have found it difficult to provide an accurate, complete, and transparent account of their financial position and this lack of information has hindered transparency and the enforcement of accountability in government. In light of these adverse developments, it is perhaps not surprising that many developing countries have pressed for, or have been pressed into, adopting

Integrated financial management information system (IFMIS) projects to strengthen their PEM systems.

An IFMIS is a fiscal tool for government that bundles all financial management functions into one suite of applications. It is an Information Technology (IT) based budgeting and accounting system designed to assist the government entities on how to plan budget requests, spend their budgets, manage and report on their financial activities, and deliver services to the public more efficiently, effectively and economically. Ajayi and Omirin (2007) expressed that a strong IFMIS is a catalyst for economic growth and development. It ensures that the government and its departments raise, manage, and spend public resources in an efficient and transparent way with the aim of improving service delivery. Bartel (2009) asserts that the ease of use, reliability, security, flexibility of IFMIS that is meant to provide timely, accurate, and consistent data for cash management and budget decision-making has also been questioned by users who note that while IFMIS has been considered to be necessary, it has weaknesses that need to be addressed.

According to Kinyua (2003), the government had consistently experienced misappropriation of funds and lacks appropriate control mechanisms in PFM of funds which leads to poor service delivery and overspending. Despite existence of manual based control systems, lack of accountability in government expenditure has been a concern to the general public and international institutions such as World Bank and IMF (Kinyua, 2003). This calls for enhanced PFM and accountability. In the year 2005, IFMIS was introduced to cushion the government against loss of revenue against unauthorized expenditure. There is a broad agreement that freely functioning IFMIS can improve accountability by providing real time information that financial and other managers can use to administer programs effectively, formulate budget and manage resources. It is on this background that the study aimed at assessing the effectiveness of IFMIS on public sector in Kenya.

Njonde and Kimanzi (2014) found that IFMIS has been effective in financial reporting, budgeting and internal controls as well as implementation of government projects, although there were challenges faced in internal controls. According to Wamunyu (2003), IFMIS has led to significant improvement in both public financial management and service delivery in government ministries in Kenya. Chumba (2014) showed that a reliable system is basically one that is accurate, timely, complete and consistent in collection of information and the infrastructure which supports the IFMIS is supposed to be secure from destruction, corruption, unauthorized access and breach of confidentiality so that there is efficient cash management. Flexibility of local IFMIS design can decrease chances of failure in cash management.

The above recent studies did not consider all variables of public financial management that are affected by IFMIS. Chumba (2014) only considered cash management and the rest of the study did not put emphasis on human aspect such as accountability, internal controls, financial reporting and transparency. This study therefore seeks to fill this gap by exploring the effectiveness of IFMIS on financial management in public sector in Kenya. This study attempt to answer the following research questions; what is the effectiveness of cash management and budgeting systems in IFMIS on financial management in public sector in Kenya? To what extent does financial reporting systems in IFMIS affect the financial management in public sector in Kenya? How does internal control systems in IFMIS affect the financial management in public sector in Kenya? How does organisational accountability systems in IFMIS affected financial management in public sector in Kenya?

## 1.3 Research Objectives

### 1.3.1 General objective

The general objective of the study was to analyse the effectiveness of IFMIS on financial management in public sector in Kenya.

### 1.3.2 Specific study objectives

i. To analyse the effectiveness of cash management and budgeting systems in IFMIS on financial management in public sector in Kenya
ii. To verify effects of financial reporting systems in IFMIS on the financial management in public sector in Kenya
iii. To assess how internal control systems in IFMIS affected financial management in public sector in Kenya
iv. To establish how organisational accountability systems in IFMIS has affected financial management in public sector in Kenya

## 1.4 Value of the Study

The government of Kenya will benefit by strengthening the management of its public finances by considering the research findings and using the recommendations of this study to fill the gaps in financial management thus enhancing efficiency and effectives in public service delivery. This study will establish accountability and transparency in public finance which will enhance public confidence in their government expenditure thereby boosting the morale of tax payers.

Private investors will also benefit from this study since the outcome will enhance their confidence in pubic financial management thereby expanding their investment base for growth and prosperity. This study will establish accountability and transparency in public finance which will enhance public confidence in their government expenditure thereby boosting the morale of tax payers.

This study contributes to the body of knowledge needed to provide understanding about the Implications of IFMIS on public finance management in Kenya in order to improve accountability and transparency and service provision to the public. In addition, the research provides a reference framework for other scholars to conduct similar studies in developing countries since it is a new field both in private and public sector.

# CHAPTER TWO

# LITERATURE REVIEW

## 2.1 Introduction

This chapter seeks to review the literature that forms the basis of this study and compares and Contrasts the findings from previous researchers. Both independent and dependent variables are also explained in this chapter and finally the summary of the chapter.

## 2.2 Theoretical Framework

According to Ruchala and Mauldin (1999), research on accounting information systems has been sourced from various disciplines, basically computer science, cognitive psychology and organizational theory. In this regard, the study will be underpinned in Meta theory model, contingency theory and system theory.

### 2.2.1 Meta Theory Model

Meta theory by Gorry and Scott-Morton (1971) is the integration and the synthesis of technical orientations, cognitive as well as the overarching model into the research on accounting information system. The Meta theory has helped in addressing the IT limitations that are imminent and addressed in previous researches such as the failure to recognize the task to which IT is being applied, the failure to recognize the adaptive nature of the artificial phenomena, the failure to account for the design science in the actual field research and the failure to direct the act of making or choosing the necessary decisions and treating all the transactions in an equal manner (Ruchala & Mauldin, 1999).

According to Reneau and Grabski (1987), information systems in accounting are used by accountants and other key decision makers that employ the accounting information or make use of the accounting data. The Meta theory model is built on past frameworks on the management information systems. Technology is very pervasive and an essential component in accounting tasks and changes work processes very efficiently. This is well recognized in the accounting theory. There are many research methods that are being employed to look into the problems inherent in Accounting information systems and accounting problems. This is evident in managerial accounting where field work, experimental work and analytical works address the relationships that exist between management information systems and accounting. The Meta theory model starts with a task focus and also suggests a process that matches between task and the alternatives for system design and various levels of analysis. It also suggests contingency factors, organizational factors and technological factors have an influence on the aspect of task performance.

### 2.2.2 Contingency Theory

There are various alternative theories that have been put forward for the purposes of accounting information systems. According to Macintosh (1981), contingency theory is a new IT theory that embraces the concept of macro organizations, technology and the human information processing systems. Widener (2004) and Gerdin and Greve (2004) looked into the various forms of contingency. Traditionally, accounting has served as the major supplier of information for decision making. Caplan (1966) and several other authors have discussed the need to consider the relationship between the decision making process and accounting system. Caplan (1966) defined the management accounting process as an information system whose major purposes are to provide the various levels of management with data which will facilitate the decision-making function of planning and control and to serve as communication medium within the organization.

The contingency theory has been used for identification, analysis and the evaluation of the factors that affect the design of accounting information systems and financial information systems. The conceptual framework has-been coined to explore how management accounting relates with the features of the organization. Since the early days of modern information technology, many people have suggested that IT will have a profound effect on the accounting profession. Elliot (1992) in his article, "Accounting Horizons", claimed that Information Technology is changing everything.

### 2.2.3 System Theory

Elliot (1992) developed systems theory by looking at related and interacting components, which work together to achieve a desired purpose or set of objectives. Wang (2005) refers to information in the sense that assuming information does not necessarily involve any conscious mind, and patterns circulating (due to feedback) in the system can be called information. In other words, it can be said that information in this sense is something potentially perceived as representation, though not created or presented for that purpose. According to Kang'ethe (2002), a system is a group of related and Interacting components, which work together to achieve a desired purpose or set of objectives.

The need for efficiency and effectiveness therefore brings forth another need of ensuring harmony and synergy between the human resource as the core resource that controls other resources on the one hand and the other tools of trade, in particular modern ICT on the other hand so as to realize the objectives of office secretarial management. There is therefore the clear need to understand the perception of human resource and areas with potential for conflict in the course of interaction between the human resource and modern ICT. When computer and communication technologies are combined, the result is information technology systems, or "InfoTech". Information technology is a general term that describes any technology that helps to produce, manipulate, store, communicate, and/or disseminate information. Presumably, when speaking of information technology as a whole, it is noted that the use of computers and information are associated (Wang, 2005).

## 2.3 Determinants of Financial Management

### 2.3.1 IFMIS and Cash Management and Budgeting

The functional process of budgeting can be categorized as those carried out by the central agencies and those carried out by the spending ministries and agencies. Those of the former group are most directly linked to the control framework-indeed one of the main functions of the central agencies (particularly the ministry of finance) is to ensure that the control framework is properly applied through government ministries. This functional process covers two interrelated areas; macro fiscal forecasting, budget preparation and approval, and budget execution, cash management and accounting. The first set of processes supports the objectives of setting fiscal policy and strategic priorities. The second set supports the objective of optimizing the use of budgeted resources and ensuring accountability (Allan, 1999). At the start of the budget cycle, the central agencies generally the ministry of finance send the sector agencies a budget circular indicating economic prospects and broad policy objectives (in some cases based on the formal micro economic framework), and giving the parameters within which the budget for each ministry is to be prepared. The circular may give specific ceilings for expenditure by each agency and program. The sector agencies respond with their budget projects (World Bank, 2004).

Dorotinsky (2003) argues that there are a number of ways in which IFMIS can improve public finance management, but generally IFMIS seek to enhance confidence and credibility of the budget through greater comprehensiveness and transparency of information. They seek to improve budget planning and execution by providing timely and accurate data for budget management and decision making. IFMIS allow a more standardized and realistic budget formulation across government, while promoting better control over budget execution through the full integration of budget execution data. They also allow for the decentralization of financial functions and processes under the overall control of the Ministry of Finance, enhance financial discipline and control operating costs by reducing administrative tasks and civil servants' workload.

Since budget requests generally exceeds, negotiating at the technical level between central and sector agency staff are required to review costing for existing discussions and are often required to set inter sectarian priorities and priorities among the program and project projects to ensure that the selected projects can be funded within the macroeconomic framework. The framework should be updated frequently particularly during budget initiation and finalization as well as subsequent reviews during the financial year. As a result of these discussions, a draft document is prepared (Ministry of Finance Report, 2008).

### 2.3.2 IFMIS and the Quality of Financial Reporting

Financial reports retrospectively describe the results of an organization's financial transactions and events in terms of its financial position and performance. According to Simson, Sharma and Aziz (2011), financial reports aim to improve budget compliance. They provide a means for internal or external actors to assess government performance. Thurakam (2007) posit that in order to serve its objectives meaningfully, financial reports must be relevant, accurate, prompt and authentic.

The financial statements must be pertinent for the purpose for which they are meant for. Irrelevant and unwanted information should be avoided but at the same time material facts must necessarily be disclosed (Thurakam, 2007). According to Rupanagunta (2006), transactions data captured in the right formats classified appropriately and presented in simple, easy to use formats can be used as valuable decision support systems. For instance, capturing the specific function performed or service rendered and the nature of the expenditure of each financial transaction undertaken by the government can be used to understand the true cost of service delivery by activity.

Simson et al (2011) elucidate that financial reporting entails extracting and presenting data from the accounting system in ways that facilitate analysis. Governments produce a range of reports for internal and external consumption. Typical reports include daily reports on hard cash flows, monthly reports on financial plan execution, revenue reports, mid-year reports and annual financial statements or fiscal reports. There are internationally recognised minimum requirements for annual fiscal reporting. These reports form the basis for the audit general’s review of government performance.

### 2.3.3 IFMIS and the Strength of Internal Controls

Internal control systems are the policies and procedures put in place by the management of a government agency in order to ensure the agency achieves its objectives and complies with external laws and regulations. Such policies and procedures tend to cover monetary book-keeping and reporting, performance monitoring, asset management and procurement (Simson et al., 2011). As a management tool IFMIS also enables management to do the following: control aggregate spending and the deficit, prioritise expenditure across policies, programmes and projects to achieve efficiency and equity in the allocation of resources, make better use of budgeted resources, namely, to achieve outcomes and produce outputs at the lowest possible cost (Hendricks, 2012). In other words, the benefits anticipated in implementing IFMIS are: enhanced governance, reduced fraud, transparency and accountability, and better monitoring and evaluation.

According to Oz (2006), the goal of financial managers, including controllers and treasurers, is to manage an organization's money as efficiently as possible. They achieve this goal by collecting payables as soon as possible, making payments at the latest time allowed by contract or law, ensuring that sufficient funds are available for day-to-day operations and taking advantage of opportunities to accrue the highest yield on funds not used for current activities. Simson et al (2011) pointed out that in order to effectively manage the government's cash flow and prevent debts from accumulating, it is important to monitor the pipeline of future payments. In addition, procurement is a common source of corruption and therefore procurement systems tend to include controls aimed to detect and deter corruption via IFMIS.

Hendricks (2012) submits that a well-designed IFMIS can provide a number of features that may help detect excessive payments, fraud and theft. These include, for example, automated identification of exceptions to normal operations, patterns of suspicious activities, automated cross-referencing of personal identification numbers for fraud, cross-referencing of asset inventories with equipment purchase to detect theft, automated cash disbursement rules and identification of ghost workers.

### 2.3.4 IFMIS and Organisational Transparency and Accountability

According to McKinney (2004), the benefits of IFMIS could be argued to be profound. First, the improved recording and process of government financial transactions also allows prompt and efficient access to reliable financial data. Second, IFMIS strengthens financial controls, facilitating a full and updated picture of commitments and expenditure on a continuous basis. Once a commitment is made, the system should be able to trace all the stages of the transaction processing from budget releases, commitment, purchase, payment request, and reconciliation of bank statements and accounting of expenditure.

According to Dener and Young (2013), most discussants agree that for true lucidity, it is important not only that governments publish budget data on websites, but that the data they disclose are meaningful and provide a full picture of their financial activity to the public. Hendricks (2012) highlights that IFMIS assists management in ensuring accountability for the deployment and use of public resources and in improving the effectiveness and efficiency of public expenditure programmes. By tracking financial events through an automated financial system, management is able to exercise improved control over expenditure and to improve transparency and accountability in the budget cycle as a whole.

Diamond and Khemani (2005) for instance reported that in Tanzania, the benefits of the IFMIS have been extensive, with the restoration of expenditure control and improved levels of transparency and accountability. The Commitment Control System has led to the elimination of overspending, and a substantial reduction in domestic arrears. A number of government bank accounts have been reduced to treasury single accounts maintained at the central bank, and the lag in reconciliation with banking data has been reduced from up to two years to automatic reconciliation on a daily basis. Comprehensive and fully reconciled fiscal data and reports are available on a continuous basis.

## 2.4 Empirical Review

Integrated financial management information system is an information system that tracks financial events and summarizes financial information. Several studies have been conducted to establish the relationship between IFMIS and financial management. The study by Dener and Young (2013) attempted to explore the effects of IFMIS on publishing open budget data and identify potential improvements in budget transparency, and provide some guidance on the effective use of IFMIS platforms to publish open budget data. The study identified 20 key and 20 informative indicators drawn from the public finance websites of 198 economies to assess the status of government websites for publishing open budget data from IFMIS. The study established that despite the widespread availability of 176 FMIS platforms used by 198 governments around the world, good practices in presenting open budget data from reliable IFMIS solutions are highly visible in only 24 countries (12%).

Barry (2001) investigated the guidelines for public expenditure management in the government ministries. The study established that the level of complexity of IFMIS is much higher than other ICT-based government reforms due to inherent complication of public financial management system. It involves not only ministry of finance but also all line ministries and other multiple spending units. However, integrated public financial management system is quite a challenging task and requires multiple conditions to be satisfied for successful implementations of long term sustainability. The study recommended that the introduction of IFMIS system should not just be seen as a technology fix, since simply automating tasks that did not need to be carried out in the first place rather IFMIS implementation should be seen as a public financial reform that affects how things are done across government ministries and parastatals.

Muigai (2012) investigated the effect of integrated financial management information systems on the financial management of public sector in Kenya: a case of the Kenyan ministries. The study covered 42 government Ministries in Kenya where 30 accountants involved in the use of Integrated Financial Management Information Systems were surveyed and data collected using both primary and secondary questionnaires and review of economic survey and statistical abstract. The study found out that IFMIS has greatly contributed to improvement in financial management in Kenya.

Chebet (2013) also investigated the critical success factors in the implementation of the re-engineered integrated financial management information system in government ministries, Kenya. The researcher used survey research design. Stratified sampling technique was used to divide the population into three strata: finance officers, ICT officers and Key system users and obtained a sample size of 54. The study collected primary data through the use of a questionnaire. The study established the following 9 group of factors as being critical in the implementation of the re-engineered IFMIS:

user involvement in the process and clear procedures for recruitment and risk management; proper management of resources; top level cash management and budgeting systems; good communication strategies among stakeholders, team spirit and good support teams, skilled team; clear and properly set goals and objectives; appropriate infrastructure; set timelines for capacity building and achievement of goals and objectives; and involvement of competent firms in the project. In addition, co-operation among departments, the availability of experts, adequate learning materials and adequate pre-testing of the system were found to have contributed to the success of the implementation.

Chuma (2014) investigated the integrated Financial Management Information System and Its Effect on Cash Management in Eldoret West District Treasury, Kenya. The purpose of this study was to investigate the effect of IFMIS on cash management practices in the public service. The study was based on descriptive survey research design was employed. The study focused on70 staff and top management at the Eldoret West District treasury. Questionnaires and interview schedules were used to collect primary data. Data was analyzed using descriptive statistics, regression and correlation. Study findings showed that reliability of IFMIS, Flexibility of IFMIS positively affect cash management. The findings also showed that a reliable system is basically one that is accurate, timely, complete and consistent in collection of information and the infrastructure which supports the IFMIS is supposed to be secure from destruction, corruption, unauthorized access and breach of confidentiality so that there is efficient cash management.

Kibui (2013) investigated financial literacy and financial management of the youth enterprise development fund in Konoin constituency Kenya. A cross sectional descriptive survey technique was adopted to find out the financial literacy and financial management of the youth enterprise development fund in Konoin constituency. A representative sample of 250 respondents was selected using random sampling technique. The study used primary data which was collected from the respondents using a detailed questionnaire which had both open ended and close ended questions. Data was then analyzed by using regression analysis and descriptive statistics which was presented using mean, correlation, standard deviation and percentages. The analysis was then visually displayed using graphs, frequency tables and charts. Based on the findings financial literacy had a direct relationship with financial management with many youth lacking the basic skills in financial planning practices. The level of financial literacy among the youth was low which was attributed by low level of financial knowledge, less exposure to managing finances and also their education levels.

Diamond and Khemani (2008) in their study on introduction to financial management information systems in developing countries further mention that all manner of reports can be generated; balance sheets, sources and uses of funds, cost reports, returns on investment, aging of receivables and payables, cash flow projections, budget variances, and performance reports of all types. Some systems have libraries consisting of hundreds of standard reports. Managers can use this information for a variety of purposes; to plan and formulate budgets; examine results against budgets and plans; manage cash balances; track the status of debts and receivables; monitor the use of fixed assets; monitor the performance of specific departments or units; and make revisions and adjustments as necessary, to name a few. Reports can also be tailored to meet the reporting requirements set by external agencies and international institutions like the International Monetary Fund (IMF).

Hashim (2001) investigated core functional requirements for fiscal management systems. The study used primary data which was collected from the respondents using a detailed questionnaire which had both open ended and close ended questions. The study established that financial management information systems are implemented and used successfully almost in all time in the commercial world. It was also established that the IFMIS system control ensures that before a purchase is committed to, there is sufficient cash allocated for the expense and the allocation matches the appropriate budget.

**2.5 Summary of Literature Review**

The study was underpinned in Meta theory model, contingency theory and system theory. The study reviewed that IFMIS seeks to enhance confidence and credibility of the budget through greater comprehensiveness and transparency of information and allow a more standardized and realistic budget formulation across government, while promoting better control over budget execution through the full integration of budget execution data. The study also reviewed that financial reports aim to improve budget compliance and that IFMIS provide a means for internal or external actors to assess government performance. IFMIS role is to connect, amass, process, and then provide financial information to all parties in the budget system on a continuous basis. It was also reviewed that IFMIS also enables management to do the following: control aggregate spending and the deficit, prioritise expenditure across policies, programmes and projects to achieve efficiency and equity in the allocation of resources, make better use of budgeted resources, namely, to achieve outcomes and produce outputs at the lowest possible cost and finally it was reviewed that IFMIS assists management in ensuring accountability for the deployment and use of public resources and in improving the effectiveness and efficiency of public expenditure programmes

## CHAPTER THREE

## RESEARCH METHODOLOGY

### 3.1 Introduction

This chapter presents the methods and processes that shall be followed by the researcher to conduct the study. This section outlines the study's research design, target population, data collection instrumentation, testing for validity and reliability, data collection procedure and methods of data analysis and presentation of results.

### 3.2 Research Design

Research design is the general plan of how one goes about answering the research questions (Creswell, 2003). From the objectives, it is evident that the research is both of a quantitative. A descriptive research design was applied in this study. Bryman and Bell (2003) assert that a descriptive design seeks to get information that describes existing phenomena by asking questions relating to individual perceptions and attitudes. Creswell (2003) observes that a descriptive research design is used when data are collected to describe persons, organizations, settings or phenomena. The data collection for descriptive research presents a number of advantages since it can provide a very multifaceted approach using interviews, observations, questionnaires and participation. This is because the study intends to obtain accurate and factual information on the effects of IFMIS on financial management in public sector.

### 3.3 The target Population

Mugenda and Mugenda (2003) indicated that target population should be explicitly and unequivocally defined, otherwise statements about the target population after the analysis of data will not be trustworthy. The study targeted 18 National Government Ministries in Kenya. Since the population was not large, the study adopted a census approach.

### 3.4 Data Collection

Primary data and secondary data collection methods were both used in the study. The primary data was collected using questionnaire that relates to specific objectives of the study. The questionnaire had both structured and unstructured questions to ensure data collection validity and reliability that would ensure deep insight on the statistical variables. The structured questions were also presented in the Likert scale for respondents' measurement on their opinions on various aspects of IFMIS on public financial management that would be guided by the study objectives. The questionnaire was then administered using a drop and pick later method to the finance, accounts and procurement officers who are the users of IFMIS system in the ministries. Secondary data involved past reports such as annual budget data, progress reports and internal audits reports since the system implementation started and had key information that will be helpful to the research study. This data was obtained through desk review of the reports at National treasury.

### 3.5 Data Analysis

The study used both quantitative and qualitative method of data analysis. Quantitative analysis was used on data collected through questionnaires. Collected data was first coded and then quantitatively analysed according to statistical information derived from the research questions. The SPSS tool was used by the researcher to facilitate interpretation of the data. The coded data was then tabulated and presented for statistical analysis by calculating the percentages, means and variance on each variable. Data results were presented in tables and charts to give a clear picture on the findings. Secondary data were derived from desk review of annual information on IFMIS for all variables for a period of three years (2013-2015). The data was subjected to a multilinear regression equation model to test the relationship between the independent variable, IFMIS and financial reporting, budgeting, internal control and organizational commitment, accountability and transparency and the dependent variable of financial management. The multiliear regression equation assumed the following form:

$$\hat{Y} = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where: $\hat{Y}$ = financial management in public sector (Audit scrutiny, Planning, directing, monitoring, organizing and controlling of financial resources)

$\beta_0$ = constant

$X_1$ = Cash management and Budgeting systems (security, reliability, macro fiscal forecasting, cash management, budget preparation and approval)

$X_2$ = Financial Reporting systems (accuracy, promptness, relevance and authenticity)

$X_3$= Internal Control systems (Enhance governance, Reduced fraud, Monitoring and evaluation)

$X_4$= Organisational Accountability Systems (Disclosure, costing analysis, tracking financial events, quality and availability of information)

$\beta_{1, 2, 3, 4}$= Slopes associated with X1, X2, X3 and X4 respectively

$\varepsilon$ = Error term or the random disturbance term

### 3.5.1 Test of Significance

The coefficient of determination ($R^2$) was used to measure the extent to which the variation in financial management can be explained by various aspects of IFMIS. F-statistic was also computed at 95% confidence level to test whether there is any significant relationship between the variables. This analysis was done using SPSS software and the findings presented in form of a research report.

## 3.6 Data Validity and Reliability

In order to test reliability in research, three methods are widely used which are the 'test re-test' method, the 'split-halves' method and the 'internal-consistency' method (Collis and Hussey, 2003). The study used 'split-halves' and 'internal consistency' method to measure reliability. 'Split-halves' method will be used by comparing the two halves of the responses to each other and similarities identified. The more similarities between the two halves and each question can be found the greater the reliability. According to Zikmund (2003), the 'split-halves' method is the most suitable and basic method for checking reliability when the study have a large amount of raw data.

Internal consistency method will be tested using Cronbach's Alpha. Cronbach's alpha is a measure of internal consistency, that is, how closely related a set of items are as a group. A "high" value of alpha is often used as evidence that the items measure an underlying (or latent) construct (Warmbrod, 2001). Reliability with a predetermined threshold of 0.7 is considered acceptable. That is, values above 0.7 will indicate presence of reliability while values below will signify lack of reliability of the research instrument. Content validity which will be employed by this study is a measure of the degree to which data collected using a particular instrument represents a specific domain or content of a particular concept.

# CHAPTER FOUR

# DATA ANALYSIS, PRESENTATION AND INTERPRETATION

## 4.1 Introduction

This chapter discusses the interpretation and presentation of the findings. This chapter presents analysis of the data on the effect of integrated financial management information system on the financial management of public sector in Kenya. The chapter also provides the major findings and results of the study.

### 4.1.1 Response Rate

The study targeted a sample size of 18 respondents from which 16 filled in and returned the questionnaires making a response rate of 88.9%. This response rate was good and representative and conforms to Mugenda and Mugenda (2003) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent.

## 4.2 Demographic Characteristics

The study sought to establish the background information of the respondents including respondents' gender, age, academic qualifications and work experience.

**Table 4. 1: Gender of the respondents**

| | Frequency | Percent |
|---|---|---|
| Male | 11 | 68.8 |
| Female | 5 | 31.3 |
| Total | 16 | 100.0 |

The study inquired on the gender of the respondents. From the findings, 68.8% of the respondents were male while 31.3% were female.

**Table 4. 2: Age of the respondents**

| | Frequency | Percent |
|---|---|---|
| 26-36 years | 1 | 6.25 |
| 36-45 years | 5 | 31.25 |
| 46-55 years | 8 | 50 |
| Over 56 years | 2 | 12.5 |
| Total | 16 | 100.0 |

Regarding the age of the respondents, the study found that 50% were aged between 46-55 years, 31.25% were aged between 36-45 years, 12.5% were aged over 56 years while 6.25% of the respondents were aged between 26-36 years.

**Table 4. 3: Academic Qualifications**

| | Frequency | Percent |
|---|---|---|
| PhD Level | 1 | 6.25 |
| Masters Level | 4 | 25 |
| First Degree | 8 | 50 |
| Diploma | 3 | 18.75 |
| Total | 16 | 100.0 |

The study also sought to establish the respondents' highest level of education. According to the findings, the majority of the respondents (50%) had an undergraduate degree, 25% had a masters degree, 18.75% had a diploma while 6.25% of the respondents had a PhD.

**Table 4. 4: No of years worked in the organization**

| | Frequency | Percent |
|---|---|---|
| 1- 2 Yrs | 1 | 6.3 |
| 2-4 Yrs | 2 | 12.5 |
| 4-6 Yrs | 4 | 25.0 |
| 6- 10 Yrs | 4 | 25.0 |
| 10 -15 Yrs | 2 | 12.5 |
| Above 15 Yrs | 3 | 18.8 |
| Total | 16 | 100.0 |

On the years of service/working period at ministry, the findings in table 4.4 show that majority of the respondents had worked for 4-6 and 6- 10 years as shown by 25% in each case, 18.8% had worked for a period of above 15 years, those who had worked for 2-4 years and 10 -15 years were represented by a 12.5% each while 6.3% had worked in the ministry for 1- 2 years.

### 4.3 Cash Management and Budgeting Systems

The study sought to establish the influence of cash management and budgeting systems on financial management in the public sector.

**Table 4.5: Extent that cash management and budgeting systems in IFMIS affect financial management in the ministries**

| | Frequency | Percent |
|---|---|---|
| Moderate extent | 2 | 12.5 |
| Great extent | 3 | 18.8 |
| Very great extent | 11 | 68.8 |
| Total | 16 | 100.0 |

Regarding the extent that cash management and budgeting systems influence the financial management in the public sector, majority of the respondents (68.8%) indicated that cash management and budgeting systems influence the financial management in the public sector to a very great extent, 18.8% said to a great extent while 12.5% of the respondents felt that cash management and budgeting systems influence the financial management in the public sector to a moderate extent.

The study inquired the extent that aspects of cash management and budgeting systems influence financial management in the public sector.

**Table 4. 6: Extent that aspects of cash management and budgeting systems in IFMIS affect financial management in the government ministries**

| | Mean | Std. Deviation |
|---|---|---|
| Security | 4.1250 | 1.02470 |
| Reliability | 3.4375 | .72744 |
| Macro fiscal forecasting | 4.0625 | .77190 |
| Cash management | 4.3135 | .63246 |
| Budget preparation and approval | 4.2062 | .73030 |

On the extent that aspects of cash management and budgeting systems influences financial management in the public sector, the respondents indicated that the aspects of cash management and budgeting systems influence financial management in the public sector to a great extent include cash management as shown by a mean score of 4.3135, budget preparation and approval as shown by a mean score of 4.2062, security as shown by a mean score of 4.1250 and macro fiscal forecasting as shown by a mean score of 4.0625 while reliability had a moderate effect as shown by a mean score of 3.4375.

The study also required the respondent to indicate their level of agreement with statements regarding cash management and budgeting systems.

**Table 4. 7: Level of agreement with statements on cash management and budgeting systems**

| | Mean | Std. Deviation |
|---|---|---|
| IFMIS seek to enhance confidence and credibility of the budget through greater comprehensiveness of information | 4.4908 | .86225 |
| IFMIS seek to enhance confidence and credibility of the budget through greater transparency of information | 3.8718 | .79898 |
| IFMIS seek to improve budget planning by providing timely and accurate data for budget management and decision making | 4.1941 | .96770 |
| IFMIS seek to improve execution by providing timely and accurate data for budget management and decision making | 3.7363 | .96827 |

From the study findings, majority of the respondents agreed that IFMIS seek to enhance confidence and credibility of the budget through greater comprehensiveness of information as illustrated by a mean score of 4.4908, IFMIS seek to improve budget planning by providing timely and accurate data for budget management and decision making as illustrated by a mean score of 4.1941, IFMIS seek to enhance confidence and credibility of the budget through greater transparency of information as illustrated by a mean score of 3.8718 and IFMIS seek to improve execution by providing timely and accurate data for budget management and decision making as illustrated by a mean score of 3.7363.

### 4.4 Financial Reporting Systems

The study further sought to find out the influence of financial reporting systems in IFMIS on financial management in the public sector.

**Table 4. 8: Extent that financial reporting systems in IFMIS affect financial management in government ministries**

| | Frequency | Percent |
|---|---|---|
| Little extent | 1 | 6.3 |
| Moderate extent | 4 | 25.0 |
| Great extent | 3 | 18.8 |
| Very great extent | 8 | 50.0 |
| Total | 16 | 100.0 |

From the study findings portrayed in table 4.8, most of the respondents (50%) indicated that financial reporting systems influence the financial management in the public sector to a very great extent, 25% said to a moderate extent, 18.8% said to a great extent while 6.3% of the respondents were of the view that financial reporting systems influence the financial management in the public sector to a little extent.

**Table 4. 9: Extent that aspects of financial reporting systems in IFMIS affect financial management in government ministries**

| | Mean | Std. Deviation |
|---|---|---|
| Security | 4.0164 | .59813 |
| Reliability | 3.5373 | .70342 |
| Accuracy | 3.5821 | .65480 |
| Promptness | 4.0522 | .65790 |
| Relevance | 4.1194 | .89650 |
| Authenticity | 4.0324 | .73030 |

The researcher also wanted to establish the extent that various aspects of financial reporting systems affect financial management in government ministries. From the findings, the study deduced that the aspects of financial reporting systems affect financial management in government ministries to a great extent include relevance as shown by a mean score of 4.1194, promptness as shown by a mean score of 4.0522, authenticity as shown by a mean score of 4.0324, security as shown by a mean score of 4.0164, accuracy as shown by a mean score of 3.5821 and reliability as shown by a mean score of 3.5373.

**Table 4. 10: Level of agreement with statements on financial reporting systems**

| | Mean | Std. Deviation |
|---|---|---|
| IFMIS enables me to understand the true cost of service delivered per activity | 4.5625 | .81394 |
| I can easily extract and present data from IFMIS in ways that facilitate analysis | 4.0378 | 1.31656 |
| I can access IFMIS to derive the specific information I require to carry out my work | 2.8125 | 1.55858 |
| There are built-in analytical tools within IFMIS that enables trend analysis of various elements of fiscal operations in the office | 3.6250 | 1.45488 |
| Through IFMIS, I am able to reconcile transactions data in real-time | 4.1250 | .88506 |
| IFMIS accurately discloses the financial position to the public | 4.3125 | .70415 |
| The IFMIS system enables me to generate custom reports for internal and external use | 4.5000 | .63246 |
| I can easily access non-financial information such as employee number and cadre | 3.6875 | 1.19548 |
| With IFMIS, I have at my disposal information that can quickly provide year to year balances which can be used for analysis throughout the year | 4.3750 | .61914 |

| | | |
|---|---|---|
| IFMIS offers real-time financial information that enhances my decision making abilities | 4.3125 | .47871 |

The respondents were also required to indicate the aspects of financial reporting systems that affect financial management in government ministries. From the findings, the respondents strongly agreed that IFMIS enables me to understand the true cost of service delivered per activity and that the IFMIS system enables me to generate custom reports for internal and external use as illustrated by a mean score of 4.5625 and 4.5000 respectively.

The respondents also agreed that with IFMIS, I have at my disposal information that can quickly provide year to year balances which can be used for analysis throughout the year as illustrated by a mean score of 4.3750, IFMIS accurately discloses the financial position to the public as illustrated by a mean score of 4.3125, IFMIS offers real-time financial information that enhances my decision making abilities as illustrated by a mean score of 4.3125, Through IFMIS, I am able to reconcile transactions data in real-time as illustrated by a mean score of 4.1250, employees can easily extract and present data from IFMIS in ways that facilitate analysis as illustrated by a mean score of 4.0378, employees can easily access non-financial information such as employee number and cadre as illustrated by a mean score of 3.6875 and there are built-in analytical tools within IFMIS that enables trend analysis of various elements of fiscal operations in the office as illustrated by a mean score of 3.6250. They were however neutral on the fact that employees can access IFMIS to derive the specific information I require to carry out my work as illustrated by a mean score of 2.8125.

## 4.5 Internal Control Systems

The study further sought to establish the influence of internal control systems on financial management in the public sector.

**Table 4. 11: Extent that internal control systems in IFMIS affect financial management in government ministries**

| | Frequency | Percent |
|---|---|---|
| Moderate extent | 4 | 25.0 |
| Great extent | 7 | 43.8 |
| Very great extent | 5 | 31.3 |
| Total | 16 | 100.0 |

From the findings as shown by table 4.12, 43.8% of the respondents indicated that internal control systems affects the financial management in the public sector to a great extent, 31.1% said to a moderate extent while 25% said internal control systems affects the financial management in the public sector to a moderate extent.

**Table 4. 12: Extent that aspects of internal control systems in IFMIS affect financial management in government ministries**

| | Mean | Std. Deviation |
|---|---|---|
| Enhance governance | 4.2875 | .47871 |
| Reduced fraud | 4.3750 | .50000 |
| Monitoring and evaluation | 4.1875 | .47871 |

The study sought to establish the extent that aspects of internal control systems affect financial management in government ministries. The study found that the aspects of internal control systems that affect financial management in government ministries to a very great extent include reduced fraud, enhance governance and monitoring and evaluation as shown by a mean score of 4.3750, 4.2875 and 4.1875 respectively.

**Table 4. 13 Level of agreement with statements on internal control systems**

| | **Mean** | **Std. Deviation** |
|---|---|---|
| Since implementation of IFMIS, duplication and jurisdictional problems in exchanging information have been minimized | 4.3750 | 1.20416 |
| IFMIS allows for cross-referencing of personal identification numbers and asset inventories that has reduced cases of fraud significantly | 4.1875 | .47871 |
| IFMIS can trace all the stages of a transaction process hence enhancing transparency and accountability of the process | 4.5625 | .62915 |

| | | |
|---|---|---|
| built-in features within IFMIS facilitates effective monitoring and evaluation of public sector's activities | 3.5064 | .73030 |
| IFMIS has improved the effectiveness and efficiency of public expenditure programmes | 3.7500 | .85635 |
| FMIS provides auditable financial statements from the ministry | 2.8175 | 1.2583 |
| Since the implementation of IFMIS, there is enhanced confidence and credibility of the ministry's budget | 3.8125 | 1.04682 |
| Use of IFMIS has greatly enhanced security of information which minimizes risk of corruption and improve reliability of the system | 4.3750 | .95743 |

The respondents were requested to indicate the extent that internal control systems influence the financial management in the public sector. From the findings, majority of the respondents strongly agreed that IFMIS can trace all the stages of a transaction process hence enhancing transparency and accountability of the process as illustrated by a mean score of 4.5625.

The respondents were in agreement that since implementation of IFMIS, duplication and jurisdictional problems in exchanging information have been minimized as illustrated by a mean score of 4.3750, use of IFMIS has greatly enhanced security of information which minimizes risk of corruption and improve reliability of the system as illustrated by a mean score of 4.3750, IFMIS allows for cross-referencing of personal identification numbers and asset inventories that has reduced cases of fraud significantly as illustrated by a mean score of 4.1875, since the implementation of

IFMIS, there is enhanced confidence and credibility of the ministry's budget as illustrated by a mean score of 3.8125, IFMIS has improved the effectiveness and efficiency of public expenditure programmes as illustrated by a mean score of 3.7500 and built-in features within IFMIS facilitates effective monitoring and evaluation of public sector's activities as illustrated by a mean score of 3.5064. They were neutral on the fact that FMIS provides auditable financial statements from the ministry as illustrated by a mean score of 2.8175.

## 4.6 Accountability Systems

The study sought to explore the effect of organisational accountability systems on financial management in government ministries.

**Table 4. 14: Extent that organisational accountability systems in IFMIS affect financial management in government ministries**

| | Frequency | Percent |
|---|---|---|
| Not at all | 1 | 6.3 |
| Great extent | 8 | 50.0 |
| Very great extent | 7 | 43.8 |
| Total | 16 | 100.0 |

Majority of the respondents (50%) indicated that organisational accountability systems affects the financial management in the public sector to a great extent, 43.8% said it influences to a very great extent, 6.3% said it does not influence at all while 2.9% of the respondent indicated that organisational accountability systems affects the financial management in the public sector to a moderate extent.

**Table 4. 15: Extent that aspects of organisational accountability systems in IFMIS affect financial management in government ministries**

| | Mean | Std. Deviation |
|---|---|---|
| Disclosure | 4.0756 | .73030 |
| Costing analysis | 4.1753 | .81650 |
| Tracking financial events | 4.0125 | .72744 |
| Quality of information | 3.5046 | .81650 |
| Availability of information | 4.1250 | .71880 |

From the findings, the aspects of organisational accountability systems in IFMIS that affect financial management in government ministries include costing analysis as shown by a mean score of 4.1753, availability of information as shown by a mean score of 4.1250, disclosure as shown by a mean score of 4.0756, tracking financial events as shown by a mean score of 4.0125 and quality of information as shown by a mean score of 3.5046.

**Table 4. 16: Level of agreement with statements on organisational accountability systems**

| | Mean | Std. Deviation |
|---|---|---|
| IFMIS assists management in ensuring accountability for the deployment and use of public resources. | 4.0250 | .71880 |
| IFMIS aims at improving the quality and availability of information necessary at various stages of public financial management, such as budgeting, treasury management, accounting and auditing | 4.1250 | .61914 |
| Disclose are meaningful and provide a full picture of their financial activity to the public | 3.5625 | .72744 |
| IFMIS assists management in ensuring accountability for the deployment and use of public resources and in improving the effectiveness and efficiency of public expenditure programme | 4.367 | .73030 |
| By tracking financial events through an automated financial system, management is able to exercise improved control over expenditure and to improve transparency and accountability | 3.5625 | .62915 |
| The Commitment Control System has led to the elimination of overspending, and a substantial reduction in domestic arrears | 4.2500 | .77460 |

Majority of the respondents were in agreement that IFMIS assists management in ensuring accountability for the deployment and use of public resources and in improving the effectiveness and efficiency of public expenditure programme as shown by a mean score of 4.367, The Commitment Control System has led to the elimination of overspending, and a substantial reduction in domestic arrears as shown by a mean score of 4.2500 and IFMIS aims at improving the quality and availability of information necessary at various stages of public financial management, such as budgeting, treasury management, accounting and auditing as shown by a mean score of 4.1250.

They also agreed that IFMIS assists management in ensuring accountability for the deployment and use of public resources as shown by a mean score of 4.0250, Disclose are meaningful and provide a full picture of their financial activity to the public and by tracking financial events through an automated financial system, management is able to exercise improved control over expenditure and to improve transparency and accountability as shown by a mean score of 3.5625 in each case.

## 4.7 Financial Management of Public Sector

**Table 4. 17: Trend of the various aspects of financial management in government ministries since adoption of IFMIS**

| | Mean | Std. Deviation |
|---|---|---|
| Audit scrutiny | 3.1875 | .65511 |
| Planning of financial resources | 4.3500 | .68313 |
| Directing of financial resources | 3.0625 | .77190 |
| Monitoring of financial resources | 4.0625 | .85391 |
| Organizing of financial resources | 4.1625 | .51235 |

| | | |
|---|---|---|
| Controlling of financial resources | 4.0875 | .47871 |

On the trend of the various aspects of financial management in government ministries since adoption of IFMIS, majority of the respondents indicated that there has been an improvement in planning of financial resources as shown by a mean score of 4.3500, organizing of financial resources as shown by a mean score of 4.1625, controlling of financial resources as shown by a mean score of 4.0875 and monitoring of financial resources as shown by a mean score of 4.0625. However, they indicated that audit scrutiny and directing of financial resources were constant as shown by a mean score of 3.1875 and 3.0625 respectively.

### 4.8 Regression Analysis

In this study, a multiple regression analysis was conducted to test the influence among predictor variables. The research used statistical package for social sciences (SPSS V 21.0) to code, enter and compute the measurements of the multiple regressions

**Table 4.18: Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | 0.8662 | 0.7503 | 0.6902 | 0.7325 |

R-Squared is a commonly used statistic to evaluate model fit. R-square is 1 minus the ratio of residual variability. The adjusted $R^{2,}$ also called the coefficient of multiple determinations, is the percent of the variance in the dependent explained uniquely or jointly by the independent variables. 69.02% of the changes in the financial management in the public sector could be attributed to the combined effect of the predictor variables.

**Table 4. 19: Summary of One-Way ANOVA results**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 9.223 | 4 | 2.306 | 3.334 | 0.015 |
| | Residual | 42.876 | 11 | 0.692 | | |
| | Total | 52.099 | 15 | | | |

The probability value of 0.015 indicates that the regression relationship was highly significant in predicting how organizational accountability systems, cash management and budgeting systems, internal control systems and financial reporting systems influenced financial management in the public sector. The F calculated at 5% level of significance was 3.334 since F calculated is greater than the F critical (value = 2.5252), this shows that the overall model was significant.

**Table 4. 20: Regression coefficients of the relationship between financial management in the public sector and the four predictive variables**

| Model | | Unstandardized Coefficients B | Unstandardized Coefficients Std. Error | Standardized Coefficients Beta | t | Sig. |
|---|---|---|---|---|---|---|
| 1 | (Constant) | 1.053 | 0.217 | | 2.889 | 5.31E-03 |
| | Organisational accountability systems | 0.682 | 0.149 | 0.613 | 5.309 | 1.58E-06 |
| | Cash management and budgeting systems | 0.701 | 0.181 | 0.149 | 3.210 | 2.10E-03 |
| | Internal control systems | 0.599 | 0.196 | 0.234 | 4.255 | 7.19E-05 |
| | Financial reporting systems | 0.763 | 0.091 | 0.138 | 3.989 | 1.78E-04 |

As per the SPSS generated table above, the equation ($\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon}$) becomes:

$Y = 1.053 + 0.682X_1 + 0.701X_2 + 0.599X_3 + 0.763X_4$

The regression equation above has established that taking all factors into account (organisational accountability systems, cash management and budgeting systems, internal control systems and financial reporting systems) constant at zero financial management in the public sector will be 1.053. The findings presented also show that taking all other independent variables at zero, a unit increase in the organisational accountability systems would lead to a 0.682 increase in the scores of financial management in the public sector and a unit increase in the scores of cash management and budgeting systems would lead to a 0.701 increase in the scores of financial management in the public sector. Further, the findings shows that a unit increases in the scores of internal control systems would lead to a 0.599 increase in the scores of co financial management in the public sector. The study also found that a unit increase in the scores of financial reporting systems would lead to a 0.763 increase in the scores of financial management in the public sector.

Overall, financial reporting systems had the greatest effect on the financial management in the public sector, followed by cash management and budgeting systems, then organisational accountability systems while level of internal control systems had the least effect to the financial management in the public sector. All the variables were significant ($p<0.05$).

### 4.9 Summary and Interpretation of Findings

From the The regression model above, the study established that taking all factors into account (organisational accountability systems, cash management and budgeting systems, internal control systems and financial reporting systems) constant at zero financial management in the public sector will be 1.053. The findings presented also show that taking all other independent variables at zero, a unit increase in the organisational accountability systems would lead to a 0.682 increase in the scores of financial management in the public sector and a unit increase in the scores of cash management and budgeting systems would lead to a 0.701 increase in the scores of financial management in the public sector. Further, the findings shows that a unit increases in the scores of internal control systems would lead to a 0.599 increase in the scores of co financial management in the public sector. The study also found that a unit increase in the scores of financial reporting systems would lead to a 0.763 increase in the scores of financial management in the public sector. Overall, financial reporting systems had the greatest effect on the financial management in the public sector, followed by cash management and budgeting systems, then organisational accountability systems while level of internal control systems had the least effect to the financial management in the public sector. All the variables were significant ($p<0.05$).

The study established that the coefficient for cash management and budgeting systems was 0.701, meaning that cash management and budgeting systems positively and significantly influenced the financial management in the public sector. The study further established that security, reliability, macro fiscal forecasting and budget preparation and approval influenced the financial management in the public sector to a great extent. This correlates with Dorotinsky (2003) who argues that there are a number of ways in which IFMIS can improve public finance management by enhancing confidence and credibility of the budget through greater comprehensiveness and transparency of information. Simson et al (2011) also pointed out that in order to effectively manage the government's cash flow and prevent debts from accumulating, it is important to monitor the pipeline of future payments. Chuma (2014) also investigated the integrated Financial Management Information System and Its Effect on Cash Management in Eldoret West District Treasury, Kenya and showed that a reliable system is basically one that is accurate, timely, complete and consistent in collection of information and the infrastructure. The study concluded that IFMIS is supposed to be secure from destruction, corruption, unauthorized access and breach of confidentiality so that there is efficient cash management.

The study established that the coefficient for financial reporting was 0.763, meaning that financial reporting positively and significantly influenced the financial management in the public sector. The study also established that aspects of financial reporting such as security, reliability, accuracy, promptness, relevance and authenticity influenced the financial management in the public sector to a greater extent. This is in line with Thurakam (2007) who found that in order to serve its objectives meaningfully, financial reports must be relevant, accurate, prompt and authentic. Simson et al (2011) elucidate that financial reporting entails extracting and presenting data from the accounting system in ways that facilitate analysis. However, Kibui (2013) also investigated financial literacy and financial management of the youth enterprise development fund in Konoin constituency Kenya and found that the level of financial literacy among the youth was low which was attributed by low level of financial knowledge, less exposure to managing finances and also their education levels. This indicates that low level of financial knowledge may lead to unreliability, inaccuracy and irrelevant financial reporting.

The study established that the coefficient for internal control systems was 0.599, meaning that internal control systems positively and significantly influenced the financial management in the public sector. The study also established that aspects of internal control systems such as enhance governance, reduced fraud and monitoring and evaluation influenced the financial management in the public sector to a great extent. This agrees with Hendricks (2012) who submits that a well-designed IFMIS can provide a number of features that may help detect excessive payments, fraud and theft. Simson et al (2011) also pointed out that procurement is a common source of corruption and therefore procurement systems tend to include controls aimed to detect and deter corruption via IFMIS.

The study established that the coefficient for organizational accountability systems was 0.682, meaning that organizational accountability systems spositively and significantly influenced the financial management in the public sector. The study further established that aspects of organizational accountability systems such as tracking financial events, availability of information, costing analysis and disclosure influenced the financial management in the public sector to a great extent. This is in line with Diamond and Khemani (2005) who reported that in Tanzania, the benefits of the IFMIS have been extensive, with the restoration of expenditure control and improved levels of transparency and accountability.

The study further established that there has been an improvement in planning of financial resources as shown by a mean score of 4.3500, organizing of financial resources as shown by a mean score of 4.1625, controlling of financial resources as shown by a mean score of 4.0875 and monitoring of financial resources as shown by a mean score of 4.0625. This correlates with Muigai (2012) results that IFMIS has greatly contributed to improvement in financial management in Kenya. Hashim (2001) investigated core functional requirements for fiscal management systems.

# CHAPTER FIVE

# SUMMARY, CONCLUSION AND RECOMMENDATIONS

## 5.1 Summary of Findings

The government of Kenya has for a long time been very much concerned over the persistent poor performance in financial management due to lack of reliable and timely information for decision making. A review by the department of accountant general at treasury, financial management, accounting systems and role of audits revealed weaknesses in the management of financial information. It is with this regard that the study sought to analyse the effectiveness of IFMIS on financial management in public sector in Kenya. The main objectives of the study was to analyse the effectiveness of cash management and budgeting systems; financial reporting systems in IFMIS; internal control systems in IFMIS; and the effectiveness of organisational accountability systems in IFMIS on financial management in public sector in Kenya. The study adopted a descriptive research in this study with a targeted population of 18 National Government Ministries in Kenya. The primary data was collected using questionnaire that relates to specific objectives of the study. Secondary data involved past reports such as annual budget data, progress reports and internal audits reports since the system implementation started and had key information that will be helpful to the research study. The study used both quantitative and qualitative method of data analysis. Collected data was first coded and then quantitatively analysed according to statistical information derived from the research questions. Secondary data were derived from desk review of annual information on IFMIS for all variables for a period of three years (2013-2015). The data was subjected to a multilinear regression equation model to test the relationship between the independent variable, IFMIS

Performance and the dependent variables of financial reporting, budgeting, internal control and organizational commitment, accountability and transparency. The study established that taking all factors into account (organisational accountability systems, cash management and budgeting systems, internal control systems and financial reporting systems) constant at zero financial management in the public sector will be 1.053. The findings presented also show that taking all other independent variables at zero, a unit increase in the organisational accountability systems would lead to a 0.682 increase in the scores of financial management in the public sector and a unit increase in the scores of cash management and budgeting systems would lead to a 0.701 increase in the scores of financial management in the public sector. Further, the findings shows that a unit increases in the scores of internal control systems would lead to a 0.599 increase in the scores of co financial management in the public sector. The study also found that a unit increase in the scores of financial reporting systems would lead to a 0.763 increase in the scores of financial management in the public sector.

## 5.2 Conclusions

The study concludes that cash management and budgeting systems positively and significantly influence the financial management in the public sector. The study further concludes that security, reliability, macro fiscal forecasting and budget preparation and approval influence the financial management in the public sector to a great extent. This correlates with Dorotinsky (2003) who argues that there are a number of ways in which IFMIS can improve public finance management by enhancing confidence and credibility of the budget through greater comprehensiveness and transparency of information.

The study also concludes that financial reporting positively and significantly influences the financial management in the public sector. The study also concludes that aspects of financial reporting such as security, reliability, accuracy, promptness, relevance and authenticity influenced the financial management in the public sector to a greater extent. This is in line with Thurakam (2007) who found that in order to serve its objectives meaningfully, financial reports must be relevant, accurate, prompt and authentic.

The study further concludes that internal control systems positively and significantly influenced the financial management in the public sector. The study further concludes that aspects of internal control systems such as enhance governance, reduced fraud and monitoring and evaluation influence the financial management in the public sector to a great extent. This agrees with Hendricks (2012) who submits that a well-designed IFMIS can provide a number of features that may help detect excessive payments, fraud and theft.

The study concludes that organizational accountability systems positively and significantly influenced the financial management in the public sector. The study further concludes that aspects of organizational accountability systems such as tracking financial events, availability of information, costing analysis and disclosure influenced the financial management in the public sector to a great extent. This is in line with Diamond and Khemani (2005) who reported that in Tanzania, the benefits of the IFMIS have been extensive, with the restoration of expenditure control and improved levels of transparency and accountability.

The study finally concludes that IFMIS has improved organizing of financial resources, controlling of financial resources and monitoring of financial resources. This correlates with Muigai (2012) results that IFMIS has greatly contributed to improvement in financial management in Kenya. Hashim (2001) investigated core functional requirements for fiscal management systems.

## 5.3 Recommendations for Policy and Practice

The study recommended that the public sector institutions should put in place proper financial systems to enhance financial performance and generation of usable output by employees. On motivation the study recommends that management for public sector institutions responsible for IFMIS integration should improve reward system because it enhances financial management.

The study also recommends that mmanagers can use this information for a variety of purposes; to plan and formulate budgets; examine results against budgets and plans; manage cash balances; track the status of debts and receivables; monitor the use of fixed assets; monitor the performance of specific departments or units; and make revisions and adjustments as necessary, to name a few. Reports can also be tailored to meet the reporting requirements set by external agencies and international institutions like the International Monetary Fund (IMF).

Public finance policy makers should focus on the scope and functionality of an IFMIS system which can vary from a basic general ledger accounting application to a comprehensive system covering budgeting, accounts receivable or payable, cash management, internal control, financial reporting and accountability system. The huge proportion of non-conforming state corporations underscores the need for the National government through line ministries to bring the remnant state corporations to the fold owing to the fact that public expenditure through the state corporations accounts for over 45% of the GDP of the country.

The study recommends that the introduction of IFMIS system should not just be seen as a technology fix, since simply automating tasks that did not need to be carried out in the first place rather IFMIS implementation should be seen as a public financial reform that affects how things are done across government ministries and parastatals.

### 5.4 Limitations of the Study

The methods of data collection were both secondary and primary. The collection of secondary data involved extraction from economic surveys and statistical abstract books. The primary data collection on the other hand involved personal administration of questionnaires with accountants across ministries. Both of these methods required adequate time which was not available.

Some of the respondents were reluctant to give answers to the questions in the questionnaires. Some of the respondents thought that they were being investigated whether they were resisting effective implementation of the system. In addition, the researcher required funds for transport, stationary, typing and printing among other costs. This forced the researcher to use his personal savings.

The researcher encountered many limitations while conducting the research. One of them came when collecting the data. The respondents were supposed to be employees in the 18 ministries headquarters in Nairobi. This made it difficult for the researcher to get the questionnaires to be filled in time and which finally resulted in some questionnaires not being returned regardless of the fact that the number of respondents was small. The researcher however made several visits and communicated through e-mail to contact persons in the said companies to get favourable responses.

Another limitation is that the respondents were reluctant in giving some information about their financial management which they viewed being confidential. The researcher however reassured the respondents that information obtained from them would be used for the purposes of the study only. The researcher also obtained a letter from the university as evidence.

### 5.5 Recommendation for further studies

The study sought to find the effect of IFMIS on financial management in the public sector in Kenya. The study population involved the Government Ministries based in Nairobi. Further studies could be undertaken by involving other regions or departments in the country. The researcher obtained a sample composed of one officer directly involved in the use of IFMIS in each ministry. A more expanded scope whereby all cadre of staff are involved could form a basis for further research. The Ministry of Finance have carried out reengineering of the system. The results of this reengineering could possibly unearth other variables of significance hence a further research can be carried out to establish any new developments in the systems use.

The researcher analysed four major factors that were believed to have significantly affected IFMIS implementation. Further research could be conducted by incorporating more factors (variables).

The study recommends that in future, a study be conducted on the effectiveness of IFMIS in both private and public sector in Kenya. This study will be key in identifying whether the IFMIS adopted by organizations are important in improving the financial management and what other strategies can be adopted so as to improve financial management.

This study concentrated on Government Ministries based alone and thus did not collect the views from other institutions such as parastatals and other sectors of the economy. It is therefore recommended that in future, the study be conducted across all government institutions. This will be important so as to generalize findings for the entire public institutions.

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# APPENDICES

## Appendix I: Research Questionnaire

### SECTION A: GENERAL INFORMATION

1) Gender

Male [ ☐]

Female [ ☐ ]

2) Age Bracket

| | | | |
|---|---|---|---|
| 18-25 years | [☐] | 26-36 years | [☐ ] |
| 36-45 years | [☐ ] | 46-55 years | [☐ ] |
| Over 56 years | [☐ ] | | |

3) Academic Qualifications

| | | | |
|---|---|---|---|
| PhD Level | [☐ | Masters Level | [☐ |
| First Degree | [☐ | Diploma | [☐ |

4) How long have you been working in your department

1- 2 Yrs [ ]

2-4 Yrs [ ]

4-6 Yrs [ ]

6- 10 Yrs [ ]

10 -15 Yrs [ ]

Above 15 Yrs [ ]

**SECTION B: CASH MANAGEMENT AND BUDGETING SYSTEMS**

5) To what extent do cash management and budgeting systems in IFMIS affect financial management in your offices?

Very great extent [ ]

Great extent [ ]

Moderate extent [ ]

Little extent [ ]

No extent [ ]

6) To what extent do the following aspects of cash management and budgeting systems in IFMIS affect financial management in your offices?

| | Very great extent | Very great extent | Very great extent | Very great extent | Very great extent |
|---|---|---|---|---|---|
| Security | | | | | |
| Reliability | | | | | |
| Macro fiscal forecasting | | | | | |
| Cash management | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Budget preparation and approval | | | | | |

7) What is your level of agreement with how the following statements on cash management and budgeting systems in your offices: 5= Strongly agree 4 = Agree 3= Neutral 4= Disagree 5= Strongly Disagree

| | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| IFMIS seek to enhance confidence and credibility of the budget through greater comprehensiveness of information | | | | | |
| IFMIS seek to enhance confidence and credibility of the budget through greater transparency of information | | | | | |
| IFMIS seek to improve budget planning by providing timely and accurate data for budget management and decision making | | | | | |
| IFMIS seek to improve execution by providing timely and accurate data for budget management and decision making | | | | | |

**SECTION C: FINANCIAL REPORTING SYSTEMS**

To what extent do financial reporting systems in IFMIS affect financial management in your offices?

Very great extent [ ]

Great extent [ ]

Moderate extent [ ]

Little extent [ ]

No extent [ ]

8) To what extent do the following aspects of financial reporting systems in IFMIS affect financial management in your offices?

| | Very great extent | Very great extent | Very great extent | Very great extent | Very great extent |
|---|---|---|---|---|---|
| Security | | | | | |
| Reliability | | | | | |
| Macro fiscal forecasting | | | | | |
| Cash management | | | | | |
| Budget preparation and | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| approval | | | | | |

9) To what extent do the following aspects of financial reporting systems in IFMIS affect financial management in your offices?

| | Very great extent | Very great extent | Very great extent | Very great extent | Very great extent |
|---|---|---|---|---|---|
| Accuracy | | | | | |
| Promptness | | | | | |
| Relevance | | | | | |
| Authenticity | | | | | |

10) Please indicate whether you agree or disagree with the following statements by placing a tick (□) inside the appropriate box: 5= Strongly agree 4 = Agree 3= Neutral 4= Disagree 5= Strongly Disagree

| | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| IFMIS enables me to understand the true cost of service delivered per activity | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| I can easily extract and present data from IFMIS in ways that facilitate analysis | | | | | |
| I can access IFMIS to derive the specific information I require to carry out my work | | | | | |
| There are built-in analytical tools within IFMIS that enables trend analysis of various elements of fiscal operations in the office | | | | | |
| Through IFMIS, I am able to reconcile transactions data in real-time | | | | | |
| IFMIS accurately discloses the financial position to the public | | | | | |
| The IFMIS system enables me to generate custom reports for internal and external use | | | | | |
| I can easily access non-financial information such as employee number and cadre | | | | | |
| With IFMIS, I have at my disposal information that can quickly provide year to year balances which can be used for analysis throughout the year | | | | | |
| IFMIS offers real-time financial information that | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| enhances my decision making abilities | | | | | |

**SECTION D: INTERNAL CONTROL SYSTEMS**

To what extent do internal control systems in IFMIS affect financial management in your offices?

Very great extent [ ]

Great extent [ ]

Moderate extent [ ]

Little extent [ ]

No extent [ ]

11) To what extent do the following aspects of internal control systems in IFMIS affect financial management in your offices?

| | Very great extent | Very great extent | Very great extent | Very great extent | Very great extent |
|---|---|---|---|---|---|
| Enhance governance | | | | | |
| Reduced fraud | | | | | |
| Monitoring and evaluation | | | | | |

12) Please indicate whether you agree or disagree with the following statements by placing a tick (□) inside the appropriate box: 5= Strongly agree 4 = Agree 3= Neutral 4= Disagree 5= Strongly Disagree

| | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| Since implementation of IFMIS, duplication and jurisdictional problems in exchanging information have been minimized | | | | | |
| IFMIS allows for cross-referencing of personal identification numbers and asset inventories that has reduced cases of fraud significantly | | | | | |
| IFMIS can trace all the stages of a transaction process hence enhancing transparency and accountability of the process | | | | | |
| built-in features within IFMIS facilitates effective monitoring and evaluation of public sector's activities | | | | | |
| IFMIS has improved the effectiveness and efficiency of public expenditure programmes | | | | | |
| FMIS provides auditable financial statements from the ministry | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Since the implementation of IFMIS, there is enhanced confidence and credibility of the ministry's budget | | | | | |
| Use of IFMIS has greatly enhanced security of information which minimizes risk of corruption and improve reliability of the system | | | | | |

**SECTION E: ACCOUNTABILITY SYSTEMS**

To what extent do organisational accountability systems in IFMIS affect financial management in your offices?

Very great extent [ ]

Great extent [ ]

Moderate extent [ ]

Little extent [ ]

No extent [ ]

13) To what extent do the following aspects of organisational accountability systems in IFMIS affect financial management in your offices?

| | Very great extent | Very great extent | Very great extent | Very great extent | Very great extent |
|---|---|---|---|---|---|

| | | | | | |
|---|---|---|---|---|---|
| Disclosure | | | | | |
| Costing analysis | | | | | |
| Tracking financial events | | | | | |
| Quality of information | | | | | |
| Availability of information | | | | | |

14) Please indicate whether you agree or disagree with the following statements by placing a tick (□) inside the appropriate box: 5= Strongly agree 4 = Agree 3= Neutral 4= Disagree 5= Strongly Disagree

| | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| Improved recording and process of government financial transactions allows prompt and efficient access to reliable financial data | | | | | |
| IFMIS assists management in ensuring accountability for the deployment and use of public resources. | | | | | |
| IFMIS aims at improving the quality and availability of information necessary at various stages of public | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| financial management, such as budgeting, treasury management, accounting and auditing | | | | | |
| Disclose are meaningful and provide a full picture of their financial activity to the public | | | | | |
| IFMIS assists management in ensuring accountability for the deployment and use of public resources and in improving the effectiveness and efficiency of public expenditure programme | | | | | |
| By tracking financial events through an automated financial system, management is able to exercise improved control over expenditure and to improve transparency and accountability | | | | | |
| The Commitment Control System has led to the elimination of overspending, and a substantial reduction in domestic arrears | | | | | |

**SECTION F: FINANCIAL MANAGEMENT OF PUBLIC SECTOR**

15) What has been the trend of the following aspects of financial management in your institution since you adopted the use of IFMIS?

| | Greatly Improved | Improved | Constant | Decreasing | Greatly decreased |
|---|---|---|---|---|---|

| | | | | | |
|---|---|---|---|---|---|
| Audit scrutiny | ☐ | ☐ | ☐ | ☐ | ☐ |
| Planning of financial resources | ☐ | ☐ | ☐ | ☐ | ☐ |
| Directing of financial resources | ☐ | ☐ | ☐ | ☐ | ☐ |
| Monitoring of financial resources | ☐ | ☐ | ☐ | ☐ | ☐ |
| Organizing of financial resources | ☐ | ☐ | ☐ | ☐ | ☐ |
| Controlling of financial resources | ☐ | ☐ | ☐ | ☐ | ☐ |

**THANK YOU**