INTERGRATED FINANCIAL MANAGEMENT INFORMATION SYSTEMS AND QUALITY OF BUDGETARY CONTROL PRACTICES BY THE COUNTY GOVERNMENT OF SIAYA, KENYA

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D61/72926/2014

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI.

DECLARATION

I hereby declare that this research proposal is a work of my own and to the best of my knowledge, it does not contain materials previously written or published by another person and to a substantial extent, it does not contain material which has been accepted for the award of any other Master's degree or diploma at the University of Nairobi or any other educational institution.

Also, upon my declaration, the intellectual content of this research proposal is a product of my own work except to the extent that assistance from others in conceptions or in style, presentation and linguistic expression was accorded and as acknowledged.

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The research Proposal is properly surrendered for examination with my intense endorsement as the university supervisor

Signature: _____Date: _____

Name: Dr. Wanjare

DEDICATION

This work to my sincere wish is fully dedicated to my family especially my husband for the countless ways of making my life richer. It is my wish to thank you for the boundless and joyous moments you accorded me.

ABSTRACT

This research study was based on the purpose of investigating integrated financial management information system and budgetary control practices by the county government of Siaya. The main objective is directed towards determining the impacts of IFMIS on quality of budgetary control. The study is of great significance to the Policy/decision as recommendations on some best practices that can be adapted for effective budgetary control using IFMIS. It also offers a chance for considerations on strategic policy related to the power and influence of Information Communication Technology (ICT) in Kenya. This study also gives insights to the county, national government and institutions on how they can form a foundation for enhancing budgetary control using IFMIS. Descriptive Research Design was considered for adoption in the study. Data collection was a primary data collected directly from respondents through questionnaires. Data analysis was done based on descriptive statistics to compute the percentages of outcomes tables to show the outcomes of extent of adoption of IFMIS together with its challenges and budgetary control within Siaya County Government. The study revealed that budget tracking, monitoring of expenditure and minimized fraud are the major factors that influence budgetary control as the summary table reveal that 98% of the factors can be explained by this study. Therefore, it means that these factors conclusively have a significant impact on budgetary control in Siaya county government. This study recommended total adoptions of IFMIS not only in Siaya County headquarter but also the sub- counties all over Siaya as it being in the county has reduced wastages tremendously. The study further recommended that other research conducted in future to go in-depth with the aim of establishing those other factors that have not been explained by this study. Such studies findings will enable the stakeholders to control these factors and ensure effective budgetary control.

AKNOWLEDGEMENT

First and most important I want to thank God almighty for being with me through the project and the course of my studies. I have surely seen his hand throughout. My appreciation also goes to my family and friends for the encouragement and intense support throughout the process. Your support was invaluable.

It is also my pleasure to acknowledge and appreciate Dr. Wanjare, my study supervisor for the guidance through the process of writing this project, with positive criticism and encouragement, I owe special thanks. It was a journey I really needed such guidance.

I want also to acknowledge the opportunity granted by the University of Nairobi School of business department of finance and accounting to pursue my studies in a quality institution of higher learning. The materials and support which enabled me complete this project.

A number of books, articles, and journals were important in shaping my line of thinking as I wrote this project. I am indebted to all the authors and publishers whose works I have quoted herein.

TABLE OF CONTENT

LIST OF TABLES

LIST OF FIGURES

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

According to Bartel, 2009; Financial Management Information System or Integrated Financial Management Information System (IFMIS) is a system that is trailing circumstances based on finances and encapsulates data of the same. Basically, configuration of an IFMIS is towards operating according to environmental needs and specifications in which it is always installed thus distinguishing it from accounting system. Casals (2009) notes that the term "IFMIS" generally refers to the application of ICT in commercial processes to help management in budget decisions, preparation of financial reports and statements and also fiduciary responsibilities. More specifically, the term IFMIS is a process of computerization of Public Financial Management (PFM) processes, from preparation and execution of budgets to accounting and reporting with the help of a system integrated for financial management of spending agencies, line ministries, and other public sector operations (GoK, 2011).

Budgeting is one of the systematic approaches aimed at attaining effective performance on management. Expressions of target that are monetized to be accomplished annually by an individual, organization or nation are what are considered to be budgets. It is therefore a deliberate attempt to use available and expected resources in order to achieve superior targets over time. Such superior targets are henceforth influenced by past experiences and future expectations. A budget system enables managements to plan, coordinate, control and evaluate their activities at their basic levels in a more effective way. Budget system is therefore a scheme anticipated to deliver better success in achieving proficiency in the an

institute. In order to be considered effective, the dysfunctional aspects must be outweighed by the functional aspects. Resolutions are not just unstructured responses that are simple to induce in an environment of aims that are uncategorized as a budget plan exists.

Reasoned Action theory has been used in adoption of IFMIS in Kenya and its fundamental theoretical framework is basically research which has also been used together with other theories and conceptual framework. Significant elements of persons' objectives to acceptance and application of ICTs and IFMIS were established to be assertiveness and subjective norm. The aim to acceptance and persistent application of ICT was found to be meaningfully predisposed by attitude. During the introduction of IFMIS in Kenya by the Kenyan government, it could be alluded that attitude played a major role on acceptance and continued usage of IFMIS (Bhattacherjee & Premkumar, 2004).

1.1.1 Integrated Financial Management Information System

Ajayi & Omirin, 2007; postulate that a strong PFM system is considered to be a catalyst for growth and development of the economy as it aid in warranting that the government in collaboration with its sections are capable to accomplish, promote and use community wealth in a extra competent and obvious way with the purpose of enhancement of provision of services. According to Asselin & Srivastava, 2009; strong legal and regulatory frameworks, competent and productive civil service as well as sound systems act as cornerstones of efficient PFM regimes. Reforms on PFM have since been identified as driving force to creation of wealth and employment and to efficient public service delivery. According to Government of Kenya (GoK, 2011), the Government has accepted

numeral PFM improvements meant at improving accountability and changing transparency over the last ten years which have leaned their targets on the main PFM systems of community purchase, preparation and implementation of budgets, gathering of revenues, parliamentary oversight, external and internal audits, pensions and payrolls, the macro-fiscal framework, accounting and reporting, public debt and guarantees, and budgetary control.

Strengthening PFM structures by augmenting the pellucidity, responsibility and openness to community spending rule significances is the comprehensive aim of these improvements. The reforms are also instrumental in playing the role of eliminating inappropriate expenditure and bribery. Numerous studies also demonstrate results that are constructive and integrated presentation by the community commercial structures, even though the key areas of the economy still experience various challenges. One major improvement in the public sector is budget control (Ajayi & Omirin, 2007). Budget control and execution has attracted increased attention among academics and practitioners during the last decades. According to Miranda & Keefe, 2008, liberalization of the money market, technological progress, and internationalization of businesses and proper financial management particularly in the public service is related to increasing interests in this field in developing countries. These changes have obliged the management to critically review budgetary control strategy, budget control policies and responsibilities. Additional demand for various kinds of budget control services have then been created by these factors (Peterson et al, 2008).

Automation of Public Financial Management processes was considered to be one of the major reforms that were embarked on. According to GoK, 2011, the introduction of the

IFMS is premised on the realization that the Government of Kenya is capable of leveraging existing and emerging technology in an effective manner so as to enhance towards the positive, the pace of reforms and budget control. Peterson et al. (2008) noted that in modern budget control, emphasis is usually put on the part of the budget control responsible for the many operations. The person primarily concerned with short-term financial activities is the same person responsible for the budget control function. In a changing money management environment, it is always of more importance to know how to improve cash position of the company, including managing accounts receivables, improving its cash flow, transfer of funds, and control over cash disbursements. It is therefore necessary to assess the effect of Integrated Financial Management Systems on budget control.

Both GoK, 2011 and Peterson et al, 2008 postulate that IFMIS is capable of enabling accessibility in an efficient and prompt manner to reliable data on finance and also to help in strengthening the government's monetary measurements, enlightening its delivery of services, nurturing the financial plan procedure to top levels of answerability and pellucidity and accelerating government processes. In 1998, the development of IFMIS was started while in 2003, the disposition of the arrangement to line ministries was started (GoK, 2013). ERP solicitations normally known as ERPs are large-scale computer components struggling to take part in all organization's information and processes into a combined structure and this is stored in consolidated databanks only gain entree into through secured network (Diamond & Khemani, 2008).

ERP operations are accomplished by systems of components which enable for elasticity in executing several purposes. All the functionalities offered by the software will not be

required by most of the organizations (Diamond & Khemani, 2008). The Ministry of Finance and Economic Planning's ICT Master Plan 2001-2005 was the originator of IFMIS implementation requirement that highlighted the various gaps and intense weaknesses within the by then used SIBET system (GOK, 2013). The proposal of the master plan was consequent growth of various components encompassing of Income organization, Accounting and administration of assets.

1.1.2 Budgetary Control

Public sector bodies do not operate in a vacuum and their actions have a significant effect on the national economy as they are financed by some taxation forms. They also tend to have an effect on the Public Sector Borrowing Requirement (PSBR) by borrowing money to fund expenditure. The public sector central government is capable of monitoring its activities against its targets and plans (as set through Public Service Agreements and Comprehensive Spending Reviews) by aggregating the budgets thus aid in taking appropriate action so as to ensure that the same are met. The revenue expenditure of public bodies is funded at national level by either taxation or fees charges and at local government level by government grants, local taxation (council tax and NNDR) and fees/charges. Statutory frameworks also exist to ensure that public sector organization's set balanced budgets. Balanced budgets are ones where the organization's estimated revenue expenditure can be met from all sources together with contributions from reserves.

Budgeting is a procedure whereby organizations' strategies are converted into an detailed, approved and organized proposal of processes conveyed in dollars for a given time period. Both at operation and management levels, budgeting looks into the future

and define what must and has for that matter be achieved. Control confirms whether the plans are being achieved and put into effect correctional procedures upon which deviation or short-fall is occurring (Egan, 1997). Egan emphasis was that an enterprise will be at the mercy of both external and internal forces that can henceforth disrupt its efficiency without effective control and such forces will not be combatted by such an enterprise. The use of budgeting and control system aid in creating budgets which henceforth set out responsibilities of the managers in relation to requirements of the company's overall policies in financial terms. Unceasing assessment is therefore prompted between the actual and budgeted results and these results are anticipated to either secure the objectives of policy or to some circumstances, provide a foundation for strategy review thorough the actions of managers.

1.1.3 Integrated Financial Management Information System and Budgetary Control

IFMS provides expenditure data based on history covering approvals of budgets, modifications and real disbursement at the bottommost levels hence backs the preparation process and planning of the budget. Storage of passed budget adoptions is therefore made accessible for implementation of budgets by recording the same. Development budgets that are recurrent in nature were initially organized on the IFMS by spending agencies to which the IFMS was prolonged. However, IFMS was unable of creating the anticipated provision to essentials of budget preparation that is in nature practical, particularly proceeds and expenses predicting over the average period. Rodin-Brown, 2008; argued that IFMS has not been suitable sufficient to entirely adjust to recent Output Oriented Budgeting (OOB) reforms.

To address this, the office of Funding make known to the Output Based Budgeting tool (OBT) which was a additional aspect so as to give a hand in making, inspection and recording on the outcome centered financial plan. The yearly approximations of the financial plans are uploaded from the OBT onto the IFMIS, spending information taken from the IFMIS and this is uploaded into the OBT after every four months so as to allow reportage of the financial plans. The conformation of IFMS was to allow it execute internal controls during the process of execution of budgets in line with the public financial laws; to expedite the production of permits and issue of finance to the administration; enables receipt of revenues, approval and issuance of purchase orders, record commitments, approval and processing of expenditures; it also facilitates the generation information on the administration information planning together at management levels and at combined levels (Rodin-Brown, 2008)

1.1.4 Siaya County Government

E-Procurement, a feature of IFM IS has since been set up to all ministries' subdivisions and assistances, state establishments in all the 47 counties to improve to an higher level, the clearness and answerability in the organization of public finance. However, Siaya County is grappling with the IFMIS inception and that as at now IFMIS is used in budget control and payroll of the employees. According to the county government of Siaya, with the IFMIS and e-procurement system put in place, streamlining of the entire Siaya county budget and procurement process are achieved with the aim of sealing the loopholes in the management which in the manual process, are erstwhile prominent. Efficiency and transparency are the overriding benefits of IFMIS system. Users are able to send and execute dealings as they fall due through the other system and this saves and reduces

faults. Apart from the on line purchasing component by IFMIS, County government of Siaya has also set rolling out another planning and budgeting module that enhance in enabling that a purchasing body can only buy what has been approved and the purchases should again involve what is within. Numerous regulations have also been approved to implement devolution. Many of the regulations need "Integrated Development Planning" as the procedure of improving performance of budget, financing and the appliances for implementing the county command as delivered for in the same constitution. It has been evidently exposed that through these acts, the county government of Siaya is struggling with the employment of IFMIS that is presently being applied in its budget control system.

1.2 Research Problem

IFMIS is more frequently well thought-out in terms of both essential and non-essential financial purposes. IFMIS being an accounting and reporting function although public financial management is a broad field with multiple system while non-core function include budgeting is always commonly cited as the core function of IFMIS. In the IFMIS, there exists budget module that helps in setting ceilings (Lincert 2002:22). Budgetary control within the IFMIS necessitates that an flexible budget must be kept throughout and that it should also be in existence at the end of the fiscal year for the prompt closure of the accounts. IFMIS does not include a this module for preparation and adjustment although the inclusion of the said module is ideal (Lincert, 2002:22). Even if IFMIS do include effective budget control, it being comprehensive would neither make up for a lack of financial discipline nor would it prevent the budget disuse or misuse. For

example, over pricing of the budget is a problem in many counties, Siaya County being one of them, resulting in the accumulation of arrears.

It is expected that with the inception of IFMIS in an organization, financial management should be smooth and accurate and that flowed processes that used to be witnessed in budgeting activities is minimized as all these activities are reflected in the system and are available for audit. According to the Director of IFMIS, IFMIS setting out in Kenya has been a unambiguous attainment in enlightening public cash management and as a result, Kenya has been receiving delegations from many countries outside its boundaries seeking to benchmark their systems of public finance with the Kenya's Integrated Financial Management Information System.

However, financial misappropriation has been witnessed lately among different ministries in Kenya especially the ministry of devolution where the country lost almost a billion in the procurement processes. This could only mean that the IFMIS has been turned to a tool for looting public funds. The process of looting could have begun at the point of planning and budgeting through collusion between suppliers and the officials in the system that are supplied.

Other scholars have studied IFMIS in various fields like in cash management, sustainable financial management, and implementation of IFMIS in government ministries but IFMIS and budget control and execution have not been adequately addressed and the researcher seeks to contribute to this in order to fill the gap.

As such this study will be investigating IFMIS in Siaya County and how the system has been used and worked in budget control and execution, whether it has been a success or a

failure to the county financial management. Therefore, the gap. Has IFMIS improved budgetary control or not?

1.3 Research Objectives

This study was directed by the main objective of determining the effect of IFMIS on quality of budgetary control and execution in Siaya County

1.4 Value of the Study

The study is of great value mainly to Policy/decision makers because it aims to give recommendations on some best practices that can be adapted for effective budgetary control using IFMIS. It also offers a chance for strategic policy considerations related to the influence or power of Information Communication Technology in Kenya. This study also gives insights to the county, national government and institutions on how they can form a foundation for enhancing budgetary control using IFMIS so that manual budgeting is not used to defraud the county government.

The findings of the study would be of value as it will help make valuable additions to the existing literatures and existing theories to stimulate further interest in Information communication based initiatives. The study is a reference source for material for future scholars or academicians on many other more related topics; it can also be of help to others who will be undertaking the same or related topic in their respective studies. The consequences of this work can be used by academics to discuss adoption of IFMIS in budgeting and budgetary control in Kenya. The study also highlights other important relationship that requires further study.

This study is also of value to the Finance managers and employees attached to the IFMIS as the findings would help them understand budgetary control using IFMIS and instead assist them on how to improve on the county budgetary control that eventually help in reducing fraud that used to happen during the error of manual budgetary control.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The chapter identified and examined already done work by other researchers and scholars in relation to Integrated Financial Management Information System and quality of budget control and its execution.

The major key highlights of the literature review included the various theories related to ICT system adoption and empirical review of the same. And for that matter, it also helps in the provision of a much clear picture of the subject being studied for that matter.

The chapter therefore provides the basis over which the theoretical framework of the study was derived.

2.2 Review of Theoretical Literature

Information Communication Technology systems are broadly used in institutions and this have given many positive results on these institution as they aim at supporting various interactions and collaborations that leverage workplace learning (Andriessen, 2003) and work performance (Ciborra & Patriotta, 1996; Jones & Kochtanek, 2004). Several studies by Bharadwaj et al.1999 and Hitt & Brynjolfsson, 1996 demonstrate that investments in ICT are advantageous for performance and productivity within organizations in which they are installed. However, implementation of ICT systems always entailed both organizational and individual changes (Rogers, 1995, 395) and therefore user adoption and establishment of the use of ICT systems have proven to be a challenge in organizations (Bullen & Bennet, 1990 and Burns et al. 1991).

There are various theories that are used in adoption of ICT system in various organizations that are closely related to adoption of IFMIS in the county government and this intensively discussed in this study. ICT adoption uses both research and theory of reasoned action; even though research is used in this case as a fundamental theoretical framework for the study. There is clarity from the theory that both attitude and subjective norm are all determinants that are important in the adoption and usage of ICT. Theory of planned behavior is also to some extent discussed and according to previous studies, which clearly postulate based on their findings that theory of planned behavior directly influences intentions of individuals and organizations to adopt the technology. Finally, the innovation diffusion theory is similarly discussed and it is established that the theory aims at understanding in relations of four fundamentals of diffusion, the embracing of modernization which comprise of; innovation, period, announcement channels and communal structures.

2.2.1 Theory of Reasoned Action

The theory of Reasoned Action tries to establish person's approach based on his or her personal characteristics as influenced by his/her belief towards the performance and observation of particular rules concerning the activities. The concept has been applied in ICT embracing and practice in investigation as a fundamental academic structure. Also, it has been used together with other principles and representations. According to Brown, Massey, Montoya-Weiss, & Burkman, 2002, the individual rules and attitude were found to be important contributing factors to a persons' targets to accept and put in practice ICT. The approach was recognized to have a significant inspiration on the target to accept and endure to apply ICT (Bhattacherjee & Premkumar, 2004). Concerning the particular

rule, preceding reasearch established out that it effects not only the developmental plan , but also other hypotheses together with fulfilment (Hsu & Chiu, 2004), duplicate (Chan & Lu, 2004), and apparent practicality (Venkatesh & Davis, 2000).

2.2.2 Theory of Planned Behavior

Comparable to model of reasoned action, this theory is a unshakable communal thinking theory that also demonstrate that precise outstanding opinions effect behavioral purposes and succeeding conduct (Ajzen, 1991). Compared to theory of reasoned action, theory of planned behavior donated another idea which was perceived Behavioral Control (PBC) described as one's wakefulness of his/her capability to solve decided presentation in absence of limitations (Ajzen, 1991). Numerous trainings in ICT embracing and practice in exploration have applied theory of planned behavior as their notional structure. Comparable to readings applying theory of reasoned action, these readings in addition establish out the important associations among attitude, personal rules, supposed communicative governor and communicative target. Supposed Communicative governor as an added concept in theory of planned action explained the significance of the apparent struggle of the conduct and the individual's thought capability to perform out the conduct. A decent amount of readings established that Perceived Behavioral Control directly influence technology adoption (Chau & Hu, 2001; Wu & Chen, 2005) and intention of continued application (Hsu, Yen, Chiu, & Chang, 2006; Liao, et al., 2007).

2.2.3 Innovation Diffusion Theory

This principle by Rogers (2003) has been engaged in reviewing persons' embracing of knowledge. The key objective of this principle is to appreciate the embracing of improvement in terms of four basics of diffusion which includes innovation, time,

communication channels and social systems. This principle also clarify that an person's conduct in embracing of technology is determined by his or her opinions concerning the qualified benefit, compatibility, difficulty, trial-ability, and observe-ability of the improvement, as well as social rules (Rogers, 2003). A number of projects have been used this as their notional structures or pooled this principle with other theories and copies to describe the embracement and application of ICT. IS intellectuals revealed that in the environment of final users, computing many of the old-style dissemination affirmations were lawful (Agarwal & Prasad, 1997). The five main prototypes of this principle were engaged and found to have substantial interactions with other features in embracing application of ICT in research. Complete advantage was inaugurate to have a affirmative connotation with assertiveness (Agarwal & Prasad, 2000), and absolute application intention (Lin, Chan, & Wei, 2006).

2.3 Empirical Review

Wainana (2012) conducted a study on effects that IFMIS had on financial performance of commercial state corporations in Kenya. In order to answer the research questions on the current status of study subject and also in reference to the study objectives, the study employed descriptive survey for that matter. The target for the study was all the Commercial state corporations in Kenya that totaled to fifty three (53); of all which a census was undertaken in which case, questionnaires were issued out for use in the collection of primary data from the respondents. The findings revealed that state corporations have adopted various IFMIS practices to enhance their financial performances. The regression analysis conducted revealed that there were significant impacts of IFMIS practices on the financial performance of the commercial state

corporations as a result of respective IFMIS practices that they adopted and this is indicated by the high coefficient of multiple determination of (R2 Square) 0.843 and P-Value of 0.001. This implies that, 84.3% of the financial performances of commercial state corporations can therefore be attributed to the Integrated Financial Management practices that they have put in place or adopted.

Musee (2011) carried out a study on factors affecting effective implementation of IFMIS in government ministries of Kenya. The study covered 42 Ministries where a sample of 32 respondents involved in the use of the IFMIS was surveyed. In charge of the integrated financial information system the ministries included 86% of male staff. The research carried out also recognized that opposition and interference influenced the effective and efficient use of integrated financial information system to a countless magnitude and this was touched by 73% of IFMIS dependers. Staff resistance was as a result of different reasons termed as the aspects. And therefore when dealing with such resistance, it is much necessary to have understanding of these aspects.

The consequences from the study carried out showed that inadequate familiarity by the users (F=5.638, p<.05), rushed execution of the scheme (F=.304, p=.041), impairment by high level and operational level management (F=9.851, p=.001) and struggle (f=18.298, p= .000) had important result on the operative application of the integrated financial information system (F=4.735, p=0.017). Effective enactment of the IFMIS significantly depends on provision from the high level management. Also, the obligation by high level administration had major effect on IFMIS has presented by the outcome (F=1.423, p=.05), their absence of assurance (F=.917, p=.042) and deficiency of suitable appreciative of IFMIS on the part of employees (F=.052, p=.021).

Chebet (2013) studied life-threatening issues that elevated successful implementation of the re- engineered IFMIS in the departments of Kenya. The results showed that 54 defendants were respondents from which 45 of them answered and forwarded the opinions bringing a response rate of 83.3% which was descriptive and brilliant to make deductions for the research. The research results also presented that the involved awareness and appreciative of the ministries and by the users and how IFMIS is applied in those ministries was prejudiced by the element that the users had operated for long within the ministries. The project also established that common functional areas which had prior take part in the study process had also to some extent energetically took part in the updated process of execution of IFMIS. This therefore led to the thrilling fulfilment by the employees on the fixing of Integrated Financial Management Information System.

As per the findings integrated financial information system can be applied by system applicants to carry out dealings, that the system is working as it should with least difficulties and all the system structures or abilities for IFMIS were brought though there is hesitation as to whether the execution was accomplished within targeted budget and the execution was completed within the projected period. There were 9 sets of features that were recognized by the study as serious in the reprocessing execution process and these were; participation of dependents in the procedure of staffing and organization of risks; appropriate reserve management; respectable plans of announcement among interested party, boosted players spirit and moral maintenance players, expert players; and transparency.

Nyabuto (2009) conducted a Survey on IFMIS extent of Implementation which was used as a subjective tool for sustainable financial management in the Government by

administration of questionnaires to forty (40) accounts within the 40 ministries of the government. The data was then analyzed by use of procedures of primary examination that essentially included proportions and consistencies. Although it is a straightforward review, the research was able to establish that IFMIS employment was behind schedule and also the outcomes that were revealed showed that there were some instances of resistance within the ministries to implement IFMIS within their departments. This therefore implied that for IFMIS to succeed, such underlying resistance must be dealt with. Fear of the unknown and lack of training were found to be the possible reasons for resistance in the ministries. It was somehow established that IFMIS had succeeded in some instances even though the implementation was behind the schedule despite resistance in its implementation. Consequently the government of Kenya has to much greater levels, advanced from the compensations of a electronic bookkeeping system which is measured as more dependable than the previous unconnected bequest systems.

Chumba (2014) carried out a study on effects of IFMIS on cash management in the sector of public sector and this was prompted by the element that there occurred the application of IFMIS in the public sector and the integration of IFMIS in the public service was exposed to various trials with many dependents within the public service facing challenges as some structures of IFMIS were very complex and this was also attached with dependability, plasticity and safety matters that resulted on productivity of cash management in the government sector. This project was therefore grounded on the Contingency theory and straightforward survey research design was engaged on the same. It engrossed on 70 staff members and the Eldoret West District treasury's high level management. Conference plans and questionnaires existed together used in the

gathering of key statistics which was then scrutinized by use of descriptive statistics, regression and correlation. Findings of the learning displayed that elasticity and dependability of IFMIS had a positive effect on overall management. The results also presented that a dependable system must principally be precise, appropriate, comprehensive and consistent in gathering of information and the infrastructure which backs the IFMIS and is meant to be protected from damage, exploitation, illegal access and break of privacy so that there is expertise in cash management within establishments, especially County Government of Siaya. Elasticity of local IFMIS proposal is proficient in reducing the chances of disappointment in finance management. Outcomes also revealed that the implementation of IFMIS has not prospered due to top-down management system demonstrated in various organizations. There is therefore necessity for public sector to warrant that information produced by application of IFMIS is reliable and deprived of interruptions and unnecessary variations that response further physical aid. Information concerning IFMIS should therefore be made-to-order in such a manner that it is not tampered with by external individuals and also, there should exist sufficient control of IFMIS to again restrict its interference. Public sector should also safeguard easy adaptation of IFMIS to variations in finance management within establishments without whole refurbishment of the scheme.

2.4 Conceptual Framework

The conceptual framework gives in depth explanation in diagram on the elements of study in the research proposal. It serves to give the supposed associations between the dependent and independent variables and other impacting factors in existence. On one side, there is IFMIS and Quality of budgetary control and execution, which is the

dependent variable. Similarly on the other hand we have Budget tracking, Minimized corruption and Monitoring of expenditure that represent the independent variable. It is in this regard that the intended study seeks to establish and verify the presumed relationships between Integrated Financial Management Information System and the quality of budgetary control and execution. The research findings will also propose measures with regard to Roles of IFMIS that can stimulate and safeguard effective financial Management and Budgeting of the county.

Independent Variables   **Dependent variable**

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┌─────────────────────────┐                    ┌─────────────────────────────┐
│                         │                    │                             │
│  IFMIS                  │                    │                             │
│  Budget tracking        │────────────────▶   │  Quality of budgetary control│
│  Reduced fraud          │                    │                             │
│  Monitoring expenditure │                    │                             │
│                         │                    │                             │
└─────────────────────────┘                    └─────────────────────────────┘
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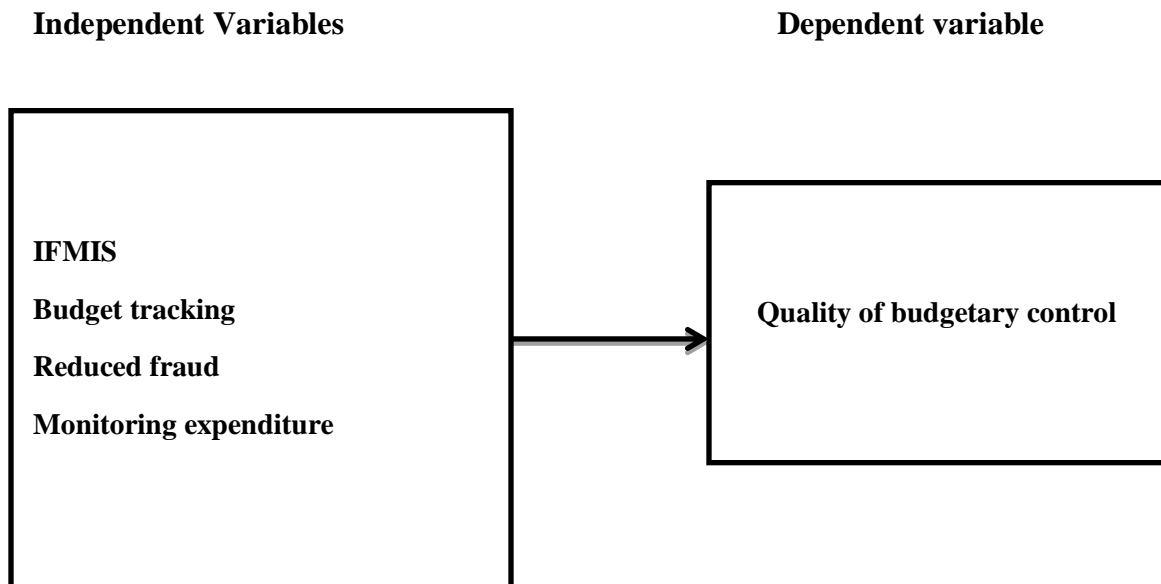
Source: Author (2016)

Figure 1: Conceptual Framework

2.5 Summary

This chapter has reviewed the literature related to IFMIS. It has discussed IFMIS and Budgetary control and execution in its relation to appropriation of funds, their transactions processing and control and governance of the same funds. The reviewed literature in this chapter indicates that most scholars have highlighted varied advantages of IFMIS to the management of public finance.

IFMIS gives a more consolidated platform for integrated computerized financial package with the aim of enhancing helpfulness and frankness of community resource organization through technology of the financial plan organization and bookkeeping system for the government. From the succeeding arguments, it is strong that sound IFMIS systems joined with the embracement of consolidated capital processes cannot only help evolving county governments gain real control over their finances, but also improve its answerability and clearness, reducing freedom of choice based on politics and acting as a restraining to fraud and exploitation.

However, empirical studies have been conducted according to the study have addressed other aspects for example cash management, public finance management and performance implementation of IFMIS in government ministries but IFMIS and budgetary control has not been adequately addressed therefore the researcher will preciously to discuss it in order to fill the gap .

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter addressed the methodology adopted to the project. It make available a summary of explanation of project design that the study was based on, the targeted population considered, sampling size, techniques of sampling used, instruments of data collection used, methods of presentation and analysis of data employed, and also to clarify in what way the rationality of data gathering tools was attained.

3.2 Research Design

This project was based on descriptive research design. It aimed at collection of information from respondents on IFMIS and budgetary control in Siaya county government. A descriptive study involves collecting information without altering the environment by using "correlational" or "observational" studies (Anirudhan, 2013). This piece of research was conducted by use of observations and filling of questionnaires as the sources of secondary and primary data respectively.

3.3 Population and Sample Design

The major target of this study was finance and procurement department of Siaya County government. The study employed non-probability sampling. Kombo & Trump (2006) said that non-profitability sampling is majorly used to determine how a very small group, or a representative group is actually fairing on for the objective of illustration or explanation, as the study is concentrated on the County Government, was the only one sampled. The study used census sample design to sample officers in both procurement and finance department in the County government of Siaya, focusing on the finance,

accounts and procurement officers who are the ones that deal with the IFMIS system Therefore, making the total of 50 respondents.

3.4 Data Collection

Data collection was a primary data collected directly from respondents through questionnaires. The businessdictionary.com (2013) defines Questionnaire as a list of a research or survey questions posted to respondents or a sample group of respondents and intended to come up with a specific material and that it tend to serve four basic purposes which include collecting data that is appropriate in nature, making that data equivalent and amenable to analysis, minimizing biasness in formulating and asking questions and lastly making questions more varied and more engaging during the filling process. Data in the questionnaire is collected using a Likert scale to determine the extent of adoption and usage of different modules of IFMIS on budgetary control.

3.5 Data Analysis

This was done by use of descriptive statistics in computation of percentages of the outcomes tables to show the outcomes of extent of adoption of IFMIS, its challenges and budgetary control in Siaya County Government. Descriptive statistics enables the researcher to be able to recap and shape data in expressive and effective way; and in the provision of tools for describing collection of statistical observations and reduction of information collected to a more understandable form. This type of statistics was used and also tables to present the findings. The data analysis used inferential statistics to make decisions and inferences for the study by interpreting the data patterns to establish the

determinants in the adoption of IFMIS on budgetary control by the county government of Siaya. On inferential statistics, to include linear regression analyses and ANOVA analyses.

The following regression model, as multivariate model that states the IFMIS as function of the budgetary control stated was used to establish the determinants of IFMIS adoption in County government of Siaya.

Thus, the regression equation:

$Y = \beta_0 + \beta_1 X_I + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$

Where;

Y = Quality of budgetary control

X_1 = Budget track,

X_2 = Monitor budgetary fraud

X_3 = Monitor budgetary expenditure,

While β_1, β_2, and β_3 are coefficients of determination, and ε is the error term

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents the study findings and the general information of the respondents. It presents the data analysis of IFMIS and budget control practices in form of tables and graphs.

Fifty questionnaires were distributed to various departments and the response rate was 100 percent.

4.2 Demographic Characteristic

Table 1, shows the demographic characteristics of the study participants who respondent to our survey. Majority (64%) of the respondents were male, the study found 44 % of the study participants had completed college level of education.

Table 1: Demographic Characteristic

		Frequency	Percent
Gender	Male	32	64
	Female	18	36
Education level	Secondary	5	10
	College	22	44
	University	23	46
Department	Finance	31	62
	Accounts	1	2
	IFMIS	1	2
	Trade	12	24
	Economics	1	2
	Administration	4	8
Years of Experience	0-5 years	31	62
	5-10 years	8	16
	Over 10 years	11	22

4.3 IFMIS Features in Budgetary Control Management

Integrated Financial Management system depends upon the implementation of key practices for the realization of maximum effectiveness and benefits. The study explored effects of IFMIS on budgetary control practices employed by the County Government. Public sector budgeting had a mean of 3.18, an indicator of good adoption within the various departments studied. Purchase ordering posted the lowest mean of 3.04, however, this demonstrate acceptance of incorporating IFMIS in making purchases. Other practices such as cash management, Accounts receivable, account payable and general ledger showed a positive response with a mean of over 3.0 (table 2). These results are consisted with Chebet (2013), most state corporations are adopting IFMIS in the quest to improving financial performance and accountability. This is contrary to Nyabuto (2009), who found resistance in the adaptation of IFMIS in government departments.

Table 2: Budgetary Control

Features	Mean	Std. Deviation	N
The Public Sector Budgeting	3.18	0.941	50
Purchase Ordering	3.04	0.755	50
Cash Management (CM)	3.18	0.691	50
Accounts Receivable	3.12	0.849	50
Accounts Payable	3.18	0.850	50
General Ledger (GL)	3.20	0.808	50

4.4 Budget Tracking

The study found respondents were in agreement that IFMIS provide immediate report and financial statement as requested (mean= 3.04). Concerning the improvement on compatibility and consistency of fiscal and financial information the response had a mean of 3.5, this is an indicator of acceptance. A mean of 3.36 proved that budget performance is taken to consideration in subsequent cash allocations and warrant releases to the stakeholders. An important statement was made concerning IFMIS E-payment that it does help in settlement of government transaction (mean = 3.46). The respondent agreement that annual cash plan reflects cash requirements in line with the appropriation which is available in the IFMIS System was revealed (mean= 3.18) by the study as shown in table 3.

Table 3: Budget Tracking

Features	Mean	Std. Deviation	N
It gives immediate report and financial statement as requested	3.04	0.807	50
It helps in improvement of the compatibility and consistency of fiscal and financial information	3.50	0.544	50
Budget performance is taken to consideration in subsequent cash allocations and warrant releases to the stakeholders.	3.36	0.631	50
E-Payment in the IFMIS helps in settlement of government transaction	3.46	0.542	50
The annual cash plan reflects cash requirements in line with the appropriation which is available in the IFMIS System	3.18	0.896	50

4.5 Monitor Budgetary Fraud

The study participants doubted that automated bank reconciliations of IFMIS have greatly simplified the management and monitoring the county government bank accounts (mean= 2.96) in minimizing fraud during the execution of budget. However, they agreed that proper usage of IFMIS prevents overpriced budget (mean=3.24), all financial transactions for all county Government Departments are initiated, processed and printed from the IFMIS to reflect budget (mean=3.24) and overspending of the department budget has been minimized (mean=3.50) as shown on table 4.

Table 4: Monitoring Budget Fraud

Features	Mean	Std. Deviation	Analysis N
Automated bank reconciliations on the IFMIS have greatly simplified the management and monitoring of our bank accounts.	2.96	0.856	50
Proper usage of IFMIS prevents Overpriced budget	3.22	0.790	50
All financial transactions for all county Government Departments are initiated, processed and printed from the IFMIS to reflect budget	3.24	.716	50
Overspending of the department budget has been minimized	3.50	.678	50

4.6 Monitoring Expenditure

In table 5, the contribution of IFMIS in assisting effective monitoring of expenditure was illustrated when the respondents accepted that the transaction of budgets are made available for all the stakeholders (mean=3.22). Respondents, similarly agreed that the

county budget is linked to the treasury and the national government (mean =3.32). The mean of 3.16 showed the believe that all payment approvals only carried out in IFMIS.

Table 5: Monitoring Expenditure

Features	Mean	Std. Deviation	N
Transaction of budgets are made available for all the stakeholders	3.22	0.815	50
Budget of a county government is Linked to the Treasury and the national government	3.32	0.587	50
A comprehensive budget classification to accounts is generated in the IFMIS to allow seamless reporting between budget and expenditures	3.30	0.647	50
all payment approvals only carried out in IFMIS	3.16	0.650	50

4.7 Determinants of IFMIS Adoption

To establish the relationship between budgetary control and budget track, monitor budgetary fraud and monitor budgetary expenditure, various specific variables were subjected to factor analysis to obtain single variables for regression model.

Table 6 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.622	0.387	0.347	0.59908	2.717

The adjusted R squared being the coefficient of determination enlightens more about the variation on the dependent variable. This variation therefore is 0.347 and means that there is a 34.7 % variation on the budgetary controls at 95% confidence level. Similarly, a positive relationship existed between the studied variables as shown by the R value of 0.622 (Table 6)

Table 7: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	10.436	3	3.479	9.692	0.000
	Residual	16.509	46	.359		
	Total	26.945	49			

The model was statistically significant given the p value of <0.0001 and an F test value of 9.692, consider table 7.

Table 8: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.664	0.085		7.837	0.000
	Budget track	-0.373	0.092	-0.504	-4.063	0.000
	Budgetary fraud	-0.119	0.093	-0.161	-1.280	0.207
	Budgetary expenditure	-0.105	0.088	-0.142	-1.195	0.238

The regression equation therefore, $Y=0.664-0.373X_1-0.119X_2-0.105X_3$

Its shows that IFMIS budgetary control measured through analysis of budget track, Budgetary fraud and Budgetary expenditure when the constant is zero its performance will stand at 0.664. A decrease by 0.373 of the budgetary control will be realized when a unit increase in budget track is implemented. A unit increase in budgetary fraud will cause decease by -0.119 on IFMIS budgetary control. Similarly a unit increase in budgetary expenditure will reduce budgetary control by -0.105.

4.8 Discussions

From the findings, the equation shows that budget track X1 affects Y budgetary control positively. This could be put to perspective that if there is improvement in budget track improves budgetary control. The model also shows that if there is an improvement in Monitoring of expenditure, it improves budgetary control which represents the measure of financial performance will in turn increase. However, the study also presents a negative   effect of minimal fraud on budgetary control so that with improved fraud minimization there is reduced budgetary control.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The researcher had intended to determine the effect of IFMIS on the quality of budgetary control and execution in the Siaya County. The chapter presents a summary of the findings, recommendations and conclusions.

5.2 Summary of the Findings

The research findings revealed that county government adopted IFMIS practices to with a high level of acceptance. The mean of the variables; budgetary control, budget track, monitor budgetary fraud and monitor budgetary expenditure were all over 3.0. This acceptance and the willingness to employ IFMIS features in most financial activities support good financial practices.

Our regression line explains 38.7 % of the total variations of in budgetary control within Siaya county government (R square=0.37). It is worth noting that the influence of IFMIS practices (budget track, monitor budgetary fraud and monitor budgetary expenditure) on budgetary control was significant at p value <0.001. The finding is in agreement with Dione (2013) who established linear relationship between integrated financial management practices and financial efficiency in the public sector.

5.3 Conclusions

The findings of this study indicate that IFMIS and budgetary control has been adopted by county governments in Kenya. It is also clear that IFMIS is now used in budgeting. IFMIS has been integrated to the national government in a way that it ensures that budget and budget estimates are tracked to reduce overspending. It also reveals that monitoring

of expenditure ensures budgetary control and less misappropriation. However minimized fraud has negative relationship with budgetary control. This is due to the fact that a lot of operation happens in IFMIS and not just budgeting alone.

Finally the study concluded that budget tracking, monitoring of expenditure and minimized fraud play a major role in budgetary control in that the factors explain 98% budgetary control on IFMIS. This implies that these are the major factors to consider when addressing IFMIS and budgetary control. However, there is need to determine the factors that are represented by the 2% not explained by this study.

5.4 Recommendations

Based on the study findings, the study made the following recommendations, Human resource need proper action targeted training on IFMIS for maximum realization of its benefit given the faith they hold about it.

A holistic consideration of all IFMIS practise should be undertaken and ensure all are upheld since a greater portion of the variation is explained by other factors outside our study

The study further recommended that other research conducted in future to go in-depth with the aim of establishing those other factors that have not been explained by this study. Such studies findings will enable the stakeholders to control these factors and ensure effective budgetary control.

5.5 Limitation

Data collection did not achieve good percentage for the study, this could only mean that respondents did not corporate with the researcher rendering the research inconclusive and so the need to conduct other research on the same to complement this study.

Time restrictions were also faced whereby the time in both collection and analyzing of the data needs to be created to guarantee that one is able to conduct effective study yet most of the time official duties meant limited time for conducting the study and analysis of the collected data.

5.6 Suggestion for Future Study

This study suggests for further studies to be carried out in other areas. Such studies may include identifying various other factors which have effects on IFMIS and Budgetary control.

The study further advocates for further study on IFMIS improvement so that loopholes that are used to misappropriate finances through IFMIS can be sealed and ensure effective budgetary control not only in Siaya county but all over the country

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APPENDICES

Appendix I: Informed Consent Letter

I am Elizabeth Owiti a student at the University of Nairobi carrying out research on the effects of integrated financial management information system and   Budgetary control of county government of siaya, The purpose of this study is to highlight the important aspects of IFMIS and budgetary control .

Your assistance will be highly appreciated.

Please append only your signature below

_____   _____

Signature   Date

For any clarification please consult

Name: Elizabeth Owiti

0727707602

University of Nairobi

Appendix II: Questionnaire

Please indicate your response on the space provided. You should rate how you strongly agree, agree, strongly disagree and agree by placing a tick in appropriate box where 1 will represent strongly agree,2-agree,3- disagree and 4-strongy disagree

Social Demographic Factors

1. Male (   )   Female (   )

2. Education background

Primary   (   )   Secondary (   ) University   (   )   Collage (   )   CPA(   )
Others----------

3. In what department do you work under? Finance (   ) Accounting (   )   Ifmis (   )
Trade (   )   Economics (   )   Administration (   )

4. How many years have you worked in Siaya County Government?

0-5 (   )   6-10   (   ) 11-15   (   )

Siaya county government uses these features of IFMIS in their budgetary control management.

Features	Strongly disagree	Disagree	Strongly agree	agree
The Public Sector Budgeting				
Purchase Ordering				
Cash Management (CM)				
Accounts Receivable				
Accounts Payable				
General Ledger (GL)				

How does IFMIs budget track increase quality of budgetary control in Siaya County?

Features	Strongly disagree	Disagree	Strongly agree	agree
It gives immediate report and financial statement as requested				
It helps in improvement of the compatibility and consistency of fiscal and financial information				
Budget performance is taken to consideration in subsequent cash allocations and warrant releases to the stakeholders.				
E-Payment in the IFMIS helps in settlement of government transaction				
The annual cash plan reflects cash requirements in line with the appropriation which is available in the IFMIS System				

How has IFMIS contributed a lot in minimizing fraud in execution of budget

Features	Strongly disagree	Disagree	Strongly agree	agree
Automated bank reconciliations on the IFMIS have greatly simplified the management and monitoring of our bank accounts.				
Proper usage of IFMIS prevents Overpriced budget				
All financial transactions for all county Government Departments are initiated, processed and printed from the IFMIS to reflect budget				
Overspending of the department budget has been minimized				

IFMIS Aid in Monitoring Expenditure

Features	Strongly disagree	Disagree	Strongly agree	agree
Transaction of budgets are made available for all the stakeholders				
Budget of a county government is Linked to the Treasury and the national government				
A comprehensive budget classification to accounts is generated in the IFMIS to allow seamless reporting between budget and expenditures				
all payment approvals only carried out in IFMIS				