

**THE IMPACT OF INTEGRATED FINANCIAL MANAGEMENT  
INFORMATION SYSTEM (IFMIS) ON FINANCIAL PROBITY  
IN THE PUBLIC SECTOR IN KENYA**

**By**

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## DECLARATION

This project is my original work and has not been submitted anywhere for academic purposes.

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This project has been submitted with my approval as the supervisor of the above student.

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## **DEDICATION**

I dedicate this work to my wife for always wishing me the best, and encouraging me endlessly.

## **ACKNOWLEDGEMENT**

Special thanks to my supervisor Prof. Josiah Aduda, for his valued guidance, support and direction. His academic critique and extensive discussions highly inspired my writing to produce more than just the academic output.

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## ABSTRACT

Financial management information systems (FMIS) is the computerization of public expenditure management processes including budget formulation, budget execution, and accounting with the help of a fully integrated system for financial management of line ministries and other spending agencies. Having sound financial management and reporting in the public sector is an important contributor in achieving greater transparency, accountability, fiscal responsibility and, hence, improved governance. Automated payments, combined with sophisticated document management and identity management systems associated with IFMIS enable governments globally to improve efficiency, effectiveness, security, convenience, financial control and stakeholder confidence. The main objective of this study was to determine the relationship between IFMIS and financial probity in the public sector. The specific objectives included: establishing the effect of IFMIS on perceived financial probity of civil servants at the Ministry of Foreign Affairs; and determining the effect of IFMIS on the delivery of public service at the Ministry of Foreign Affairs. The study applied a case study design on 40 users of IFMIS in the ministry. Primary data was collected using a questionnaire. The study established that the employee's ethical conduct had improved since the introduction of IFMIS within the ministry. The research findings revealed that the provision of rules that provided clear instructions, processes and procedures for employees was the most prevalent culture. The study further established since the implementation of IFMIS within the ministry corruption practices have reduced as the civil servants act with integrity while carrying out transactions and offering services to the public. The study further established that implementation of IFMIS affects the overall procurement performance in the government ministries in Kenya where management commitment, capacity and training, the resistance and acceptance of IFMIS, and the level of IFMIS adoption have a positive effect on financial probity. The study recommends that implementation of IFMIS is necessary in order to address the impact of IFMIS in financial probity, this study provides a number of broad recommendations as follows: Firstly, the Government should ensure e-government timescales are customized to current realities and all stakeholders must be motivated to a great extent. The Government needs to undertake more awareness programmes to create positive stance towards e-government projects amongst stakeholders where IFMIS falls.



## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background of the Study**

The Public sector and in particular the civil service plays an indispensable role in the effective delivery of public services that are key to the functioning of a state economy. When the delivery of services is constrained or becomes ineffective, it affects the quality of life of the people and nation's development process (Kobia, 2006). Many developing countries, however, continue to suffer from unsatisfactory and often dysfunctional governance systems that include rent seeking and malfeasance, inappropriate allocation of resources, inefficient revenue systems, and weak delivery of vital public services (Kragbe, 2012).

In most countries today there are increasing expectations from ordinary citizens, business leaders and Civil Society that Governments will establish and deliver higher standards of ethicality and integrity in the Civil Service, agencies of government (Ministries and parastatals), and Government itself (Whitton, 2001). The author identifies that most modern civil service ethics laws endorse minimum set of principles, the core of which are; that civil servants and public officials are expected to maintain and strengthen the public's trust and confidence in government, by demonstrating the highest standards of professional competence, efficiency and effectiveness, upholding the Constitution and the laws, and seeking to advance the public good at all times; and secondly, that civil servants and public officials are expected to make decisions and act solely in the public interest, without consideration of their private interests.

In Kenya, there is a vocal consensus that combating corruption is one of the country's most critical governance and development challenges (Hope, 2011). Various

international assessments continue to rank Kenya as one of the most corrupt countries in the world and Kenyans themselves cite corruption as an issue of major concern for them (Hope, 2011). The results of these developments are that within all parts of the public sector there is now a very strong emphasis placed on matters such as probity, accountability and avoidance of fraud (Prowle, 2012).

One of the key priorities of the Kenya Government is to implement and institutionalize public sector reforms that would lead to an efficient, effective and ethical delivery of services to the citizens (Kobia, 2006). In 2003, the government of Kenya began implementing reforms to address inefficiency in the use of public resources and weak institutions of governance (Ayoti, 2012). Such reforms included the Government Financial Management Act which was to provide for the management of government financial affairs, to make certain provisions with respect to the exchequer account and the Consolidated Fund, to provide for persons to be responsible for government resources and to provide for other related matters (Government Financial Management Act, 2004).

Later when the new constitution was promulgated, financial probity was enshrined in the constitution of Kenya 2010 under chapter six which spells out matters of integrity and leadership of state officers (National Council for Law Reporting, 2010). In section 76 which addresses questions of probity, it states; (1) a gift or donation to a State officer on a public or official occasion is a gift or donation to the Republic and shall be delivered to the State unless exempted under an Act of Parliament; (2) a state officer shall not- (a) maintain a bank account outside Kenya except in accordance with an Act of Parliament; or (b) seek or accept a personal loan or benefit in circumstances that compromise the integrity of the State officer.

In the context of a financial environment, financial probity is about the ethical, lawful, prudent, effective and transparent conduct of financial transactions and of processes that ensure that all such transactions and procedures are supported as appropriate by a robust risk management strategy (Kragbe, 2012). Public money is considered to have been inappropriately managed or spent on instances of unauthorized expenditure, fruitless and wasteful expenses, and/or irregular expenditure are present (Moeti, Khalo and Mafunisa, 2007). Unauthorized expenditure refers to overspending and/or spending that is not in accordance with the mandated purpose of appropriated funds (Bragg, 2013). Fruitless and wasteful expenditure refers to unnecessary expenditure that should have been avoided if reasonable care had been exercised while irregular expenditure refers to authorized expenditure that happens to be in contravention of other applicable legislation (Moeti et al., 2007).

Having sound financial management and reporting in the public sector is an important contributor in achieving greater transparency, accountability, fiscal responsibility and, hence, improved governance (Kragbe, 2012). Government officials and elected leaders have increasingly come to realize that public agencies must utilize ICT in order to enhance the business processes in the public sector (Ngugi and Mugo, 2012). This is achieved through electronic transaction processing, which is the processing of business transactions by computers connected by computer networks (Bernstein and Newcomer, 2009). Electronically processed transactions have become a cost-effective, speedy, and reliable method of conducting business in the public sector (Wimmer, Chappelet, Janssen & Scholl, 2010).

According to Burgess (2014), financial probity is monitored through the standard procedures of accounting and auditing (Burgess, 2014). Such procedures are

embedded in electronic transaction processing technologies such as the Integrated Financial Management Information Systems (IFMIS). Financial management information systems (FMIS) is the computerization of public expenditure management processes including budget formulation, budget execution, and accounting with the help of a fully integrated system for financial management of line ministries and other spending agencies (Diamond & Khemani, 2005). According to Beschel and Ahern (2012), integrated financial management information systems (IFMIS) can facilitate timely and accurate reporting; allow internal controls to be exercised through the IFMIS, and therefore support more consistent compliance; and allow central agencies to oversee budget execution by line ministries, therefore facilitating the devolution of responsibilities to front line managers while retaining information at the centre.

Cole (2006) asserts that probity is achieved by using IFMIS as a tool to ensure the promotion of transparency in e-governance. Reviewing the experiences regarding the application of IFMIS to developing countries, Wescott, Bowornwathana and Jones (2009) noted that IFMIS can facilitate recurrent/capital budget integration and improve accounting and reporting systems, but only if the country's budget and accounts classification is reformed and the system is appropriately phased and adapted to a country's capacity to maintain it.

An IFMIS generally implies fundamental changes in operating procedures and should be preceded by a detailed functional analysis of processes, procedures, user profiles and requirements that the system will support (Hendricks, 2012). Key high-level government goals will only be achieved if the IFMIS solution supports a wide range of business processes that transcend functional, business, organisational and

geographic boundaries (Hendricks, 2012). Automated payments, combined with sophisticated document management and identity management systems associated with IFMIS enable governments globally to improve efficiency, effectiveness, security, convenience, financial control and stakeholder confidence (Sabatini, 2012).

One of the major reform initiatives rolled out by the government of Kenya was the automation of public financial management processes through the establishment of IFMIS. According to Ministry of Finance (2013), IFMIS was first launched in 2003 in Kenya and the IFMIS Re-engineering Strategic Plan (2011-2013) was launched in 2011. The Ministry of Finance (2013) defines IFMIS as an automated system that interlinks planning, budgeting, expenditure management and control, accounting, audit and reporting. It is intended to ensure a higher degree of data quality, improve workforce performance for improved business results and link planning, policy objectives and budget allocations. It is also intended to enhance reporting capabilities to support budget planning, automate the procurement process such as requisition, tendering, contract award and payment. Further, it is also intended to facilitate auto-reconciliation of revenue and payment, automated revenue collections and automated bank reconciliation.

In February 2011, the Ministry of Finance formulated the IFMIS Re-engineering Strategic Plan 2011-2013 to provide a structured methodology to stabilize the existing IFMIS while facilitating the development of a comprehensive IFMIS which would allow the government to realize the full benefits of a fully integrated end-to-end financial management information system (National Treasury, 2013).

## **1.2 Problem Statement**

Financial probity is closely related to accountability and, according to Ngugi and Mugo (2012), Kenya leaves a lot to be desired in this facet. With the adoption of electronic transaction processing technology such as IFMIS, it is expected that corrupt practices will be reduced and that civil servants will be perceived to act with integrity, truthfulness and equity. This should reflect in the effective and efficient provision of public service.

Surveys of IFMIS experiences in other developing countries such as Ghana, Tanzania and Uganda have yielded mixed results (Allen, 2009). Beschel and Ahern (2012) reported that while there are some small successes to-date, sophisticated IFMIS projects have been problematic. Reviewing the experiences regarding the application of IFMIS to developing countries, Wescott, Bowornwathana and Jones (2009) noted that IFMIS can facilitate recurrent/capital budget integration and improve accounting and reporting systems, but only if the country's budget and accounts classification is reformed and the system is appropriately phased and adapted to a country's capacity to maintain it.

Kragbe (2012) undertook a study to establish the impact of fiscal probity on public financial management in Liberia. While their study established a strong positive impact of financial probity on public financial management, their study did not explain how IFMIS contributed to this effect. Locally, Ayoti (2012) undertook a study related to financial probity which in part, sought to examine the extent to which ethical practices influence the effectiveness of tendering process in the public sector in central region Nyeri County as well as determine the extent to which ICT usages in tendering process influence effectiveness of tendering process in public sector in Central Region Nyeri County. The study found that use of ICT in tendering

significantly influence the effectiveness of tendering in the agency. However, the study did not specify which ICT was used.

Similarly, one of the research questions which a study by Ngugi and Mugo (2012) sought to answer was; how effective is ICT adoption on procurement process of health care supplies in the public sector? The study found that ICT adoption affected procurement process at Kenya government ministries to a great extent. One study by Wamuyu (2013) on the effect of IFMIS on public financial management and service delivery in selected government ministries reported significant improvement in both public financial management and service delivery in government ministries in Kenya. Wamuyu's study did not demonstrate the relationship between electronic financial transaction and financial probity.

Financial probity is concerned with the ethical conduct with which public servants carry themselves while handling public finances. Following the implementation of the Integrated Financial Management Information Systems by the Kenya Government, this study seeks to answer the research question; does electronic transaction processing play a role in enhancing fiscal probity in the public sector?

### **1.3 Objectives of the Study**

#### **1.3.1 Main Objective**

This study sought to determine the relationship between IFMIS and financial probity in the public sector.

#### **1.3.2 Specific Objectives**

1. To establish the effect of IFMIS on perceived financial probity of civil servants at the Ministry of Foreign Affairs

2. To determine the effect of IFMIS on the delivery of public service at the Ministry of Foreign Affairs

#### **1.4 Significance of the Study**

This study will be beneficial to the following stakeholders:

##### **1.4.1 Ministry of Foreign Affairs**

The research would provide first-hand evaluation of the performance of the Ministry of Foreign Affairs in terms of its service delivery to the public. The findings of this study could also be used by the ministry to identify service delivery gaps for future improvement.

##### **1.4.2 Government of Kenya**

The Government of Kenya could use this report as an independent, objective assessment of the gains that it has accrued since implementation of the Integrated Financial Management Information Systems. The findings of the study could inform policy development in the future in terms of adoption of technology to improve public service.

##### **1.4.3 Citizens**

This study would also be useful to the Citizens of Kenya. Through the implementation of recommendations that would follow from this study, Kenyan citizens would enjoy improved service delivery through better management of public finance.

##### **1.4.4 Researchers and Scholars**

This study would contribute to the body of knowledge on the relationship between electronic transaction processing and financial probity in the public sector. Therefore,



future researchers who wish to extend studies on the nexus between fiscal probity and IFMIS may use this study as a reference point.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter reviews literature pertinent to electronic financial transactions with specific focus on financial management information systems. The literature is presented in two major sections. The first section presents the theoretical framework which was used to analyze the study. The second section is a review of empirical literature on the effect of IFMIS on financial probity. The chapter ends with a summary of the literature and discussion of the literature gap.

### **2.2 Theoretical Framework**

Two theories were used to explore the nexus between integrated financial management information system and financial probity in public sector organizations. These are: Agency Theory and Systems Theory.

#### **2.2.1 Agency Theory**

In its most basic form, agency theory states that the principal (citizens) cannot trust the agent (civil servant) to act in the principal's best interest, but, to their own (Steger and Amann, 2008). The principal's problem is that the agent knows the situation much better than she/he does, due to the information asymmetry and that, furthermore, supervising the agent means that the principal incurs agency costs. Agency theory proposes that a utility-maximizing economic agent may take actions that are consistent with the interest of the principal. However, in some situations, civil servants may prefer to undertake actions that run counter to the preference of citizens, for instance paying of excessive salaries to staff (Mishra, Kumari and Kiranmai, 2008). The Organization of Economic Cooperation and Development (2004) also notes that pressure on governments and on the business sector to improve corporate

governance arrangements has arisen often in the context of the failure of large companies and particularly marked instances of corporate fraud, and much the same has taken place since 2000.

According to Gurbaxani and Kemerer (2005), an agency relationship can be said to occur whenever one party depends on the actions of another party. Moreover, an agent relationship is a contract under which one or more persons (the principals) engage another party (the agent) to perform some services on their behalf which involves delegating some decision making authority to the agent. Agency theory argues that this occurs because: (a) the goals of the principal and the agent are often inconsistent with one another (“goal incongruence”) and (b) the principal cannot perfectly and costlessly monitor the actions and information of the agent (information asymmetries). Since agents are usually better informed than their principals about their tasks, organizations would do better if all information could be shared at zero cost, or if there was no divergence between the goals of the principals and the agents. The economic loss that occurs due to the absence of such optimal conditions is called the agency costs. The components of agency costs are monitoring costs extended by the principal to observe the agent.

Agency theory will be applied because various accounting scholars have discussed its significance for explaining efficient management control devices. For instance, in the 1980s, agency theory appeared extensively in the managerial accounting realms to determine the optimal-incentive contracting among different individuals and establishing suitable accounting control mechanisms to monitor their behaviors and actions (Namazi, 2012). Since IFMIS allow internal controls to be exercised by

governments (Beschel and Ahern, 2012), it can be said that it constitute agency costs discussed in Agency Theory.

### **2.2.2 Systems Theory**

The origination of systems theory is credited to Ludwig von Bertalanffy in the 1970s (Bevir, 2010). According to Smith-Acuna (2010), systems theory can be defined as a set of unifying principles about the organization and function of systems; where systems are defined as meaningful wholes that are maintained by the interaction of their parts. According to Daft (2009), a system functions by acquiring inputs from the external environment. In classical systems theory, bureaucracies are a complex web of interrelationships both organizational and individual. Public audit systems seek to give some transparency to bureaucracies' financial operations and acts to mitigate a natural tendency to pursue individual and organizational self-interest at the expense of public welfare. Its support for values such as probity, propriety and good stewardship may help to sustain these civil service cultures which are motivated by a concern for the proper use of public money (Bourn, 2008).

According to Mayers (2004), concepts and techniques of systems theory are important in financial management for a number of reasons. First, they are the bases for the development of computerized information systems, found in all types of organizations today. An organization systems analysis is an integral part of the planning and development of a computerized information system; and modern auditing today includes in its valuations a systems review. In order to meet today's operating challenges, regional and local governments are turning to ICT to enhance the services for residents, businesses and visitors, and improve internal efficiencies by lowering costs and increasing productivity (Ngugi and Mugo, 2012). Systems management

ensures that the system's infrastructure is maintained and that the system is meeting its objective (Bevir, 2008).

### **2.3 Empirical Literature**

From the point of view of the Ministry of Finance (2013), IFMIS strengthens financial controls, facilitating a full and updated picture of commitments and expenditure on a continuous basis. Once a commitment is made, the system should be able to trace all the stages of the transaction processing from budget releases, commitment, purchase, payment request, reconciliation of bank statements, and accounting of expenditure. For example, through IFMIS, a procurement plan is used to provide information about the purchase of goods and services, how vendors will be chosen, what type of contract(s) will be used, how vendors will be managed and who will be involved at each stage of the process. This document will be approved by appropriate individuals before the actual procurement process begins. Developing this plan in the system ensures that all procuring entities within government buy the right products and or services at the right prices. This suggests that IFMIS system is suitable for enhancing financial probity in the public sector in Kenya.

One of the aims of IFMIS, according to Conrad (2013), is to make the interaction between government and citizens (G2C), government and business enterprises (G2B), and inter-agency relationships or government to government (G2G) more friendly and convenient. Rodin-Brown (2008) points out that IFMIS uses standard data classification for recording financial events; has internal controls over data entry, transaction processing, and reporting; and has common processes for similar transactions and a system design that eliminates unnecessary duplication of data entry. However, an assessment report by KPMG (2012) accounting, recording and reporting

systems are beset with issues, related to compliance with procedures and IFMIS-system errors that damage the credibility of the Government in terms of its perceived capabilities in PFM. The assessment also adds that the problems in preparing accurate end-year accounts are also partly due to lack of accounting discipline, but also relate to incomplete data in IFMIS some of which date back several years, and also to the data still held in manual records that together with IFMIS data are used to prepare the final accounts.

Conrad (2013) discussed that IFMIS aims at enhancing services delivery to citizens, businesses, and other stakeholders, and that it encompasses internal and external dimensions and despite the challenges faced, as noted by Picci (2005), most people would agree that the new information technologies hold vast potentials for improving public administrations, and better administrations in turn would have a positive influence on the economy and on society thereby improving stakeholder confidence. Mullen and Horward (2004) observed that the rapid diffusion of e-commerce in particular has placed existing norms and moral behaviour under pressure and may affect the successful implementation of successive governments' visions of e-Government. They noted that the 2003 review of 34 IFMIS projects supported by the World Bank over 15 years estimated that only 6 percent of the systems were likely to be sustained after donor support ceased.

According to Diamond (2005), an IFMIS has for long time helped in tracking financial events and summarizing financial information. It supports adequate management reporting, policy decisions, fiduciary responsibilities and the preparation of auditable financial statements. The interface between IFMIS and other functionalities has been largely manual raising the possibilities of errors in reports and

accounting statements. The interface will lead to improved PFM and service delivery. In the sphere of many governmental institutions operations, IFMIS adoption generally guides the transition of task in the public financial management processes, from budget preparation and execution to accounting and reporting, with the help of an integrated system for the purpose of financial management (Harwlow, 2008).

Hendricks (2012) submits that a well-designed IFMIS can provide a number of features that may help detect excessive payments, fraud and theft. These include, for example, automated identification of exceptions to normal operations, patterns of suspicious activities, automated cross-referencing of personal identification numbers for fraud, cross-referencing of asset inventories with equipment purchase to detect theft, automated cash disbursement rules and identification of ghost workers. For example, the aim of IFMIS Procure to Pay (P2P) system is to develop an efficient and streamlined procurement and payment system by fully automating the procurement and payment process to increase control and visibility over the entire life-cycle of a procurement transaction, from procurement planning to payment. The end-to-end P2P automated process that starts at development of procurement plans, to the actual procurement of goods and services, to payment of suppliers for goods or services delivered (Ministry of Finance, 2013).

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

releases, commitment, purchase, payment request, reconciliation of bank statements and accounting of expenditure.

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

Some empirical studies have however established to the contrary. The study by Dener and Young (2013) attempted to explore the effects of FMIS on publishing open budget data and identify potential improvements in budget transparency, and provide some guidance on the effective use of FMIS platforms to publish open budget data. The study identified 20 key and 20 informative indicators drawn from the public finance websites of 198 economies to assess the status of government websites for publishing open budget data from FMIS. The study established that despite the widespread availability of 176 FMIS platforms used by 198 governments around the world, good practices in presenting open budget data from reliable FMIS solutions are highly visible in only 24 countries (12%).

A research undertaken by the World Bank (2011) in 51 countries found that the design and implementation of effective FMIS solutions is challenging and requires the development of country specific solutions to meet a number of functional and



technical requirements associated with the public financial management agenda. Reviewing the experiences regarding the application of IFMIS for financial probity to developing countries, Wescott, Bowornwathana and Jones (2009) noted that IFMIS can facilitate recurrent/capital budget integration and improve accounting and reporting systems, but only if the country's budget and accounts classification is reformed and the system is appropriately phased and adapted to a country's capacity to maintain it.

A study by Wamuyu (2013) on the effect of IFMIS on public financial management and service delivery in selected government ministries reported significant improvement in both public financial management and service delivery in government ministries in Kenya. This suggests that the country has achieved some gains in terms of financial probity in the public sector attributable to the introduction of IFMIS. However, Conrad (2013) undertook a study to evaluate the implementation of IFMIS by the national government of Kenya and explored the challenges or constraints in the adoption of IFMIS in the national government and the drivers of IFMIS adoption. It was found in this study that exchequer budget release of funds not coinciding with the manual funds release process was a challenge. This implies that there may still be potential gaps in the achievement of financial probity through the use of IFMIS.

Thurakam (2007) avers that to increase financial probity, financial statements should be certified by an independent and qualified person known as an auditor. A statement which is authenticated by an auditor will be acceptable by all without giving room for doubt and unreliability. In keeping with this requirement, Hendricks (2012) holds the view that an IFMIS can improve public financial management in a number of ways,

but generally seeks to enhance confidence and credibility of the budget through greater comprehensiveness and transparency of information.

Kimwele (2011) undertook a study of factors affecting effective implementation of IFMIS in government ministries in Kenya since 2005. The study covered 42 ministries and sample of 30 accountants was used. Four factors were studied namely staff resistance, management commitment, system complexity and capacity and skills of the user. The study established that effective use of the system is largely affected by sabotage and resistance. The study also established that management support is lacking and top management does not inspire the users. The finding by Kimwele therefore questions the effectiveness of IFMIS in the achievement of financial probity in Kenya.

Isidore (2012) undertook a study of an assessment of how integrated financial management information system enhances financial decision making in two case study organizations in Tanzania. The sample size consisted of 34 respondents drawn from 204 employees. The research design adopted was descriptive survey, a purposive sampling method was drawn. The primary data was collected using questionnaires and secondary data was collected using existing literature and journal articles. The correlation analysis and descriptive statistics were used to analyze data. Findings indicated that financial managers use IFMIS tools in generating financial planning information which contributes to efficiency of their financial decision making and that managers were making capital budgeting decisions based on information generated from IFMIS.

Simson et al. (2011) observed that while automation can improve system efficiency, the process can be disruptive and challenging, as it usually requires significant reform

of existing processes and new human resource skills. Proponents of large-scale automation reforms argue that it streamlines procedures and reduces opportunities for corruption; critics point to the high costs of automation, the failure rate of many automation projects and the risks of graft shifting from the procurement officer level to those with control over the new automation system.

In an attempt to analyze the effectiveness of IFMIS as a tool for financial probity, Allen and Tommasi (2011) identified four basic questions when assessing the development of the financial control system in a country. These are: is there a coherent and comprehensive statutory base in place that defines the principles and procedures of financial control and internal audit? Are there effective internal control systems and procedures in place and do these scrutinize relevant areas of an organization's activity such as accounting systems, procurement, revenue control, audit trail and reporting systems? Is there a functionality independent internal audit mechanism in place, with relevant remit and scope? Are there systems in place to prevent and take action against irregularities and to recover amounts lost as a result of irregularity or negligence?

#### **2.4 Summary of Literature Review**

The literature has discussed two theories that underpin public finance studies. These are: Agency Theory and Systems Theory. The relevance of the Agency Theory in this study is found in the discourse about the principal-agent problem which necessitates the incurrence of agency costs. The agency cost, in this study manifest in the investment in IFMIS which becomes the incentive that makes the agent (public servants) align their interest with that of the principal (citizens/tax payers) leading to financial probity. Systems theory is also central to the study of the relationship

between IFMIS and financial probity. This centrality is found in the very definition of a system, namely, a set of things interconnected and working together as part of a mechanism that forms a complex whole. Since systems function by acquiring inputs from the external environment, the effectiveness of IFMIS as an example of a system is contingent upon the quality and integrity of the input into the system. This includes data, information, instruction, and the people behind them.

The chapter has also critically discussed the empirical literature. Much of the literature has dwelled on the benefits of IFMIS as a tool for financial control and reporting and therefore some correlation can be inferred in terms of financial probity. However, past studies on the effect of IFMIS on the management of public finance has yielded mixed results. In addition, these studies do not clearly situate their analysis based on a clear theoretical framework. This necessitates the need for ongoing studies on the effect of IFMIS as a tool for financial control and reporting on financial probity in the government sector.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

The general objective of the study is to determine the relationship between electronic transaction processing and financial probity in the public sector. This chapter explains the methodology that was used for the study. The chapter describes the research design, population, sample and sampling method, data collection method and data analysis techniques.

### **3.2 Research Design**

The research design used was a case study design. According to Swanborn (2010), this approach studies social phenomenon carried out within the boundaries of one social system (the case) or within the boundaries of a few social systems (the cases), such as people, organizations, groups, individuals, local communities or nation-states, in which the phenomenon to be studied occurs within the case's natural context. The merit of a case study approach as explained by Denscombe (2007) lies in the advantage of studying particular cases in greater detail to derive insights which might not otherwise have been possible using other methods. In this study, the research design will be used because the researcher seeks to focus on IFMIS as an electronic transaction processing tool and its impact on financial probity in the public sector. Thus, the independent variables was the IFMIS components and the dependent variable will be financial probity.

### **3.3 Population of the Study**

The population of this study comprised of IFMIS users at the Ministry of Foreign Affairs. According to the Ministry's Human Resource database, there are 40 users of IFMIS in the ministry (Ministry of Foreign Affairs, 2014).

### 3.4 Sample and Sampling Method

Sampling is simply the process by which a few is selected from the entire group to become the basis for estimating the occurrence of an unknown piece of information or situation regarding the entire group (Kumar, 2005). Sampling is used because collecting data from the whole population is usually very costly (Pagano, 2006). However, where the population is small, census is preferred instead of sampling (Denscombe, 2007).

#### 3.4.1 Sample Size

In this study, the sample size is equivalent to the population size because of the population is small. Thus, all the 40 users of IFMIS at the ministry constituted the sample. Table 3.1 shows the distribution of users of IFMIS per department.

**Table 3.1: Distribution of Users of IFMIS by Department**

Department	Sample size	Percent
Authority to Incur Expenditure (AIE Holders)	10	25.0%
Chief Finance Officers	5	12.5%
Accountants	15	37.5%
Revenue Officers	5	12.5%
Auditors	5	12.5%
Total	40	100.0%

**Source: Ministry of Foreign Affairs (2014).**

#### 3.4.2 Sampling Method

The use of a census instead of sampling makes irrelevant the need for a sampling method.

### 3.5 Data Collection Method

Data was collected using a structured questionnaire. The questionnaire comprised of three sections. The first comprised of questions seeking demographic information from the respondents such as tenure in the ministry, cadre, department, education,

computer literacy, among others. The second section was made up of Likert scale statements seeking respondents' views regarding their perceived financial probity of civil servants at the Ministry of Foreign Affairs. The third section was made up of questions attempting to establish the effect of IFMIS on the delivery of public service at the Ministry of Foreign Affairs. The process of collecting data involved first of all pilot-testing the instrument on a small sample of 4 respondents to evaluate the robustness of the questionnaire in achieving the study objectives. Reliability of the instrument was tested through the use of Cronbach's Alpha, a coefficient of reliability test which is effective for testing reliability of research instruments. According to Hinton (2004), the calculation of Cronbach's Alpha is based on the number of items and the average inter-item correlation, ranging from 0 for a completely unreliable test to 1 for a completely reliable test (Hinton, 2004). A Cronbach's Alpha of 0.7 or higher is recommended by most research scholars (Leech, Barrett & Morgan, 2005).

### **3.6 Data Analysis Techniques**

Data was first coded and entered into the Statistical Package for the Social Sciences in preparation for data summarization and analysis. Descriptive statistical techniques were used to summarize the data into frequency tables. This entailed the determination of the mean and standard deviation of the dataset. Inferences were drawn using correlation coefficients and multiple linear regression modelling techniques. The following regression equation proposed by Ghauri and Gronhaug (2005) was used.

$$Y_i = \beta_0 + \beta_1x_1 + \beta_2x_2 + \dots + \varepsilon_i$$

Where:

$Y_i$  = dependent variable

$\beta_0$  = constant

$\beta_{1x_1 \dots x_n}$  = predictors

$\varepsilon_i$  = standard error

From the general model above, the following equation is developed.

$$FP = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon_i$$

Where:

$Y$  = Financial Probity

$X_1$  = Perceived Financial Probity

$X_2$  = Delivery of Public Service



## CHAPTER FOUR

### DATA ANALYSIS, PRESENTATION AND INTERPRETATION

#### 4.1 Introduction

This chapter presents the data collected from the field, analysis and interpretation. The study sought to establish the impact of integrated financial management information system (IFMIS) on financial probity in the public sector in Kenya. To achieve the study was guided by two objectives: To establish the effect of IFMIS on perceived financial probity of civil servants at the Ministry of Foreign Affairs and to determine the effect of IFMIS on the delivery of public service at the Ministry of Foreign Affairs. Data was collected using questionnaires as the data collection instruments whose presentation and interpretation is given below through the use of a frequency distribution tables, mean and standard deviation and correctional analysis.

##### 4.1.1 Response Rate

The study targeted 40 users of IFMIS at the ministry of Foreign affairs. Out of the 40 questionnaires distributed only 34 questionnaires were filled and returned .This gave a response rate of 85%. According to Mugenda and Mugenda (2003) a statistically significant response rate should be at least 50%. The results are shown in the table below in Table 4.1:

**Table 4.1: Response Rate**

<b>Response Rate</b>	<b>Frequency</b>	<b>Percentage</b>
Response	34	85
Non Response	6	15
<b>Total</b>	<b>40</b>	<b>100</b>

#### 4.2 General Information

The analysis in this section relates to the gender, Age bracket, Level of education, department, years worked in the department and the frequent use of IFMIS.

#### 4.2.1 Gender Distribution

The study sought to establish the percentage of male and female employees using IFMIS in the Ministry of Foreign Affairs. The findings were as shown on Table 4.2:

**Table 4.2: Gender**

<b>Gender</b>	<b>Frequency</b>	<b>Percentage</b>
Male	20	58.8
Female	14	41.2
<b>Total</b>	<b>34</b>	<b>100</b>

From the findings in table 4.2, the study found that 58.8% of the respondents were male and 42.1 % were female. This is an indication that both genders were involved in this study and thus the finding of the study did not suffer from gender bias

#### 4.2.2 Age bracket

The study sought to establish the age bracket of the respondents. The findings were as shown below in Table 4.3

**Table 4.3: Age bracket**

<b>Age Bracket</b>	<b>Frequency</b>	<b>Percentage</b>
18- 29 Years	10	29.4
30-39 Years	13	38.2
40- 49 Years	8	23.5
50 Years And Over	3	8.8
<b>Total</b>	<b>34</b>	<b>100</b>

From the findings in Table 4.3 above, 29.4 % of the respondents were between the ages 18- 29 years. Thos aged 30-39 years composed of 38.2% of the respondents. 23.5% of the respondents were aged between 40- 49 years. 8.8 % of the respondents were aged 50 years and over. From the findings majority of the employees using IFMIS were aged between 30- 39 years therefore there is need to encourage those above 40 years to adopt the use of IFMIS while carrying out financial transactions in the Ministry of foreign affairs.

### 4.2.3 Level of Education

The study further sought to establish the highest level of education of the respondents.

The findings are indicated in Table 4.4

**Table 4.4: Level of Education**

<b>Education Level</b>	<b>Frequency</b>	<b>Percentage</b>
Certificate	2	5.9
Diploma	12	35.3
Degree	17	50.0
Post Graduate	3	8.8
<b>Total</b>	<b>34</b>	<b>100</b>

The level of the education can affect the efficiency of employee. The researcher sought to establish the highest level of education reached by the respondents who took part in the study. The level of education shows whether the respondents understood the concept under study. Majority of the study respondents had a diploma (35.3%) while a good number (50%) of them had a degree. A few of the respondents (8.8%) were also reported to have a post graduate degree while the remainder 5.9% had certificate.

### 4.2.4 Department

The study sought to establish the departments using IFMIS within the ministry of Foreign affairs. The findings are as shown in Table 4.5

**Table 4.5: Department**

<b>Department</b>	<b>Frequency</b>	<b>Percentage</b>
Accounts	17	50.0
Audit	7	20.6
Procurement	5	14.7
Finance	2	5.9
IT	2	5.9
Others	1	2.9
<b>Total</b>	<b>34</b>	<b>100</b>

From the responses, the study found that a majority 50% worked in the Accounts department. 20.6% of the respondents worked in the procurement department. 14.7%

of the respondents were from the Procurement department. Finance and IT department had 5.9% of the respondents each while the remaining percentage was from other departments.

#### 4.2.5 Duration Worked

The study sought to establish the duration of years the respondents had worked in their various departments. The study findings are shown in Table 4.6

**Table 4.6: Duration Worked**

<b>Duration worked</b>	<b>Frequency</b>	<b>Percentage</b>
Less than 1 year	5	14.7
1-5 years	25	73.5
6-10 years	2	5.9
More than 10 years	2	5.9
<b>Total</b>	<b>34</b>	<b>100</b>

Duration of employment affects the experience of the respondents. This has a direct influence on the information given by the respondent. From the findings in Table 4.6 majority of the respondents have worked between 1- 5 years.

#### 4.2.6 Frequent use of IFMIS

The study ought to determine frequency at which the respondents use IFMIS. The findings were as shown in Table 4.7 below.

**Table 4.7: Frequent use of IFMIS**

	<b>Frequency</b>	<b>Percent</b>
Daily	23	67.6
Monthly	8	23.5
Quarterly	2	5.9
Annually	1	2.9
<b>Total</b>	<b>34</b>	<b>100.0</b>

The finding from table 4.7 show that 67.6% of the respondents use IFMIS daily, 23.5% use IFMIS monthly and 5.9% use IFMIS quarterly and monthly.

### 4.3 Effect of IFMIS on Perceived Financial Probity

Several statements on effect of IFMIS on perceived financial probity of civil servants were identified and the respondents were required to indicate the extent to which it applied at the Ministry of Foreign Affairs. A scale of 1-5 where 1=strongly agree, 2=agree, 3= neutral, 4= disagree and 5= strongly disagree was used. From the responses mean and standard deviation were calculated for ease of interpretation. The finding is shown in Table 4.8.

**Table 4.8: Effect of IFMIS on Perceived Financial Probity**

	<b>Mean</b>	<b>Std. Dev</b>
Ethical conduct has improved	1.5588	.50399
Rules are followed regarding financial matters	1.6176	.49327
Financial transactions are transparent	1.5588	.61255
Greater accountability among staff	1.5588	.66017
Accurately discloses financial position	1.5882	.65679
Improved efficiency and effectiveness	1.7353	.70962

As shown in Table 4.8, Ethical conduct has improved had a mean of 1.55 with a standard deviation of 0.503, Rules are followed regarding financial matters had a mean of 1.6176 and standard deviation of 0.49327, Financial transactions are transparent had a mean of 1.5588 and standard deviation of 0.61255, Greater accountability among staff with had mean of 1.5588 and standard deviation of 0.66017, IFMIS accurately discloses financial position had a mean of 1.5882 and standard deviation of 0.65679 and Improved efficiency and effectiveness had a mean of 1.7353 and standard deviation of 0.70962. The mean value for the finding ranges from 1.5588 -1.7353 which indicates that the respondents agreed with the statements. This finding concur with that of Diamond (2005) IFMIS has for long time helped in tracking financial events and summarizing financial information. It supports adequate management reporting, policy decisions, fiduciary responsibilities and the preparation of auditable financial statements.

#### 4.4 Effect of IFMIS on the Delivery of Public Service

Several statements on effect of IFMIS on delivery of public service were identified and the respondents were required to indicate the extent to which it applied at the Ministry of Foreign Affairs. A scale of 1-5 where 1=strongly agree, 2= agree, 3= neutral, 4= disagree and 5= strongly disagree was used. From the responses mean and standard deviation were calculated for ease of interpretation. The finding is shown in Table 4.9

**Table 4.9 : Effect of IFMIS on the Delivery of Public Service**

	<b>Mean</b>	<b>Standard deviation</b>
Corruption practices have reduced	1.9412	1.177425
Civil servants act with integrity	1.7353	0.51102
Everyone in the ministry has embraced IFMIS	1.8235	0.86936
All Ministry's transactions are processed through IFMIS	1.4706	0.56329
IFMIS has lead to Significant reductions in wasteful expenses	1.5882	0.55692
Streamlined procedures and reduced corruption	1.5588	0.66017
Ministry budget is executed to avoid overspending	1.2059	0.53820
Automated procedures promotes accountability	1.4706	0.66220
Information is available at a timely manner	1.4118	0.55692
Close monitoring of outstanding bills in bank accounts	1.5882	0.65679

As shown in table 4.9, Corruption practices have reduced had a mean of 1.9412 and standard deviation of 1.177425. Civil servants act with integrity with a mean of 1.7353 and standard deviation of 0.51102. Everyone in the ministry has embraced IFMIS had a mean of 1.8235 and standard deviation of 0.86936. Streamlined procedures and reduced corruption had mean of 1.5588 and standard deviation of 0.66017. Ministry budget is executed to avoid overspending with mean of 1.2059 and standard deviation of 0.53820. Automated procedures promotes accountability had a mean of 1.4706 and standard deviation of 0.66220. Information is available at a timely manner had a mean of 1.4118 and standard deviation of 0.55692. Close monitoring of outstanding bills in bank accounts had a mean of 1.5882 and standard

deviation of 0.65679. The mean values for the finding range from 1.2059 to 1.9412. This showed that the respondent agreed with the statement. This finding is consistent with that of Conrad (2013) that IFMIS aims at enhancing services delivery to citizens, businesses, and other stakeholders, and that it encompasses internal and external dimensions and despite the challenges faced.

#### **4.5 Financial Probity**

Several statements on the impact of financial probity were identified and the respondents were required to indicate the extent to which it applied at the Ministry of Foreign Affairs. A scale of 1-5 where 1=strongly agree, 2= agree, 3= neutral, 4= disagree and 5= strongly disagree was used. From the responses mean and standard deviation were calculated for ease of interpretation. The finding is shown in Table 4.10

**Table 4.10: Financial Probity**

	<b>Mean</b>	<b>Standard deviation</b>
Traceability of all transactions	1.5588	0.5399
Stakeholder confidence has improved	1.7059	0.62906
Assists managers in ensuring accountability	1.7059	0.46250
Improved effective and efficient use of public expenditure	1.7647	0.49597
Enhanced confidence and credibility	1.7059	0.46250
Enhanced security of information	1.7353	0.44781

As shown in table 4.10, Traceability of all transactions had a mean of 1.5588 and standard deviation of 0.5399, stakeholder confidence has improved with a mean of 1.7059 and standard deviation of 0.62906. IFMIS assists managers in ensuring accountability had a mean of 1.7059 and standard deviation of 0.46250. Improved effective and efficient use of public expenditure had mean of 1.7647 and standard deviation of 0.49597. Enhanced confidence and credibility had a mean of 1.7509 and standard deviation of 0.46250. Enhanced security of information had a mean of 1.7353 and standard deviation of 0.44781. The mean values of this finding range from

1.5588 to 1.7647 thus the respondents agreed with the statement on financial probity. This finding is in agreement with that of Hendricks (2012) that a well-designed IFMIS can provide a number of features that may help detect excessive payments, fraud and theft. These include, for example, automated identification of exceptions to normal operations, patterns of suspicious activities, automated cross-referencing of personal identification numbers for fraud, cross-referencing of asset inventories with equipment purchase to detect theft, automated cash disbursement rules and identification of ghost workers.

#### **4.6 Regression Analysis**

A regression analysis was conducted to the impact of integrated financial management information system (IFMIS) on financial probity in the public sector in Kenya. The statistical package for social sciences (SPSS) was used to code, enter and compute the measurements of the multiple regressions for the study. The results are presented in the subsequent sections.

**Table 4.11: Model Summary**

<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
0.865 <sup>a</sup>	.748	.732	1.90103

Table 4.11 shows a model summary of regression analysis between two independent variables perceived financial probity and delivery of public service. The value of R was 0.865, the value of R square was 0.748 and the value of the adjusted R square was 0.732. From the findings 74.8% of change in financial probity was attributed to the two independent variables in the study. Positivity and significance of all values of R shows that model summary is significant and therefore gives a logical support to the study model.



**Table 4. 12 : ANOVA**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	332.704	2	166.352	46.031	.000 <sup>b</sup>
Residual	112.031	31	3.614		
<b>Total</b>	<b>444.735</b>	<b>33</b>			

ANOVA statistics of the processed data at 5% level of significance shows that the value of calculated F is 46.031 and the value of F critical at 5% level is 3.31. Since F calculated is greater than the F critical (46.031>3.31), this shows that the overall model was significant.

**Table 4.13: Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	7.470	1.314		5.684	.000
Perceived Financial probity	1.015	.129	.828	7.847	.000
Delivery of Public service	.054	.085	.067	.633	.031

$$Y = 7.470 + 1.015X_1 + 0.054X_2 + \epsilon$$

Where Y= Financial Probity  $X_1$ = Perceived Financial Probity  $X_2$ = Delivery of Public Service

From the findings of the regression analysis if all factors were held constant financial probity would be at 7.470. An increase in perceived financial probity would lead to an increase in the financial probity by 1.015. An increase in delivery of service would lead to an increase in financial probity by 0.280. All the variables were significant as the P-values were less than 0.05 which indicates that all the factors considered were statistically significant.

#### **4.7 Discussion of Findings**

The study showed that the employee's ethical conduct had improved since the introduction of IFMIS within the ministry. These findings are consistent with those of Kimwele (2011) who established that through implementation of IFMIS, the employees' level of accuracy increases together with the amount of work handled. The reduced level of errors increase the level of customer satisfaction. Due to the rules and regulations that have been put in place at the ministry of foreign affairs process are followed to the letter leading to transparent financial transactions. Wescott, Bowornwathana and Jones (2009) noted that IFMIS can facilitate recurrent/capital budget integration and improve accounting and reporting systems, but only if the country's budget and accounts classification is reformed and the system is appropriately phased and adapted to a country's capacity to maintain it.

The study established since the implementation of IFMIS within the ministry corruption practices have reduced as the civil servants act with integrity while carrying out transactions and offering services to the public. These findings are consistent with the findings of Wamuyu (2013) who established that implementation of IFMIS leads to a significant improvement in both public financial management and service delivery in government ministries in Kenya. Streamlined procedures and reduced corruption had mean IFMIS has ensured that the Ministry budget is executed to avoid overspending. Conrad (2013) found that exchequer budget release of funds not coinciding with the manual funds release process was a challenge. This implies that there may still be potential gaps in the achievement of financial probity through the use of IFMIS. Rodin-Brown (2008) points out that IFMIS uses standard data classification for recording financial events; has internal controls over data entry, transaction processing, and reporting; and has common processes for similar

transactions and a system design that eliminates unnecessary duplication of data entry. The assessment also adds that the problems in preparing accurate end-year accounts are also partly due to lack of accounting discipline, but also relate to incomplete data in IFMIS some of which date back several years, and also to the data still held in manual records that together with IFMIS data are used to prepare the final accounts.

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION**

### **5.1 Introduction**

This chapter presents the discussion of key data findings, conclusion drawn from the findings and recommendation made. The conclusions and recommendations drawn were focused on addressing the purpose of the study which was to establish the impact of integrated financial management information system (IFMIS) on financial probity in the public sector in Kenya.

### **5.2 Summary of Findings**

There are several main conclusions emerging from this survey. First, the introduction of an IFMIS in a Kenya should be regarded as a component of a wider reform process. These projects, therefore, should not be viewed as isolated interventions, but should be accompanied by, and related to, other reforms in public sector financial management. It is also necessary that the IFMIS objectives and outputs are both relevant and consistent with wider fiscal policy reforms.

#### **5.2.1 Effect of IFMIS on Perceived Financial Probity**

The study objective was to establish the effect of IFMIS on perceived financial probity of civil servants at the Ministry of Foreign Affairs. The study showed that the employee's ethical conduct had improved since the introduction of IFMIS within the ministry. Due to the rules and regulations that have been put in place at the ministry of foreign affairs process are followed to the letter leading to transparent financial transactions. The research findings revealed that the provision of rules that provided clear instructions, processes and procedures for employees was the most prevalent culture. Introduction of IFMIS has resulted to greater accountability among staff as

there are able to give account of all the transactions done since IFMIS accurately discloses financial position. Improved efficiency and effectiveness since the ministry introduced IFMIS.

### **5.2.2 Effect of IFMIS on the Delivery of Public Service**

There are many challenges in the delivery of services within the public sector. The study established since the implementation of IFMIS within the ministry corruption practices have reduced as the civil servants act with integrity while carrying out transactions and offering services to the public. Streamlined procedures and reduced corruption had mean IFMIS has ensured that the Ministry budget is executed to avoid overspending. IFMIS has lead to the improvement of transactions within the ministry hence public and stakeholder confidence has also improved.

### **5.3 Conclusion**

The high coefficient of Multiple Determination (R<sup>2</sup> Square) of 0.748 postulates that 74.8% of the financial performance of commercial state corporations can be attributed to the IFMIS practices they have adopted hence the centrality of adopting and implementing IFMIS in public finance management. To enhance their competitiveness and agility, commercial state corporations have hidden to the clarion call to adopt IFMIS practices in tandem with the current public finance management.

The study also established that implementation of IFMIS affects the overall procurement performance in the government ministries in Kenya where management commitment, capacity and training, the resistance and acceptance of IFMIS, and the level of IFMIS adoption have a positive effect on financial probity

#### **5.4 Limitations of the study**

The major limitation in this study the impact of integrated financial management information system (IFMIS) on financial probity the ministry of foreign affairs, thus it may not generalize for all Government agencies. This should be replicated in all Government agencies. The study also focused on the user of IFMIS who are limited to the Accountants, Audit , ICT, and finance and procurement officers only while majority of government agencies use IFMIS.

#### **5.5 Recommendations**

Implementation of IFMIS in order to address the impact of IFMIS in financial probity, this study provides a number of broad recommendations as follows: Firstly, the Government should ensure e-government timescales are customized to current realities and all stakeholders must be motivated to a great extent. Secondly, Unrealistic/ineffective project design; is the lack of phased approach such as clear objectives, stakeholder involvement and understanding of human factors, local culture and values. The government must address this constraint by: taking an interactive and incremental approach for e-government project designs; stakeholder involvement is a must by ensuring all general staff are incorporated into the design. Lastly, Government should undertake more awareness programmes to create positive stance towards e-government projects amongst stakeholders where IFMIS falls. Now that IFMIS is ready to be deployed to the counties a lot of sensitization needs to be done to the users and all stakeholders for it to be successful.

## **5.6 Suggestion for Further Study**

More research should also be emphasized on some of the parameters or factors that seem to have a positive effect but not significantly affect the level of success in the implementation of IFMIS. The study also concentrated with the internal users of the system and the internal customers and future research should be carried to include external users who interact with the system such as the suppliers.

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## APPENDICES

### APPENDIX II: QUESTIONNAIRE

#### SECTION A: GENERAL INFORMATION

1. Gender?

Female  Male

2. Age bracket?

18 – 29 years  30 – 39 years

40 – 49 years  50 years and over

3. Highest level of education?

Certificate  Degree

Diploma  Post graduate

4. What is your department?

Accounts  Audit

Finance  IT

Procurement

Other (please specify) \_\_\_\_\_

5. How long have you worked in your department?

1 – 5 years  6 – 10 years

Less than 1 year  More than 10 years

6. How frequent do you use IFMIS as part of your work?

Annually  Daily

Monthly  Quarterly

Weekly

#### SECTION B: IMPACT OF IFMIS ON FINANCIAL PROBITY

*Please indicate whether you agree or disagree with the following statements by placing a tick (✓) inside the appropriate box:*

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
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1. The ethical conduct of work in the ministry has greatly improved since the introduction of IFMIS					
2. Due laws, regulations and processes are followed in the ministry to the letter regarding financial matters in the ministry					
3. Financial transactions and processes are conducted transparently at the ministry					
4. Since the introduction of IFMIS, there is greater accountability among staff in the ministry					
5. IFMIS accurately discloses the financial position of the ministry					
6. Generally, there is improved efficiency and effectiveness at the ministry since IFMIS was introduced					
7. Corrupt practices in the ministry has been reduced since IFMIS was introduced					
8. Civil servants in the ministry act with integrity and truthfulness.					
9. Everyone in the ministry have readily embraced IFMIS for greater financial integrity and transparency.					

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1. All ministry's transactions – both receipts and payments – are processed through IFMIS					
2. IFMIS has led to significant reductions in wasteful expenses and irregular expenditure					
3. IFMIS has streamlined procedures and significantly reduced opportunity for corruption					

4. IFMIS has ensured that the ministry budget is executed in accordance with rules to prevent overspending					
5. IFMIS has automated procedures and internal controls which promotes accountability					
6. Using IFMIS, financial information is made available in a reliable and timely manner					
7. IFMIS makes bank reconciliation automatic thus allowing a closer monitoring of outstanding bills and cash in bank account					
8. Since the implementation of IFMIS, stakeholder confidence with the ministry has improved a lot					

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
9. IFMIS can trace all the stages of a transaction process hence enhancing transparency and accountability of the process					
10. IFMIS assists management in ensuring accountability for the deployment and use					

of public resources.					
11. IFMIS has improved the effectiveness and efficiency of public expenditure programmes					
12. Since the implementation of IFMIS, there is enhanced confidence and credibility of the ministry's budget					
13. Use of IFMIS has greatly enhanced security of information which minimizes risk of corruption and improve reliability of the system					

***THANK YOU FOR YOUR TIME AND COOPERATION***