

**INTEGRATED FINANCIAL MANAGEMENT INFORMATION SYSTEM AND  
FINANCIAL PERFORMANCE IN TRANS NZOIA COUNTY, KENYA**

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## **DECLARATION**

This is to certify that the research project report is my original work and has not been presented for examination in any other University or institution of any certificate.

Signature..... Date.....

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I confirm that this research project has been carried out by the candidate under my supervision

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## **DEDICATION**

The research project is dedicated to my loving family whose support to me is unwavering and has enabled me to complete the research.

## **ACKNOWLEDGEMENTS**

First and foremost, I would like to thank God for giving me immense strength and courage and my family for empowering me through their blessing. Secondly, I would like to extend my gratitude to my supervisor, Mr. Theuri Joseph for the dedication and professional guidance to be offered to me during the research process.

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## **ABBREVIATIONS AND ACRONYMS**

<b>ADF</b>	African Development Fund
<b>GOK</b>	Government of Kenya
<b>IFMIS</b>	Integrated Financial Management Information System
<b>IMF</b>	International Monetary Fund
<b>IT</b>	Information Technology
<b>PFM</b>	Public Financial Management

## OPERATIONAL DEFINITION OF TERMS

<b>Automation of managerial processes</b>	The implementation of technology to replace repetitive tasks and processes.
<b>Consistency of performance</b>	Determining output of the County system against the overall strategy
<b>Decision support system</b>	A data system that helps companies in making analytical decisions constituting of a sequence of actions.
<b>Employee Involvement</b>	Active input by staff towards the achievement of an establishment's goals and objectives.
<b>Financial management</b>	Use of strategic planning and direction towards the control of a company's financial undertakings. It is also; employing management concepts towards fiscal management and finance.
<b>Financial performance</b>	It is how skilfully a firm can use the assets from its main source of business to generate revenue. It is employed in gauging different businesses across the same industry or to compare them within independent sectors.
<b>Integration</b>	The process of creating a complex information financial system that is used to give various types of data and where departments rely on the same system for different financial information

<b>Knowledge and Skills</b>	The knowhow of staff in executing their duties. While knowledge is perceived as theoretical, skills are taken to be the practical aspect of the know-how.
<b>Productivity of the system end product</b>	Value of financial information generated from an installed financial system to aid in decision making
<b>Streamlined business operations</b>	Processes implemented in order to improve work efficiency by eliminating unnecessary tasks and simplifying chores. These processes advocate for the use of technology and modern techniques.
<b>Timely accurate decisions</b>	Financial decisions made at the right moment, at the right place and for the right intention

## ABSTRACT

Public Finance Management Systems are generally used in the management of finance in the public sector. Although government is not necessarily a profit-making enterprise, sound financial performance is crucial to ensure the right services are rendered to the citizens as is required. Contextual investigations of progressively effective nations demonstrate that variables supporting fruitful execution of financial performance goals emanate from the significant specialists to budgetary change goals. The general objectives of this study was to assess the impact of integrated financial management information system implementation on financial performance in Trans Nzoia county, Kenya The specific objectives were; to establish the effect of IFMIS implementation on financial performance in Trans Nzoia County, to examine the benefits realised from IFMIS implementation on financial performance in Trans Nzoia County, to determine the challenges faced in the IFMIS implementation on financial performance in Trans Nzoia County and to investigate the level of awareness and satisfaction of the public about the IFMIS Implementation on financial performance in Trans Nzoia County. The study is anchored on technology acceptance Model, theory of budgeting and cost reduction theory. Data was examined by descriptive statistics such as mean, mode and median. The study also used inferential statistics such as regression and Pearson's correlation coefficient. The results were statistically presented in forms of frequency distribution tables, charts and bar graphs. The SPSS (version 17) computer software was employed for analyzing data. The study found IFMIS to a great extent, is applied in Trans Nzoia County and there is huge enhancement for duty control and decreased change between spending arrangement and discharges. The greater part of the destinations of IFMIS have been accomplished including upgrading straightforwardness and responsibility, improving public use the executives, encouraging monetary control and limiting dangers. It was uncovered that, through IFMIS, Trans Nzoia County has had the option to build up useful institutional courses of action, create legitimate and administrative system, guarantee rivalry in offering and bolster inward control and responsibility control. The study concluded that there is in this way need to have limit assembling and improved terms of administration for public officials. The utilization of universal measures and strategies in macroeconomic examination, planning, bookkeeping, obtainment and review requires talented staff that can apply new techniques in proficient way. Presentation of IFMIS and other mechanized framework requires explicit aptitudes and preparing for public officials.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.0 Introduction**

IFMIS is a system that accounts for budgetary events and outlines cash related information (Bartel, 2009). Fundamentally, IFMIS is insignificantly improved when compared to an accounting system; intended to fill in as showed by the necessities and points of interest of nature in which it is presented. Casals (2009) observes that generally, the articulation "IFMIS" insinuates the usage of information and exchanges development in cash related exercises to support the board and spending decisions, trustee obligations, and the game plan of budgetary reports and decrees. In the organization area, IFMIS implies even more expressly to the modernization of the public budgetary organization (PFM) structures, from spending availability and implementation to accounts and disclosure, with the help of a consolidated process for fiscal organization of supervisors, consuming workplaces and other communal fragment undertakings.

Notwithstanding the convenience, dependability, security, adaptability of IFMIS that is intended to give opportune, exact, and steady information for spending dynamic, it has likewise been addressed by clients who note that while IFMIS has been viewed as vital, it has shortcomings that should be tended to (Bartel, 2010).

Ongoing writing on IFMIS has tended to different parts of IFMIS structure, systems advancement, execution and supportability Casals, (2009); Bartel, (2009); Miranda and Keefe, (2010) however no investigation has been adequately done on the effect it has PFM on regressed units of government.

## **1.1 Background of the Study**

Government of Kenya has embraced various Public Financial Management (PFM) changes planned for improving responsibility and straightforwardness. These changes have focused on the centre PFM systems of spending detailing and execution, public obtainment, income assortment, interior and outside review, parliamentary oversight, finance and benefits, public obligation and ensures, bookkeeping and revealing, the large-scale financial structure and money the board. The aim is to reinforce PFM systems by improving straightforwardness, responsibility and reactivity to public use strategy needs. The PFM change is additionally useful in avoiding inefficient expenditures and debasement. Different examinations presented optimistic outcomes and better presentation by the communal monetary systems, in spite of the fact that difficulties despite everything stay in key territories of the economy. The robotization of PFM forms has been one of the changes attempted by the Government of Kenya (GOK). The presentation of the Integrated Financial Management Information System (IFMIS) has been started on the acknowledgment that GOK can adequately use current and developing innovation to fasten changes in PFM, (GOK, 2011).

As indicated by Diamond and Poker (2011), IFMIS is a robotized framework that is utilized for PFM in charge, bookkeeping, review and announcing. IFMIS is an information system that monetary transactions and sums up monetary information. As indicated by IPSOS Synovate Kenya (2013), IFMIS is a monetary and budgetary administration data framework for governments that bundles all cash related organization limits into one set-up of usages. In direct terms, it is a Data System employing Information Technology to organize and account for facts and figures. It is proposed to help the organization

components to structure budgetary arrangement, requests, spend their monetary plans, supervise and report on their cash related activities, and pass on organizations to the public even more gainfully, enough, fiscally and accountably.

In previous years, most developing countries benefits realized from IFMISs and accounting processes have been either manual or upheld by extremely old and insufficiently kept up programming applications. This has affected the working of the public use of executive systems. It's additionally noticed that legislatures both national and region have thought that it was hard to give a precise, complete and straightforward record of their budgetary situation to parliament (national and province gathering), other intrigued accomplices such as development partners, or the public. Due to lack of this information, transparency and accountability has been a mirage. The result has been witnessed in political upheavals, economic disparity amongst the populace, widening gap between the haves and have not, economic and human resource flight and many others. Cash management in the public sector has been recorded to be an area of great improvement (Ajayi &Omirin, 2009).

IFMIS as a financial management system has been implemented and tried in a number of countries across the globe where some challenges myriad with success have been recorded. The challenges differed in between countries depending to some extent, on the uniqueness of each situation. A cross the continent where IFMIS have been implemented includes and not limited to Kosovo, Iraq, Vietnam etc. Within the continent, countries include: Malawi, Uganda, Tanzania, Ghana, South Africa etc. Greater heights of achievement have been documented in the terms of prudent financial management in terms of organization of costs, its allocation, cost management and reporting.



In light of this, the Government of Kenya, embarked on IFMIS and IFMIS has been at the centre of this. More so, it's been a prerequisite from the Constitutional dispensation of the 2010 under Chapter Four-the Bill of Rights, the citizens know constitutional rights especially under sec 43 on Economic and Social Rights, Chapter Twelve-Public Finance; and the legislation of Public Finance Management (PFM) Act 2012.

IFMIS can empower fast and productive access to dependable budgetary information and help reinforce government's money related controls, improving the arrangement of taxpayer driven organizations, improving the spending procedure to more significant levels of straightforwardness and responsibility, and facilitating government activities (GOK, 2011; Peterson et al., 2010). Different difficulties have been seen in the use of the framework, with clients having issues with the adaptability, unwavering quality and certain security and hard highlights of the framework. Considering this, the exploration attempts to examine the effect IFMIS execution has made at the province level.

### **1.1.1 IFMIS Implementation**

ERP systems have been used by e-governments to create efficiency and increase cost effectiveness and service delivery to their citizens and other businesses improving intergovernmental relationships within government departments. This is generally called improving service delivery by public sector. One of the ERP systems used by the governments to achieve this is the Integrated Financial Management Information System (IFMIS). IFMIS integrates all government operations from cost management, implementation and post-budget accounts and detailing (Diamond & Khemani, 2005;

Rodin-Brown, 2008; Hendricks, 2012). In short, gives summaries of financial transactions and help in tracking financial events, leading to a sound public financial management.

IFMIS comprises of the following standards of measurement; “General ledger, Budgetary accounting, Accounts payable and Accounts receivable, and the noncore or other measures as, Payroll system, Budget development, Procurement, Project ledger and Asset module” (Diamond & Khemani, 2005). The system applies a combined method where all dates are supervised by detailing transactions and reporting (Diamond & Khemani, 2005; Rodin-Brown, 2008).

IFMIS is one of the many systems and programmes in e-governments and Public finance management (PFM) reforms initiated by many developing countries with a view of ensuring prudent spending of public funds as well as creating efficiency in public sector.

According to The Kenya Vision 2030, there is a need for a citizen-focused and results-oriented” government which is accountable to its citizenry. The Constitution of Kenya also stipulates clearly the guidelines on how to manage public resources prudently for the common good of all Kenyans. Various legislations have been put in place to support this including the Public Finance Management Act 2012. It is against this legislations and vision that Kenya is deliberately making efforts to implement and streamline public financial management reforms. One such reform is through implementation of IFMIS. According to The IFMIS Re- Engineering Strategic Plan 2011-2013, IFMIS implementation started in 1998 and entrenched in government ministries by 2003. The Re-engineering Strategic plan report indicate that IFMIS has been implemented to connect all G-2-G departments to a main server network so as to have all financial transactions

monitored from a central point. Since the enactment of the new constitution, County Governments were created which were not initially parts of the initial system and there is hence need to have them implement the IFMIS in order for them to be part of the single network. County Governments are supposed to implement IFMIS, which will ensure transparency and efficiency from budget making to implementation. The system also ensures that procurement plans, requisitions to payments of suppliers is automated and every budget item has a specific vote making the implementation of projects and government procurements more transparent.

### **1.1.2 Financial Performance of Trans Nzoia County Government**

This is how skilfully a firm has achieved its financial goals. (Pimpong and Laryea, 2016). Financial performance has repeatedly gained interest from various scholars as well as business analysts. This can be attributed to its relevance in both business success and failure (Onduso, 2013). In prior stages, cost management was involved with performance evaluation. Finance is continually left on the loop in decision making since it takes in venture and financing in present periods. Consequently, an effective financial management process is paramount to forming an organization's values and beliefs (Padachi, 2006). Ventures pay more attention to maximizing stakeholder wealth. In contrast, managers are more fixated in augmenting the input of investors as this means maximizing future prospects, securing development and risk abatement. As a result, Naser and Mokhtar (2004), assert that peak performance correlates to efficiency in organizational performance and skilful use of its resources. Proper cost management subsequently leads to adequate savings and efficient use of company assets. Return on equity is an indication of how the shareholders progressed in the year. Given that shareholder equity growth is the paramount

goal of a company, return on equity is therefore viewed as the real measure of performance. It is the measure of profit per unit invested in equity. Helfert (1991), enumerates it as; a “return on net worth” asserting it as a widely implemented ratio for determining the return on owners’ investment. Profit indicates the profit generated for every unit of sales. Higher profit margins correlates to low expense ratios whilst; smaller profit margins indicate a lowered sales price resulting from mass production and relatively decreased profit margins. Cumulative profit can however rise from increased volumes of production.

### **1.1.3 Trans Nzoia County**

Trans Nzoia County is situated on the West of Mount Elgon at around 380km north west of Nairobi. It covers 2495.5 square kilometres constituting of five constituencies namely; Kwanza, Kiminini, Cherangany, Endebess and Saboti. The inhabitants are 818757 people according to the 2009 census.

The main source of living is agriculture with most farms opting for maize farming. Other sources of income come from dairy and horticulture. The largest town in Trans Nzoia county is Kitale; situated between Mt. Elgon and Cherangany Hills. It is also the administrative capital of the county and the last stop of the rail line. It has since shown economic prospects in commerce, real estate and agri-business which might be resulting from the railway line promoting movement of goods to and from the town.

The county also gives promotion to tourism given its striking areas of interest; national parks like Mount Elgon and Saiwa Swamp. Mt. Elgon National Park is located close to Kitale and hosts varied wild animals including: elephants, buffalos, white Columbus monkeys, giant forest hog and over 420 bird species.

## **1.2 Statement of the Problem**

The goal of IFMIS is in creating an ‘exceptionally safe, dependable, efficient and fully integrated financial management network’ first launched in 1997 in Kenya on limited modules. For many decades, PFM has been synonymous to lack of clarity, accountability and receptiveness of public resource. This has been symptomatic through wasteful spending and corruption, ineffective financial management systems, inappropriate accounting, recording and reporting of financial data, slowed pace of economic growth, inefficient resource allocation mechanisms and mistrusts from the developmental partners and the public.

Inadequate technology, lack of human resource capacity and institutional resistance to change were cited to be major challenges faced in Latin America (Bartel, 2013). It was against this backdrop of challenges that the study aimed to investigate the impacts of the implementation of (IFMIS) on PFM practice in the Kenyan Devolved Government. The research tried to discover; the impact of implementation IFMIS on public financial management practice in county governments, with closer focus on Trans Nzoia County Government. In this study, a focus on the county governments’ implementation impact of IFMIS on PFM was conducted to ascertain the gains realised so far and discern the challenges faced or being faced in the implementation that will call for the further re-engineering for higher benefits.

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

#### **1.3.1 General Objective**

The overall objective was to establish the effect of integrated financial management information system implementation on financial performance in Trans Nzoia County, Kenya.

#### **1.3.2 Specific Objectives**

- i) To establish the effect of IFMIS implementation on financial performance in Trans Nzoia County.
- ii) To examine the benefits realised from IFMIS implementation on financial performance in Trans Nzoia County.
- iii) To determine the challenges faced in the IFMIS implementation on financial performance in Trans Nzoia County.
- iv) To investigate the level of awareness and satisfaction of the public about the IFMIS Implementation on financial performance in Trans Nzoia County.

### **1.4 Research Questions**

- i) What is the effect of IFMIS implementation on financial performance in Trans Nzoia County?
- ii) What are the benefits realised from IFMIS implementation on financial performance in Trans Nzoia County?
- iii) What challenges are experienced in the implementation of IFMIS on financial performance in Trans Nzoia County?

iv) What is the level of awareness of IFMIS on financial performance in Trans Nzoia County?

### **1.5 Significance of the Study**

The study anticipates in determining the impact of IFMIS implementation in the PFM at the county level and this was evaluated in terms of effectiveness and efficiency overall.

It involved finding out if adoption has been fully achieved and determine the most likely challenges if there are, faced or being faced in the implementation.

It further targets to determine the benefits that have accrued as a result of IFMIS implementation and from the challenges observed, explore ways how they are to be tackled to increase the benefits. The study aims to fact find if the general public is aware of the IFMIS and if it's satisfied to the extent of the implementation.

The results can be applied to stakeholders of the PFM process (employees, private and public sectors, county and national governments) and other areas in understanding the laid down principles and practices of an effective IFMIS in order to foster desired results. The findings of the study would be significant to governments in addressing the governance issues that have significantly affected the judicious PFM in achieving transparency, accountability, efficiency and effectiveness, and control of corruptions and fraud.

The results of the research are paramount to developmental partners who are considered as major financiers.

Finally, research further aims to create a fundamental framework through which other researchers as scholars and or academicians could recommend effective strategy of implementing IFMIS at the county level of government.

### **1.6 Scope of the Study**

The research was to be undertaken at the treasury where the IFMIS of the Trans Nzoia county government is domiciled. Trans Nzoia is located North rift of the prior Rift valley province and covers an area of 2,496 sq.km representing 0.42 percent of the Republic of Kenya. The target population was categorised in managerial, technical, supervisory, support staffs and the stakeholders sub groupings. In this sub groups, then, the target population was divided into groups on the basis of being males or females in the various organisational level or within the stakeholders' groupings.

### **1.7 Limitation of the Study**

Since the research is concentrated on one county; Trans Nzoia County, the possibility of some respondents participating might respond either way, positive or negative depending on the predetermined opinion about the IFMIS programme either as a result of the accruing effects of the system or undue influence. More so, IFMIS has not been used for long in Kenya particularly after devolution of government systems and hence, minimal exposure of the respondents to fully understand the system. Inadequate number of experienced respondents is likely to hinder the outcome. To counter this, the researcher aspires to explain clearly the intentions of the research so that the respondents appreciate the exercise.

The politics of the day is likely to have an effect on the responses likely to be received during the research period. However, the researcher intends to be objectively as possible to minimise such likelihood of intrusion of politics.



The researcher is a part time student and a public servant, hence getting adequate time is likely to be a challenge. However, the researcher intends to utilize any available opportunity for full comprehensive research.

IFMIS is an Information Communication and Technology (ICT)-based programme for budgeting and accounting system with other auxiliary functions. The researcher faces a challenge here because of limited expertise in ICT field to fully assess the functionality and procession of the system. However, the researcher intends to utilize the ICT pro personnel in the department through consultation.

### **1.8 Organization of the Study**

The study is organized into; Chapter one presents the outline, statement of the problem, study objectives, the span of the research, its significance and restraints. Chapter two presents theoretical and empirical framework. It also presents the variables in a conceptual framework. Chapter three includes the methodologies used to collect, test the validity and reliability, analyze and present data. Chapter for presents the data analysis and interpretation of findings. Chapter Five presents summary, conclusions and recommendations.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This segment contains three sections. The initial segment outlines the hypothetical system. The second aspect of the section presents a writing study that features some key obstructions to be distinguished by the specialist in the zone of usage of IFMIS and potential answers for the recognized difficulties. The third part comprises of the calculated structure that shows the connection between the reliant and free factors. The data got from the writing study was summed up and utilized as a guide in planning the poll for the exploration venture.

#### **2.2 Theoretical Literature Review**

This research relied on technology acceptance model, theory of budgeting and cost reduction theory.

##### **2.2.1 Technology Acceptance Model (TAM)**

Initially formed by Fred Davis in 1986; the theory centers on functionality and ease as a determinant of intent of system application. It conceptualizes intent as the stimulant to incorporating an actual system. The simplification of tasks within an organization would be enough intent to adopt a proposed system. The author enumerates that; only if technology is accepted as a tool to simplifying tasks can it be successful at producing significant change, (David, 1989).

A reproduction of Davis Adam's study was analysed by Segars and Grover (1993), who criticized the applied model and proposed a new form based on three factors; usefulness of

system, effectiveness and its ease of use. They both considered functionality and perceived performance as paramount to using new technology. The technology acceptance model is therefore relevant model when it comes to considering the adoption of technology for improving the performance of a firm. Furthermore, it is rooted on the basis of simplifying organizational tasks, ensuring effectiveness of performance and speed.

### **2.2.2 Theory of Budgeting**

One of the fundamental undertakings to apply the rule of minor utility in a 'theory of arranging' was made by Verne Lewis. Lewis fights that specialists should focus on increases of public utilization, at the edge, since 'this is the motivation behind equality at which an additional utilization or any explanation would yield a comparative return'. Lewis (1952) fights that the general estimation of these increases would then have the option to be assessed similarly as their 'relative amplexness in achieving an ordinary objective'. It is the task of administrators to choose this ordinary objective and review the general suitability of elective employments of public use in achieving this target. Budgeters can help pioneers by presenting elective proposals at various degrees of utilization for each program.

Consequently, the tradeoffs between elective employments of additional financing can be revealed. Lewis battles that the possibility of 'relative sufficiency's regarding a 'run of the mill objective' feasibly dodges the issue presented by the nonattendance of a commonplace extent of utility. The complexity among normalizing and illustrative spending theory may be as fundamental as the differentiation between what should work and what works. It has been jumbled in our field by the qualification in perspectives that infrequently depict

scholastics and specialists. Controlling speculation is typically associated with reformers, and reformers generally begin from the procedure or insightful system. It may be founded on confined observations and guided by values. Realistic theory is typically founded on various recognitions, as often as possible through investigations, and guided by impression of masters as they approach the movement of choosing spending decisions (Cox and Morgan, 1994). There have been times while normalizing and particular speculation joined.

### **2.2.3 Cost Reduction Theory**

Initially formed by Miller (1986), it considers cost reduction as an effort to reduce costs in all measure. Various examples of reducing costs include; online delivery of services, regulations, restrictions, and changes focused on cutting down costs, (Miller, 1986). As per the theory, any item generating cost is scrutinized to identify opportunities for lowering its cost. Beyond this, the theory expresses that cost is an attitude and a habit cropped out of the need for it. According to Juhakam (2003), cost reduction theory shapes financial innovation.

This theory is important to this research that given it fosters cost reduction as an element of improving profitability; because firms naturally search for modes of boosting performance and offering return on equity to stakeholders.

### **2.3 Empirical Literature Review**

This segment analyses numerous writings from scholars related to the topic of study.

### **2.3.1 IFMIS Implementation and Financial Performance**

Nyabuto (2009) completed review on the Extent of Implementation of IFMIS as a Tool for SFM in Government. Utilizing a survey, 40 bookkeepers in 40 MDA were engaged with the examination and information was investigated utilizing fundamental examination strategies that included rates and frequencies. Through the distinct study, it was set up that IFMIS usage was bogged down. This was because of obstruction from utilization of IFMIS in those MDA and henceforth for selection to happen easily, the prominent opposition must be survived. Potential purposes behind opposition included absence of preparing and dread of the obscure. Regardless of the opposition, it was discovered that IFMIS had succeeded however still execution was bogged down. Thusly the legislature of Kenya has enormously profited by the benefits of a modernized bookkeeping framework which is more solid than the previous independent heritage systems.

Peterson (2011) embraced an examination on Reforming Public Management in Africa. It's placed that changes succeed when four drivers of public part change: COPS—Context, Ownership, Purpose and Strategy. The motivation behind PFM change as excellent by Ethiopia, should fabricate steady and supportable condition of PFM that are fitting to the nearby setting and they ought not be about dangerous and unessential 'culminations' of universal best practice. Methodology of change has four procedures: perceive, improve, change and continue. Ethiopia prevailing on changes for applying this technique on the side of government strategy of quick decentralization.

Spriano (2013) did an examination on the victories and disappointments of e-Government ventures in Developing Countries: a contextual analysis of Zambia. In this investigation,

utilizing Heeks Factor Model that centres around delicate human perspectives known to be basic in the usage of e-Government extends, an online overview was done in 2012. The aftereffects of the investigation prosecuted a class total of 55.1 dependent on Heeks100 point scale inferring a strong flop absolutely or mostly. Moreover, consciousness of the e-government ventures was seen as lacking.

### **2.3.2 Benefits Realised and Financial Performance**

An examination on the impact of IFMIS on the public sector in Kenya was conducted, and in the investigation, which concentrated on government services, 30 bookkeepers were associated with the study who were utilizing IFMIS, (Muigai, 2012). Essential and Secondary strategies for information assortment were utilized. The examination received a cross-sectional review structure for a time of 10 years (1997-2000 and 2007-2010).

### **2.3.3 Challenges Faced in Implementation and Financial Performance**

Musee (2011) did an exploration on factors influencing powerful usage of IFMIS in government services in Kenya and he set that 86% of the staff responsible for IFMIS in all services of government were guys with 73% of clients being built up that they opposed change and undermined the framework to more prominent degree. The examination was done in 42 services with 32 respondents having been included. Staff obstruction was set to result from various reasons named as perspectives.

The investigation showed that absence of satisfactory information from clients ( $F=5.638$ ,  $p<.05$ ), rushed usage of the framework ( $F=.304$ ,  $p=.041$ ), Impairment from upper and specialized administration ( $F=9.851$ ,  $p=.001$ ) and uninvolved opposition ( $F=18.298$ ,  $p=.000$ ) had huge effect on the powerful utilization of the IFMIS ( $F=4.735$ ,  $p=.017$ ). Top

administration bolster was seen as basic for effective execution of the IFMIS. Responsibility by top administration had huge impact on IFMIS as per listed outcomes (F=1.423, p.05) their absence of duty (F=.917, p=.042) and absence of appropriate comprehension of IFMIS with respect to staff (F=.052, p=.021) .

An examination on the viable Implementation of Technology Innovations in Higher Education Institutions was finished by Kandiri (2014) and it concentrated on a study of chosen ventures in African Universities. The examination depended on 26 innovation usage ventures drawn from 7 colleges spread in 6 nations in Sub-Saharan Africa. Utilizing an exploratory investigation, an aggregate of 105 usable reactions were gotten with 53 meetings led.

In the examination, the factors were exposed to exploratory factor investigation utilizing head segment strategy and it was discovered that 30% of the activities were fractional fruitful since they met just a portion of the destinations, 55% had techno-political disappointment and 15% total disappointments. The components noted to effect on mechanical execution viability included observing and assessment, top administration and group initiative, budgetary inspiration, hierarchical structure/culture and atmosphere, advancement adequacy. Proposals from the investigation were to oversee innovation move issue, create development receiving nature and absorptive limit in the colleges.

#### **2.3.4 Level of Awareness and Satisfaction on IFMIS and Financial Performance**

Nixon (2009) did an examination on the e-Government ancient rarity with regards to a Developing nation: Towards a traveling Framework. It was set that the current center is overwhelmed by monetary legitimization; be that as it may, grasping the idea of network

systems and other counter systems is of significance just as political defence of e-Government.

In the examination, it was noticed that utilization of ICT to upgrade a paternalistic connection among focal and neighbourhood governments must be mooted and improved. This is accomplished as specific implications and jobs of e-government through the technocrats from focal government to accomplish their expert destinations which could be incongruent to the individual plans of political officials who could be muddled of the job of e-government.

## 2.4 Summary of Literature Review and Research Gap

The following segment outlines reviewed literature and indicates gaps that the research intends to fill.

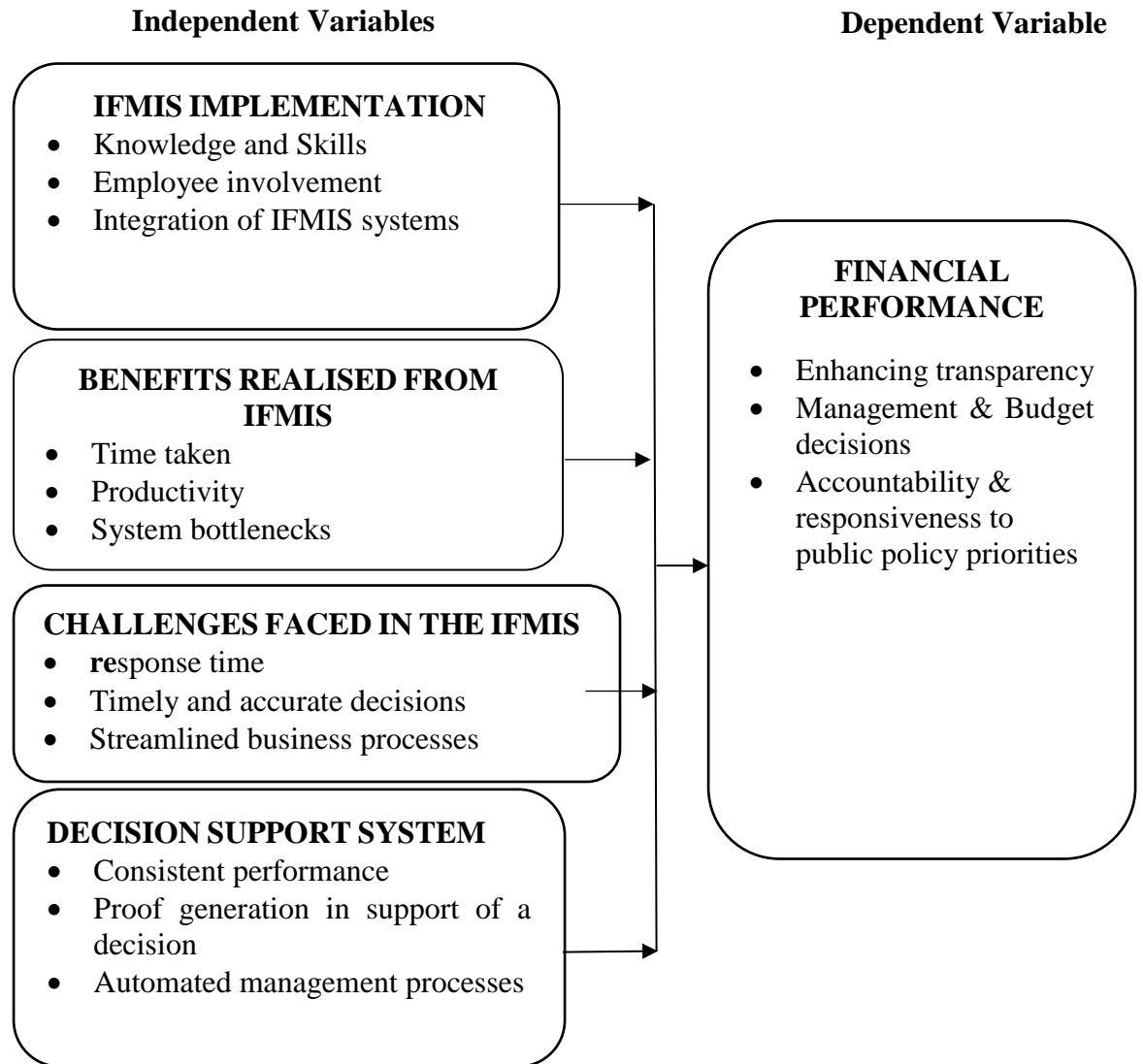
**Table 2.1: Summary of Gaps In Literature**

<b>Author</b>	<b>Title</b>	<b>Research Findings</b>	<b>Research Gap</b>
Gichobi C. G., (2015).	“Business Intelligence and the performance of Kenya Power.”	Information systems aid business decisions through automation, streamlined reporting and enhancing cost reduction.	The findings were based on Kenya power. This study fulfills the contextual gap since it focuses on Trans Nzoia County
Arefin S., Hoque R., Md & Bao Y., (2015).	“The impact of business intelligence on organization’s effectiveness.”	Performance of companies are impacted by BI systems as follows; improved collaboration amongst business partners, reduced costs of making transactions, responsiveness and employee productivity.	Research was done in Bangladesh while this study is conducted in Kenya and fills the conceptual gap of financial performance



Schultheis, M.P., (2016).	“The impact of business intelligence systems on the perceived quality of strategic decision making.”	The BI system improves the perception of respondents on quality of strategic decisions.	Research results stem from the influence of BI on strategic decision making. This study focuses on IFMIS and its influence on Financial performance hence filling the conceptual gap of finance against strategic management
Ilkina V.N., (2017).	“An analysis of the impact of decision support systems on the performance of upstream commodity chains.”	DSS has enabled well informed decision making on buying and selling of commodities. Decision making within firms has been fastened hence, cheaper buys are made possible. There is improved compliance with regulations and the consumer requirements.	Research was on; supply chain firms. This study is IFMIS effect on financial performance in trans Nzoia county
Kostovski N., Bojadjev M.,&Lokvenec H., (2017).	“Decision support systems for new project development in fast moving consumer goods industries.”	Employing DSS discouraged poor decision making amongst managers.	There is contextual gap established since this study focuses on the county government of Trans Nzoia
Porat T., Delaney B., &Kostopoulou O., (2017).	“The impact of a diagnostic decision support system on the consultation: perceptions of GPs and patients.”	Most practitioners considered DSS as a convenient tool as it encouraged them to further examine diagnoses and ask more targeted questions.	It is health sector research thus the results cannot be applied to this research. This study is on County government financial management and its effect on financial performance.

## 2.5 Conceptual Framework



**Figure 2.1: Conceptual Framework**

*Author 2021*

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Introduction

The chapter highlights methodology used, and procedure in collecting and analysing data in the study.

#### 3.2 Research Design

According to Lewis (2015), research design is a conclusive plan of action employed to collect, analyze and report research findings. It enumerates information resulting from a study group as it specifies the; who, where and what?(Mugenda& Mugenda, 2003).Descriptive study design indicates the factual and accurate descriptions of findings. It is also a structure from which a study is implemented; giving various recommendations towards the collection of data.(Creswell & Creswell, 2017).

#### 3.3 Target Population

The study was carried out at Trans Nzoia County Finance and Treasury department, situated at the County Government Headquarters. The study utilized the management, technical, supervisory and support staff, the stakeholders i.e. the public e.g. the suppliers/creditors, contractors and debtors e.g. the revenues paying agencies.

**Table 3.1: Target Population**

<b>Unit</b>	<b>Frequency</b>	<b>Percentage</b>
Top Management	24	5.35
Middle management	18	4.01
Supervisory	38	8.46
Support staff	115	25.61
Clients (stakeholders)	254	56.57
<b>Total</b>	<b>449</b>	<b>100</b>

**Source: Trans Nzoia County Government (2019)**

### 3.4 Sampling Design

In the study, stratified sampling was employed for the exercise. The target population was categorised in managerial, technical, supervisory, support staffs and the stakeholders sub groupings. In this sub groups, then, the target population was divided into groups on the basis of being males or females in the various organisational level or within the stakeholders' groupings. Random sampling was then applied in the sub groups or each stratum to select the respondents.

**Table 3.2: Sample Size**

<b>Unit</b>	<b>Frequency</b>	<b>Rate</b>	<b>Sample size</b>
Top Management	24	0.3	7
Middle management	18	0.3	5
Supervisory	38	0.3	12
Support staff	115	0.3	35
Clients (stakeholders)	254	0.3	76
<b>Total</b>	<b>449</b>	<b>0.3</b>	<b>135</b>

**Source: Researcher (2021)**

### 3.5 Data Collection Instruments

Data collected in the field is the raw materials used in reaching the findings and conclusions. Hence the researcher has to develop instruments which enabled collecting the necessary information. In this study, Questionnaire, interview schedule and observation forms were used to collect information for the study. Issuing questionnaires is a standard method applied in taking down necessary information from the target group (Mugenda et al., 2003).

An interview is a one on one questionnaire. It calls for maximum cooperation from both the respondents and the researcher and as a researcher, greater attention was considered.

It's expected to get an in-depth data for the study through this instrument more than what

the questionnaire alone could yield. Observation forms, schedules and checklists are used in gathering the data. In this instrument, the researcher checks off the behaviours observed and considers what is happening instead of how to detail it down. This enhances the accuracy of the study (Mugenda et al., 2003).

### **3.5.1 Validity**

Kothari (2004), noticed that validity quantifies the precision of instruments in acquiring targeted information. Yin (2013), says it is developed from expert reasoning. The analyst looked for supervisory input in constructing the tests and later decided on what is applicable to the target group. Pre-testing of the survey instrument was completed by three people being arbitrarily selected from the populace. This was done prior to final data enquiry thus ensuring validity of results.

### **3.5.2 Reliability**

Piloting was carried out to explore any ambiguity of the instruments in drawing out the significant data. The pilot study included ten senior administration staff selected from the County staff. The ten selected for the pilot study were excluded from the final sample. Mugenda (2008), states that legitimacy improves the validity of a research tool. Thusly, a substantial tool is a dependable one. A dependable tool reliably creates the normal outcomes when utilized consistently to gather information. Reliability of the examination tool was dissected utilizing the Cronbach's alpha, a helpful and adaptable apparatus used to research the reliability of the test outcome. Orodho (2004), suggests a Cronbach's alpha coefficient,  $\alpha$  of at any rate 0.7 or higher for dependable information. Piloted instrument generated an overall Cronbach Alpha of 0.822 indicating that the research instruments were

reliable for the purpose of this study.

### **3.6 Data Collection Procedure**

The researcher applied the drop and picks later technique to disburse the questionnaires. The researcher used calls and messaging to keep the respondents reminded. Their anonymity was ensured using issued letters attached to the questionnaires.

### **3.7 Data Analysis and Presentation**

The study utilized both quantitative strategies for information examination. Quantitative investigation was utilized on information which was gathered through polls. Gathered information was first coded and afterward quantitatively examined by factual data got from the examination questions. The coded information was then classified and introduced for factual examination by computing the rates, means and change on every factor. Information findings were presented statistically set out the interpretations. Information examination was accomplished through utilization of unmistakable and inferential insights so the analyst had the option to portray the connection between factors as well as analyse them appropriately. The relationship model was outlined using the given linear equation:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where; Y= Financial Performance

a = Constant term

$\beta_1$  = Beta Coefficient

$X_1$  = Adoption of IFMIS

$X_2$  = Benefits realised from IFMIS

$X_3$  = Challenges faced in IFMIS usage

X<sub>4</sub>= Decision Support system

e=Error Term

### 3.7.1 Operationalization and Measurement of Variables

**Table 3.3: Operationalization and Measurement of Variables**

Variable	Variable Type	Indicators	Measurement
IFMIS Implementation	Independent	<ul style="list-style-type: none"><li>• Knowledge and Skills</li><li>• Employee involvement</li><li>• Integration of IFMIS systems</li></ul>	Likert
Benefits of IFMIS	Independent	<ul style="list-style-type: none"><li>• Time taken</li><li>• Productivity</li><li>• System bottlenecks</li></ul>	Likert
Challenges on Implementation of IFMIS	Independent	<ul style="list-style-type: none"><li>• Timely and accurate decisions</li><li>• Streamlined business processes</li></ul>	Likert
Level of Awareness Of IFMIS	Independent	<ul style="list-style-type: none"><li>• Consistent performance</li><li>• Proof generation in support of a decision</li><li>• Automated management processes</li></ul>	Likert
Financial Performance	Dependent	<ul style="list-style-type: none"><li>• Enhancing transparency</li><li>• Management &amp; Budget decisions</li><li>• Accountability &amp; responsiveness to public policy priorities</li></ul>	Likert

### 3.8 Ethical Considerations

This research was conducted ethically. Kothari (2004), outlines ethics as what constitutes how human beings act; including whatever affects their wellbeing. The researcher stayed away from asking inappropriate questions and stuck solely to clarity and professionalism in data enquiry. Kenyatta University issued an authorization of data collection. NACOSTI issued a permit for the research.

## CHAPTER FOUR

### DATA ANALYSIS AND INTERPRETATION OF FINDINGS

#### 4.1 Introduction

The following chapter presents research findings, its interpretations and display. The reason behind the research was to investigate the impact of IFMIS implementation on financial performance practices in Trans Nzoia County, Kenya.

#### 4.2 Response Rate

Targeted respondents were categorised in managerial, technical, supervisory, support staffs and the stakeholders sub groupings. In this sub groups, then, the respondents were divided into groups on the basis of being males or females in the various organisational levels or within the stakeholders' groupings.

**Table 4.1: Response Rate**

<b>Respondent</b>	<b>Sample size</b>	<b>Responses</b>	<b>Response Rate</b>
Top Management	7	5	71.43%
Middle management	5	4	80.00%
Supervisory	12	10	83.33%
Support staff	35	30	85.71%
Clients (stakeholders)	76	61	80.26%
<b>Total</b>	<b>135</b>	<b>110</b>	<b>81.48%</b>

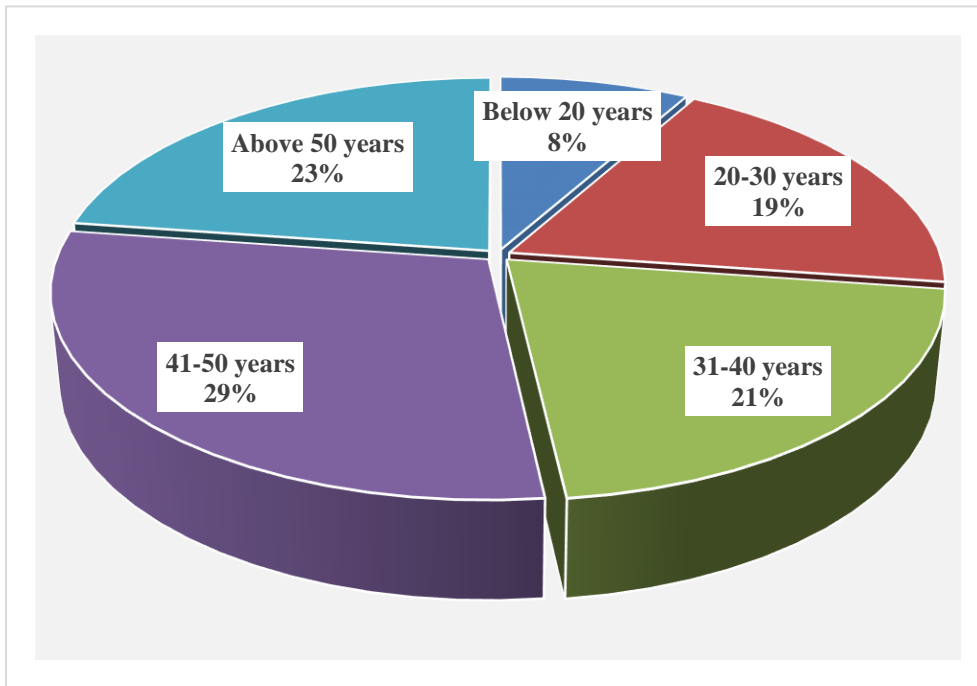
Indicated in Table 4.1, the response rate for the different categories were as follows: top management (71.43%), middle management (80.00%), supervisory (83.33%), support staff (85.71%), and clients/stakeholders (80.26%). The overall response rate was 81.48 percent. The response rate was therefore adequate for the purpose of this study as recommended by Edward et al. (2002).



### 4.3 Demographic Information

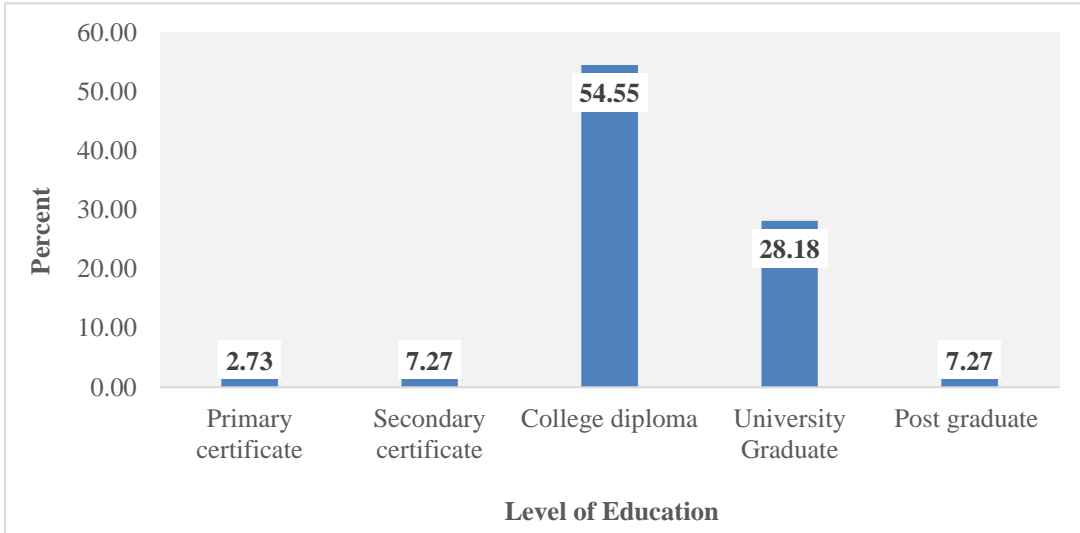
Demographic information was based on the age of the respondents, highest academic level, and the duration that respondents have worked in as per current organization.

**Figure 4.1: Age of the Respondents**



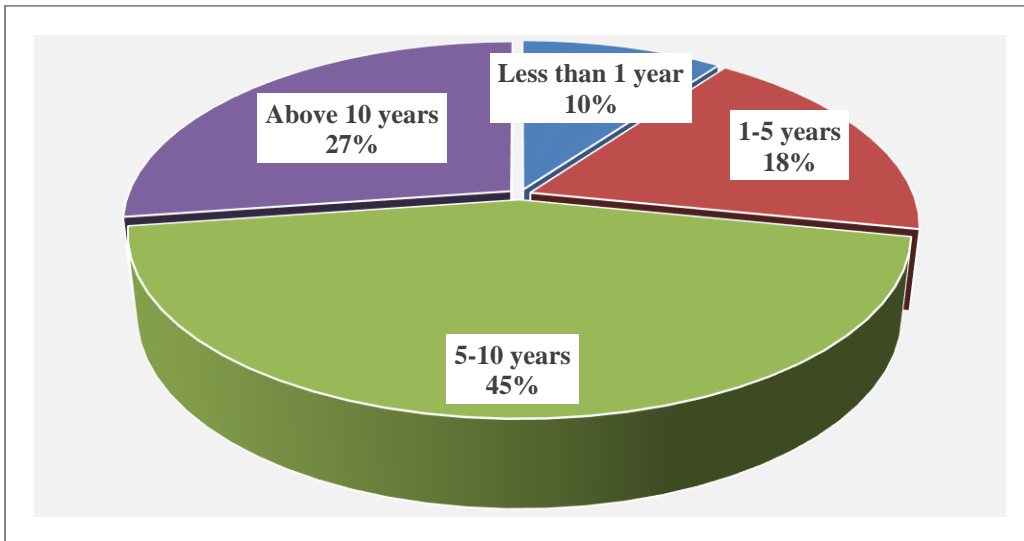
Regarding the age brackets of the respondents, those below 20 years were 8.18%, 20-30 years (19.09%), 31-40 years (20.91%), 41-50 years (29.09%) and above 50 years (22.73%). Figure 4.1 displays the information. This shows most interviewees were at least 40 years. This implies that most interviewees hold quite adequate level of education to handle the research questions on Integrated Financial Management Information System within Trans Nzoia County.

**Figure 4.2: Level of Education of the Respondents**



From Figure 4.2, distribution of respondents by their education level disclosed only 2.73 percent had primary certificate. Others had secondary certificate (7.27%), college diploma (54.55%), university graduate (28.18%), and post graduate (7.27%). This exhibits the magnitude of knowledge required in county governments in contributing to the Integrated Financial Management Information System.

**Figure 4.3: Duration Respondent Has Been Working in Your Current Organization**



Indicated in Figure 4.3, 10 percent of all the interviewees had less than 1 year (10.00%). Others had 1-5 years (18.18%), 5-10 years (44.55%), and above 10 years (27.27%). This duration brackets would possibly indicate the high level of experience of the respondents on Integrated Financial Management Information System and within their current organizations.

#### **4.4 Extent of Adoption of IFMIS**

Adoption of IFMIS was evaluated on the extent to which the system has been adopted in Trans Nzoia County particularly in budget formulation and preparation, accounting and reporting, procurement and financial operations. This was done by finding the mean score for every component and then weighing it against the 5-point likert scale. Percentages were then calculated accordingly.

**Table 4.2: Adoption of IFMIS**

	<b>N</b>	<b>Average Mean</b>	<b>Percent</b>
Overall Adoption IFMIS	110	3.96	79.12
Budget formulation and preparation	110	3.69	73.71
Accounting and reporting	110	3.73	74.50
Procurement	110	3.77	75.45
Financial operations	110	4.02	80.35

From the findings, respondents feel that IFMIS had been adopted in Trans Nzoia County up to 79.12 percent. By components, the county had adopted procurement (75.45 percent) and accounting and reporting (74.50 percent). Other components including budget formulation and preparation had been achieved up to 73.71 percent. This implies that, while Trans Nzoia County has achieved little on benefits realized from IFMIS, much has been accomplished on IFMIS towards IFMIS.

The study also revealed that objectives on financial operations have been achieved up to 80 percent. This implies that the overall objective of IFMIS has largely been attained despite low attainment on benefits realized from IFMIS. This could also imply that, other factors affecting financial operations and not investigated in this study have great impact on financial operations. From the findings, aggregate fiscal discipline was found to have been achieved to a very large extent. Other largely achieved objectives were the allocative efficiency and operational efficiency.

The results indicate a great improvement from the findings by Nyabuto (2009) who established that IFMIS implementation was behind schedule. This was due to resistance from use of IFMIS in those MDA and hence for adoption to happen smoothly, the noted resistance has to be survived. Potential purposes behind obstruction included absence of preparing and dread of the obscure. In spite of the opposition, it was discovered that IFMIS had succeeded however still execution was bogged down. Therefore, the legislature of Kenya has hugely profited by the benefits of a mechanized bookkeeping framework which is more solid than the previous independent heritage systems.

It is clear from this study that, at the budget implementation stage, the administrator needs timely and accurate expenditure and revenue data to insure productive use of the monies allocated to his or her organization or organizational subunit. In addition, records created as part of budget implementation should be thought of as the basis for future budget formulation work (Grafton & Permaloff, 1985).

#### 4.5 Benefits Realised from IFMIS Implementation

Benefits evaluated included the timeliness of budget release, improved commitment control, increased efficiency, better predictability for spending units as well as reducing variance between budget provision and releases.

**Table 4.3: Benefits Realized from IFMIS**

	<b>N</b>	<b>Mean</b>	<b>Standard deviation</b>
Timely budget release	110	3.17	0.75
Improved commitment control	110	3.77	0.72
Increased efficiency	110	3.26	0.73
Better predictability for spending units	110	2.82	0.73
To reduce variance between budget provision and releases	110	3.68	0.69
To improve public expenditure management	110	4.18	0.70
Provision of accurate and timely financial report	110	3.13	0.69
To enhance transparency and accountability	110	4.32	0.67
Minimize risks	110	4.03	0.72
Facilitate financial control	110	4.12	0.81

Findings in this study indicate that, the Trans Nzoia County has to a large extent improved on commitment control (3.77) and reduced variance between budget provision and releases (3.68). However, the Ministry has achieved very little on predictability for spending units (2.82). This indicates that, most of the benefits realized from IFMIS are moderately achieved by Trans Nzoia County. The study, however, indicated that, provision of accurate and timely financial report in Trans Nzoia County has been achieved only to a moderate extent

This infers, Trans Nzoia County has to a huge degree enhanced duty control and diminished difference between spending arrangement and discharges. The investigation showed that the advancement of expert unit, improvement of bookkeeping revealing framework and survey of lawful and administrative system are among the destinations that Trans Nzoia County has to a great extent achieved towards the IFMIS. With respect to goals, the investigation uncovered that, Trans Nzoia County has had the option to build up functional institutional game plans, create legitimate and administrative system, guarantee rivalry in offering and bolster interior control and duty control.

As per Kuria (2007), the administration needs the IFMIS to improve its responsibility controls to use the public money related assets towards the PFM targets. It involves modernization and putting an increasingly productive and helpful public budgetary administration set up. This exertion needs the activation of all zones of PFM as the framework needs better mix to get proficient. With respect to targets, the investigation uncovered that, Trans Nzoia County has had the option to build up functional institutional game plans (4.10), create legitimate and administrative system (4.03), guarantee rivalry in offering (3.97) and bolster inside control and responsibility control (3.95).

Allen and Tommasi (2001), enumerate standards of proper announcing as fulfilment, authenticity ease of use, dependability importance, consistency, idealness, similarity and handiness. The discussion on utilization of collection premises in the communal area has lengthy history. Many creating nations are thinking about or are moving to accumulation bookkeeping. Be that as it may, numerous others see its presentation in creating nations as improper in light of the absence of specialized limit, the requirement for complex decisions, personal stakes and more prominent potential for innovative bookkeeping (Diamond 2002a; Athukorala and Reid, 2003).

On the off chance that IFMIS is viably executed, it can empower speedy and productive access to dependable monetary information and help fortify government's money related controls, improving the arrangement of taxpayer driven organizations, improving the spending procedure to more elevated levels of straightforwardness and responsibility, and facilitating government activities (GOK, 2011; Peterson et al., 2010). Different difficulties have been seen in the utilization of the framework, with clients having issues with the adaptability, dependability and certain security and hard highlights of the framework. Taking into account this, the examination tries to research the effect IFMIS usage has made at the district level.

#### **4.6 Challenges on Implementation of IFMIS**

Challenges were based on lack of technical capacity, lack of sophisticated judgment, vested interest for public officers, and lack of greater potential for creative accounting.

**Table 4.4: Challenges in Implementation of Integrated Financial Management Information System**

	<b>N</b>	<b>Mean</b>	<b>Standard deviation</b>
Lack of technical capacity	110	3.77	0.88
Lack of sophisticated judgment	110	3.57	0.81
Vested interest for public officers	110	4.26	0.71
Lack of greater potential for creative accounting	110	4.40	0.65

Regarding challenges in implementation of IFMIS, greater potential for creative accounting. As indicated by Doolin and Lawrence (1997) to manage the implementation of the reform programme requires harmonized and coordinates approach among cooperating partners supporting the reform program, therefore that necessitates the implementation of pertinent IFMIS.

At the same time, counties have a challenge in giving precise and clear accounts of their financial state to parliament, other interested partners such as development partners, or the public. Due to lack of this information, transparency and accountability has been a mirage. The result has been witnessed in political upheavals, economic disparity amongst the populace, widening gap between the haves and have not, economic and human resource flight and many others. Cash management in the public sector has been recorded to be an area of great improvement (Ajayi & Omirin, 2009).

#### **4.7 Level of Awareness and Satisfaction of the Public on IFMIS**

Awareness and satisfaction on IFMIS were based on development of accounting reporting system, review of legal and regulatory framework, development of professional cadre, record management and filing, monthly reporting and bank reconciliation as well as completeness of financial statements.

**Table 4.5: Level of Awareness and Satisfaction of the Public on IFMIS**

	<b>N</b>	<b>Mean</b>	<b>Standard deviation</b>
Awareness on development of accounting reporting system	110	3.99	0.63
Awareness on review of legal and regulatory framework	110	3.91	0.63
Satisfaction on development of professional cadre	110	4.13	0.71
Satisfaction on record management and filing	110	3.75	0.87
Satisfaction on monthly reporting and bank reconciliation	110	3.18	0.96
Satisfaction on completeness of financial statements	110	3.39	0.90
Establish workable institutional arrangements	110	4.10	0.71
To develop legal and regulatory framework	110	4.03	0.85
Create professional cadre	110	2.78	0.78
Competition in tendering	110	3.97	0.93
Integrity of procurement system (addressing security issues)	110	3.81	0.82
Support internal control and commitment control	110	3.95	0.66



The study indicated that the awareness and satisfaction on development of professional cadre, development of accounting reporting system and satisfaction on review of legal and regulatory framework include the goals Trans Nzoia County has largely accomplished towards the IFMIS as given by mean of 4.13, 3.99 and 3.91 respectively. On the other hand, monthly reporting and bank reconciliation has fairly been satisfactory with mean of 3.18. Regarding awareness and satisfaction on procurement objectives, the study revealed that, Trans Nzoia County has been able to establish workable institutional arrangements (4.10), develop legal and regulatory framework (4.03), ensure competition in tendering (3.97) and support internal control and commitment control (3.95). At the same time, integrity of procurement system (addressing security issues) has been adequately met by the Ministry. However, less has been achieved in creating professional cadre (2.78).

## 4.8 Inferential Findings

### 4.8.1 Regression Model

Regression was done to find the bivariate relationship between independent variables and the IFMIS implementation. This was done by a regression model.

**Table 4.6: Regression Coefficient Matrix**

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.40	0.20		1.95	0.05
Adoption of IFMIS	0.21	0.05	0.26	4.19	0.00
Benefits of IFMIS	0.14	0.09	0.16	1.53	0.03
Challenges in IFMIS implementation	-0.23	0.05	-0.28	4.50	0.00
Awareness and satisfaction of public on IFMIS	0.21	0.06	0.24	3.39	0.00

**Dependent Variable: IFMIS implementation**

*Source: Research Data (2020)*

Using the details presented in Table 4.6, the regression model can be constituted as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where:

Y is the financial performance; X<sub>1</sub> is the adoption of IFMIS; X<sub>2</sub> is the benefits of IFMIS; X<sub>3</sub> is the challenges in IFMIS implementation and X<sub>4</sub> is the awareness and satisfaction of public on IFMIS.

$\beta_1$ ,  $\beta_2$ ,  $\beta_3$  and  $\beta_4$  are coefficients for adoption of IFMIS; benefits of IFMIS; challenges facing IFMIS as well as awareness and satisfaction of public on IFMIS respectively.

Therefore, IFMIS implementation (Y) is constituted as:

$$Y = 0.40 + 0.26X_1 + 0.16X_2 - 0.28X_3 + 0.24X_4 + e$$

At multivariate level, financial performance is 0.40 if all the independent variables (that is adoption of IFMIS; benefits of IFMIS; challenges facing IFMIS and awareness and satisfaction of public on IFMIS were rendered absent. This means that if all the stated independent variables did not, at all, determine the IFMIS implementation' programmes the level of reformation would rate 0.40 points out of 5 points.

Results are also interpreted to mean that, at multivariate level, an increase in one unit of adoption of IFMIS would elevate IFMIS implementation by 0.26 units; an increase in one unit of benefits of IFMIS would elevate financial performance by 0.16 units; and an elevation of one unit of challenges would decrease financial performance by 0.28 units. In addition, an increase in one unit of awareness and satisfaction of public on IFMIS would contribute to an increase in the demand by 0.24 units.

**Table 4.7: ANOVA**

	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	13.72	4	3.430	99.39	0.00
Residual	3.675	105	0.035		
<b>Total</b>	<b>17.40</b>	<b>109</b>			

Predictors: (Constant), Challenges, Adoption of IFMIS, Awareness and satisfaction of public on IFMIS, Benefits of IFMIS  
 Dependent Variable: IFMIS implementation

From Table 4.7, F-calculated was 99.32 compared to F-critical of 2.29. The criterion is to accept the null hypothesis as stated if f-critical is greater than f-calculated. Consequently, we reject the null hypothesis and adopt alternative hypothesis which infers that there is a significant relationship between all predictors and the IFMIS implementation in Trans Nzoia County since f-critical (2.29) is less than f-calculated (99.32). Approving these results was the significant value of 0.00 giving a confidence level of at least 95%.

#### **4.8.2 Coefficient of Determination**

Coefficient of determination, also called R-Square ( $R^2$ ) gives the amount of variance in the dependent variable (performance) which can be predicted from the independent variables. If there are significant outliers,  $R^2$  is adjusted/corrected for errors.

**Table 4.8: Coefficient of Determination**

<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
0.866	0.751	0.739	0.204

Predictors: (Constant), Challenges facing IFMIS, Adoption of IFMIS, Awareness and satisfaction of public on IFMIS, Benefits of IFMIS

Table 4.8 illustrates  $R^2$  of 0.751 which means that for any change in the IFMIS implementation programmes, all the predictors collectively explain up to 0.751 (also stated as 75.1%) of that change. Adjusted R Square was 0.739, a figure close to that of  $R^2$  which indicates that there were no significant outliers in responses for all the variables.

### 4.8.3 Variables Relationship

Variable relationship was based on correlation coefficient (with acronymic R).  $r$  is the correlation between the seen and forecasted values of dependent variable.

**Table 4.9: Correlation Matrix**

	Financial Performance of Trans Nzoia County Adoption of IFMIS	Benefits of IFMIS	Challenges facing IFMIS	Awareness and satisfaction of public on IFMIS
Financial Performance of Trans Nzoia County	1.000	0.679	0.665	0.715
Adoption of IFMIS	0.679	1.000	0.399	0.512
Benefits of IFMIS	0.665	0.399	1.000	0.650
Challenges facing IFMIS	-0.690	-0.568	-0.407	1.000
Awareness and satisfaction of public on IFMIS	0.715	0.512	0.650	-0.536

*Source: Research Data (2020)*

Table 4.9 shows a correlation coefficient with the lowest correlation being between the benefits of IFMIS and adoption of IFMIS (0.399). All variables positively correlated with each other except for challenges facing IFMIS.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATION**

#### **5.1 Introduction**

The segment presents the outline, conclusions and suggestions for future research.

#### **5.2 Summary of the Study**

The reason behind the research was to establish the impact of IFMIS in terms of effectiveness and efficiency in PKF at the county level. This research utilised a descriptive model where 110 stakeholders in Trans Nzoia County were interviewed. The scientist utilized essential sources to gather the information using a poll which contained both open-finished and close-finished inquiries. Exhaustive altering of information was done; information gathered was broke down both subjectively and quantitatively. Subjective information examination considered inductions that were produced using assessments of respondents that were then dissected specifically where the gathered information was broke down, coded and characterized into significant points from which synopsis report was made.

##### **5.2.1 Adoption of IFMIS and Financial Performance**

Results indicated that, the majority of objectives relating to IFMIS were attained including; enhancing transparency and accountability (4.32), improving public expenditure management (4.18), facilitating financial control (4.12) and minimizing risks (4.03). This indicates that the reforms have been aimed towards enhancing transparency, accountability and efficiency in resource allocation with the main goal of allowing citizens to gain maximum utility from public expenditure (Boston, 2000). Therefore, a government budget

(authorized expenditures) should mirror its promises. Amid the elements promoting the realization of IFMIS, most were; the performance contacting and evaluation (28.6 percent); government commitment to public finance (25.0) and timelines and implementation matrix schedule (17.9 percent).

### **5.2.2 Benefits of IFMIS and Financial Performance**

Findings in this research indicate that, Trans Nzoia County has largely enhanced commitment control (3.77) and bridged the gap between budget provision and releases (3.68). The study indicated that the presence of professional staff, dedicated accounts reporting and review of legal frameworks consist the goals Trans Nzoia County has largely accomplished towards the IFMIS as given by mean of 4.13, 3.99 and 3.91 respectively.

### **5.2.3 Challenges of IFMIS Implementation and Financial Performance**

Regarding challenges in implementation of IFMIS, greater potential for creative accounting, need for public officers and insufficient employees were mentioned as major challenges in executing IFMIS with mean of 4.40, 4.26 and 3.77 respectively.

### **5.2.4 Level of Awareness and Satisfaction and Financial Performance**

The study indicated that the awareness and satisfaction on enhanced professional staff, accounts reporting and satisfaction on regulatory structures are goals Trans Nzoia County has largely accomplished towards the IFMIS as given by mean of 4.13, 3.99 and 3.91 respectively. On the other hand, monthly reporting and bank reconciliation has fairly been satisfactory with mean of 3.18.

Regarding awareness and satisfaction on procurement objectives, the study revealed that, Trans Nzoia County has acquired functional institutional plans (4.10), developed regulatory structures (4.03), enhances competition in working out tenders (3.97) and held up internal and commitment benchmarks (3.95). At the same time, integrity of procurement system (addressing security issues) has been adequately met by the Ministry. However, less has been achieved in creating professional cadre (2.78).

### **5.3 Conclusions**

In conclusion, IFMIS is largely adopted in Trans Nzoia County and there is large improvement on duty control and decreased difference between spending arrangement and discharges. The vast majority of the targets of IFMIS have been accomplished including upgrading straightforwardness and responsibility, improving public use the board, encouraging monetary control and limiting dangers. It was unveiled that, through IFMIS, Trans Nzoia County has had the option to build up useful institutional courses of action, create legitimate and administrative structure, guarantee rivalry in offering and bolster inside control and responsibility control.

Other largely achieved IFMIS objectives were the allocative efficiency and operational efficiency. From the findings, the correlation was between financial operations and accounting and reporting as well as financial operations and procurement. Objectives related to Integrated Financial Management Information System in Trans Nzoia County have been achieved most (79.12 percent) followed by procurement (75.45 percent) and then accounting and reporting (74.50 percent).

#### **5.4 Recommendations**

The following are policy recommendations; It is necessary to construct and upgrade the terms of administration for public officials by applying the universal guidelines and techniques in macroeconomic investigation, planning and bookkeeping. Review requires gifted staff that can apply new strategies in a proficient way. Presentation of IFMIS and other electronic framework requires explicit aptitudes and preparing for public officials.

The administration should utilize proficient gracefully fasten officials to deal with the obtainment benefits in public area. This will guarantee that the acquisition is finished by the law and best practices. What's more, work of expert obtainment officials will guarantee that there is rivalry in offering and government get an incentive for cash in getting, merchandise, administrations and works.

The legislature ought to create and improve IFMIS so as to produce exact and opportune money related report for dynamic. This will empower the officials to screen the advantages acknowledged from IFMIS.

#### **5.5 Suggestions for Further Studies**

Given the scope and limitation of the research, the suggestions for further study include:

For comparative purpose, a replica of the research should be done but on a cross-sectional data that would involve other counties.

Given that, this study considered only IFMIS components of PFM reform, there is need to carry out a study on the remaining financial reforms.



The study has revealed that benefits realized from IFMIS have not achieved the desired objectives because of various challenges. In this case there is need for further research to detect the difficulties identified and those hindering the implementation of benefits realized from IFMIS implementation to reach the desired results of financial performance in Trans Nzoia County.

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## **APPENDICES**

### **Appendix 1: Letter of Introduction**

Dear respondent,

I am an MBA student at Kenyatta University carrying out research on “Impact of Integrated Financial Management Information System (IFMIS) Implementations on Financial Performance Practices in Kenya. A Case of Trans Nzoia County.” The information provided will be kept confidential.

Your assistance will highly be appreciated.

Thank you.

Yours faithfully,

**KIRATO WANJALAH WANYONYI**



## Appendix II: Questionnaire

Please answer all the questions in all the sections as indicated by either ticking or filling in the blank space provided.

### Section B: Extent of Adoption of IFMIS

	1	2	3	4	5
Overall Adoption IFMIS					
Budget formulation and preparation					
Accounting and reporting					
Procurement					
Financial operations					

### Section C: Benefits Realised from IFMIS Implementation

	1	2	3	4	5
Timely budget release					
Improved commitment control					
Increased efficiency					
Better predictability for spending units					
To reduce variance between budget provision and releases					
To improve public expenditure management					
Provision of accurate and timely financial report					
To enhance transparency and accountability					
Minimize risks					
Facilitate financial control					

**Section D: Challenges on Implementation of IFMIS**

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Lack of technical capacity					
Lack of sophisticated judgment					
Vested interest for public officers					
Lack of greater potential for creative accounting					

**Section E: Level of Awareness and Satisfaction of the Public on IFMIS**

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Awareness on development of accounting reporting system					
Awareness on review of legal and regulatory framework					
Satisfaction on development of professional cadre					
Satisfaction on record management and filing					
Satisfaction on monthly reporting and bank reconciliation					
Satisfaction on completeness of financial statements					
Integrity of procurement system (addressing security issues)					
Support internal control and commitment control					

**Thank You**

## Appendix III: Approval of Research Proposal



KENYATTA UNIVERSITY  
GRADUATE SCHOOL

E-mail: [dean-graduate@ku.ac.ke](mailto:dean-graduate@ku.ac.ke)

Website: [www.ku.ac.ke](http://www.ku.ac.ke)

F.O. Box 43844, 00100  
NAIROBI, KENYA  
Tel. 810901 Ext. 4150

Internal Memo

FROM: Dean, Graduate School

DATE: 10<sup>th</sup> March, 2020

TO: Kirato Wanjalah Wanyonyi  
C/o Accounting & Finance Dept.

REF: D53/OL/24428/2013

**SUBJECT: APPROVAL OF RESEARCH PROPOSAL**

We acknowledge receipt of your revised Research Proposal as per our recommendations raised by the Graduate School Board of 7<sup>th</sup> August, 2019 entitled "Impact of integrated financial management information system implementation on financial performance practices in Trans Nzoia County, Kenya".

You may now proceed with your Data Collection, Subject to Clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking and Progress Report Forms. The Supervision Tracking Forms are available at the University's Website under Graduate School webpage downloads.

Thank you.

JACKSON LUVUSI  
FOR: DEAN, GRADUATE SCHOOL


C.c. Chairman, Department of Accounting & Finance


Supervisors:

1. Mr. Joseph Theuri  
C/o Department of Accounting & Finance  
Kenyatta University

JL/R


**Appendix IV: Research License From NACOSTI**

  
**REPUBLIC OF KENYA**

  
**NATIONAL COMMISSION FOR  
SCIENCE, TECHNOLOGY & INNOVATION**

Ref No: **768575** Date of Issue: **28/March/2020**


**RESEARCH LICENSE**




**This is to Certify that Mr.. KIRATO WANJALAH WANYONYI of Kenyatta University, has been licensed to conduct research in Transnzoia on the topic: IMPACT OF INTEGRATED FINANCIAL MANAGEMENT INFORMATION SYSTEM IMPLEMENTATION ON FINANCIAL PERFORMANCE PRACTICES IN TRANS NZOIA COUNTY, KENYA. for the period ending : 28/March/2021.**

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