AN ASSESSMENT OF THE COMPONENTS OF THE INTEGRATED FINANCIAL MANAGEMENT INFORMATION SYSTEM OF CARITAS NAIROBI

By

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF A DEGREE OF MASTER OF ARTS IN MONITORING AND EVALUATION OF POPULATION AND DEVELOPMENT PROGRAMMES AT GEOGRAPHY, POPULATION & ENVIRONMENTAL STUDIES

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DECLARATION

This project report is my original work and has not been presented for a degree in any University

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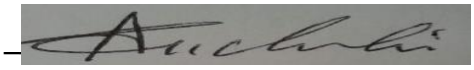
Signature: _  **Date: 24/11/2023**

DEDICATION

I dedicate this endeavour to my Family, my niece Salma, and my friend Anne Ng'ang'a, expressing my gratitude for their unwavering moral support throughout the entire study period. Additionally, I extend this dedication to the staff at Caritas Nairobi, appreciating their constant encouragement during my academic journey. My earnest aspiration is that this report will play a role in enhancing the IFMIS system at Caritas Nairobi. Lastly, I dedicate this project to the Department of Geography, Population, and Environmental Studies, with the hope that it will add value to the existing knowledge base and serve as a resource for future assessments of a similar nature.

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I'm grateful to God, who has blessed me and guided me in the entire process of this project development and has come out successfully. He has made it to be a success.

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LIST OF ACRONYMS

CN	Caritas Nairobi
FHI	Family Health International
ICT	Information Communication Technology
IFMIS	Integrated Financial Information System
M& E	Monitoring and Evaluation
NPO'S	Non-Profit Organizations
COA	Charts of Accounts

ABSTRACT

The objective of this study was to assess the components of the Integrated Financial Management System (IFMIS) of Caritas Nairobi. Specifically, it was aimed at: determining the extent to which IFMIS system at Caritas Nairobi meets the international standards. The objectives were to determine whether the components meet the established standards and to determine the gaps and strengths IFMIS system. Descriptive research design was used to describe the current status of IFMIS system being used at Caritas Nairobi, which helped to identify the strengths and the gaps which were to help in the realization of the objectives. The assessment borrowed the FHI 360 participatory M& E system Assessment Tool that condenses the 12 components of an M& E system into 8 domains. The target population was 11 respondents who were sampled purposively. Data was collected by the use of questionnaire and document reviews, then analysed by the use of Excel spread sheets and results presented in tables. Overall the 12 components of the IFMIS system scored 477 out of 720, which was 66 percent. These scores presented vary from one component to the other with the data analysis. The highest was 100 percent which was the payroll components. Followed by Charts of accounts closely, while the lowest was budgetary accounting at 41 percent. The key strengths of the system were in reporting, charts of accounts, payroll system, reporting, general ledger and accounts receivable were utilized fully in the system. The study concluded that although the system was functional, it was not adequately utilized at Caritas. As a result, the study recommended that all the other 11 components of the IFMIS system are should be fully linked with the general ledger since it's the mastermind the system. The study also recommend that future research should focus on a longitudinal study to assess the long-term effectiveness and impact of any proposed improvements or changes to the Integrated Financial Management Information System (IFMIS) within Caritas Nairobi.

CHAPTER 1: INTRODUCTION

1.1 Background of the Study

The Integrated Financial Management Information System (IFMIS) in government, as defined by USAID (2008), refers to the automation of various public financial management activities, encompassing budget preparation, implementation, accounting, and reporting. Unlike a mere accounting system, an IFMIS is a comprehensive tool employed by businesses and offices to monitor and summarize financial data. Its complexity and scope can vary significantly, ranging from a basic general ledger to an extensive platform that includes functions such as budget management, revenue tracking, expense control, debt management, resource allocation, human resources management, payroll processing, accounting, financial reporting, and auditing (USAID, 2008).

The growth of the financial system in the dominating country or nations has a significant impact on how the international financial system has evolved, as stated by Rybczynski (1986), who also asserts that IFMIS has evolved over time. Global financial systems have grown quickly in size, industrial structure, and the variety of goods and services produced over the past 20 years. Una (2011) claims that IFMIS has been widely used in Latin America since the mid-1980s. It was initially a series of instruments created to deal with the region's ongoing financial difficulties. The majority of these systems were functioning at the level of the federal government, however certain counties, including some regional and local ones.

According to Rybczynski (1986), looking back over the past 100 years, developing nations were completely integrated into the global financial system before World War I. They participated in some direct investment and accessed capital markets in nations that export capital. Between

World War I and the early 1960s, these connections were significantly reduced; but, after 1960, they were restored, albeit in a different way. Although the bank-oriented era started during the interwar years, it wasn't until the 1960s and 1970s that it truly began to rule the global economy.

Rybczynski (1986) states that, in the 1930s, developing nations mostly raised their foreign currency on the capital markets of Britain and the other industrialised nations. Since then, they have relied on bank funding more and more. In Kenya, the adoption of (IFMIS) as the country's sole accounting system began in 2005. It was accepted due to the many advantages anticipated from its efficient use.

Abraham (2003) notes that a growing collection of literature on the financial administration of non-profit organisations (NPOs) has shown evidence to focus on accounting as a process based on how to instead of offering indicators of an organization's financial sustainability or responsibility. As information systems expand within organisations, they become complicated and occasionally difficult to evaluate in terms of how well they were implemented and how effective they were for the organisation.

According to Gallagher et al. (2002) & Parker (2003), little (2004) and Poole et al. (2001). They concur that changing the organization's culture may be important in order to embrace accountability as a positive value that will enable them to demonstrate transparency in their financial accountability and simplicity of creating reports. More importantly, they concur that the upcoming financial system needs to be more advanced so that it can adhere to best practises in financial management practices.

In their study on civil society organisations and sustainability, USAID (2018) stated that organisations must create instruments to aid in the development of better financial management

procedures. It is clear that only a small number of organisations have made an effort to process and report their data using sophisticated financial management system software. Adoption of IFMIS systems appears to be becoming more significant inside organisations that want to increase the efficiency of financial management, a process that is essential to the expansion and sustainability of an organization.

1.2 Caritas Nairobi and IFMIS System

Caritas is an international confederation of Catholic institutions dedicated to addressing humanitarian emergencies worldwide. Its mission revolves around improving the quality and completeness of life for the impoverished and disenfranchised within communities. Caritas strives to empower individuals, fostering their ability to uplift themselves and achieve self-sustainability. Caritas Nairobi (CN) is mandated by the Archdiocese of Nairobi (ADN) to coordinate and implement Aid and social-economic development programs in all the ADN through the Parishes. Caritas as a Non-Profit organization, in its bid to implement its interventions has several departments that deal with different interventions. They include: Social-economic empowerment, Gender and youth development, Agricultural interventions, Relief among others (Strategic plan 2019-2023).

IFMIS was introduced through the Information Technology (ICT) department. Caritas as an organization for a long time was using the manual way to record and key in the data into the computer then analyze financial records in an excel spreadsheets. This was challenging because it was difficult to produce bulk reports that were accurate, invoicing, tracking ID and account number/ codes was a tiresome process that took a lot of time. In order to minimize these challenges, Caritas Nairobi Saw the need to have a financial management information system.

This was to help them to have a better way of accountability, transparency efficiency and effectiveness in serving clients and in proper keeping of records. This importance can be affirmed by Burger & Owens (2010) who argue that, automated financial system such as IFMIS can enhance accountability if they can provide real-time information about finances which the management can utilize in effective programs' administration, budget formulation, and resource and management.

1.3 Problem Statement

Many organizations have adopted the use of the IFMIS system to improve their financial management and decision-making processes. This system carries with it benefits that lie in its proper usage. Numerous individual studies (Muithya & Kosgei, 2021; Njonde & Kimanzi, 2014; Minani, 2012) all explored specific components of Integrated Financial Management Information Systems (IFMIS), leaving a noticeable gap in the literature. Thus, no comprehensive study has systematically evaluated all twelve components of IFMIS in a single investigation. Existing research has predominantly focused on selected components, such as budgeting, internal control, financial reporting, and accountability, within distinct organizational contexts and geographical locations. This fragmentation of research leaves a critical void in understanding the holistic impact and benefits of IFMIS across its entire set of components. Consequently, there is a pressing need for a comprehensive and integrative study that examines the synergistic effects and challenges associated with the complete suite of IFMIS components, aiming to ascertain whether organizations utilizing IFMIS systems are able to realize the full spectrum of advantages offered by each component. Such research is essential for informing policy and practice, guiding the effective implementation and optimization of IFMIS systems, and enhancing overall financial management and decision-making processes within diverse organizational settings.

Any organization's IFMIS system is believed to be functional if it can offer reliable internal control mechanisms for managing how the financial components are used. According to Ruhara & Moronge (2016), internal controls are tools that allow institutions to accomplish their stated aims on a global scale. In order for a system for internal control to be effective, ongoing monitoring is a necessity (Wandera and Sang, 2017). Therefore, the purpose of this research is to fill the research gap by assessing the components of the IFMIS system at Caritas Nairobi, to determine whether they are all used and if they are meet the international standards for the IFMIS systems.

1.4 Research Questions

1. Does the IFMIS system of Caritas Nairobi meet the established standards, through assessment of: general ledger, budgetary accounting, accounts payable, accounts receivable, Charts of accounts, reporting, cash management, payroll system, budgetary planning, purchase procurement, project ledger and asset module?
2. What are the strengths and gaps of the IFMIS system of Caritas Nairobi?

1.5 Research objectives

i. To determine whether the twelve components (general ledger, budgetary accounting, accounts payable, accounts receivable, Charts of accounts, reporting, cash management, payroll system, budgetary planning, purchase procurement, project ledger and asset module) of the IFMIS system of Caritas Nairobi meets the established international standards.
ii. To identify strengths and gaps of the IFMIS system of Caritas Nairobi.

1.6 Justification of the Study

The study on the assessment of the components of the Integrated Financial Management Information System (IFMIS) of Caritas Nairobi was crucial for several reasons. Firstly, evaluating the IFMIS components will provide insights into the effectiveness and efficiency of Caritas Nairobi's financial management system, identifying strengths and areas for improvement. This assessment was particularly significant in the context of the organization's mission and objectives, as a well-functioning financial system is integral to the successful implementation of its humanitarian and charitable activities (IMF, 2005; USAID, 2008). Additionally, the study would contribute valuable knowledge to the broader field of financial management within nonprofit organizations, potentially serving as a benchmark for other similar entities seeking to enhance their financial systems. Ultimately, the findings of this study can inform strategic decisions, optimize resource allocation, and enhance the overall financial sustainability and accountability of Caritas Nairobi.

1.7 Scope and limitation of the Study

The study aimed at systematically assessing all twelve components of Integrated Financial Management Information Systems (IFMIS) within the context of Caritas Nairobi. The scope extended to evaluating whether the IFMIS components at Caritas Nairobi meet international standards. This global perspective was crucial for understanding how well organizations, irrespective of geographical location, can leverage IFMIS to achieve reliable financial management mechanisms. The study limitations lies in the fact that the study is conducted on context specific approach with Caritas Nairobi being the focus. The research was conducted within a specific time frame, which might have limited the depth of analysis. Long-term impacts and changes over time might not have been fully captured. Also, the study's comprehensiveness

was affected by resource constraints, including time, budget, and access to certain data. This restricted the depth of exploration in some areas. Lastly, assessing whether IFMIS components meet international standards might have involved a degree of subjectivity. Interpretations of standards can vary, impacting the objectivity of the evaluation.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

Several literatures were reviewed in this section. First, the theoretical perspectives of Integrated Financial Management System (IFMIS) followed by the empirical studies assessing the IFMIS system are presented. Thirdly, the assessment of the conceptual framework is discussed. Thereafter, the operational framework of the study and respective indicators are presented.

2.2 Theoretical Perspectives of Integrated Financial Management System

According to the USAID report from 2008, a government labels a comprehensive system designed to oversee the financial activities of line ministries, spending agencies, and other public sector operations as an Integrated Financial Management Information System (IFMIS). This system automates various facets of public financial management, covering tasks like budget preparation, execution, accounting, and reporting. Moreover, a system that monitors financial transactions and compiles financial data may be referred to as either a financial management information system (IFMIS) or an integrated financial management information system (IFMIS). In its most basic form, an IFMIS essentially functions as an accounting system tailored to meet the specific requirements and guidelines of its operational environment.

In an alternative definition provided by USAID (2008), "IFMIS" denotes the application of information and communication technology in financial operations to aid management and budgetary decision-making, meet fiduciary responsibilities, and produce financial reports and statements. Within the government framework, this term encompasses the implementation of an integrated financial management system that extends across various departments, spending agencies, and other public sector operations. This integrated system is designed to automate a

spectrum of public financial management (PFM) processes, covering activities ranging from budget preparation and execution to accounting and reporting.

According to Rybczynski (1986), the growth of the financial system in the dominating country or nations has a significant impact on how the international financial system has evolved. Global financial systems have grown quickly in terms of size, industry structure, and the variety of goods and services provided.

Since the middle of the 1980s, IFMIS was more prevalent in Latin America; at its inception, it was a set of instruments to solve the region's recurrent financial crises (Una, 2011). In other nations, regional and municipal levels are also included in these systems, which function at the level of the federal government. These systems are often created for fiscal management under the Ministry of Finance's direction. In the modern world, national and international financial structures are changing at an extraordinarily fast rate.

According to Rybczynski (1986), looking back over the past century, developing nations were completely integrated into the global financial system before World War I. They participated in some direct investment and accessed capital markets in nations that export capital. Between World War I and the early 1960s, these connections were significantly reduced; but, after 1960, they were restored, though in a different way. Although the bank-oriented era started during the interwar years, it wasn't until the 1960s and 1970s that it truly began to rule the global economy. This was brought on by the quick expansion of global liquidity, advancements in finance, and the emergence of OPEC.

Rybczynski, (1986) adds that during the 1930s, developing nations primarily secured the majority of their external funding from capital markets in countries like Britain and other

industrialized nations. However, over time, their dependence shifted more towards obtaining funds from banks. In Kenya, the introduction of the Integrated Financial Management Information System (IFMIS) began in 2005, becoming the sole accounting system. This adoption was driven by the anticipation of numerous advantages that could be derived from its efficient implementation and utilization.

Abraham (2003) notes that a growing body of literature on the subject of non-profit organisations' (NPOs') financial management focuses on the "how to" of accounting rather than offering indicators of a company's financial viability or responsibility. Organisations' use of information systems expands as a result, making them more complicated and occasionally difficult to evaluate in terms of how well they were implemented and how well they served the organisation. Additionally, Poole et al. (2001), Little (2004), Gallagher et al. (2002), and Parker (2003). It could be required to alter the organisational culture in order to make responsibility a core value. A greater emphasis on professional financial management may be necessary.

According to Sopher (1998), an organization's capacity to endure financial shocks will be easily predictable and measurable if it has a good system of financial responsibility. Internally, accountability systems can be linked to proper internal financial monitoring that guarantees the delivery of accurate accounting data required for responsible financial management. These checks are crucial for NPOs because they offer up-to-date information on the organization's standing. These standards are crucial for assessing outcomes and outlining strategies.

A USAID (2018) report on civil society organizations' sustainability index indicated that only a limited number of organizations were utilizing advanced financial management software for their data processing and reporting. This was the case even though there was a clear and pressing need

to develop tools that could enhance these organizations' financial management practices. Effective financial management is crucial for an organization's growth and long-term sustainability. It seems that the adoption of integrated financial management systems is gaining significance among organizations that aim to enhance their financial management capabilities.

Anthony & Young (1994), Herzlinger et al. (1994) and Gaffikin (1993), agree that the fundamentals for effective management and internal controls include qualified personnel, allocation of responsibilities, division of tasks, accountability and custodianship separation, adequate equipment and records, rotation of staff, protection of physical assets and internal auditing. Additionally, if proper accountability mechanisms are implemented, many potential issues can be avoided. This is because internal control systems offer safeguards that incorporate numerous checks and balances in order to prevent and detect errors and frauds.

Hendricks (2013) observed that one of the most popular management reform strategies used to help organisations achieve efficiency, openness, and accountability, as well as enhanced financial reporting, is the use of integrated financial management information systems. Additionally, Lundu and Shale (2015) note in their study that the IFMIS system has an impact on an organization's overall performance and should be viewed as a crucial tool that promotes cost-savings and, as a result, improves operational efficiency.

IFMIS is part and parcel of the Monitoring and Evaluation system. IFMS is categorised under the Monitoring and Evaluation system under work plan and costs in the larger context of the 12 components of the Monitoring and Evaluation system. Since components IFMIS system of Caritas Nairobi will be evaluated as part of this project and is categorised under monitoring and

evaluation. This is because IFMIS of Caritas Nairobi is what is going to be assessed in this study, and it falls under Monitoring and evaluation.

By eliminating data entry duplication, implementing internal controls for reporting, transactions, and entry of information, and standardising classifications of data for financial events, Diamond & Khemani (2005) distinguish the IFMIS system from other computer systems. Additionally, IFMIS can incorporate data management for larger organisations or accounting-related data.

Furthermore, they outlined the characteristics of a well-designed IFMIS as follows: Firstly, it should be developed with the capacity to adapt to future needs, particularly when concurrent budget changes are implemented. This adaptability is essential as the IFMIS serves as a management tool supporting organizational change and plays a pivotal role in budget system reform. Secondly, the system should offer a comprehensive range of both financial and non-financial information, supplying the necessary data for informed decision-making. Thirdly, it is a system that consistently connects, gathers, processes, and disseminates information to all stakeholders involved in the budget system. Consequently, access to the system and the ability to use it must be made available to all users.

According to USAID's 2008 report, an Integrated Financial Management Information System (IFMIS) can vary greatly in complexity and comprehensiveness, evolving from a simple general ledger system to a multifaceted system that encompasses budget management, revenue tracking, expenditure control, debt management, resource allocation, human resources management, payroll processing, accounting, financial reporting, and auditing processes. Furthermore, IFMIS users can access the system to retrieve specific information required for their various responsibilities because of the integration of data using common values. IFMIS generates

numerous reports, including sources and uses of funds, balance sheets, reports on costs, return on investment analyses, accounts payable and receivable reports, budget variances, cash flow projections, and several other performance reports. Managers can leverage this wealth of data for various purposes, such as budget planning and formulation, and adapt reports to meet the reporting standards mandated by external agencies and international organizations like the IMF.

IFMIS is used for budget execution and accounting procedures, and it stores, organises, and facilitates quick access to financial data, Diamond & Khemani (2005). It not only maintains a complete inventory of all financial assets (such as machinery, land, and buildings) and liabilities (such as debt), but it also maintains approved budgets for the current and previous years as well as information on the inflow and outflow of funds. They go on to emphasize that improved recording and processing of government financial activities facilitate quicker and easier access to reliable financial data.

To enable a complete and up-to-date picture of commitments and expenditure on a continuous basis, IFMIS increases financial controls. Last but not least, it offers data to guarantee increased effectiveness and efficiency of an organisation based on previous and present performance, aiding in budgetary management and better economic forecasting, planning, and budgeting.

The following IFMIS system parts have been divided into core and sub-components by Diamond and Khemani (2005) and USAID (2008): the four primary core components encompass cash management, accounts receivable, accounts payable and commitment control. Within the sub-core category, you'll find the project ledger, asset management, grants management, which involves counterpart funds from international assistance, procurement and contracts management, revenue administration encompassing tax and customs, payroll and human resources, and debt management. These functionalities are extensively detailed in IMF papers and other relevant literature. In addition, Allen (1998) further elaborates that the fundamental

sub-systems typically include accounting, budgeting, cash management, debt management, and associated treasury systems. Meanwhile, non-core sub-systems encompass revenue collection, often involving tax and customs, procurement management, often referred to as e-Procurement, asset management, human resource and payroll systems, and pension and social security systems."

2.3 Evolution of IFMIS

The Integrated Financial Management Information System (IFMIS) has undergone significant evolution over the years, reflecting the dynamic nature of financial management in the public sector. Initially, IFMIS emerged as a tool to automate and streamline financial processes within government entities. The early systems focused on core functions such as budgeting, accounting, and procurement, aiming to enhance efficiency and transparency in financial transactions (Subramanian, 2014). These early iterations laid the foundation for the integration of various financial management functions into a centralized system, enabling better coordination and data accuracy.

As technology advanced, the evolution of IFMIS saw a shift towards broader functionalities and increased interoperability. Modern IFMIS solutions have expanded beyond traditional financial processes, incorporating modules for performance management, risk assessment, and reporting. The integration of business intelligence tools has further empowered decision-makers with real-time insights and analytics (Sharma & Bala, 2019). Additionally, the evolution of cloud computing has facilitated greater accessibility and scalability, allowing governments to deploy IFMIS on a larger scale and across diverse geographical locations.

The latest phase of IFMIS evolution involves the incorporation of emerging technologies such as artificial intelligence, machine learning, and blockchain. These technologies contribute to

enhanced security, data accuracy, and predictive analysis within the financial management framework (PricewaterhouseCoopers, 2020). As governments continue to navigate complex financial landscapes, IFMIS will likely remain at the forefront of innovation, adapting to emerging challenges and opportunities in the realm of public financial management.

2.4 Empirical Studies on Assessment of IFMIS System

This section discussed the various studies that have been done on the components. Most of the authors have studied few components not as a set of Twelve IFMIS components as presented by USAID (2008) and IMF (2005).

Njonde and Kimanzi (2014) conducted a study examining the impact of the Integrated Financial Management Information System on the performance of the public sector, with a focus on the Nairobi County Government. The primary objective of their research was to assess the effectiveness of the Integrated Financial Management Information System in influencing public sector performance. The aspects they investigated included budgeting, internal control, and financial reporting. Employing a descriptive research approach, involving surveys and fact-finding inquiries, they found this methodology suitable when studying comparative variables in a field where the researcher lacks control over these variables, necessitating reporting on observed occurrences or ongoing events (Mathooko et al., 2011). In this specific study, 150 participants were randomly selected from the target demographic. These individuals, users of the Integrated Financial Management Information System (IFMIS), were drawn from various departments within the Nairobi County Government, including public works, budgeting, internal control, and financial reporting divisions of the finance department. The study utilized both primary and

secondary data collection methods, with primary data gathered through the administration of questionnaires tailored to address the study's specific objectives.

The study employed a combination of quantitative and qualitative methods for data analysis, with quantitative analysis being applied to the data collected through the questionnaires. The research findings revealed that IFMIS had a notable impact on public finance. Specifically, financial reporting within the Nairobi County Government saw significant improvements, with IFMIS playing a crucial role in enhancing the accuracy and timeliness of financial reporting, thus contributing to its efficiency. The study's outcomes underscored the connection between IFMIS and public finance, particularly in the domains of financial reporting, budgeting, internal control, and government initiatives. These findings shed light on how IFMIS influenced public financial management in Kenya, with a specific emphasis on the significant impact it had on the financial reporting practices of the Nairobi County Government.

To enhance comprehension of integrated financial management information systems and local government accountability, Eric (2016) conducted a study in Uganda. The principal objective was to assess the contribution of the Gasabo District of Rwanda's Integrated Financial Management System to local government accountability. The study comprehensively evaluated various facets of the IFMIS system, encompassing the essential treasury systems for accounting, budgeting, cash management, and debt management.

To understand the Integrated Financial Management Information System and accountability in the local government of Rwanda, a descriptive methodology was employed, involving the exploration and contemplation of perceptions. Following data collection, it was organized and condensed into a usable format for interpretation using both interview guides and questionnaires.

The Statistical Package for the Social Sciences (SPSS), known for its adaptability, functionality, and user-friendly interface, was utilized to automatically analyze the collected data for this study.

Aaccording to the research findings weak expenditure controls and cash flow management procedures were important motivators for implementing IFMIS. Since the implementation of Smart IFMS, Gasabo District has benefited from reports that are clear, dependable, timely, fully disclosed, and pertinent, and the usefulness of financial statements in conducting external audit has grown. The study came to the conclusion that IFMIS had improved local government accountability.

Mohamud (2018) conducted a study within the Puntland's Republic institution, focusing on the factors that influence the implementation of a Financial Management Information System (FMIS). The primary aim of this research was to evaluate the various factors that impact the successful implementation of an integrated financial management information system within public institutions in Puntland. The study primarily examined four key components: budgeting, accountability, planning, and reporting.

Using designed questionnaires that addressed each of the study's objectives, information was gathered from 65 employees of the chosen institutions. The information gathered was quantitative in nature. Also employed were the descriptive statistical tools. According to the report, the successful adoption of IFMIS is significantly impacted by management commitment and project financing. The research indicates that it is recommended for the Puntland State of Somalia to establish effective management, allocate sufficient budget resources, decentralize IFMIS to district administrative units and other government departments, and enhance staff capacity development.

Muithya & Kosgei (2021) conducted research examining the impact of internal controls on financial accountability within specific humanitarian organizations located in Nairobi City County, Kenya. The primary aim of their investigation was to assess how preventive, detective, and corrective controls influence the financial accountability of these selected organizations. The key components under consideration included accountability and internal control. The research employed a descriptive research design and involved a target population consisting of 70 employees.

A census sampling technique was used in the investigation. Whereby a semi-structured self-administered questionnaire was completed by every respondent from the target population. A statistical tool for social sciences (SPSS) was used to enter the data from the primary study and analyze it using a multiple linear regression model and relative frequencies. In order to make the results easier for users of this statistical information to interpret, they were then presented in tables with graphs and bar charts. From the findings; internal controls have a beneficial and considerable impact on the financial accountability of the humanitarian organizations in Nairobi City County. To reduce the likelihood of fraud and to ensure that all employees understand their responsibilities, it is also necessary to have a clear knowledge of the significance of internal controls.

Minani (2012) undertook an evaluation to explore the impact of integrated financial management information systems (IFMIS) on improving financial decision-making processes within TANESCO and TTCL. The primary goal of this study was to gauge the degree to which financial managers within these organizations utilized IFMIS tools to generate crucial financial data required for making well-informed financial decisions, with a particular focus on areas such as financial planning and capital budgeting. The key elements considered in this assessment

encompassed budgeting, financial planning, and financial acumen. The study employed quantitative research techniques with the goal of describing the current situation in these organizations. 34 respondents from 204 workers from those companies made up the sample size. All the finance managers and all employees in the companies made up the sampling unit. The researcher employed frequency counts, percentages, and correlation analysis to analyze the data. The results show that while 56 percent of financial managers use IFMIS tools for capital budgeting, 80 percent of them do so for financial planning, which improves the effectiveness of their financial decision-making. This means that almost half of managers were making capital budgeting decisions without using the information produced by IFMIS. It is suggested that the CFOs of TANESCO and TTCL adopt IFMIS for budgeting in order to produce the necessary, suitable, and timely data for decision-making.

According to the analysis of the literature that was been presented above, there was no single study which has fully evaluated all twelve components of the IFMIS systems in a single study. Thus, a research gap was identified for the study as it sought to assess whether organizations using the IFMIS systems fully benefit from all the components.

2.5 Conceptual Framework for the Assessment of IFMIS

The study was informed by the 12 components of IFMIS system as presented in the USAID (2008) that incorporated all the components from IMF paper (2005) into one diagram. The components included: budget preparation and planning to the meticulous management of procurement, contracts, payroll, and human resources. It also extends to the oversight of revenue administration, including tax and customs, as well as the astute management of debt, assets,

project ledger, and grants. The latter encompasses counterpart funds from international assistance. In addition, the system ensures adept cash management, commitment control, and meticulous administration of accounts payable and accounts receivable. This integrated approach aims to optimize financial efficiency and accountability across diverse facets of organizational operations. The IMF (2005) expounds in depth how each of them works. The analysis was based on the 12 components of the IFMIS system that is demonstrated in the USAID (2008) in diagram form.

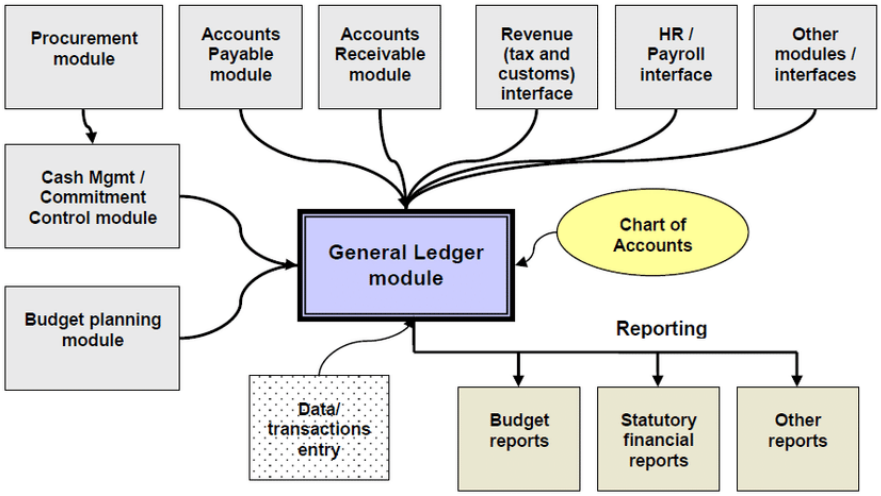


Figure 2.1. USAID (2008)

2.6 Conceptualization Framework

USAID (2008) and IMF (2005) reports, the significance of the general ledger within the IFMIS system. The general ledger serves as the central repository of financial data, forming the core "books" of the IFMIS, as depicted in Figure 2.1. It plays a key role in the system, capturing every transaction from the initial allocation of budget funds to the commitment for payment of goods

and services. General ledger plays a critical function it underscores its importance in the overall financial management process.

General Ledger

This is like the main engine of the IFMIS system in any organization, as it is indicated in figure 2.1 above. Every transaction that is recorded into the system has to be posted through the general ledger. In accordance with the guidelines established by a standardized chart of accounts, it is imperative that all transactions are simultaneously recorded in both the General Ledger and any relevant sub-ledgers/modules. These recorded data form the basis for all reports and financial statements, constituting a permanent record that chronicles the complete history of all financial activities.

According to Diamond & Khemani (2005), a crucial aspect of an effective financial management information system (FMIS) is its seamless integration with all other modules of the FMIS, as well as any other systems, if they are involved in processing financial transactions. The system should be designed to enable the simultaneous recording of all transactions in both the general ledger accounts and the relevant sub-ledgers, adhering to the guidelines set forth by a Chart of Accounts (CoA).

Budgetary Accounting

This module should be able to make it easier to accurately record the approved budget as well as changes made by the organization on the same. The system should follow the budget's complete categorization and procedure, in addition have the ability to absorb future improvements to classifications. The system should facilitate the recording of interim budget appropriations per subhead and provide the flexibility for their subsequent replacement by authorized budget

appropriations if the approved budget is not available at the beginning of the year. Additionally, the system should have the capability to monitor all cash reallocations and transfers between appropriations, maintaining records of both transfers and the original budget.

The system needs to make it easier to maintain cash flow predictions that are created using the authorized budget and revised during the year in response to budget transfers, virements, and modifications. For the purposes of economic analysis, the system should connect the budget categorization to the common functional and economic classifications. In many systems, the ggeneral ledger module handles the aforementioned tasks on its own, whereas the separate budget module is more thorough and focuses more on the creation of budget projections than just recording them.

Accounts Payable

Guaranteed that invoices and approved commitments accounts payable, match, processes and generates payments with built-in checks USAID (2008). According to Waweru & Ngaba (2019), accounts payable module's primary duties include processing invoices and vouchers for institutional spending, approving payments, and keeping track of obligations. To effectively use discounts and prevent arrears, interest payments, and penalties, the module must contain the functionality needed to monitor and manage payments. In certain systems, the A/P ledger is the general ledger sub ledger and links with every pertinent system, including the procurement system.

Accounts Receivable

It creates invoices, processes and record receipts including all incoming funding received by the organization. According to USAID (2008), this module should be able to manage all inflows that

budget units received. Additionally, it should be able to generate bills, handle and record receipts and record payments. Lastly it creates invoices, handles receipts, and keeps track of them.

The Chart of Accounts (CoA)

USAID (2008) and Pattanayak & Cooper (2011) concur that the CoA is the most important financial management. It is primarily used to organize, record, and report data on financial planning, transactions, and to create the ledger system. For the classification and logging of pertinent information inside the financial management, it offers a coding structurer. According to Diamond & Khemani (2005), CoA is the fundamental building component of all accounting systems, including IFMIS. The system includes a Chart of Accounts (CoA) that enumerates all the accounts it tracks. Each account in this chart is assigned a unique identification number, commonly referred to as an account number. This account number comprises several informational tags, each representing different aspects of the data inputted into the system.

The account number allocated to the data serves multiple purposes, including accounting management and various reporting requirements. It plays a crucial role in the data validation process by conveying information about the vendor's existence, the presence of an authorized budget, and the commitment of cash, among other pertinent details. A good computerized system will do several validations, of which these are only a few examples. Any IFMIS's success depends heavily on the CoA. Information cannot be adequately kept or retrieved without a correctly constructed CoA since it tags the general ledger on itself, where information from the other components can also be accessible.

Reporting

The general ledger updates and maintains sub ledger reconciliation, and book closing processes. Additionally, it involves tracking, managing, and reporting on the organization's fixed assets. Different budgeting, funding, treasury, cash flow, accounting, audit, and day-to-day management challenges can be addressed with a range of reports (Hendricks, 2012).

According to Diamond and Khemani (2005), the primary function of an Integrated Financial Management Information System (IFMIS) is to establish a continuous connection, collect, process, and provide information to all stakeholders involved in the budget system. Consequently, it is imperative that all users of the system have access to it, enabling them to access precise information essential for carrying out their respective roles. The IFMIS can generate a wide array of reports, including balance sheets, sources and uses of funds, cost analyses, return on investment assessments, aging reports for receivables and payables, cash flow projections, budget variances, and various performance reports. The system typically includes libraries with numerous standard reports readily available. Moreover, IFMIS plays a pivotal role in managing cash balances, monitoring debt and receivables status, tracking the utilization of fixed assets, overseeing departmental performance, and facilitating necessary adjustments based on the information it provides (Muehle & Ochieng, 2014).

Cash Management

The system plays a vital role in maintaining a current record of the cash position and requirements. Situated within the organization's finance department, the system gathers information from revenue agencies regarding revenue collection and debts from debt

management systems. Additional information flows from various sources can be incorporated to aid in consolidation and the formulation of cash management plans. Interfacing with data from the Integrated Financial Management Information System (IFMIS) is necessary due to the diverse information flows required for effective cash management at a central level.

Payroll System

Certain personnel and payroll systems must meet minimum requirements to ensure compatibility with the IFMIS. These payroll systems should contain essential data needed for processing payroll payments through the IFMIS. The IFMIS is responsible for recording each payment and receipt, requiring specific information such as employee benefits (base pay, professional or family allowances), and deductions (e.g., income tax, health insurance, pensions). Budget information, including anticipated salary increases, projected salaries for the upcoming year, and overtime rates, is also crucial. Additionally, the system should encompass details about employees' bank accounts, including bank code, branch code, and account number.

Budget Planning

The IFMIS ought to provide features for creating annual budgets. The coordinators of several departments, with assistance from the project officers in those departments, should be able to develop the budgets at Caritas Nairobi starting at the programme level before it is fed into the IFMIS system. It is then forwarded to the finance department at the level of the accountants, who then present it to the finance manager, who then presents it to the organization's administration. Finally, the Caritas Director submits it for approval to the Caritas Nairobi board of management.

Purchase/ Procurement

The system accepts input for commitment approval levels, keeps track of obligations that have been fully or partially fulfilled, and displays unfulfilled commitments at any given moment. The A/P module would be in charge of controlling the discharge of commitments. Local payment orders (LPOs) should be able to be generated by this module once all relevant checks and balances have been satisfied. A critical requirement for the system is its capability to reject purchases at the Local Purchase Order (LPO) issuing stage when funds are limited. This functionality is essential to prevent the violation of commitment and cash controls that would occur if the purchase were to proceed under constrained financial conditions.

Project Ledger

This optional module maintains a record of approved projects, including the total cost of the current year's budget allocation, cumulative costs from previous years, and the remaining amount required to complete the project. It is designed to address clauses related to price increases and authorized contract modifications. This module operates in conjunction with the budget creation module, ensuring seamless coordination between project tracking and budgeting processes.

Assets Module

This module is optional, it should keep track of every asset the government builds or buys as well as when it disposes of them. Both the cashbook and the projects modules would contribute data to this module.

2.6 Operationalization of the Variables

This section gave a detailed explanation of how the variables of the 12 components of IFMIS were checked during the assessment of the study. From the literature reviewed under the empirical section, there was no complete study that was done to assess all the 12 components of a functional IFMIS system as it has been presented by USAID practical guide (2008) and the IMF paper (2005). The assessment of this study shall be borrowed from the FHI 360 (2013) that was designed to assess functional Monitoring and Evaluation systems.

The Monitoring and Evaluation Systems Assessment Tool (M&ESAT) is structured based on the M&E systems standards outlined by FHI 360 (2013). It is organized into 8 domains, each representing a functional aspect of an M&E system, as per the definition provided by FHI 360. Within each domain, there is a set of key questions designed to evaluate the program, project, or site against the established standard. Since this study is adopting from FHI 360 (2013), it will help in designing the questions for 12 components of IFMIS system which shall apply for all the 12 of them as presented by USAID (2008) which was an improvement from the IMF paper. During the assessment, the researcher checked the following under each of the components to establish whether the IFMIS system under CN meets the international standards of the IFMIS system. This will present a clear explanation of what each gold standard stands for.

1. General Ledger: As shown above in figure 1, the 11 IFMIS components are supposed to interlink with the general ledger. The general ledger, is the ‘master mind’ of the other components. The study sought to see if all of the components are interlinked into the general ledger according to the gold standards of the IFMIS system. Transactions of all the components

should be done through this component. Secondly if all the transactions can be accessed in the general ledger. This included also various reports that can be pulled from the system.

2. Budgetary Accounting: Accurate records, were assessed to check whether the budgets are recorded properly and approved by administration. The process of preparing it will be assessed. Budget preparation process includes: Budget preparation, authorization, implementation and evaluation.

3. Accounts payable: Payments for invoices are processed in a timely manner. This will include checking whether the invoices have relevant documents such as minutes from procurement or any other requirement before the invoices are paid. Timely payments also will be assessed; how long it takes to make payment from time of approval of a supplier.

4. Accounts receivable: Identify monthly bills and how they are processed and paid, check the timing of payments if it is within the grace period.

5. Charts of accounts: Check the coding and if there is special number assigned to the specific accounts. These accounts are the IFMIS components that have been fed into the system.

6. Reporting: The system will generate a wide range of reports, including balance sheets, uses and sources of funds, reports on costs, returns on investment, projections of cash flows, aging of payables and receivables, budget variances, and several other reports on performance. These reports will provide comprehensive insights and data analysis for effective financial management and decision-making.

7. Cash management/commitment - Maintains a current record of the cash position and requirements.

8. Payroll system. Involve verifying the completeness of employee information and benefits within the system. This encompasses aspects such as basic salary, allowances for family or professionalism, and various deductions including income tax, pension contributions and health insurance. Additionally, it will assess budget-related data, including expected salary increases, budgeted salaries for the upcoming year, and overtime rates. The system will also be checked for the accuracy of bank account details, which should include bank codes, branch codes, and account numbers for each employee.

9. Budget planning: Preparation of annual budgets—the process to be checked will include: preparation at the department level, finance department then finally for signing by the director.

10. Purchase procurement: Check for any procedures that is followed for awarding if they are fed into the system. What happens if the cash for payment is not available?

11. Project ledger: Assess if the allocation of the cash for any project is through the system.

12. Asset module- all assets if they have been recorded in the system under this component

Table 2.1 Operational Framework

IFMS COMPONENTS	GOLD STANDARD	ASSESSMENT BASED ON FHI 360
1. General Ledger	i. All the 12 components should be linked with the general ledger ii. Reports are generated according to the schedules iii. Transactions are posted through the general Ledger iv. Allocation of the budget through the general ledger	**0** = None **1** = Some **2** = All
2. Budgetary Accounting	i. Accurate records for the budget are generated from the system ii. Step by step process of inputting the budget into the system is followed. iii. Reallocation of the budget is done iv. Departmental budget linked with the system	**0** = None **1** = Some **2** = All
3. Accounts payable	i. Payments processed ii. Payments made in good time iii. Invoices prepared in good time iv. All invoices paid in good time.	**0** = None **1** = Some **2** = All

4. Accounts Receivable	i. Bills are being paid through the system ii. Revenues collected and recorded through the system iii. All receipts received	**0** = None **1** = Some **2** = All
5. Charts of accounts	i. Classification of financial plans ii. Provision of coding structure for the financial system iii. Assignment of unique codes for the accounts iv. Account numbers assigned to a code	**0** = None **1** = Some **2** = All
6. Reporting	i. Records in the ledger are up to date ii. Various reports are generated iii. Information is used to for planning purposes	**0** = None **1** = Some **2** = All
7. Cash management	i. Fully automated system ii. Improved revenue collection, control and recording iii. Reconciliation done at bank	**0** = None **1** = Some **2** = All
8. Payroll System	i. Personnel Data information integrated into the system ii. Benefits of the employees are captured well. iii. Budget salaries for next year reflected	**0** = None **1** = Some **2** = All
9. Budget Planning	i. Preparation for annual budgets ii. Annual budges kept in the system	**0** = None **1** = Some **2** = All

10. Purchase procurement	i. Generation of local payments, LPO's ii. Rejection of procurement when funds are unavailable.	**0** = None **1** = Some **2** = All
11. Project ledger	i. Approved projects listed ii. Annual budget allocation	**0** = None **1** = Some **2** = All
12. Asset's module	i. All assets recorded ii. 2. Disposal of the assets	**0** = None **1** = Some **2** = All

2.7 Summary of the Literature

The IFMIS components that have been covered are financial management system utilized by organizations. According to the literature above, there are no complete studies that have been conducted on all the 12 IFMIS components expounded by USAID practical guide (2008) and IMF paper (2005). Majority of the researchers have picked on a few components to analyze depending on their area of specialization. Majority of the studies conducted included: IFMS performance in county governments, effectiveness of IFMIS system, internal controls implementation, all these studies have undertaken two or three components to study on. There is no specific study incorporated all the 12 components together, all these components in an organization are crucial for effectiveness, efficiency, accountability and8 accuracy of the financial information. In order to determine whether all twelve IFMIS components are reaching

the gold standards, they must be measured using international standards. This study shall be conducted by borrowing assessment from the FHI 360 (2013).

CHAPTER 3: DATA AND METHODS

3.1 Introduction

This section presents methods that were used to assess Caritas Nairobi IFMIS system. Specifically, the chapter discusses the: sources of data, target population, research design, sampling procedure and sampling methods, data collection instruments, operational framework, data collection procedure, data analysis and ethical considerations

3.2 Sources of Data

Data from both primary and secondary sources were used in the assessment. Using a questionnaire, primary data was gathered from employees from various departments who work with the system on a daily basis, who included: account department, ICT officers, finance manager, ICT coordinator and auditors**.** The primary data was collected using questionnaire that relate to the twelve components. The study used both quantitative and qualitative method of data analysis. Quantitative analysis was done through collection of data through questionnaires. Secondary data was done from document review from the departments as a way of verifying the mentioned documents. The documents that were reviewed included: receipts, invoices, files, financial reports, account codes and account numbers among others that are mentioned from the process of interview.

3.3 Research design

Descriptive research design. was used. Descriptive research is used to obtain information concerning the current status of a phenomenon and to describe what exists with respect to conditions in a situation Nath (2007) , Shamoo and Resnik (2003). The design was used to

describe the results from all the twelve IFMIS components of Caritas Nairobi. This design allowed the researcher to describe the components of IFMIS system of Caritas Nairobi whereby it helped in identifying the gaps and the strength that exist.

In this assessment, the assessment, the tool that was used was borrowed from FHI 360 (2013), it provides a Participatory M&E System Assessment Tool which is based on the Organizing Framework for the 12 Components by UNAIDS (2008).

3.4 Target population

A study population encompasses the entire groups of individuals, objects, items, cases, articles, or things with common characteristics (Kothari, (2008). The target population for this assessment were the staff at the Caritas Nairobi who interacted with the IFMIS system on a day-to-day basis who included: account department, ICT officers, finance manager, ICT coordinator and auditors.

3.5 Sampling Procedure

The study adopted purposive sampling method to select the respondents from the identified target population. Purposive sampling was employed in the study to selectively gather data from the target population consisting of employees in the accounts, auditors, finance, and ICT departments. The researcher strategically selected participants based on their expertise and involvement in the Integrated Financial Management Information System (IFMIS) within Caritas Nairobi. This sampling technique allowed the researchers to focus on individuals with relevant knowledge and experience, ensuring a more in-depth and targeted exploration of the IFMIS components within the organization. By purposively selecting participants from key departments, the study aimed to capture diverse perspectives and insights crucial for a comprehensive assessment of the IFMIS. The total number of people who took part in this research were eleven (11), in which all of them responded to the questions, there were no declines. They were purposively sampled from various departments as follows:

Accounts department - The whole department had a total of four accountants where two were selected to represent them because the questionnaire is the same and they do the same type of work.

Auditing Department - There were 28 auditors using the system on a daily basis. Since they do the same work with the system, four auditors were selected to take part in the assessment because they could adequately represent the rest of the staff in the department.

ICT department – Out of the five officers in the department, three including the ICT coordinator were selected to take part in the assessment. This department was important in this research because it is where all the support and operation of the system were handled, thus, they provided clarity on the usage of the system. The summary is provided in table 3.1 below.

Table 3.1 Sources of Data Collection

Department	**Total number in each department**	**Purposively selected**
Accountants	4	2
Auditors	28	4
ICT – OFFICERS	5	3
Finance manager	1	1
Audit coordinator	2	1
Total	40	11

3.6 Data Collection Instruments

Primary and secondary data were used in this study. A questionnaire was used for collecting primary data from the respondents and the documents review was used to collect the secondary data. The study used the following data collection tools.

3.4.1. Documents Review

Documents review process was used to review the IFMIS components: a guide for reviewing the documents was used as shown in the annex section. This was to give the primary data to verify whether those various reports, invoices and receipts and other mentioned documents. This was to give the secondary data through the verification of those reports such as: invoices, project budgets, balance sheets, receipts, project reports, trial balance, balance sheets for various clients and financial statements for the organization, minutes of budget projections

3.4.2 Questionnaire

The researcher used questionnaires for primary data collection. A questionnaire is a tool that is used for recording and collection of data. Kirakowski (2008). It is designed to maintain confidentiality, streamline the time required for completion, and is easy to administer. Furthermore, it fosters a greater sense of anonymity, which encourages more candid responses, especially to sensitive questions. The questionnaire was designed to be versatile, incorporating both structured (closed-ended) and unstructured (open-ended) questions. This approach allowed obtaining specific responses for quantitative analysis, and the responses were rated using a Likert scale with three levels: **0** = none, **1** = some, 2 = All

There was a consent form that was given to the respondents, followed by sections of the questionnaire as per the twelve components of the IFMIS system: First section there was

background information like the job title and department, number of years worked, general questions relating to connection between M& E and the IFMIS system and lastly questions based on the 12 components that are being assessed.

A pilot test was carried out conducted to test if all questions were factored in for selection of a sample. On the pilot phase, some questions were paraphrased for wase of understanding. On this pilot phase the researcher realized that majority of the questions were to be answered by the auditors and the accountants as opposed to the way the researcher had assigned the questions for them. Sekaran (2003) points out that conducting a pilot test is essential when evaluating the reliability of data collection instruments. Reliability in this context pertains to the consistency of a measurement. A test is deemed reliable when it consistently yields the same results, as mentioned by Cooper (2003).

3.7 Operationalization of the Variables

In order to operationalize the variables of the 12 components of IFMIS system, FHI 360 (2013) tool was adopted in framing of the questions and scorings. FHI 360 (2013) provides a Participatory M&E System Assessment Tool which is based on the Organizing Framework for the 12 Components by UNAIDS (2008).

Scores were assigned to evaluate the system's performance against each recognized standard, utilizing a likert scale for measurement: **0** = None, **1** = some, 2 = All. Each response in the Likert scale was assigned a mark for scoring where None was awarded a score of 5, Some was awarded a score of 10 while All was awarded a score of 20. These scores were used to get the total scores and the percentages based on each component of the system. The scoring and calculation of percentages was demonstrated in tabular form as shown in annex 5.

3.5 Data Analysis

Quantitative and qualitative data analysis were used. The quantitative data from questionnaires was analyzed to provide averages and percentages based on each component's score. Scores for each component was entered in MS Excel 2019. On the other hand, qualitative data gathered from document review was used for verification using forms during the administration of the questionnaires and document review.

The final score was calculated by summing up the sub-scores obtained from all the 12 components of the IFMIS system. Since each of the component was assessed, individual scores were recorded then final percentage score was obtained by dividing it by the total score of the 12 components in order to get the average score. All scores were entered into the Microsoft excel spreadsheet upon which analysis of the data was done. Finally, tables, charts and graphs were generated for the final presentation and analysis.

3.7 Ethical Considerations

Ethical consideration was important for this research study in ensuring credibility of the information and to give confidence of the findings. In this study, all the procedures and processes were adhered to accordingly. As it is outlined by the following authors; Belmont (1979); Bosnjak (2001); FHI (2001); Pimpe (2002); Czech Republic (2006); Resnik (2007) and Shamoo and Resnik (2003). Before starting the data collection, a letter from the University of Nairobi authorizing the researcher to carry out the research was issued, respondents were given a choice to participate or not in the study. They were told they were to withdraw anytime in case they did not want to continue with questions. They were assured their confidentiality of their responses.

CHAPTER 4: FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents study results in line with the objectives of the study which include: To determine whether the twelve components (general ledger, budgetary accounting, accounts payable, accounts receivable, charts of accounts, reporting, cash management, payroll system, budgetary planning, purchase procurement, project ledger and asset module) of the IFMIS system of Caritas Nairobi meets the established international standards and secondly to identify strengths and gaps of the IFMIS system of Caritas Nairobi. The chapter first provides a description of the study sample, summary of the scores, the interpretations of the status of the IFMIS system at Caritas Nairobi. Secondly the status of the Caritas system, strengths and gaps of the Caritas IFMIS system. Lastly, the discussions of the study findings were discussed in the context of the findings of other similar assessments existing in literature.

4.2 Description of the Respondents Characteristics

The assessment is based on data collected from targeted eleven respondents in Caritas Nairobi. These respondents were selected purposefully in order to meet the criteria set. They included: auditors, accountants, ICT officers and coordinators, the finance manager. Relevant characteristics of the respondents show that the staff who participated in the study had stayed in the organization and used the Caritas IFMIS system for a period between 4 and 10 years and hence had adequate knowledge and experience on the operations of the system. The respondents were highly trained since all of them had attained relevant university level of education in the related areas of their work, while the ICT officers and ICT coordinator had bachelor's degree in Computer Science as shown in table 4.1 below.

Table 4.1: Distribution of the Respondents in the Study

Department	Number	Responses	No. of years the organization
Accountants	2	2	5
Auditors	4	4	4
ICT – Officers	2	2	4
Finance manager	1	1	10
Audit coordinator	1	1	15
ICT Coordinator	1	1	10
Total	**11**	**11**	

Document review was done in the process of data collection and all the findings are incorporated on the discussions below in each of the components.

4.3 Status of Caritas IFMIS System

The study focused on Caritas Nairobi IFMIS system which is the financial management system tool used by the organization. The assessment was done using a tool adapted from FHI 360 (2013). Table 4.2 below shows the summary of scores from the assessment. Overall, IFMIS system at Caritas Nairobi scored 480 out of 720 which is a 66 percent. The overall maximum score was 720. The scores varied from one component to the other, the highest score was charts of accounts at 95 percent and lowest score was budgetary accounting at 41 percent. During the assessment, the following components were assessed: general ledger, budgetary accounting, accounts payable, accounts receivable, Charts of accounts, reporting, cash management, payroll

system, budgetary planning, purchase procurement, project ledger and asset module. The results for each component is summarized below.

Table 4.2: Summary of the Assessment Scores

COMPONET	SCORE		
	ACTUAL SCORE	**GOLD STANDARD**	**PERCENT**
1. GENERAL LEDGER	50	80	63
2.BUDGETARY ACCOUNTING	33	80	41
3. ACCOUNTS PAYABLE	50	80	62
4. ACCOUNTS RECEIVABLE	43	60	71
5. CHARTS OF ACCOUNTS	76.	80	95
6. REPORTING	41	60	69
7. CASH MANAGEMENT	3	60	53
8. PAYROLL SYSTEM	60	60	100
9. BUDGET PLANNIG	27	40	69
10. PURCHASE AND PROCUREMENT	18	40	46
11.PROJECT LEDGER	23	40	59
12. ASSETS MODULE	24	40	61
TOTAL	**481**	**720**	**794**
AVERAGE SCORE			**66**

4.3.1 General Ledger

As indicated in table 4.2 above out of 80 points, the general ledger scored 50 points translating to 63 percent out of the expected 100 percent. For this component to operate optimally, it needed to: have all the other 11 components linked with it, all reports to be generated through the general ledger, transactions to be done through the ledger and the budgets to be allocated through the general ledger. From the findings, not all components are linked with general ledger, there are those that are not in the system, they include project ledger, purchase and procurement, and asset module.

All transactions are posted through the system, from the documents reviewed copy of transactions have been reviewed and filed. Budgets are allocated through the system, however not all the departments make their budgets through the system. It had a score of 9 out of 20, which was way below. It needed a score of 20 out of 20 for it to function optimally. Full details of the result findings are captured in Annex 5. The results indicated that the organization has not fully utilized the IFMIS system in ensuring that all transactions are captured using the system as expected.

4.3.2 Budgetary Accounting

The component was measured against the gold standards that the records are accurate for the budgets to be generated from the system; if there was step by step process of inputting the budget into the system, reallocation of the budget was done and lastly, the departmental budget was linked with the system. The results presented in table 4.2 above indicate that the component scored 33 out of 80 points which represented 41 percent. It was among the lowest in terms of scoring, and did not meet the IFMIS gold standards of 100 percent

As indicated in table 4.3 below: most of the areas of inquiry scored way below average, for example. accurate budgets had 8 out of 20, step by step process had a score of 9 out of 20, reallocation of the budgets had 7 out of 20 From the reviews and the scores of this component, not all steps are followed and not all budgets are linked to the system. This is because departmental budgets are not linked with the system. This is indicated in the table below;

Table 4.3: Budgetary accounting Results

BUDGETARY ACCOUNTING	**R1**	**R2**	**R3**	**R4**	**R5**	**R6**	**R7**	**R8**	**R9**	**R10**	**R11**	**Actual**	**Gold standards**
Are there accurate records for the budget generated from the system?	20	5	10	5	5	5	5	10	10	10	10	**8.63636**	20
Are all the processes of inputting the budget into the system followed?	20	10	10	5	5	5	5	10	10	10	10	**9.09091**	20
Is reallocation of the budget reflected?	20	5	10	5	5	5	5	5	5	10	10	**7.72727**	20
Is departmental budget linked with the system?	20	5	10	5	5	5	5	5	5	10	10	**7.72727**	20
										SCORE		**33.1818**	**80**

4.3.3. Accounts Payable

The focus area was on the following: payments were processed, payments were done in good time, invoices were prepared in good time and invoices were paid in good time. From the table 4.2 above, this component scored 50 out of 80 representing 62 percent. For this component to function optimally, it needed to have a score of 80 out of 80, in order to meet the standards.

From the findings, the payments are processed in good time, it scored 11 out of 20, it tallied with payments made in good time. While on the invoice preparation in good time scored 15 out of 20 and if payments of invoices are paid scored 15 and 13 out of 20 respectfully. This component is partially functional according to the FHI 360 (2013). From the areas of focus, the invoices were prepared in good time but at there were some delays at the point of processing, payments and issuing of the cheques.

4.3.4. Accounts Receivable

As shown in table 4.4 below, the main areas of focus were in this component included: bills paid in good time, revenues collected and recorded, all receipts received. This component scored highly at 71 percent with a score of 43 out of 60. From the findings the following were the individual score: bills paid in good time 13 out of 20, revenue collection through system had 14 out of 20 and all receipts are received, it scored 16 out of 20. This indicates that most of the standards were met partially according to the FHI 360 (2013).

Accountants Receivable	**R1**	**R2**	**R3**	**R4**	**R5**	**R6**	**R7**	**R8**	**R9**	**R10**	**R11**	**Actual Score**	**Gold standards**
ARE BILLS PAID THROUGH THE SYSTEM?	20	20	10	10	10	10	10	10	10	10	20	**12.73**	20
ARE REVENUES COLLECTED AND RECORDED?	20	10	10	5	10	10	10	20	20	20	20	**14.09**	20
ARE ALL RECEIPTS RECEIVED?	20	10	10	10	10	20	20	20	20	20	20	**16.36**	20
										SCORE		**43.18**	**60**

Table 4.4 Accounts receivable Results

4.3.5. Charts of accounts

Accounts classification of financial plans, provision of coding structure for the financial system, assignment of unique codes in the system through COA, account numbers assigned to a code. It had a score of 76 out of 80, which was 95 percent. It scored the highest among all the 12 components. From the findings, classification of financial plans scored 17 out of 20, provision of coding structure for the financial system scored 20 out of 20, assignment of unique codes in the system scored 20 out of 20 and account numbers assigned to a code it scored 20 out of 20. Full details are shown in annex 5

Apart from classification of the financial plans, the components provide coding structure and there are unique codes assigned in the system. They all scored 100%. This component meets the required standards according to FHI 360 (2013).

4.3. 6 Reporting

The gold standards that were to be measured against included if: Records in the ledger are up to date, various reports are generated, all information is used to for planning purposes. 42 out of 60, which was 69 percent as presented on table 4.1 below.

From the findings the scores included: records in the ledger are up to date had a score of 11 out of 20, while, various reports are generated and all information is used for planning purposes all scored 15 out of 20 respectively. For the component to operate optimally, it had to score 60 out of 60 which is 100 percent. From the assessment, the following reports were reviewed and verified. costs, returns on investment, projections of cash flows, aging of payables and receivables, budget variances, and several other reports on performance. These reports are filed

each on a file with different codes. According to the gold standards this component meets the gold standard partially (Check list is indicated fully in the annex).

However, some of this reports that are generated, are not complete because there are some components that are not linked with the ledger some entries are done manually. Additionally, bank reconciliation is not done through the system, its extracted manually through printing then it is counter checked.

4.3.7. Cash Management

For this component to operate optimally there should be, improved revenue collection, control and recording, reconciliation done at bank through the system. This component scored 35 out of 60 which was represents 58 percent. From the findings and then results: individual focus areas; improved revenue collection and control and recording, had a tally of 12 out of 20 respectively while reconciliation done at bank scored 11 out of 20. According to the FHI 360 (2013), this component partially meets the gold standards, because not many activities are carried out since the bank accounts are not linked into the system. The system is not fully automated and reconciliation is not done at the bank, it's done manually which is a very tedious process and it is time wasting

4.3.8. Payroll

Personnel Data information integrated into the system, Benefits of the employees are captured well, Budget salaries for next year reflected. General score was 60 out of 60 which was100 percent. This is handled by the finance manager who is fully responsible for disseminating all the data concerning the employees as they are employed. The following data from the employees are captured: Benefits for each basic pay, professional or family allowance and deductions such as

income tax, health insurance pensions. According to the gold standards it meets the established IFMIS system as discussed in the USAID (2008) and IMF paper (2005).

4.3.9. Budget Planning

From table 4.1 above below, the score was at 27 out of 40, which is 69 percent. Main focus areas were on the following questions. From the findings the results show, preparation of annual budgets scored 17 out of 20 and annual budgets are kept in the system scored 11 out of 20. It's among the components that are utilized well. This is According to the FHI 360 (2013), the component meets the standards partially. Thus, the organization is able to make proper budgeting decisions and plan for its financial resources.

4.3.10 Purchase Procurement

It had two main focus areas of inquiry: generation of the LPO's and if the payments are rejected when the funds are not available the score was 19 out of 40, which was 46 percent. For this component to meet the standards, it had to score 40 out of 40, which was 100 percent. From the findings, the result from area of focus never met the required standard; generation of the LPO's scored 10 out of 20 while if the payments are rejected when the funds are not available scored 9 out of 20.

According to the IFMIS standards, this component seems to be non-functional. It was among the components that scored the lowest points among the twelve components. This is because it is not consistent in generation of the LPOS, also the element of rejecting payment when the cash is not available is not provided in the system or not done through the system since it needs to be automatic. There is the use a lot of manual entries for payments and approvals that are not keyed in the system. According to the FHI 360 (2013), this component is non-functional. The

organization has not fully embraced the system in carrying out procurement. An organization with several branches such as Caritas can greatly benefit from IFMIS system when procuring goods and services.

4.3.11. Project Ledger

Optimally this is component is supposed to operating if the component has listed projects and if annual budgets for the projects are allocated in the system. The overall score was 23 out of 40 which 59 percent. The actual score per focus area included listing of projects scored 11 0ut of 20, while annual budget is reflected in the system it scored 12 out of 20, this shows that this component partially it partially meets that standard according to the FHI 360 (2013). The respondents did not understand this module very well module, it is not a functional component in the system. An organization that provides humanitarian services can greatly benefit from using this module. Thus, inactiveness of the project module shows that the system is underutilized in the organization.

4.3.12. Asset Module

The main focus was to check whether all assets are recorded into the system and the disposal of assets are done. The score was at 24 0ut of 40 which is 61 percent. From the findings the; assets are recorded scored 13 out of 20 respectfully while the disposal of assets scored 12 out of 25. This component according to the FHI 360 Tool does not meet the required standard of IFMIS system from the documents reviewed there were no records of report that could be verified. According to FHI 360 tool. This component partially meets the gold standards of the IFMIS system. This is because most respondents indicated that not all assets are in the system, they do not understand how they are disposed.

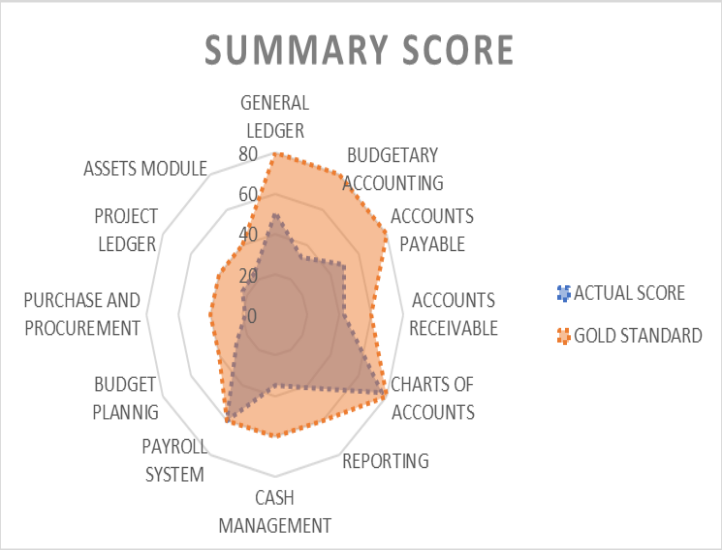
4.4 Strengths and Gaps of Caritas IFMIS system

From the above presentation of the results, the only component that fully met the IFMIS gold standards at Caritas Nairobi and in line with the gold standard was the payroll system, which scored 100 percent. The payroll system met the required standards because it was a requirement from the government for any employee to have their data captured for the purposes of making monthly payments and other deductions as per the requirements of the organization and the government. They include, Kenya Revenue Authority, loans, insurance and other allowances

The budgetary accounting was the weakest of all, it scored lowest point of 41 percent out of 100 percent. This component performed poorly, this implies that as much as the component was, it was not fully utilized. The process of inputting budget into the system was not followed fully and was not accurate. The weakest point was on the reallocation of budgets and the linkage of departmental budgets into the system, which was way too low.

According to the IFMIS standards, this component seems to be non-functional. It was among the components that scored the lowest points among the twelve components. This was because it was not consistent in generation of the LPOS, also the element of rejecting payment when the cash was not available was not provided in the system or not done through the system since it needed to be automated. They used a lot of manual entries for payments and approvals that were not keyed in the system. According to the FHI 360 (2013), this component is non-functional.

Figure 4.1: The Radar graphs



4.5 Discussion

The study had two specific objectives: first was to determine whether the twelve components of the IFMIS system of Caritas Nairobi meets the established international standards. This was determined by assessing all the 12 components of the IFMIS system at Caritas Nairobi through administering of questionnaire and document review to the respondents. Secondly it was to identify strengths and gaps of the IFMIS system of Caritas Nairobi.

The Caritas Nairobi and IFMIS standards

The IFMIS components were design in a way to be measured by a gold standard; to check whether the IFMIS system at CARITAS Nairobi met the required standards as a system of financial management that conformed to the USAID (2008) and IMF (2005). There was a questionnaire that was developed for each component to check whether Caritas met the required standards. In addition, document review was done to verify on the information that was provided on the questionnaire.

Generally, the system scored 66 percent, this was an indication that the system meets the standards partially. From the finding through the questionnaire, the ICT coordinator, noted that the current system used in the organization was an open source, it had not been outsourced specifically to manage the financials of Caritas Nairobi system. In addition, it was noted that the vendor controlled the system for the organization, hence some of the components are not fully linked with the general ledger and makes them not to be used in the organization. This challenge was also noted in a similar study by Selfano and Serah (2014). It was noted that inadequate capacity was a major challenge in the implementation and use of IFMIS systems. Overreliance on the vendor leaves organizations unable to fully enjoy the benefits of the system.

The link between IFMIS and M& E system

IFMIS plays a role in Monitoring and Evaluation of the financial management of Caritas Nairobi. It was noted that IFMIS plays the following role in M&E: generation of reports, monitoring levels of the cash flow, monitoring expenses, it creates key financial reports for the stakeholders, management of accounting transactions, provision of reports and generation of timely data when it is needed: From the respondents, they said that they understand the linkage of IFMIS and M&E in the following ways for monitoring credit and portfolio of the organization, keeping the tracked records of the organization this concurs with the USAID paper (2008) on various roles of the system.

According Ibrahim (2017), the IFMIS system has the capacity to handle not only fundamental general ledger accounting but also intricate tasks such as budgeting for accounts receivables and payables across the entire organization, segmented by departments. Additionally, it plays a role in overseeing debt, managing assets and liabilities, and contributes to the management of

revenues and procurement. Ndegwa and Mungai (2019) further elaborate that the IFMIS system possesses the capability to monitor financial activities, condense the information, and distribute it to relevant units. Consequently, it serves as a monitoring tool for an organization's financial inflows and outflows, facilitating improved management and decision-making. In an organization IFMIS is expected to make payments of bills, tracking in-flows and outflow of the cash in the organizations, tracking the financial records of the organization and producing various reports such as: balance sheet, trial balance, returns on investment, projections of cash flows, aging of payables and receivables, budget variances and several other reports on performance of the departments.

Gaps of IFMIS system of Caritas Nairobi

From the findings and the results, the following gaps were identified as discussed: budgetary accounting performed poorly, this component was not utilized properly, the bank reconciliation was not done through the system, mostly, and entries were made manually which took a lot of time in compiling the reports. Another gap identified by the respondents was on reporting. The findings show that not all reports were generated from the system since some components are not fully linked into the general ledger or into the system. Thus, the system does not help the organization to fully benefit from reporting as Mbaka and Namada (2019) suggest that effective financial management involves the crucial elements of record-keeping and reporting. The utilization of information and technological systems facilitates seamless interaction, networking, and data sharing. Employing technology and the internet in financial reporting enables real-time information dissemination, enhancing the accuracy of audit trails as all transactions are meticulously recorded and readily accessible. This, in turn, ensures the precision of monitoring and control systems, fostering the transparency essential in financial management. Additionally,

bank reconciliation was not done through the system, it was extracted manually through printing then it was counter checked manually.

CHAPTER 5: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATION

5.1. Introduction

This chapter summarizes the findings, conclusions and recommendations of the assessment conducted for Caritas Nairobi IFMIS system on the 12 components, that will help in strengthening and improving of the Caritas Nairobi IFMIS system.

5.2. Summary of the findings

The study aimed at to determine whether the twelve components (general ledger, budgetary accounting, accounts payable, accounts receivable, charts of accounts, reporting, cash management, payroll system, budgetary planning, purchase procurement, project ledger and asset module) of the IFMIS system at Caritas Nairobi meets the established international standards according to USAID 2008 & IMF Paper (2005) also to determine the strengths and gaps of the IFMIS system at Caritas Nairobi.

The study employed descriptive research design which helped in the description the Caritas Nairobi IFMIS system which helped to identify the strengths and gaps which were important for this study. Data was collected through use of questionnaires and document review. Data was analysed both quantitatively and qualitatively to produce the results.

Overall, the IFMIS at caritas Nairobi scored 480 out of 720 which is 66 percent. The scores vary from one component to another where by the Charts of Accounts scored highly with 95 percent and budgetary accounting scoring the lowest of 41 percent. From the findings, the highest score of 95 percent is rated as ‘good’ it indicates that the in the IFMIS system, at Caritas Nairobi, CoA

is being used according to what the IFMIS standards. Secondly it indicates that the unique codes applied in the system for the accounts and identifiers, act as security for the organization financial transactions. The lowest score of 41percent, is rated as not functional and there is need for improvement on its usage by the departments concerned. In addition, the system is not fully tailormade for caritas since it is controlled by the vendor, hence some modules are not working to the expectations.

The key strength of the IFMIs at Caritas included: charts of accounts, accounts receivable, reporting, budget planning and general ledger. From the document's reviewed, it showed that these components were used in the organization on day-to-day basis. As indicated in the findings, there were some documents and reports produced from various components that are linked through the general ledger and were used by the organization.

These components were fully used by the organization to run the financials at Caritas Nairobi. These components were supposed to meet the international standards of the IFMIS system as presented in the literature, whereby they were to be used in all aspects as outlined in the gold standards according to USAID (2005) where a component is expected to perform according to the gold standards of the IFMIS system USAID (2008) practical guide.

5.3 Conclusion

The study set out to assess the alignment of Caritas Nairobi's IFMIS system with international standards, focusing on twelve key components. The overall score of 66 percent indicates a moderate level of adherence to these standards. Notably, Payroll system scored 100 percent which was good , it met all the standards according to Gold standard secondly, the Charts of Accounts (CoA) emerged as a significant strength also, scoring 95 percent and showcasing

effective utilization and alignment with IFMIS standards. The robust use of unique codes within the CoA was identified as a security measure for financial transactions, underscoring its pivotal role in the organization's financial management.

However, the study also brought to light areas that require attention and improvement. Budgetary accounting, scoring the lowest at 41 percent, was deemed non-functional, signalling a clear need for enhancements in its usage by the relevant departments. Furthermore, the IFMIS system's lack of full customization for Caritas Nairobi, coupled with certain modules not meeting expectations due to vendor control, highlights a potential limitation that warrants consideration.

On a positive note, several components, including accounts receivable, reporting, budget planning, and the general ledger, emerged as key strengths. These components were found to be integral to the day-to-day financial operations at Caritas Nairobi, demonstrating a practical application that aligns with international IFMIS standards. Moving forward, addressing the identified gaps and building upon the strengths will be crucial for Caritas Nairobi to optimize its IFMIS system's effectiveness and fully meet established international standards for financial management.

5.4. Recommendations

5.4.1 Recommendations for Policy and Programmes

First, the study recommends better linkage of the system with the general ledger module. The organization to work on ensuring that all the 11 components of the IFMIS system are fully linked with the general ledger since it is the core of IFMIS system. This will help in generation of the reports from the central point. Secondly, the organization should avoid manual entries, by upgrading the system to a friendly version. All budgets should be done through the IFMIS system, at the moment it is done partially, from the findings others are done manually. Follow

the correct way of inputting the budget into the system; Budget preparation, authorization, interdepartmental budgets to be linked into the system.

Processing and payments of bills to be processed and to be done in good time, from the system and avoid manual processing**,** that causes delays**.** In addition, they should be paid through the system more frequently and timely to enable the receipting to be done with ease. The bank reconciliations to be done through the system to enable easier access to the required reports. This will save on time and give accuracy of the reports being needed for various purposes for the programs.

The organization should ensure that cash management process is fully automated, this will avoid manual entries especially on the reconciliation. This will provide the organization with accurate records to and quicken the processes of accountability and payments. The budgets at Caritas Nairobi to be prepared through the use of the system, this will easen the process of records and accessibility for reporting purposes and usage. Lastly using this component, to help in accessing the information and planning of the activity's costings.

Purchase procurement is not fully utilized at the organization. Finance manager should insist on the usage of this component by the departments for betterment of the process of procurement. This will include use of the system for approving tenders and revieing all the information on tendering and use the component fully. In addition, the organization should avoid usage of manual entire and insist on using the system.

The project ledger should be updated all the time. This information is necessary for the organization use and the donors who support specific projects. There is need to keep updating

every new funded project because it provides the status of the project together with its budget allocation to enable the departments know how the financial cash flow is doing.

The asset module should be integrated into the general ledger for it to function properly and for generation of reports. There is need for the module to be updated on a regular basis to show if the disposal was done to the end. The study recommends that Caritas Nairobi to acquire its own system and the ICT department to run it and customize it on its usage for the organization.

5.4.2 Recommendations for Further Study

The study recommends that future research should focus on conducting a longitudinal study to assess the long-term effectiveness and impact of any proposed improvements or changes to the Integrated Financial Management Information System (IFMIS) within Caritas Nairobi. This could provide insights into the sustainability of the system and its ability to adapt to evolving organizational needs. Also, a comparative analysis with similar organizations or institutions could offer a broader perspective on best practices and potential innovations in IFMIS implementation. Lastly, assessing the user experience and satisfaction levels among employees interacting with the IFMIS could contribute to enhancing the system's usability and overall effectiveness.

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ANNEX 1: INFORMED CONSENT

My name is Hellen Nyantika, a student undertaking a Master's Degree in Monitoring and Evaluation at the University of Nairobi. As a requirement for the course the University requires that I carry out a Research and submit it to **Geography, Population & Environmental Studies**

I'm requesting you to take part in this research. Your participation is voluntary, you can make a choice either to take part or decline. I shall explain to you the research study, then you can ask any question or clarification concerning the study.

I'm interested in getting to know how the Integrated Financial Systems management Systems (IFMIS) at Caritas Nairobi Works, this shall be done through a questionnaire. The questions you will answer will take around 5 minutes of your time. All the information you shall provide will be very confidential, a code will be assigned to your response for anonymity purposes. No details concerning you as a respondent will be written anywhere, it will remain anonymous. Therefore, there are minimal risk to Participate in this study.

Any participant has a right to withdraw from the study in the event that you feel you don't want to continue with the questions.

Participant: All my clarifications and concerns about the study have been addressed and I voluntarily consent to participate in this study.

Participant signature ……..

Investigator Signature …….

ANNEX 2: QUESTIONNAIRE

INTRODUCTION

Dear Respondent,

My name is HELLEN NYANTIKA, student at the University of Nairobi pursuing a Master's of Arts in Monitoring and Evaluation. As a requirement for the course the University requires that I carry out a Research and submit it to the Population Studies and Research Institute. The Topic of research is "**Assessment of Caritas Nairobi Integrated Financial Management Information System."** I'm Kindly requesting you to take your time and respond to the questions.

INSTRUCTIONS

The information you provide will only be used for the purpose of this study and will be treated with confidentiality since this conducted purely for academic Purposes. Please feel free and answer all the questions truthfully. The assessment result will be shared with the Caritas Nairobi administration for learning and improvement of The IFMIS system.

SECTION I: INFORMATION OF BACKGROUD

Respondent (√) Tick as appropriate

1. What is your Job title? _____
2. Which department do you work with?
    a. Account department ( ) b. ICT officers ( )
    c. Finance manager ( ) d. Auditor ( ) ICT coordinator
    d. What is you're the of your education?
3. How many years have you been using the IFMIS system?
4. In which ways does IFMIS System play a role of Monitoring and Evaluation of the financial management?
5. Give general overview of the system; What is the IFMIS system and what is it expected to do in the organization

SECTION II: ASSESSEMENT OF THE IFMIS COMPONENTS

To what Extent has your organization adopted to the use of the following IFMIS system Components? The Scores are allocated for performance of the system against each identified standard on a scale: 0= None has been met or entered or found in the system, 1 = Some/partially, 2= All has been met 100%

SECTION II: ASSESSEMENT OF THE IFMIS COMPONENTS

To what Extent has your organization adopted to the use of the following IFMIS system Components? The Scores are allocated for performance of the system against each identified standard on a scale from 0 – 2, where: 0 = standard is not met, 1 = standard is partially met, and 2 = standard is fully met

SECTION 1: GENERAL LEDGER

i. Are all the 11 components linked with the general ledger?

ii. Are all expected reports generated according to the schedules?

iii. Transactions are posted through the general Ledger

iv. Allocation of the budget allocated through the general ledger?

SECTION 2: BUDGETARY ACCOUNTING

i. Are there accurate records for the budget generated from the system?

ii. Are all are the processes of inputting the budget into the system followed?

iii. Is reallocation of the budge reflected?

iv. Is departmental budget linked with the system?

SECTION 3: ACCOUNTS PAYABLE

i. Are payments processed?

ii. Are payments made in good time?

iii. Are invoices prepared in good time?

iv. Are all invoices paid in good time?

SECTION 4: ACCOUNTS RECEIVABLE

i. Are bills paid through the system?
ii. Are revenues collected and recorded?
iii. Are all receipts received?

SECTION 5: CHARTS OF ACCOUNTS

i. Is there accounts classification of financial plans?
ii. Do you have any of coding structure for the financial system?
iii. Is there any assignment of unique codes in the system through COA?
iv. Are the account numbers assigned to a code?

SECTION 6: REPORTING

i. Are the records in the ledger up to date?
ii. Are various reports are generated?
iii. Is the Information is used to for planning purposes?

SECTION 7: CASH MANAGEMENT

i. Is the system fully automated?

ii. Is there improved revenue collection, control and recording

iii. Is reconciliation being done?

SECTION 8: PAYROLL SYSTEM

i. How is the personnel data information integrated into the system?
ii. Are benefits of the employees are captured well?
iii. Are budget salaries for next year reflected?

SECTION 9: BUDGET PLANNING

i. Are annual budgets prepared?
ii. Are annual budgets in the system

SECTION 10: PURCHASE AND PROCUREMENT

i. Are Local payments, LPO's generated

ii. Does rejection of procurement happen when funds are unavailable?

SECTION 11: PROJECT LEDGER

i. Are approved projects listed?
ii. Are there annual project budget allocation?

SECTION 12: ASSETS MODULE

i. Are all assets recorded

ii. How is disposal of the assets done?

COMPONENTS OF IFMIS SYSTEM	**GOLD STANDARD**	**MAIN FOCUS QUESTIONS**	**SCORES from respondents**		
			0	1	2
1. General Ledger	i. All the 11 components should be linked with the General ledger	i. Are all the 11 components linked with the general ledger?			
	ii. Reports are generated according to the schedules	ii. Are all expected reports generated according to the schedules?			
	iii. Transactions are posted through the general Ledger	ii. Are all transactions posted through the general ledger?			
	iv. Allocation of the budget allocated through the general ledger	iv. Are all budgets allocated through general ledger?			

2. Budgetary Accounting	i. Accurate records for the budget are generated from the system	i. Are their accurate records for the budget generated from the system?			
	ii. Step by step process of inputting the budget into the system is followed	ii. Are all are the processes of inputting the budget into the system followed?			
	iii. All reallocation of the budget is reflected	iii. Is reallocation of the budge reflected?			
	iv. Departmental budget linked with the system	iv. Is departmental budget linked with the system?			
3. Accounts payable	i. Payments processed	i. Are payments processed?			
	ii. Payments made in good time	ii. Are payments made in good time?			
	iii. Invoices prepared in good time	iii. Are invoices prepared in good time?			
	iv. All invoices paid in good time.	iv. Are all invoices paid in good time?			
4. Accounts Receivable	i. Bills are being paid through the system	i. Are bills paid through the system?			
	ii. Revenues collected and recorded through the system	ii. Are revenues collected and recorded?			
	ii. All receipts received	iii. Are all receipts received			

5. Charts of accounts	i. Accounts classification of financial plans	i. Is their accounts classification of financial plans?			
	ii. Provision of coding structure for the financial system	ii. Do you have any of coding structure for the financial system?			
	iii. Assignment of unique codes in the system through COA	iii. Is there any assignment of unique codes in the system through COA?			
	iv. Account numbers assigned to a code.	iv. Are the account numbers assigned to a code?			
6. Reporting	i. Reconciliation of the accounts through the system Records in the ledger are up to date	i. Are the records in the ledger up to date?			
	ii. Various reports are generated	ii. Are various reports are generated?			
	iii. All Information is used to for planning purposes	Is the Information is used to for planning purposes?			
7. Cash management	i. Fully automated system	i. Is the system fully automated system			
	ii. Improved revenue collection, control and recording	ii. Is there improved revenue collection, control and recording			
	iii. Reconciliation done at bank	iii. Is reconciliation being done			

8. Payroll System	i. Personnel Data information integrated into the system	i. How is the personnel data information integrated into the system?			
	ii. Benefits of the employees are captured well.	ii. Are benefits of the employees are captured well?			
	iii. Budget salaries for next year reflected	Are budget salaries for next year reflected			
9. Budget Planning	i. Preparation for annual budgets	i. Are annual budgets prepared?			
	ii. Annual budges kept in the system	ii. Are annual budgets in the system			
10. Purchase procurement	i. Generation of local payments, LPO's	i. Are Local payments, LPO's generated from the system			
	ii. Rejection of procurement when funds are unavailable	ii. is there rejection of Procument when funds are unavailable			
11. Project ledger	i. Approved projects listed	i. Are approved projects listed			
	ii. Annual budget allocation for projects	ii. Are there annual project budget allocation?			
12. **Asset's module**	i. All assets recorded	iii. Are all assets recorded			
	ii. Disposal of the assets	How is disposal of the assets done?			

ANNEX 3: RESULTS FROM THE FINDINGS

COMPONENT	CHECK LIST /STANDARD	RATING SCORES	OBSERVATION & RECOMMENDATIONS
1. General Ledger	i. All the 11 components should be linked with the general ledger	Some are linked	Not all components are linked with general ledger. Those not linked to be linked
	ii. Reports are generated according to the schedules	Some are linked	Not all reports are fully and accurately generated form the general ledger. For example: bank reconciliation is not done automatically is done manually
	iii. Transactions are posted through the general Ledger	Fully meets	All transactions are done through the system.
	iv. Allocation of the budget allocated through the general ledger	Some are linked	Budgets are allocated though the system. However not all the departments make their budgets through the system. Each department to be encouraged to use the system.
2. Budgetary Accounting	i. Accurate records for the budget are generated from the system	Some are generated	Accurate records are generated but, not all of them are generated from the system. system to be upgraded
	ii. Step by step process of inputting the budget into the system is followed	Some are followed	They are followed, however not all the steps.

	iii. All reallocation of the budget is reflected	Some are reflected	Not all budgets are linked. Some from departments are not linked, hence not reflected.
	iv. Departmental budget linked with the system	Some are linked	Not all departments' budgets are passed through the system,
3. Accounts payable	i. Payments processed	All are processed	Meets the standards processing is done
	ii. Payments made in good time	Some are paid in good time	Though preparations are done, the payments are done in a timely manner due to delays from the signatory. Organization to give a window period of paying of their invoices
	iii. Invoices prepared in good time	All are prepared in good time	Meets the standards as stipulated.
	iv. All invoices paid in good time.	Some are paid	Though processed, they are not paid in good time.
4.Accounts Receivable	i. Bills are being paid in good time	All are paid	Bills are paid in good time
	ii. Revenues collected and recorded through the system	Some are recorded	Revenue is collected and recorded through the system. However not all revenues are collected using the system. Encourage these payments to enable accountability through system.
	ii. All receipts received	Partially	Receipts are received, but not through h system. They are received manually. Enable other means of confirmation of payments through the system notification
5. Charts of	i. Accounts classification of financial plans	All are clarified	Meets standards. Accounts are classified

accounts	ii. Provision of coding structure for the financial system	All are coded	Meets the standards
	iii. Assignment of unique codes in the system through COA	Some are assigned	Though not of them are assigned. Encourage allocation of the codes
	iv. Account numbers assigned to a code.	All are assigned	Meets the standards of the IFMIS system
6. **Reporting**	i. Reconciliation of the accounts through the system records in the ledger are up to date	None	Does not meet the standards, enable bank reconciliation though the system.
	ii. Various reports are generated	Some are generated	Yes, they are generated, though not all of them. some are not generated from the system i.e bank reconciliation not done through the system.
	iii. All information is used to for planning purposes	some are generated	Some components are not linked through the system
7. Cash management	i. Fully automated system	Some are automated	Yes. Some are automated but there are some that are not automated. Everything to automated for smooth running

	ii. Improved revenue collection, control and recording	Some	Not all collections are done through the system
	iii. Reconciliation done at bank	None is done	Reconciliation done manually, not automatic from the bank
8. Payroll System	iii. Personnel Data information integrated into the system	All is integrated	Meets the standards All information is captured for ease of payments.
	iv. Benefits of the employees are captured well.	All are captured	Meets the standards, as indicated
	iii. Budget salaries for next year reflected	All are reflected	They, meet the standards
9. Budget Planning	Preparation for annual budgets	Some are prepared	Other departments
	ii. Annual budges kept in the system	All	Meets the standards
10. Purchase procurement	i. Generation of local payments, LPO's	None	Does not meet the standards
	ii. Rejection of procurement when funds are unavailable	None	Not linked in the general ledger. Does not reject the payments when the funds are not available. Needs to be automated.
11. Project ledger	i. Approved projects listed	Some are listed	Yes, however not all are listed on the system

	ii. Annual budget allocation for projects	Some	Not all are allocated
12. **Asset's module**	i. All assets recorded	Some are recorded	Some are recorded – though others are not recorded are not known if they are recorded
	ii. Disposal of the assets	None is done	Not linked with the general ledger. They are disposed, though not in an openly manner or biding where its known. The module to be linked in the system

ANNEX 4: OBSERVATION CHECK LIST

The Scores are allocated as follows: 0 = None 1 = Some 2 = All has been met

NO.	CHECK LIST/ STANDARDS	RATING /SCORING	OBSERVATION/ RECOMMENDATIONS
1.	Reconciliation of the accounts through the system	None	Bank reconciliation is done manually
2.	Reports on fixed assets from the component of reporting		
3.	Invoices paid out	All	Meets standards
4.	LPO'S generated	Does not meet the standards	
5.	Design of the IFMIS system	None	No documentation for this, they depend on the vendor. The organization needs to have their own system
Type of reports to check			
I	Balance sheets	Partially	They are generated for all the linked components into the general ledger. Al
Ii	Costing reports	Partially	They are generated with all the indications shown, though not to satisfaction since it's not all costings are in the system

iii	Returns on investment	All	Meets the standards. All investments are shown, and how much has been invested and which institutions they are invested
iv	Cash flow projections,	All	Meets standards as expected.
v	Performance reports of all types	None	
vi	Paid invoices	All	All invoices are files and stamped as paid

Thank you for your cooperation.

ANNEX 5: FULL DETAILED RESULTS AND FINDINGS

	QUESTIONNAIRE	**RESPONDENTS**												
COMPONENTS														
		RSP1	**RSP2**	**RSP3**	**RSP4**	**RSP5**	**RSP6**	**RSP7**	**RSP8**	**RSP9**	**RSP10**	**RSP11**	**ACTUAL RESPONSE**	**GOLD STANDARD score**
GENERAL LEDGER	ARE ALL THE 11 COMPONENTS LINKED WITH THE GENERAL LEDGER?	20	20	10	10	20	10	10	10	10	10	20	**13.64**	20
	ARE ALL EXPECTED REPORTS GENERATED ACCORDING TO THE SCHEDUL	20	10	10	10	10	10	10	20	20	1	10	**12.73**	20

	ES?													
	TRANSACTIONS ARE POSTED THROUGH THE GENERAL LEDGER	20	20	10	5	20	20	10	20	20	10	10	**15**	20
	ALLOCATION OF THE BUDGET ALLOCATED THROUGH THE GENERAL LEDGER?	20	5	10	5	5	10	10	10	10	10	5	**9.091**	20
											SCORE		**50.45**	80
BUDGETARY ACCOUNTING	ARE THERE ACCURATE RECORDS FOR THE BUDGET GENERATED FROM	20	5	10	5	5	5	5	10	10	10	10	**8.636**	20

	THE SYSTEM?													
	ARE ALL THE PROCESSES OF INPUTING THE BUDGET INTO THE SYSTEM FOLLOWED?	20	10	10	5	5	5	5	10	10	10	10	**9.091**	20
	IS REALLOCATIONOF THE BUDGET REFLECTED?	20	5	10	5	5	5	5	5	5	10	10	**7.727**	20
	IS DEPARTMENTAL BUDGET LINKED WITH THE SYSTEM?	20	5	10	5	5	5	5	5	5	10	10	**7.727**	20
											SCORE		**33.18**	

ACCOUNTS PAYABLE	ARE PAYMENTS PROCESSED?	20	10	10	5	10	20	10	10	10	10	10	**11.36**	20
	ARE PAYMENTS MADE IN GOOD TIME?	20	10	10	10	10	20	10	10	10	10	5	**11.36**	20
	ARE INVOICES PREPARED IN GOOD TIME?	20	10	20	10	10	20	20	10	10	10	20	**14.55**	20
	ARE ALL INVOICES PAID IN GOOD TIME?	20	10	10	10	10	20	10	10	10	10	20	**12.73**	20
											SCORE		**50**	**80**
ACCOUNTS RECEIVABLE	ARE BILLS PAID THROUGH THE SYSTEM?	20	20	10	10	10	10	10	10	10	10	20	**12.73**	20
	ARE REVENUES	20	10	10	5	10	10	10	20	20	20	20	**14.09**	20

	COLLECTED AND RECORDED?													
	ARE ALL RECEIPTS RECEIVED?	20	10	10	10	10	20	20	20	20	20	20	**16.36**	20
											SCORE		**43.18**	**60**
CHARTS OF ACCOUNTS	IS THERE ACCOUNTS CLASSIFICATION OF FINANCIAL PLANS?	20	10	20									**16.67**	20
	DO YOU HAVE ANY OF CODING STRUCTURE FOR THE FINANCIAL SYSTEM?	20	20	20									**20**	20
	IS THERE ANY ASSIGNMENT OF UNIQUE	20	20	20									**20**	20

	CODES IN THE SYSTEM THROUGH COA?													
	ARE THE ACCOUNT NUMBERS ASSIGNED TO A CODE?	20	20	20									**20**	20
											SCORE		**76.67**	**80**
REPORTING	ARE THE RECORDS IN THE LEDGER UP TO DATE?	20	10	10	10	10	10	10	10	10	10	10	**10.91**	20
	ARE VARIOUS REPORTS GENERATED?	20	10	20	10	10	10	20	20	20	20	10	**15.45**	20
	IS THE INFORMATION USED FOR PLANNING PURPOSES?	20	10	10	10	10	10	20	20	20	20	20	**15.45**	20

											SCORE		**41.82**	
CASH MANAGEMENT	IS THE SYSTEM FULLY AUTOMATED?	20	10	10	10	20	10	10	10	10	10	10	**11.82**	20
	IS THERE IMPROVED REVENUE COLLECTION, CONTROL AND RECORDING	20	10	10	10	10	10	20	10	10	10	10	**11.82**	20
	IS RECONCILIATION BEING DONE?	20	5	10	10	20	10	10	10	10	10	10	**11.36**	20
											SCORE		**35**	**80**
PAYROLL SYSTEM	HOW IS THE PERSONNEL DATA INFORMA											20	**20**	20

	TION INTEGRATED INTO THE SYSTEM?													
	ARE BENEFITS OF THE EMPLOYEES CAPTURED WELL?											20	**20**	20
	ARE BUDGET SALARIES FOR NEXT YEAR REFLECTED?											20	**20**	20
											SCORE		**60**	**60**
BUDGET PLANNIG	ARE ANNUAL BUDGETS PREPARED?	20	20	20	20	5	20	10	20	20	20	10	**16.82**	20
	ARE ANNUAL BUDGETS IN THE SYSTEM	20	10	10	5	5	10	10	10	10	10	20	**10.91**	20
											SC		**27.73**	

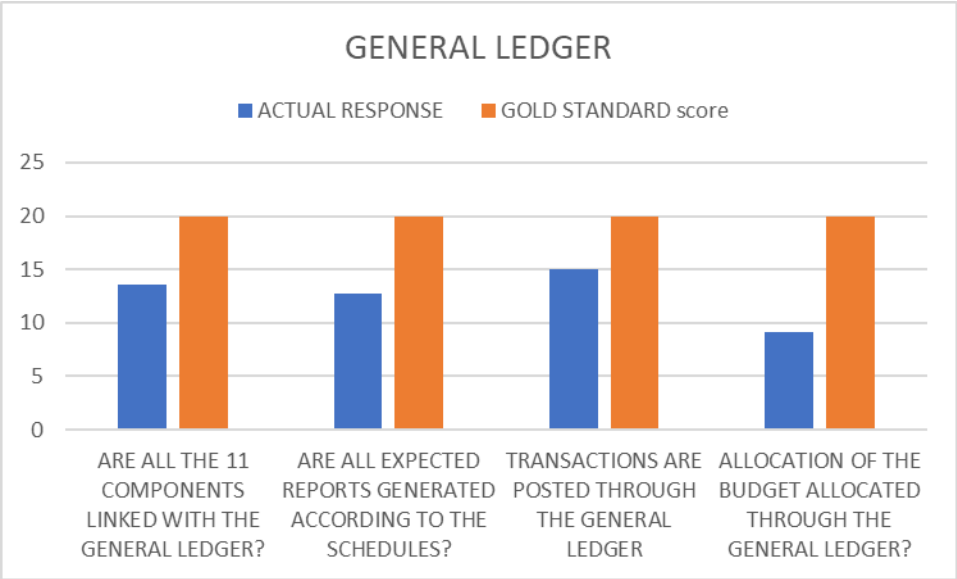
											ORE			
PURCHASE AND PROCUREMENT	ARE LOCAL PAYMENTS, LPOS GENERATED	20	10	10	5	5	5	20	10	10	10	5	**10**	20
	DOES REJECTION OF PROCUREMENT HAPPEN WHEN FUNDS ARE UNAVAILABLE?	20	10	10	5	5	5	20	5	5	5	5	**8.636**	20
											SCORE		**18.64**	40
PROJECT LEDGER	ARE APPROVED PROJECTS LISTED?	20	20	20	5	5	10	10	5	5	5	20	**11.36**	20
	ARE THERE ANNUAL PROJECT	20	20	20	5	5	10	5	10	10	10	20	**12.27**	20

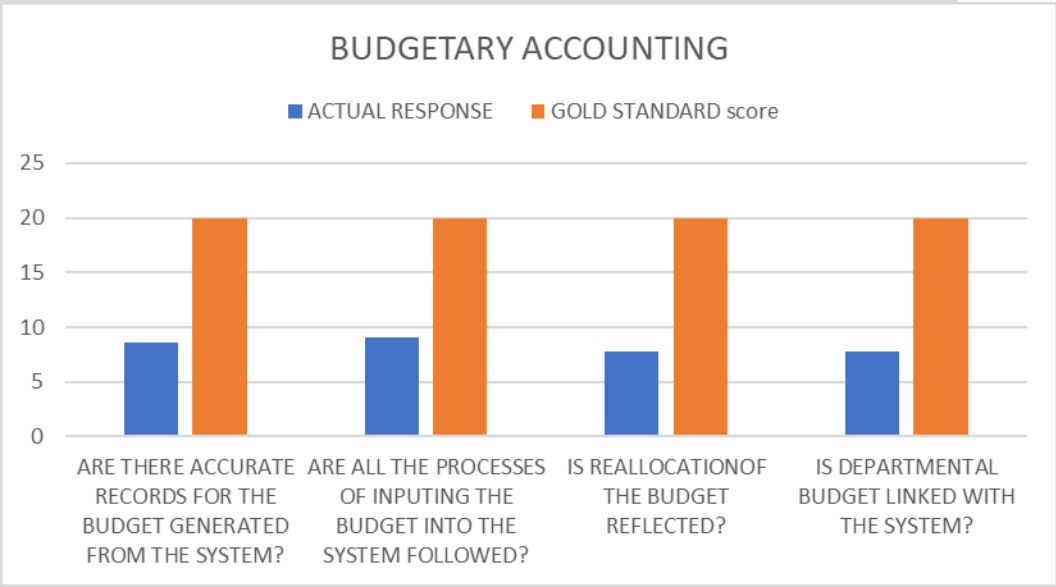
	BUDGET ALLOCATION?													
											SCORE		**23.64**	**40**
ASSETS MODULE	ARE ALL ASSETS RECORED	20	10	10	20	10	10	10	10	10	10	20	**12.73**	20
	HOW IS DISPOSAL OF ASSETS DONE	20	10	10	20	10	10	10	10	10	10	10	**11.82**	20
											SCORE		**24.55**	**40**

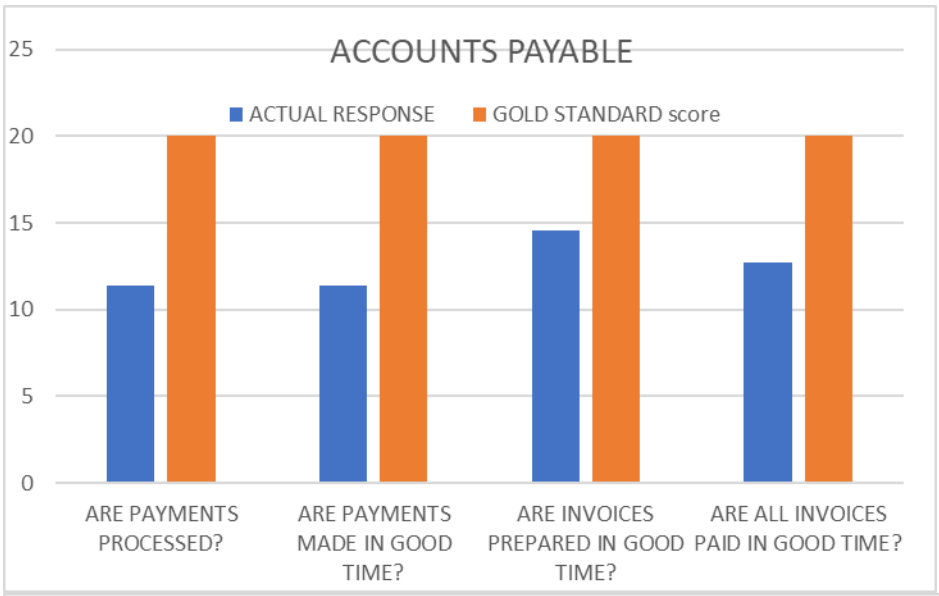
ACTUAL GOLD PERCENTAGE SCORE

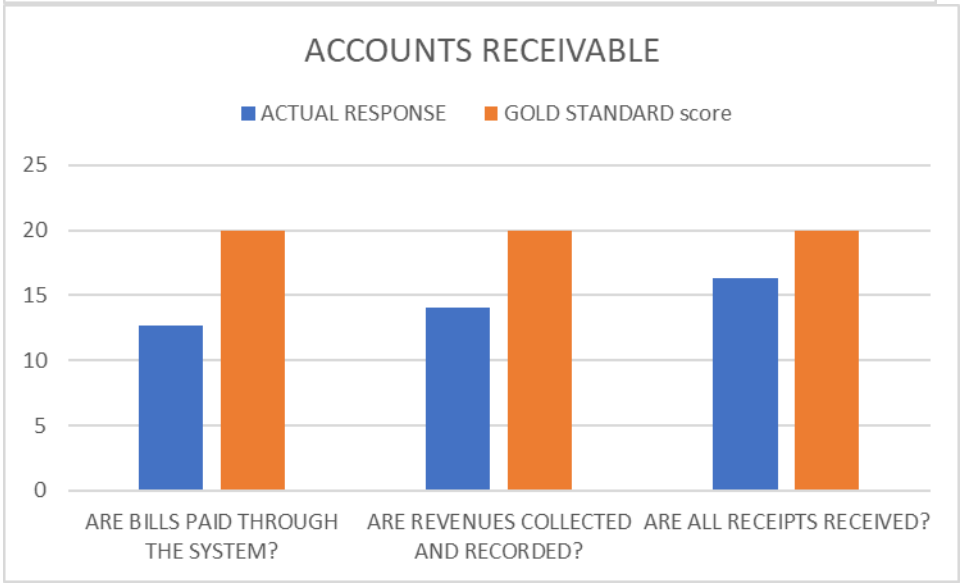
COMPONET	ACTUAL SCORE	GOLD STANDARD	PERCENT
GENERAL LEDGER	50.45	80	63.06
BUDGETARY ACCOUNTING	33.18	80	41.48
ACCOUNTS PAYABLE	50	80	62.5
ACCOUNTS RECEIVABLE	43.18	60	71.97
CHARTS OF ACCOUNTS	76.67	80	95.84
REPORTING	41.82	60	69.7
CASH MANAGEMENT	32	60	53.33
PAYROLL SYSTEM	60	60	100
BUDGET PLANNIG	27.73	40	69.33
PURCHASE AND PROCUREMENT	18.64	40	46.6
PROJECT LEDGER	23.64	40	59.1
ASSETS MODULE	24.55	40	61.38
TOTAL	**481.9**	**720**	**794.3**
AVERAGE SCORE			66.19

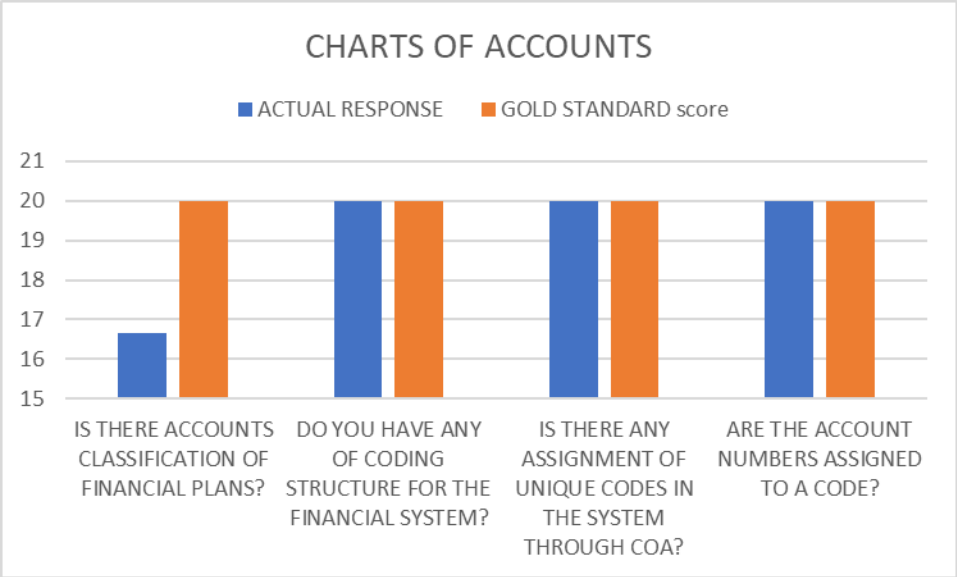
ANNEX 6: GRAPHS

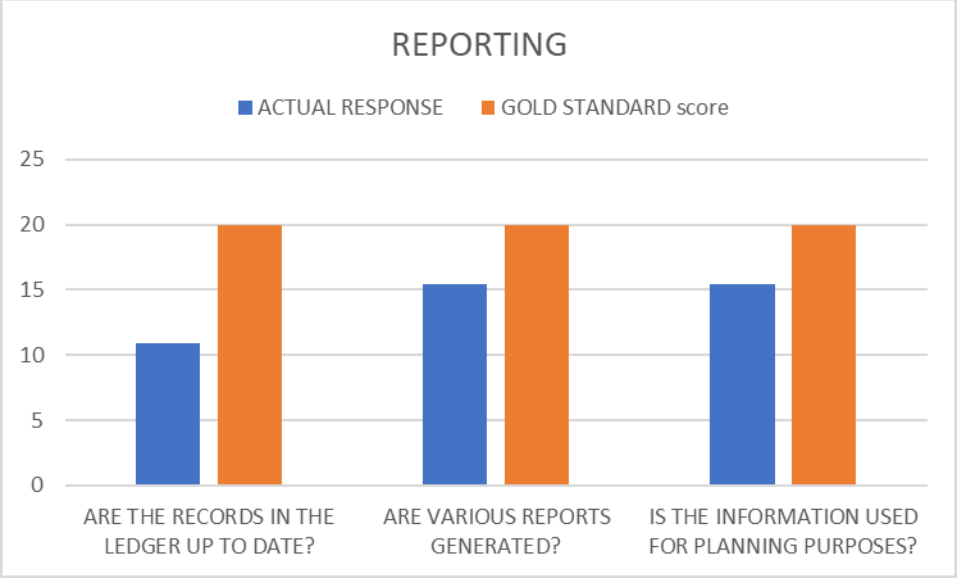


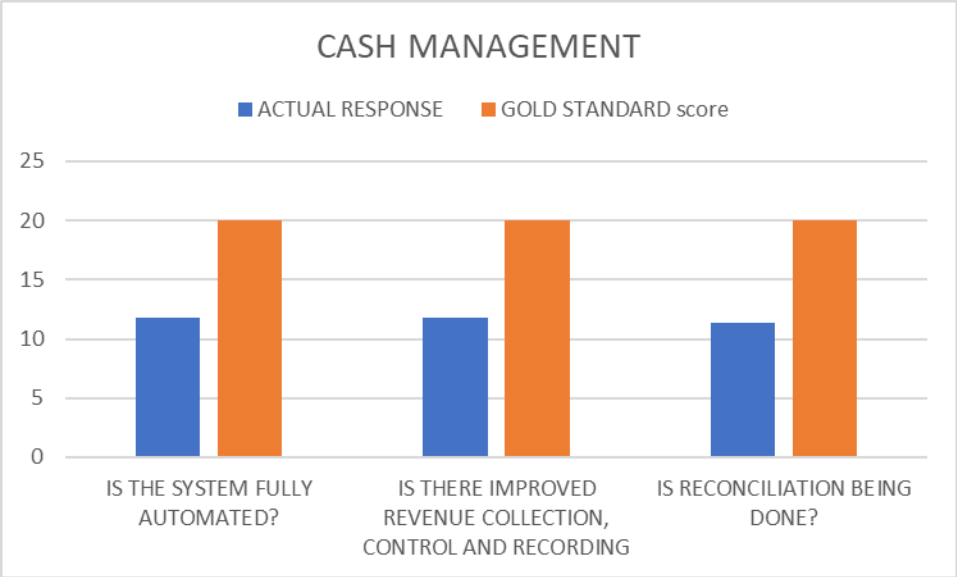


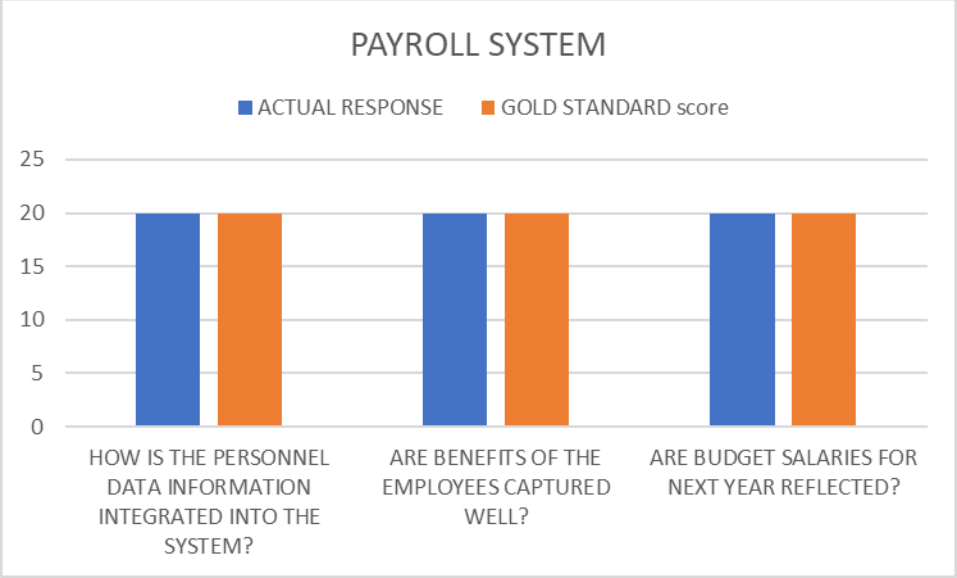

ACCOUNTS PAYABLE
ACTUAL RESPONSE
GOLD STANDARD score
25
20
15
10
5
0
ARE PAYMENTS PROCESSED?
ARE PAYMENTS MADE IN GOOD TIME?
ARE INVOICES PREPARED IN GOOD TIME?
ARE ALL INVOICES PAID IN GOOD TIME?

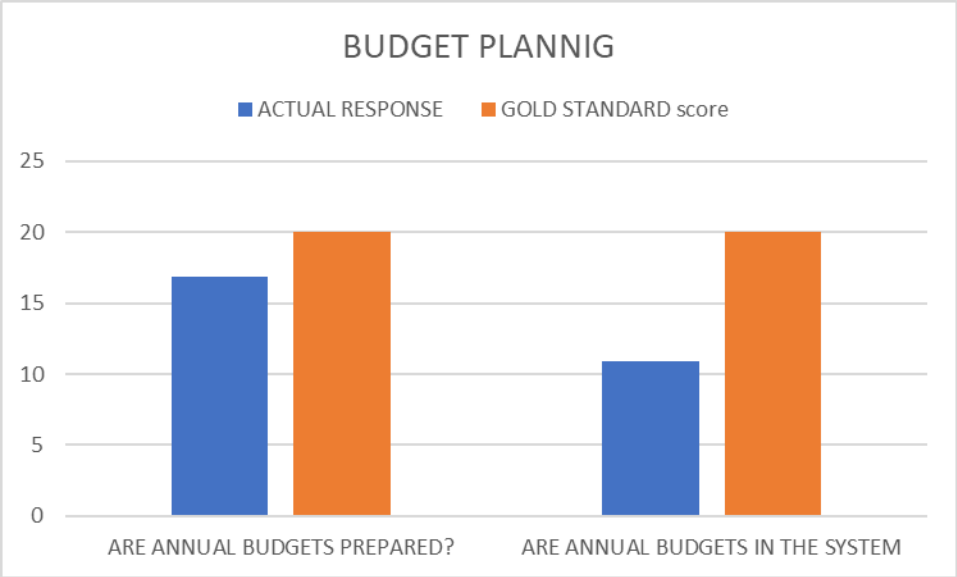

ACCOUNTS RECEIVABLE
ACTUAL RESPONSE
GOLD STANDARD score
25
20
15
10
5
0
ARE BILLS PAID THROUGH THE SYSTEM?
ARE REVENUES COLLECTED AND RECORDED?
ARE ALL RECEIPTS RECEIVED?

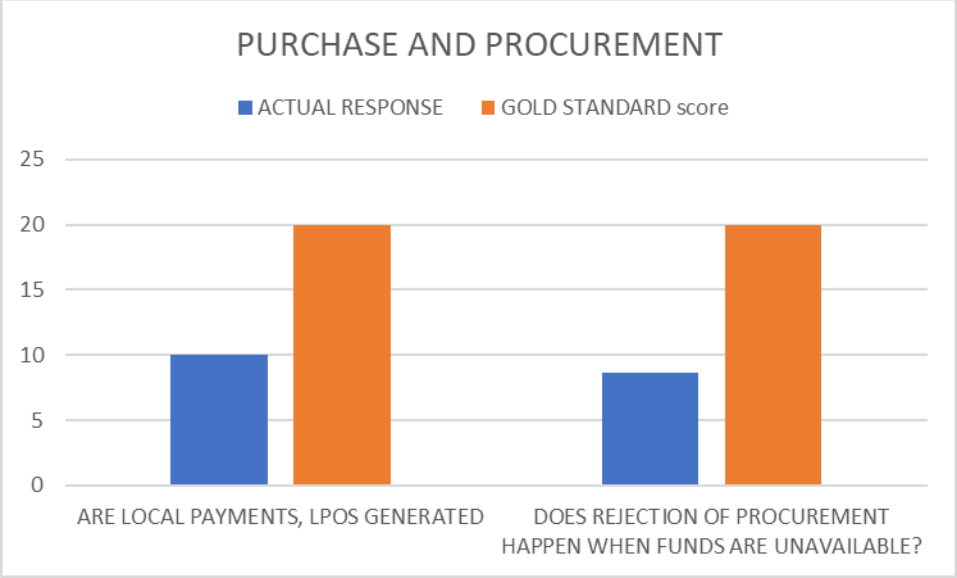

CHARTS OF ACCOUNTS
ACTUAL RESPONSE
GOLD STANDARD score
21
20
19
18
17
16
15
IS THERE ACCOUNTS CLASSIFICATION OF FINANCIAL PLANS?
DO YOU HAVE ANY OF CODING STRUCTURE FOR THE FINANCIAL SYSTEM?
IS THERE ANY ASSIGNMENT OF UNIQUE CODES IN THE SYSTEM THROUGH COA?
ARE THE ACCOUNT NUMBERS ASSIGNED TO A CODE?

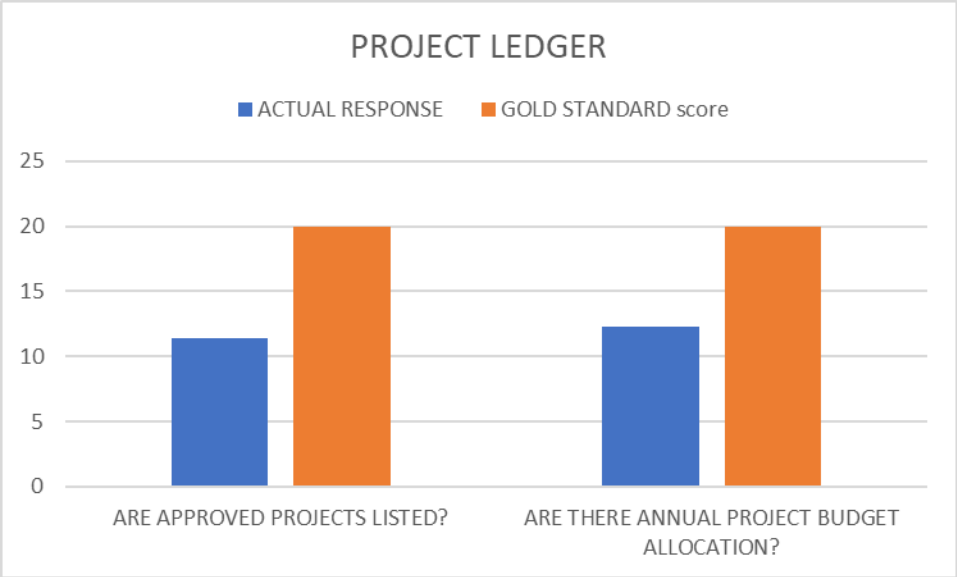

REPORTING
ACTUAL RESPONSE
GOLD STANDARD score
25
20
15
10
5
0
ARE THE RECORDS IN THE LEDGER UP TO DATE?
ARE VARIOUS REPORTS GENERATED?
IS THE INFORMATION USED FOR PLANNING PURPOSES?

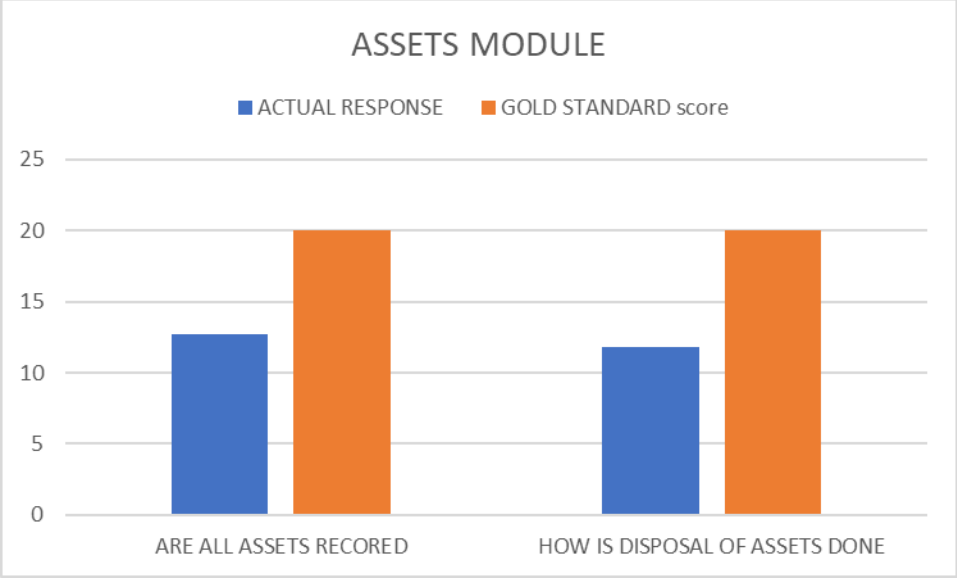

CASH MANAGEMENT
ACTUAL RESPONSE
GOLD STANDARD score
25
20
15
10
5
0
IS THE SYSTEM FULLY AUTOMATED?
IS THERE IMPROVED REVENUE COLLECTION, CONTROL AND RECORDING
IS RECONCILIATION BEING DONE?


PAYROLL SYSTEM
ACTUAL RESPONSE
GOLD STANDARD score
25
20
15
10
5
0
HOW IS THE PERSONNEL DATA INFORMATION INTEGRATED INTO THE SYSTEM?
ARE BENEFITS OF THE EMPLOYEES CAPTURED WELL?
ARE BUDGET SALARIES FOR NEXT YEAR REFLECTED?


BUDGET PLANNIG
ACTUAL RESPONSE
GOLD STANDARD score
25
20
15
10
5
0
ARE ANNUAL BUDGETS PREPARED?
ARE ANNUAL BUDGETS IN THE SYSTEM


PURCHASE AND PROCUREMENT
ACTUAL RESPONSE
GOLD STANDARD score
25
20
15
10
5
0
ARE LOCAL PAYMENTS, LPOS GENERATED
DOES REJECTION OF PROCUREMENT HAPPEN WHEN FUNDS ARE UNAVAILABLE?


PROJECT LEDGER
ACTUAL RESPONSE
GOLD STANDARD score
25
20
15
10
5
0
ARE APPROVED PROJECTS LISTED?
ARE THERE ANNUAL PROJECT BUDGET ALLOCATION?


ASSETS MODULE
ACTUAL RESPONSE
GOLD STANDARD score
25
20
15
10
5
0
ARE ALL ASSETS RECORED
HOW IS DISPOSAL OF ASSETS DONE