INTEGRATED FINANCIAL MANAGEMENT INFORMATION SYSTEM AND THE FINANCIAL PERFORMANCE OF COUNTY GOVERNMENT OF NANDI, KENYA

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A RESEARCH PROJECT SUBMITTED TO SCHOOL OF BUSINESS, ECONOMICS AND TOURISM IN PARTIAL FULFILMENT OF REQUIREMENT FOR THE AWARD OF DEGREE OF MASTER OF BUSINESS ADMINISTRATION (FINANCE), KENYATTA UNIVERSITY

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DECLARATION

The research project is my own original work and has not been presented in any institution. No part of this project may be reproduced without the prior written permission of the author and/or that of Kenyatta University.

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This research project has been submitted for defense with approval of the supervisor of the Kenyatta University.

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DEDICATION

I dedicate this study to my beloved wife Lilian J Koros, and my loving sons Teddy, Trevor and Timon. Their encouragement and support inspired me during the study. The almighty God bless you abundantly.

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OPERATIONAL DEFINITION OF TERMS

Chart of Account	A structured list of accounts that is used to categorize and record budget revenue and expenditure transactions as well as government assets and liabilities on a standard budget classifications system
County Government	A geographical unit established for administrative purposes by Kenya's 2010 Constitution
Financial Performance	Measures of the effectiveness of a firm in utilizing its assets with the aim of generating revenue over a specific time period
Integrated Financial Management Information System	A computer system aimed at assisting for timely reporting, accurate report, easy referencing and enhanced decision making in financial reporting
Timely Reporting	Submission of reports to the concerned entities in time
Accurate Reporting	Approved financial reports without errors
Easy Referencing	Tracing all the stages of transactions processing
Enhanced Decision Making	Improved quality of choices made between the alternatives courses of action

ABBREVIATIONS AND ACRONYMS

CEO	Chief Executive Officer
CM	Financial Management
COVID-19	Corona Virus Disease, 2019
GDPPC	Gross Domestic Product Per Capita
GL	General Ledger
GOK	Government of Kenya
HR	Human Resource
ICT	Information and Communications Technology
IDB	Inter-American Development Bank
IFMIS	Financial Management Information System
IFRS	International Financial Reporting Standards
KPMG	Klynveld Peat Marwick Goerdeler
KRA	Kenya Revenue Authority
NACOSTI	National Commission for Science, Technology and Innovation
NGO	Non-governmental Organizations
PFM	Public Finance Management Agency
SACCO	Saving and Credit Cooperative Organisations
SIBET	Soft Issues Bid Evaluation Tool
SME	Small and Medium Enterprises

ABSTRACT

In Kenya, despite the inception of County Governments as means of ensuring that services including finance reach the citizen; Nandi County has been highlighted for misappropriation of funds, unpaid projects and corruption even after introduction of Integrated Financial Management Information System thus affecting service delivery. These aspects are clear indication of unfavorable financial performance in the county government and has thus raised the question of the role of IFMIS in timely reporting, accurate reports, easy referencing and enhanced decision making in Nandi County Government. The study aimed at examining how integrated financial performance information system affects financial performance and emphasize on the effect of Integrated Financial Management Information System on financial performance, effects of Integrated Financial Management Information System on, timely reporting, accurate report, easy referencing and enhanced decision making in the operation of Integrated Financial Management Information System at the County. Research theories used were agency theory, system theory, stewardship theory and stakeholder theory. The study employed exploratory research design. The target population was 119 from management of county government, County Assembly and other IFMIS parties. The stratified sampling technique was used to select a sample of 92 respondents. Structured questionnaires were used to collect data. The data collected was analyzed using descriptive and inferential statistics. Mean and standard deviation were adopted in descriptive statistics while regression analysis was used in inferential statistics. The effects of timely reporting, accurate reports, easy referencing and enhanced decision making on the financial performance of County Government of Nandi, Kenya were statistically significant. The study concluded that the timeliness of audited corporate annual financial reports is regarded as an important factor influencing the usefulness of information made available to various users, accurate financial statements build trust which enables the investors to confidently put their hard-earned money into it, IFMIS enables the collection and dissemination of financial, nonfinancial, and performance data that contribute to efficient and effective public administration and the use of IFMIS in the County is one of major factors for successful managerial decision making. The study recommended that the County must improve the timeliness of its financial reporting, the County should set aside the time required for financial reporting. Understand the key business drivers and their impact on the numbers, and hire financial advisors if possible, managers should use IFMIS to plan and formulate budgets, compare results to budgets and plans, manage cash balances and the County should implement timely and adequate training programs for all system users, ensure adequate hardware and software linkages between all levels of government.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Devolution was implemented in Kenya as a means of reaching the citizen in offering public service. Despite, devolving resource through 47 counties in Kenya there is challenges in distributing and financial management of resource that comes from the government. According to Hendrick (2012) development of integrated financial management information system was aimed at increasing accountability, monitoring, minimizing fraud, enhancing governance and transparency of public funds.

According to Kragbe (2012), countries around the world continue to be plagued by unsatisfactory and frequently ineffective governance systems, including rent and inefficiency, poor resource allocation, inefficient revenue systems, and insufficient delivery of essential public services. Western countries believe in the benefits of an information society both the economy and society (Audenhove, 2000). According to the author, citing the Organization for Economic Cooperation and Development, information infrastructure will promote economic growth, increase productivity, create jobs, and improve quality of life. Governments have long been concerned about the continued poor performance of financial management due to a lack of dependable data and timely decision-making information. The Department of Accountant General at Treasury conducted a review of financial management, accounting systems, and the role of auditing (KPMG / Accountants General report; June 1997), which revealed errors in financial information management. Consider how improving the timeliness of financial information can serve as a basis for improving overall financial performance.

Pimenta and Seco (2019) observe that the successful implementation of an IFMIS will produce timely, relevant, and reliable financial data to promote fiscal discipline, assist with resource allocation, and improve operational efficiency and fiscal transparency. Every country in Latin America has an IFMIS; it is the region where these systems are more prevalent today. In 2021, Dorotinsky and Matsuda (2021) observe that 45 percent of World Bank projects in Latin America involved a high proportion of information and communications technology (ICT) for financial management purposes; that is, 25 out of 55 projects. Furthermore, from approximately the mid-1990s onwards, the Inter-American Development Bank (IDB) has supported 15 investment projects at a national level in an effort to strengthen PFM in the countries which was a great majority of which include developing an IFMIS.

In Africa most of the Countries are implement information system even public sector. This current's venture will probably work on the proficiency and viability of cost the board and execution revealing to guarantee compelling help conveyance (National Treasury 2009). An effective Public Finance Management Agency (PFM) is built on sound systems, strong legal frameworks and guidelines, and efficient and productive government services. Changes in public finance management have been identified as the foundation for powerful open assistance conveyance and the formation of abundance and work openings, and guaranteeing that administration and its specialties develop, oversee and spend public assets in a productive and straightforward way for their own advantage.

Ogbonna and Ojeaburu (2020) observe that Governments in developing countries like Nigeria are increasingly exploring methods and systems to modernize and improve public financial management to meet economic growth and development. The introduction of the Integrated Financial Management Information System (IFMIS) is one of the most common financial management reform practices, aimed at the promotion of efficiency, effectiveness, accountability, transparency, security of data management and comprehensive financial reporting (Abdulrahman, 2019). The government of Nigeria has for a long time been very much concerned over the persistent poor performance in financial management due to lack of reliable and timely information for decision making. According to Hamilton and Gabriel (2020) the Nigerian economy has been thrown into a financial crisis as a result of persistent fraud and mismanagement, which is part of a larger buildup crisis that has already led to market degeneration in the economy's output sector, as well as a balance of payment crisis. Therefore, the government's integrated financial management information system is essential to improve fraud prevention in Nigeria.

In Kenya, IFMIS was introduced as means of improving transparency, control and ensure government have sound financial management. Otieno, Migiro, & Mutambara (2017) argued that IFMIS enable organization to improve decision making, resource allocation, timely financial and accelerate growth. However, IFMIS is affected by the ethical behavior, culture, environmental, organizational and technical factor in external environment. Improved governance in the public sector can be achieved by having sound financial management and reporting systems, which also contribute to greater transparency, accountability and fiscal responsibility according to Kragbe (2012).

According to Ngugi and Mugo (2012), public agencies must use ICT to improve business processes in the public sector, which government officials and elected leaders have increasingly recognized. The enhanced business processes can be achieved through electronic transaction processing, by using computers connected to computer networks (Bernstein and Newcomer, 2009). The transactions processed electronically are cost-effective, speedily processed, and reliable (Wimmer, Chappelet, Janssen & Scholl, 2010). For example, a service company may use financial and accounting modules may be used, but inventory management and shipping modules may not be used. Alternatively, organizations may already have an adequate system in place for managing specific tasks, such as public debt and payroll, and will not use these modules. ERPs are actually large archives that are designed to make recording and reporting of all business transactions easier.

1.1.1 Integrated Financial Management Information System

The Integrated Financial Management Information System (IFMIS) is a computerized application system that many government ministries, departments, and agencies have adopted to automate the main elements of budget execution and accounting processes and operations (Cangiano, 2019). Mbaka and Namada (2019) define IFMIS as "the computerization of public financial management processes, from budget preparation and execution to accounting and reporting, using an integrated system for financial management of line ministries, spending agencies, and other public sector operations." As a result, the adoption and use of IFMIS benefits the public and the government by providing real-time financial data to all finance and accounting managers who require it. In this study, integrated financial management information system was measured in terms of timely reporting, accurate reports, easy referencing and enhanced decision making.

According to Turel (2016), one of the important determinants of financial reports is the timeliness of financial statements. Whether one chooses to call timeliness an accounting objective or an attribute of useful accounting information, it is clear that both the disclosure regulations and a large portion of the accounting literature accept the premise that timeliness is a necessary condition to be satisfied if financial statements are to be useful. Financial reporting on time is an essential component of a well-functioning capital market. According to Dogan, Coskun, and Celik (2017), financial information users should be able to access the information they require in a timely manner if they are in a position to make a decision or anticipate. For financial information users, the timing of information is at least as important as the content.

According to Williams (2016), accurate financial reporting simplifies tax, valuation, and auditing processes, reducing the time required to complete necessary financial obligations and validating financial compliance. Accurate cash flow statements, according to Hutton (2019), are critical for understanding the efficiency of current practices, spending activities, and revenue generation. Accurate financial documentation is also required to calculate key metrics such as debt-to-asset ratios, which investors use to assess how well companies pay down debt and generate revenue.

Diamond (2005) posits that apart from helping in tracking financial events, IFMIS has assisted in summarizing financial information. It's also worth noting that it promotes adequate management reporting, policy decisions, fiduciary obligations, and preparation of audited financial statements. Communication between IFMIS and others has improved the likelihood of errors in reports and financial statements. Improved PFM and service delivery will result from the interface. In the activities of most public institutions, IFMIS adoption often leads to a shift in Activities in public financial management systems, going from spending plan planning and planning to bookkeeping and announcing, are completed with the help of an incorporated monetary administration framework (Harlow, 2008).

According to Axson (2018), management is constantly confronted with the problem of alternative decision making, especially when resources are scarce and limited. This necessitates doing the right things, making the best use of available resources, and prioritizing various tasks. As a result, it is critical that quality accounting information be made available for proper and precise decision-making, profit maximization, and optimal utilization of scarce resources. Accounting information, according to Ahid and Augustine (2019), is useful in planning the organization's future because it is not only required for evaluating the past and keeping the present on track. Given these conditions, the accelerating pace of business change, and the vast amounts of information available to businesses via modern technology, the challenge is to filter out useful information and present it in a way that managers can use.

1.1.2 Relationship between IFMIS and Financial Performance

Ayim (2018) study examined relationship between integrated financial management information system and performance of government ministries in Kenya and found out that information quality plays a key role in performance of ministries in the government. Biwott

(2019) observe that IFMIS implementation in Kenya is a major reform that has a major impact on the work culture and management of the public resources. Therefore, there is need for the government and other key stake holders needed to invest in robust infrastructure. Also, the government through its various ministries should effectively implement IFMIS for quick and transparent transaction.

The requirement for the implementation of IFMIS in Kenya stems from the ICT Master Plan and Finance Planning 2001-2005, which identified gaps and weaknesses in the existing SIBET system. The master plan called for the creation of various modules, including accounting, revenue management, and asset management, among others. It also suggested to integrate payment and staff management modules into the payment information system of the National Bank, Kenya Revenue Authority, and the Department of Labor. In 2003, The Treasury contracted with a dealer to provide Oracle-based IFMIS, which included the following modules: Public Sector Budget, Purchase Ordering, Payment Accounts, Receivable Accounts, General Ledger (GL), and Financial Management (CM). In addition to the aforementioned tools, the system has acquired new analytical tools such as Oracle Financial Analyzer and Financial Statements Generator. Many changes are made to the system to make it more compatible with government business processes. The Department of Finance has since reviewed the IFMIS implementation plan. The IFMIS Re-Engineering and Strategic Plan aims to improve the system by identifying the system's requirements, priorities, and functions (MOF 2011-2013 strategy)

According to Conrad (2013), IFMIS integrates internal and external factors to improve service delivery to individuals, businesses, and other stakeholders. Despite the challenges, many people would agree, as noted by Picci (2005), that new information technology has great potential to improve public administration, and better governance can have a positive impact on the economy and society, thereby improving employment.

According to Hove and Wynne (2010), IFMIS helps management ensure accountability for the distribution and use of government resources while also improving efficiency and effectiveness of government spending programs. By tracking financial transactions through an automated financial system, managers can exercise better cost control and further develop straightforwardness and responsibility all through the working cycle. As indicated by Diamond and Khemani (2006), IFMIS, as an administration device, should help with change the board. Subsequently, it ought to be considered as a component of the public authority's more extensive monetary changes, for example, financial plan changes and overall financial performance.

Managers can use IFMIS as a management tool to do the following (Barata & Cain 2001) Manage integrated spending and the shortage, focus on spending on all strategies, projects, and undertakings to accomplish proficiency and value in asset designation, and utilize planned assets to accomplish results at the most reduced conceivable expense. Arrangement of non-monetary and non-monetary data IFMIS can further develop public money the board in an assortment of ways, but it primarily seeks to increase financial performance confidence and credibility through extensive knowledge and transparency.

IFMIS improves financial planning and performance by delivering timely and accurate financial management and decision-making information (Chêne 2009).

The benefits of IFMIS, according to McKinney (2004), include improved recording and processing of public finance transactions, as well as timely and effective access to reliable financial data, and strengthening financial management, resulting in a more complete and consistent financial picture, obligations and costs on an ongoing basis. Once the commitment has been made, all stages of the transaction, including budgeting, commitment, purchase, payment request, bank statement reconciliation, and accounting costs, should be tracked by the system.

Richard (2015) conducted research on decisions regarding the implementation of a financial management information system strategy in dedicated Kenyan units. According to the study, the national treasury as part of the PFM reform program, an integrated financial management information system was used to streamline and simplify public financial management processes and procedures. However, doing such work has proven to be a difficult task that has not been met with much success.

Bosire (2016) researched the impact of (IFMIS) on financial consolidation in the Kenyan government sector. According to this study there may be potential gaps in funding gains through IFMIS implementation. According to Rodin-Brown (2008), IFMIS uses standard data editing to record financial actions; has internal control of data entry, processing, and reporting; and shared 34 related work processes and system design that avoids unnecessary data entry. The survey also discovered that the difficulty in repairing accurate end-of-year accounts was due in part to a lack of accounting, but also to a lack of IFMIS data, some of the older data, and data stored in manuscript records combined with IFMIS data to create final accounts.

Muigai (2012) investigated the impact of integrated financial management systems on the Kenyan Ministry of Finance comprising 30 accountants involved in the implementation of Integrated Financial Management Information Systems. A basic and secondary questionnaire, as well as a review of economic research and statistical summaries, were used to collect data. A separate survey design was used over a ten-year period to investigate the impact of integrated financial management information systems on public sector financial management in Kenya (1997-2000 and 2007 - 2010).

The standard small square measure was used in the study to examine the relationship between the selected major economic variables which are public sector financial management presentations and IFMIS. Governments have repeatedly failed to control inflation, government spending, and government profits. There were also concerns about the investment, which had a positive signal but probably not a good value in both cases. Following IFMIS, state-owned enterprises appear to be performing better in these areas, as well as government revenue contributions and government spending. Gross Domestic Product Per Capita (GDPPC) was expected to have a very high impact, as well as a positive brand. The log model used to determine the growth trend in the period under review has found a trend that significantly affects the perceived economy.

The GINI indicator set a period before IFMIS under the post-IFMIS period, which reflects Kenya's revenue distribution, human development, and standard of living. These findings are consistent with the figures used by international organizations to represent the state of economic development in the economy under study on both occasions. According to research findings, IFMIS has been instrumental in improving financial management in Kenya. According to the study, IFMIS should be implemented in all government departments across the country.

1.1.3 Financial Performance of County Government

Financial management is the production and dispersion of scant assets (normally assets) to the most proficient client inside the firm (contending projects) by means of the market valuing framework (required degree of return). The organization requires capital as assets raised from financial backers. Assets ought to be assigned inside the association to projects that will return the most elevated benefits. County governments are public entities with fiduciary responsibilities for public revenue, expenditure budgets, and deficit management.

Financial performance, according to Ewa and Udoayang (2012), is a standard proportion of an organization's generally speaking monetary presentation throughout a given timeframe that can be utilized to look at comparable firms in a similar industry as well as industry comparisons or sectors are combined Financial performance is a measure of a company's ability to generate revenue from assets in its primary trading system. It is additionally a complete proportion of an organization's generally speaking monetary situation throughout a predetermined time-frame, and it tends to be utilized to look at associations in similar ventures or areas overall. According to Anderson (2011), financial stability is important because it allows the organization to have sufficient resources to deliver quality services, increase service delivery opportunities, improve the ability to pay employees, retailers and debtors on time, and maintain good credit. An efficient financial system increases public value or efficiency in the system (Khan and Bhatti, 2008). This has drawn the attention of researchers, organization executives, government officials, and the general public to financial performance as a major concern.

Various authors have been able to document financial issues in an effort to address sensitive financial issues. Maritim (2013) found that involving staff in the budget process has led to significant success in the implementation of a timely plan followed by budget planning. As a result, the findings underscored the importance of creating a participatory budget in which all stakeholders are involved in the heads of their departments and their views are embedded in budget development.

According to the Institute of Certified Public Accountants Kenya, ICPAK (2014), regional governments generate tax revenue, permit fees, cesses, license fees, and other means. However, their over-reliance on National Government funding, to the point of requesting a national referendum to increase their budget, suggests that there are many challenges to revenue collection at the regional level. In fact, the resources of the district government collected in the 2013/2014 financial year were found to be significantly lower than budget estimates, and worse, lower than those collected by municipal and district councils prior to devolution.

The District Government Act of 2012 provides for a variety of strategies at the district level to ensure effective financial management. Furthermore, the PFM Act requires all regional governments to develop a development plan that includes, among other things, a depiction of how the provincial government reacts to changes in the monetary and financial climate, the plans that will be delivered, and a summary budget. In addition, because government performance often affects citizens, performance measures can facilitate communication between citizens and government while also involving citizens in budget decision-making Ng'ang'a (2011).

According to a 2014 Transparency International survey on the performance of Regional Governments in Kenya, 41 percent of Kenyans from 47 districts were dissatisfied with their regional performance. Most people evaluate the performance of their regional governments based on their ability to use regional revenue efficiently and effectively for development projects such as infrastructure, health, education, trade, and corporate social responsibility that includes quality of service delivery, accountability, efficiency of procurement and equity of distribution of resources.

However, there is an outcry of County Government having high pending bills and unpaid project, corruption and misappropriation of funds (Nelson, 2020). IFMIS have raised many issue instead of solution to the corruption, misappropriation of funds and unpaid projects which are generally aspects of financial performance among others. Looking at the performance of own source revenue against the budget targets in County Government of Nandi, there was an overall shortfall of Ksh.707,322,859 over the medium of the financial years, 2017/2018, 2018/2019 and 2019/2020. In fiscal year 2019/2020, the total amount of actual source revenue received was Ksh.283, 187,354 compared to the target of Ksh.629, 900,204. Internal revenue decreased by Ksh.346, 712,850, representing a 57.3 percent deviation from the original target.

Audit queries have been raised in several counties associated with corruption and misuse of county government funds including Nandi County. Hence leading to questions on the role of IFMIS in ensuring is timely reporting, accurate reports, easy referencing and enhanced decision making.

1.2 Statement of the Problem

Integrated Financial Management and Information System was introduced to solve problems associated with manual financial management. The introduction of IFMIS was meant to overcome misuse and misdirection of public funds. The system is set to process all financial data online and give feedbacks. There is also accessibility of the processed data for further financial decision making. The long time spent in waiting for financial reports for decision making is to be eliminated. It is noted that the Kenya Revenue Authority (KRA) celebrated exceeding its first-quarter tax collection target, the Auditor General presented a report revealing a massive loss of public funds. Despite the achievement made through IFMIS there is still issue of fraud and misappropriation of finance. The government not only lost Sh303 billion, but relevant ministries could only account for 6% of the Sh920 billion budget, according to the report. This financial report still shows that public funds are misused by those who are supposed to safeguard it as stewards (Auditor General Report October 2013).

Even after the introduction of IFMIS there is a lot of millions that cannot be traced. Revenue targets cannot be achieved and expenditures cannot be supported leave alone reports for the same transactions that cannot be accurately interpreted; provided timely for enhanced decision making and remaining easily accessible for reference purpose. The County was able to secure Ksh.6.03 billion in revenue from the proposed revenue, which represents 69.2 percent of operations. This performance represents a significant shortfall compared to the previous financial year, with a 21.2 percent decrease in revenue.

Geoffrey (2016) investigated the impact of integrated financial management information systems on financial performance in public organizations and discovered that IFMIS has a positive impact on financial performance. The study context, however, was Bomet County. Ndzovu and Ng'ang'a (2019) investigated the effects of an integrated financial management information system on the financial performance of the Kwale County Government, and the findings revealed that electronic budgeting, automated cash management, electronic procurement, and automated financial reporting had a positive and significant influence on the county's financial performance. The study context, however, was Kwale County. Atieno's (2019) study investigated the effect of Integrated Financial Management Information System on Public Finance Performance and discovered that the regularity of training programs and adherence to the system control process were positively correlated with the performance of IFMIS on public finance. The study, however, was based on the

County Government of Kisumu. This study therefore, aimed to determine the actual effect of IFMIS on the financial performance in county governments with focus on Nandi County.

1.3 Objective of the Study

1.3.1 General objective

To investigate how IFMIS affects financial performance of Nandi County Government, Kenya

1.3.2 Specific objective

i. Determine how timely reporting affects financial performance of Nandi County Government.

ii. Assess how accurate reports affect financial performance of Nandi County Government.

iii. Determine how easy referencing affects financial performance of Nandi County Government.

iv. Determine how enhanced decision making affects financial performance of Nandi County Government.

1.4 Research Question

i. How do timely reporting affect financial performance of Nandi County Government?

ii. In what ways does accurate reports affect financial performance of Nandi County Government?

iii. To what extent does easy referencing affects financial performance of Nandi County Government?

iv. How does enhanced decision making affect financial performance of Nandi County?

1.5 Significance of the Study

The study's findings would extremely useful to the;

Academics; Financial management is a subject taught in colleges, universities, and other private institutions. This group would use the research findings to broaden their understanding of automation issues and challenges. In addition, the study would identify areas that require further investigation.

The general public or shareholders; by conducting this research, members and shareholders would understand the importance of a financial management system and the best ways to benefit from it.

To the management, this study would allow them to make better decisions in designing an effective system in decision making policy. Effective system for decision making policy assists in realization of the objective of the firm that is maximization of profits and improved service delivery. This study would help management not only exercise the management on the degree of judgment to establish a sound policy and also in accurate timely reporting, for enhanced decision making and referencing.

1.6 Scope of the Study

The study was carried out in Nandi County Government. The study focused on timely reporting, accurate reports, easy referencing and enhanced decision making will be examine in relation to IFMIS. The study also focused on financial performance especially in revenue deficit or surplus. The study only considered implementation of the Kenyan government's devolved units' integrated financial management information system. The focus was on Nandi county implementation period from the year 2013 to 2022. The study used a case study research design targeting county government management, county assembly and other stakeholders. The case study was able to give detailed information on how IFMIS is utilized in Nandi County. This can be generalized to other county since the system is replicated to other county government.

1.7 Limitation of the Study

The study was challenged through getting the respondents to fully participate in the study as some may develop fear that they may be victimized. This was mitigated through providing a research permit from NACOSTI and an introduction letter from the University and further explained the intention of the study. Establishing the respondent’s honesty in responding to the questions was a challenging issue. However, testing of reliability and validity of the items in the questionnaires was ensured.

1.8 Organization of the Study

Apart from the preliminary papers, this project study has five chapters. Chapter one is devoted to the introduction, which has subtitles such as background of the study, statement of the research problem, objectives of the study, research questions, significance of the study, and scope of study. The second chapter is devoted to a review of related literature, an empirical review, and a research gap, and it concludes with a conceptual framework. The review focuses on what scholars and researchers support on the IFMIS in public institutions and their financial performance. The third chapter is devoted to research methodology, which includes subheadings such as research design, target population, sample size, and sampling technique. It also includes a data collection procedure, instrument validity, reliability, and a pilot study, as well as data analysis and presentation and concludes with ethical considerations.

The fourth chapter presents an analysis of the study findings based on data collected in the field. It provides general information on the relationship between IFMIS and Nandi County Government's financial performance. It begins with instrument response rate, and respondents' profile, and descriptive statistics based on the research questions of the study. Chapter five discusses the summary of the key findings along the study objectives and draw conclusion and recommendations for policy. Contribution to knowledge is further entailed, as well as the limitations to the study and projects for future research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents the concept of integrated financial management system and financial performance. It captures critical review of the past theories of other researchers on the area of IFMIS and financial performance. From the literature review; the researcher was able to develop a conceptual framework where the relationship between variables was established.

2.2 Theoretical Review

The research is founded on three theories that support the IFMIS of public institutions and financial performance, which are the agency theory, system theory, stewardship theory and stakeholder theory.

2.2.1 Agency Theory

Jensen and Meckling proposed agency theory in 1976. The theory postulates that managers who are the agent and principal who are the shareholders conflict in their economic interests in the company where each party have self-interest. Ogola (2010) further expound that institution is a formal relationship established in which one person, known as an agent, appointed or authorized to represent another, known as the principal, in business with a third party. When there is a separation between a firm's owners (principals) and its managers or agents, there is a risk that the wishes of the owners will be disregarded. This fact, along with the recognition that agents are expensive, serves as the foundation for agency theory, a collection of complex but useful ideas. There is an agency relationship between the two parties whenever the owners delegate the decision-making authority to the others. Agency relationships, such as those between shareholders and executives, may be more effective if management makes investment decisions that are consistent with the shareholders' interests. Accurate and timely reports that are easily accessible for reference lead to better decisions. When management interests differ from ownership, management decisions will likely reflect management interests rather than owners' preferences (Biesenthal & Wilden, 2014).

According to Bendickson, Muldoon, Liguori and Davis (2016) the agent theory continue to develop boundary conditions, leading to the need to further improve on the theoretical application. Since the relationship between the principal-argent start with trust of the agent to delegate their interest through running and decision making to the agent. However, due to information asymmetry between principals and agents, as well as conflicting goals, principals may lack trust in their agents and may need to put in place mechanisms to strengthen this trust. This leads to development of policies, information system and internal control system that would assist the principal maintain control on what the managers are doing with the company.

However, according to Jensen and Meckling (1976), agency theory is based on speculation. At its core, agency theory predicts that agents will have different objectives than their public financiers (principals), that they will work opportunistically and strategically to achieve their goals, and that they will avoid as much as possible. The purpose of this study was to determine if respondents had the same high level of goals as devolved government officials. Both officials and citizens want the best results for those who use their resources. As a result, they should be aware that their primary responsibility rests with their clients, and that they see themselves traveling “extra miles” at their own expense in order to achieve this through proper practices while using IFMIS. They should see themselves working for their clients without the restrictions imposed by the IFMIS system. Respondents should be diligent in raising funds to raise service delivery levels, without the support of government officials, rather than avoiding trying to provide less-than-required service, as foretold by agency.

According to critics, the agency theory is complicated and difficult to learn. Understanding the role of risk premium in thought, and, next, it is frequently difficult for students to identify the true source of agency loss. However, not only students, but also management academics, are having difficulty understanding the theory. Here are a few examples of common management mistakes found in the literature: Initiation, in addition to behavioral risk and opportunity (Anurag, 1997).

This is one of the few sins, and many economists have committed it, misinterpreting the moral dangers as "ex ante Opportunism." However, the opportunity comes with re-obtaining a contract, whereas moral hazard is not. Second, regarding bounded rationality and asymmetric information, agency theory expressly rejects the assumption of bounded rationality. In this theory, contracting is imperfect not due to bounded rationality, but due to asymmetric information. This error is made in Eisenhardt (1989) paper, which has been heavily cited (1,325 hits on Google scholar). Third, the theory's perspective; much criticism of agency theory by Charles Perrow begins with the assertion that it considers the principal's point of view. No, it is not. Theory about collective value growth and what potential organizations can do to overcome barriers to collective bargaining. It requires both the agent and the main idea. Critics may refer to the consideration, which is strongly influenced by the analysis, that the principal has full negotiating power. Fourth, there are different types of agency theory. Some administrative writers, such as Nilakant and Rao (1994), make a distinction between the "positivist agency theory" (especially verbal and particularly related to business governance) and formal agency theory. Despite legal or minor contributions to agency theory, the core of the analysis remains unchanged.

IFMIS is one of the mechanism that aims to find balance between the principal who are the citizen and the agent who are the county government. Tax payers' money provided by the citizen should return to citizen inform of better roads, healthcare services, housing, infrastructure and other necessary amenities. However, the interest of the County Government might include increase salary, allowance and financial benefits. These may lead to corruption and misappropriate of funds for self-interest. According to Kiilu and Ngugi (2014) implementation of IFMIS was to ensure efficiency in management of public funds by Kenya Nation Treasury. This would allow strengthen the government's financial control, increase transparency and accountability, enhance service provision and expending government operation (GOK, 2011). This in so doing would assist the principal that is citizen in protecting their interest. Hence, there theory is appropriate for examining IFMIS on financial performance based on existing conflict of interest between the county government (agent) and citizen or fund raiser through tax.

2.2.2 System Theory

Bertalanffy proposed system theory in 1969. According to the theory, a system consists of numerous interdependent subsystems working together as a single complex organization that forms the framework of an internal network of communication between system components to allow inputs and outputs to be performed efficiently and effectively. IFMIS is one of such system that have chains of activities from planning until it succeeds. According to Bertalanffy (1969) the subsystem should be working together to fulfill the overall objective of the organization in an industrial setup.

Theory is criticized based on its wide application where the origin is based on living organization with different subsystem working interdependent. It has also been used to explain the social networking among people, organization and country (Miller & Page, 2007). However, the standard system represents the scientific method model of system theory suggesting that procurement processes can be linked together with the programmed information so that each process builds a sub-system. It is categorized by input-process-input response to the model, which can be built into sub-systems. The sub-systems can then be connected together to form a larger system, allowing procurement and financial practices to align with the organization's goals.

IFMIS is a system that links the government finance with the suppliers, banks and County government. This is to ensure supplier are well linked with procurement office which is attached with financial offices and government account as well as the suppliers' bank account. This entails chains of interlinked sub-system ensuring financial solution are provided.

2.2.3 Stewardship Theory

Stewardship theory was postulated by Donaldson and Davis (1989). A steward according to the theory is responsible for protects and maximize the interest of shareholders' wealth through improving the firms' performance. Hence, the top management are responsible for optimizing organization goals and through appropriate management concepts. Donaldson (2003) developed a similar set of precautions regarding motivating senior executives. Contrary to agency speculation about trustees' motives for self-interest and self-reliance, management theory suggests that directors may have 'organizational' motives. What motivates them to work here is not the greed that accompanies the official, but rather their personal identification and goals and objectives of the organization. The theory supports the adoption of IFMIS as managerial support to enhance performance of the County. However, it looks IFMIS from point of view as management tool that provide positive support but not as monitoring tool to eradicate mismanagement as viewed by agency theory.

Management theory, according to Agyris (1973), refutes the assumption that the higher intentions and motives conflict with those of shareholders; both, emphasizing that, are interested in growing the company's long-term management and thus are already well-aligned. This management theory recommends that the division of obligations between the administrator and the CEO may have a negative impact. The obvious danger is that negative predictions of investors may distort or weaken the company's leadership.

Management theory is a fundamental critique of one-sided agency theory and a much simplified human model. Criticism can be tested using a series of opposing views on the behavior of individuals or organizations that perform certain functions. The first opposite assumption from management theory is very basic and thus fundamental: managers are motivated by collective or social goals rather than (primarily) for their own benefit. This view is widely supported by many books on public service. Management does not always mean that agents will only be motivated by social goals. Instead, theory emphasizes that every manager loves community mobilization, which may or may not be done by principals. In general, distrustful and controlling principals will prevent most real actors from developing behavioral-like behaviors (Davis *et al.*, 1997).

IFMIS consist of seeks to ensure that there is timely reporting, accurate reports, easy referencing and enhanced decision making which are associated with a good steward. In the sense that the stewards would have a chance to improve the organization's performance through meeting the required objectives. This view from stewards' theory paints the stewards as a manager who is maximizing the interest of the organization with an aid of IFMIS to enhance the performance of the firm.

2.2.4 Stakeholder Theory

Freeman, R.E. developed stakeholder's theory in 1984. The theory postulated that organization must develop strategic plans that supports the interest of stakeholders. In this study the county government has a role in considering all stakeholders in development. The task of leaders, according to this theory, is to balance the interests of shareholders with the interests of other stakeholders. In other words, stakeholder theory requires that all stakeholders' interests be considered. It also emphasizes the importance of public contracts as opposed to only business contracts. IFMIS is a significant tool that serves as a link between all stakeholders, including suppliers, employees and county government. Hence its explain the role played by government to integrate major stakeholders to access procurement, contracting, supply and service delivery using one platform.

Agency assumptions about the primacy of one stakeholder's interests are challenged by stakeholder theory, instead managing the interests of all stakeholders as well as a variety of other direct and indirect interests (Silvius & Tharp, 2013). Work seems to be a major factor, and management professionals such as Margaret Blair have often said that employees, like shareholders, are the risk-taking part of the company. Employee investment in factory-specific skills means they also have to have a say in the company's management.

From a stakeholder perspective, the most common argument against stakeholder perception about an organization is that it is difficult to work because of the difficulty in deciding how much weight should be given to the interests of different stakeholders. With regard to business management, it is stated that if managers are held accountable to all company stakeholders, they will not be held accountable to anyone (Chinyio *et al.,* 2010).

As a result, enlightened stakeholder theory suggests that accountability to shareholders has practical value even if a board considers other interests in the conduct of a firm.

Things are even stranger in government organizations. The organization has a goal, and stakeholders are fighting to have that goal directed toward their interests or desires. Worse, even with the goal in mind, making good decisions is difficult because there are no clients to pay individual transactions. For example, if a county prosecutor's office is prosecuting a criminal, what should its focus be? There is no solution to this problem. On the other hand, if I buy a burger, it's obvious how we determine whether or not it has cheese.

Despite its obvious popularity, many brilliant scholars are skeptical about the organizational theory of the organization. According to Key (1999), participant theory is vague and cannot function in a way that allows for scientific analysis. Some believe that stakeholder theory does not provide sufficient decision-making mechanisms to regulate business governance. Many critics, including Teppo (2017) who believes that participant theory is futile and give a false impression of how organizations work. Despite the fact that participants' theories do all these things, the fact that there are many versions of participant theory creates a real problem because it is difficult to know where to start to give criticism.

The implementation of IFMIS in the county has resulted in improved timely reporting, accurate reports, easy referencing, and improved decision making for all stakeholders. This not only helps citizens protect their interests, but it also connects suppliers, contractors, and other stakeholders in accessing finance, procurement, and following their interests through the system.

2.3 Empirical Review

2.3.1 Timely Reporting and financial performance

Mbuti's (2017) research looked at the impact of internal audit reporting quality on the financial performance of Savings and Credit Cooperative Societies. A Case Study in Kenya's Murang'a County The study used a descriptive research design. The survey targeted 76 respondents, including management staff from 161 international humanitarian NGOs in Nairobi. A sample size of 76 respondents was chosen. Primary data was collected using self-administered questionnaires, while secondary data was collected using a data collection sheet. Multiple regression analysis was used to examine the relationship between the independent and dependent variables. The study findings show that the objectivity of financial reporting in SACCOs, the completeness of internal audit reports, and the timeliness of internal audit reporting all have a significant impact on SACCO financial performance. However, the study context was SACCO. The current study context was the County government of Nandi.

Khan and Abd Rahim (2016) conducted a study on firm performance: An empirical study on financial reporting timeliness and financial voluntary disclosure. The study used a correlational research design. The study's target population was 120 management staff drawn from various departments, with stratified random sampling used to select a sample size of 70 staff. We used both primary and secondary data. Primary data was collected using structured questionnaires, while secondary data was collected using data schedules. The findings show that financial reporting timeliness has a significant relationship with firm performance. The study also found that releasing the annual report sooner could improve the firm's performance. However, the study used correlational research design. The current study used descriptive research design.

The study by Aigienohuwa and Uniamikogbo (2021) looked at the profitability and timeliness of financial reports in Nigerian Listed Companies. The population consists of all 145 publicly traded companies in Nigeria. The Taro Yamane method was used to calculate the sample size. Data were gathered through content analysis of annual reports and accounts of selected listed Nigerian companies from 2010 to 2019. With the help of the e-view 9.0 software, the panel data regression technique was used to estimate the relationship between the variables. According to the findings of the study, there is a significant relationship between profitability and the timeliness of financial reports in Nigerian publicly traded companies. However, the study focused on Nigerian Listed Companies. The current study focused on County government of Nandi.

2.3.2 Accurate Reports and Financial Performance

Mironiuc, Carp and Chersan (2015) investigated the impact of financial reporting on the performance of publicly traded Romanian companies in the context of IFRS adoption. The informational usefulness of net income (pre-IFRS, 2011, and post-IFRS, 2012) and comprehensive income (post-IFRS, 2012) is examined on a sample of 65 Bucharest Stock Exchange companies. The empirical study's findings confirm that the two categories of accounting results are significantly related to share price, indicating increased value relevance and usefulness for investors on the Romanian financial market following the adoption of international accounting standards. However, the study focused on Romanian financial market. The current study focused on County government of Nandi.

Bukenya (2014) investigated the quality of accounting information on Uganda's public sector's financial performance. The researcher used a cross-sectional and descriptive research design, as well as stratified random sampling. The primary respondents were the City divisions, which participate in the allocation and control of financial resources and serve as watchdogs of the divisions' financial management processes on behalf of their electorates. A research questionnaire addressing the quality attributes of accounting information was validated and administered to collect primary data. Data on audited financial performance was also examined. The study found that reporting units with high-quality financial accounting information had higher levels of financial performance. However, the study focused on Ugandan public sector. The current study focused on County government of Nandi.

Tarus, Muturi, and Kwasira, J. (2015) conducted a survey of commercial banks in Nakuru Town to investigate the determinants of accurate financial statement reporting in Kenyan listed banks. A descriptive research design was used for the study. The study included 164 respondents as a sample size. Data was collected using questionnaires and analyzed using SPSS version 21. Users' knowledge of computerized software was discovered to affect the quality of financial reports generated and was the most significant metric in the way computerized accounting affects financial statement accuracy. The study discovered that staff professional exposure and internal bank training had a significant impact on financial reporting accuracy. However, the study focused on commercial banks in Nakuru Town. The current study focused on County government of Nandi.

2.3.3 Easy Referencing and Financial Performance

Somathilake and Ranathunga's (2021) study looked into the effects of accounting record keeping practices on financial performance, with a focus on small and medium-sized businesses in the Anuradhapura District. The quantitative research method was used, and data were collected from 152 SMEs in the Anuradhapura district using a structured questionnaire. Descriptive analysis, correlation analysis, and multiple regression analysis were used to analyze the collected data. Accounting record keeping practices have a positive effect on SMEs' financial performance, and preparing financial statements has a significant effect on SMEs' financial performance, according to the findings. However, the study focused on small and medium-sized businesses in the Anuradhapura District. The current study focused on County government of Nandi.

Njau and Kinoti's (2020) research focused on the adoption of an integrated financial management information system and the performance of Kenya's national treasury. The study used a descriptive research design, with the population consisting of staff from Kenya's National Treasury. Staff in the ICT, HR, finance, and accounting departments were targeted, and a sample size of 187 was obtained. The researcher used the drop and pick later method to collect primary data via questionnaire. Following a pilot test, the validity and reliability of the research instrument were tested, and the collected data was entered into SPSS for descriptive analysis and inferential statistics using multiple regressions. The study discovered that IFMIS was widely used in public finance management at Kenya's National Treasury. However, the study focused on Kenya's national treasury. The current study focused on County government of Nandi.

Muriithi (2014) investigated the impact of financing sources on the financial performance of Kenya's top 100 mid-sized companies. The 100 SMEs (2013) in Kenya were the study's target population. Thirty percent of the top 100 companies were chosen using simple random sampling. As a result, the sample size was limited to 30 SMEs. Primary data was collected using questionnaires that were tailored to the study's objectives. Personal income, bank loans, microfinance, and government loans had weak positive effects on the financial performance of Kenya's Top 100 companies, while venture capital, leasing, and share sale had weak negative effects. However, the study focused on Kenya's Top 100 companies. The current study focused on County government of Nandi.

2.3.4 Enhanced Decision making and Financial Performance

Weerasekara and Bhanugopan's (2021) research looked at the impact of entrepreneurs' decision-making styles on the financial performance of SMEs. The information was gathered through an e-survey of SMEs in New South Wales, Australia. This research created a model by combining a number of entrepreneurial ecosystem factors, entrepreneurs' decision-making styles, and the financial performance of SMEs. Partial least square structural equation modeling was used to analyze the data. According to the findings, regional entrepreneurial culture, educational institutional support, and business and social networks mediate the relationship between entrepreneurs' decision-making style and the financial performance of SMEs. However, the study focused on SMEs. The current study focused on County government of Nandi.

Lamba (2018) investigated the impact of ifmis practices on public finance management performance: A Case Study of Kenya Power and Lighting Company. The research was carried out using a descriptive approach and a structured questionnaire with both open ended and closed ended questions. The respondents were chosen using a probabilistic random sampling design, with 260 employees participating. According to the study, IFMIS has made financial monitoring practices easier than before it was implemented in public institutions. According to the study, a well-functioning IFMIS platform can monitor transactions in real time, which benefits the government in general. However, the study was a Case Study of Kenya Power and Lighting Company. The current study focused on County government of Nandi.

Mwangi's (2019) research looked into the impact of integrated financial management information systems on procurement performance in the Nyeri County Government. The study's target population consisted of 191 selected suppliers to the County Government of Nyeri as well as County Government employees. To ensure that all County Government officers and suppliers were represented, stratified sampling (40%) was used, with a sample size of 74 respondents. This study mainly used primary data gathered by use of questionnaires that included open as well as closed-ended questions and administered via drop and pick later technique. The data gathered was analyzed through the descriptive statistical tools. The results signify that the county government of Nyeri had integrated the major procurement integrated financial management information systems models though suppliers were not confident in the system. However, the study focused on Nyeri County. The current study focused on County government of Nandi.

2.4 Summary of the Literature Review and gaps

The summary of literature review was given in table 2.2. The literature was examined for gaps and therefore propose on the areas the current study will address.

Table 2.1: Summary of Literature Review and gaps

Author	Title	Findings	Gaps to be filled	Focus of the current study
Mbuti (2017)	Internal audit reporting quality on the financial performance	timeliness of internal audit reporting all have a significant impact on SACCO financial performance	The study context was SACCO	The study context was the County government of Nandi
Khan and Abd Rahim (2016)	An empirical study on financial reporting timeliness and financial voluntary disclosure	Financial reporting timeliness has a significant relationship with firm performance.	The study used correlation al research design	The study used exploratory design
Aigienohuwa and Uniamikogbo (2021)	Profitability and timeliness of financial reports in Nigerian Listed Companies	There is a significant relationship between profitability and the timeliness of financial reports	The study focused on Nigerian Listed Companie s	The study focused on County government of Nandi

Mironiuc *et al.* (2015)	financial reporting on the performance	The two categories of accounting results are significantly related to share price, indicating increased value relevance and usefulness for investors	The study focused on Romanian financial market	The study focused on County government of Nandi
Bukenya (2014)	accounting information on Uganda's public sector's financial performance	Reporting units with high-quality financial accounting information had higher levels of financial performance	The study focused on Ugandan public sector	The study focused on County government of Nandi
Tarus *et al.* (2015)	determinants of accurate financial statement reporting in Kenyan listed banks	staff professional exposure and internal bank training had a significant impact on financial reporting accuracy	The study focused on commerci al banks in Nakuru Town	The study focused on County government of Nandi
Somathilake and Ranathunga's (2021)	Effects of accounting record keeping practices on	Accounting record keeping practices have a positive effect on SMEs'	The study focused on small and medium-sized businesses	The study focused on County government of Nandi

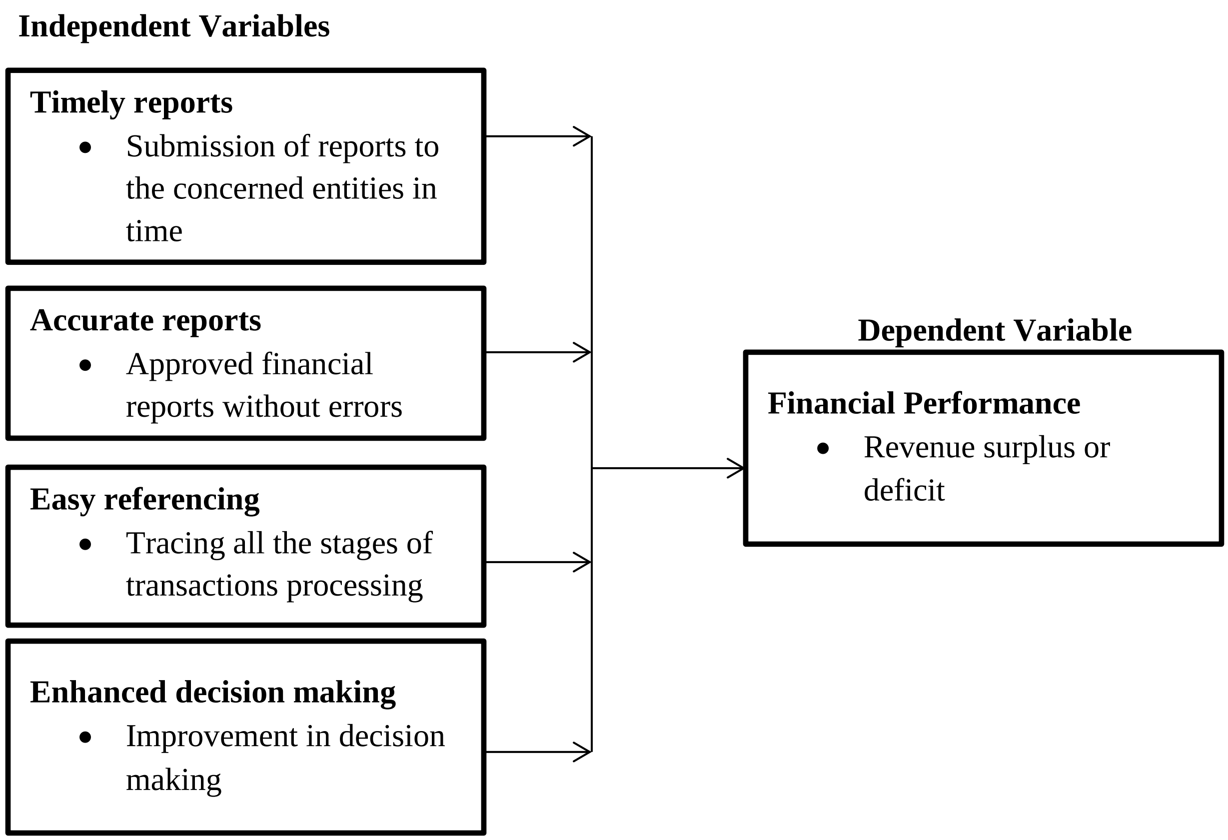
	financial performance	financial performance	in the Anuradha pura District	
Njau and Kinoti's (2020)	Adoption of an integrated financial management information system and the performance	IFMIS was widely used in public finance management at Kenya's National Treasury	The study focused on Kenya's national treasury	The study focused on County government of Nandi
Muriithi (2014)	financing sources on the financial performance	Personal income, bank loans, microfinance, and government loans had weak positive effects on the financial performance	The study focused on Kenya's Top 100 companies	The study focused on County government of Nandi
Weerasekara and Bhanugopan (2021)	Impact of entrepreneurs' decision-making styles on the financial performance	regional entrepreneurial culture, educational institutional support, and business and social networks mediate the relationship between entrepreneurs' decision-making style and the financial	The study focused on SMEs	The study focused on County government of Nandi

		performance of SMEs		
Lamba (2018)	IFMIS practices on public finance management performance	IFMIS has made financial monitoring practices easier than before it was implemented in public institutions.	The study was a Case Study of Kenya Power and Lighting Company	The study focused on County government of Nandi
Mwangi (2019)	Impact of integrated financial management information systems on procurement performance	County government of Nyeri had integrated the major procurement integrated financial management information systems models though suppliers were not confident in the system	The study focused on Nyeri County	The study focused on County government of Nandi

Source: Author, (2021)

2.5 Conceptual Framework

Independent variables are a hypothetical cause for change in dependent variables (Kothari, 2004). Figure 2.1 shows the relationship between variables. The dependent variable is the financial performance while the independent variables included; timely reporting, accurate reports, easy referencing and enhanced decision making.



Source: Researcher (2018).

Figure 2.1: Conceptual Framework

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the procedures that was used to conduct the study, focusing on research design, target population, sample size and sampling procedures, research instruments, validity and reliability of research instrument, data collection, data analysis and ethical consideration

3.2 Research Design

In achieving the aim of this study, exploratory design was employed that guided in establishing how IFMIS affects financial performance of Nandi County Government, Kenya. According to Ebimobowei and Sophia (2016) the exploratory design is suitable because the researcher is allowed in identifying how processes are affected together with the practices. In addition allows hypothesis testing in accordance with objectives of the study.

3.3 Research Population

Mbendi (2007) show that population includes people selected as the respondents in the study and is vital in achieving the set objectives. The study included managers who work in financial department distributed in 10 departments and 12 employees working under county assembly finance office. The target population comprised of 119 respondents where 107 come from top management, middle level management and lower level management in the finance department in county government departments as well as 12 respondents from county assembly finance department. This was obtained from records in county public service board.

Table 3.1: Population

management level	Population
Top	11
Middle	38
Low	48
Other IFMIS parties	10
County Assembly	12
TOTAL	**119**

Source: Nandi County Public Service Records of worker in Finance Department (2020)

3.4 Descriptive of the Sample Size and Sampling Procedure

According to Red (2007), the need to keep sample size under control is an important factor to consider when determining sample size. The researcher was able to obtain detailed information at a lower cost as a result of this. The target population was randomly sampled based on the size of each category to ensure that each category receives an adequate number of respondents. Sample size was obtained using Yamen Tore formulae (Thompson & Lange, 2011). Yamen Tore formulae is given by;

$$n = \frac{N}{1 + N(e)^2}$$

$n=119/(1+119\times0.05^2)=92$

A sample of 92 respondents was selected from 119 target audiences using a filtered sample method. A simple random was used to selected individual within each stratum where stratus was formed based on proportion methods as presented in table 3.2.

Table 3.2 Sample Framework

Category	Target population	Procedure	Sample size
Top level Management	11	0.7731*11	8
Middle level Management	38	0.7731*38	29
Low level Management	48	0.7731*48	37
Other IFMIS parties	10	0.7731*10	8
TOTAL	**119**	**0.7731*107**	**92**

Source: Authors data (2022)

Table 3.2 show the 92 respondents as sample size that was distributed based on management stratus and other IFMIS parties.

3.5 Data Collection Instrument

The researcher distributed online questionnaires to the chosen respondents after obtaining permission from the university to conduct research within the located area. According to Roopa and Rani (2012) using a semi-structured questionnaire, the respondent can express personal opinion regarding the subject matter. Therefore, the questionnaire will be designed using both open-ended and closed-ended questions for each variable. A questionnaire was used to collect data from respondents. The county government provided a list of contacts, which was used to send online questionnaires to relevant county officials. This enabled the research to observe COVID-19 protocol by using email response and communication.

This was due to the fact that they allowed the researcher to obtain detailed information and clarification from the managers, which could only be provided in the questionnaires for confidential purposes.

Table 3.3: Operationalization and Measurements of Variables

Variable	Type	Operationalization	Measurements
Timely reports	Independent	Submission of reports to the concerned entities in time	Ordinal (Likert 1-5)
Accurate reports	Independent	Approved financial reports without errors	Ordinal (Likert 1-5)
Easy referencing	Independent	Tracing all the stages of transactions processing	Ordinal (Likert 1-5)
Enhanced decision making	Independent	Improvement in decision making	Ordinal (Likert 1-5)
Financial performance	Dependent variable	Revenue surplus or deficit	Ordinal (Likert 1-5)

Source: ***Researcher (2022)***

3.6 Reliability and Validity of Research Instruments

3.6.1 Reliability

Reliability refers to how consistent a research tool gave results of intended purpose (Mugenda & Mugenda, 2003). The assessment of research too reliability was done using test-retest technique which involved administration of tools twice to the same respondents at a defined time interval.

3.6.2 Validity

Mugenda (1999) argue that validity measures that accurateness and important meaning of inferences on the basis of study results. Content validity was employed that involved assessment of how better the items in the questionnaires provided a meaningful and accurate reflection or representation of theoretical ideas. In this case, judgement expertise from the supervisor was sought whereby the supervisor assessed the items to check whether they cover all of the study's objectives.

3.7 Analysis and Presentation of Data

The structured questionnaire was coded in terms of questions for easier procession electronically. Following tabulation, the data was coded to ensure completeness and accuracy of information for statistical analysis. To highlight the key findings, descriptive statistic including percentages and frequencies were used to allow the researcher to have an accurate description of estimate distribution and data established as a measure of intermediate inclusions that include mean, mode, and median. By using content analysis, insignificant statistics were used in the determination of how research variability and quality relate. In determining how variables relate, a multiple regression linear regression model was used. Tables, pie charts, and bar charts were used to present the results for easy understanding. Regression analysis is also used to develop a model that reflects a hypothetical relationship between independent variables (timely reporting, accurate reporting, easy referencing, and improved decision making) and the dependent variable (financial performance of Nandi County Government in Kenya).

3.7.1 Model Specification

$$\mathbf{Y=\beta_0+\beta_1X_1+\beta_2X_2+\beta_3X_3+\beta_4X_4+\acute{\varepsilon}}$$

Where, $\boldsymbol{\beta_0}$, $\boldsymbol{\beta_1}$, $\boldsymbol{\beta_2}$, $\boldsymbol{\beta_3}$ and $\boldsymbol{\beta_4}$ are the regression coefficients.

Y – Financial performance of Nandi County Government in Kenya.

X_1 – Timely reporting

X_{2}- Accurate reports,

X_3 – Easy referencing

X_{4}- Enhanced decision making

3.8 Regression Diagnostic tests

3.8.1 Heteroscedasticity

Heteroscedasticity occurs when the standard deviations of a predicted variable are non-constant when measured over different values of an independent variable or in relation to prior time periods. The equality of residual values at each level of predicting variables is referred to as homoscedasticity, and if this is not the case, heteroscedasticity has occurred, which can invalidate the regression model's statistical inferences (Klein, Gerhard, Buchner, Diestel & Schermelleh-Engel, 2016). In a regression analysis, heteroscedasticity can be resolved by log transformation of the dependent construct. Testing heteroscedasticity determines whether the regression model can consistently predict the dependent variable across all explanatory variable values.

3.8.2 Multicollinearity

Multicollinearity is a condition in which there is a strongly linear relationship between two or more explanatory variables in a multiple regression model. Perfect multicollinearity exists when the correlation between two independent variables is equal to 1 or 1 (Alin, 2010). The Variance Inflation Factor (VIF) describes the frequency of a correlation between independent variables. For the independent variable, statistical software computes a VIF. VIFs start at 1 and have no upper limit. According to Farrar and Glauber, a value of

1 indicates that there is no association between this independent variable and any other variable (2017). VIFs between 1 and 5 indicate that there is a minor association, but that corrective action is not necessary. VIFs greater than 5 indicate critical levels of multicollinearity in which the coefficients are incorrectly determined and the p-values are uncertain.

3.8.3 Normality Test

Normality tests are utilized in measurements to decide if an informational collection is very much displayed by an ordinary dissemination and to process that it is so prone to be ordinarily circulated for an arbitrary variable basic the informational collection (Jarque & Bera, 2014). The square value of the Pearson sample correlation coefficient measured from the rank plot points is the Shapiro-Wilk normality test statistic (E(Yi), Zi), i = 1, 2, ..., n. The small values of the test statistics show that the normality principle does not hold. The null hypothesis is consistent with the high values of the test statistics. For calculating the p-value of the test, the R value may be used. If the p-value is small enough, the null hypothesis is dismissed.

3.9 Ethical Consideration

The nature of the problems studied by social scientists, as well as the ways in obtaining data that is effective and dependable, raise ethical concerns (Nachmias & Nachmias, 1996). Behavioral attention that is consistent with the researcher because of the problem nature, the kind of data to be collected as well as the respondents involved in the study. The aim of the research was explained to the respondents and be allowed to opt out if they would wish to. Nachmias and Nachmias (1996) argue that social scientist usually come to common terms that any study that involves human ought to be done with the agreement from the humans participating. Therefore, this was guaranteed by assuring the respondents that participation if voluntary. Respondents will be kept confidential away from passersby or intruders to protect their privacy. It was also help to ensure anonymity if participants are asked not to write their names on the questionnaire during the study.

CHAPTER FOUR: RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents the results of the analysis of data collected from the field based on the response rate, background information of the respondents, descriptive statistics and regression analysis.

4.2 Response Rate

The questionnaires were distributed to 278 respondents, and the response rate is shown in Table 4.1.

Table 4.1: Response Rate

Category	Responded	Percentage
Response	89	96.7
Non response	3	3.3
Total	**92**	**100**

Source: Research Data (2022)

According to Table 4.1, 89 of the 92 respondents responded, for a total response rate of 96.7 percent, while three respondents did not respond, for a non-response rate of 3.3 percent. According to Baruch and Holtom (2014), a response rate of 80% or higher is sufficient for data analysis. As a result, 96.7 percent of the study response rate was deemed suitable for data analysis. As a result of the high response rate, the study's research findings were accepted and credible.

4.3 Reliability Test Results

Cronbach's alpha was used to calculate a correlation coefficient of the test scores in order to assess the reliability of the instrument used for data collection, and the results are shown in the Table 4.2.

Table 4.2: Results of Reliability Test

Variable	Cronbach's alpha value	Remarks
Timely reporting	0.865	Acceptable
Accurate results	0.796	Acceptable
Easy referencing	0.803	Acceptable
Enhanced decision making	0.854	Acceptable
Financial performance	0.800	Acceptable
Aggregate Score	**0.824**	**Acceptable**

Source: Pilot Study (2022)

The researcher used Cronbach's Alpha index to assess the internal consistency and determines if the set of items within the scale actually measures the same construct. Analysis of the results in Table 4.2 showed that values of Cronbach's Alpha index varied between a low of 0.796 for operation strategy and a high of 0.865. Consequently, the aggregate score of the test of reliability for the five research variables was 0.824 which was well within recommended minimum value of 0.7 for indicating of acceptable level of internal consistency for a questionnaire (Sekaran, & Bougie, 2003).

4.4 Respondent's Personal Details

The study sought to determine the respondents' personal information based on gender, age, academic status, years of service with the County, and use of the IFMIS. The findings are summarized below.

4.4.1 Respondents' Gender

The study sought to determine how gender was represented in the study, and the findings are shown in Figure 4.1.

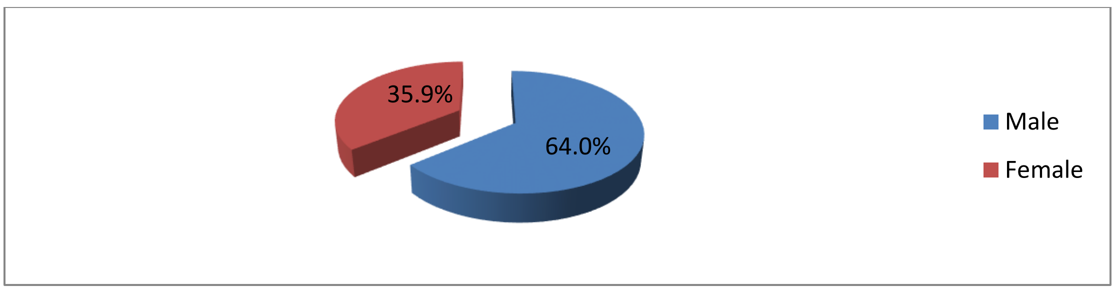


Figure 4.1: Respondent's Gender

Source: Research Data (2022)

According to Figure 4.1, the majority of respondents were male (64.0 percent), while female respondents accounted for 35.9 percent. The gender of the respondents was required to demonstrate a true representation of both men and women in the study.

4.4.2 Respondents' Age

The study sought to determine how respondents' ages were represented in the study, and the results are shown in Table 4.3.

Table 4.3: Respondents' Age

Years	**Frequency**	**Percentage**
20 to 29	18	20.2
30 to 39	12	13.5
40 to 49	31	34.8
50 to 59	23	25.8
Above 60	5	5.6
Total	**89**	**100**

Source: Research Data (2022)

According to the results in Table 4.3, the majority of respondents (34.8 percent) were between the ages of 40 and 49, 25.8 percent were between the ages of 50 and 59, 20.2 percent were between the ages of 20 and 29, 13.5 percent were between the ages of 30 and 39, and 5.6 percent were over 60. This indicates that the respondents included were of all ages.

4.4.3 Respondents' Academic Status

Figure 4.1 demonstrates how the academic status of the respondents was represented.

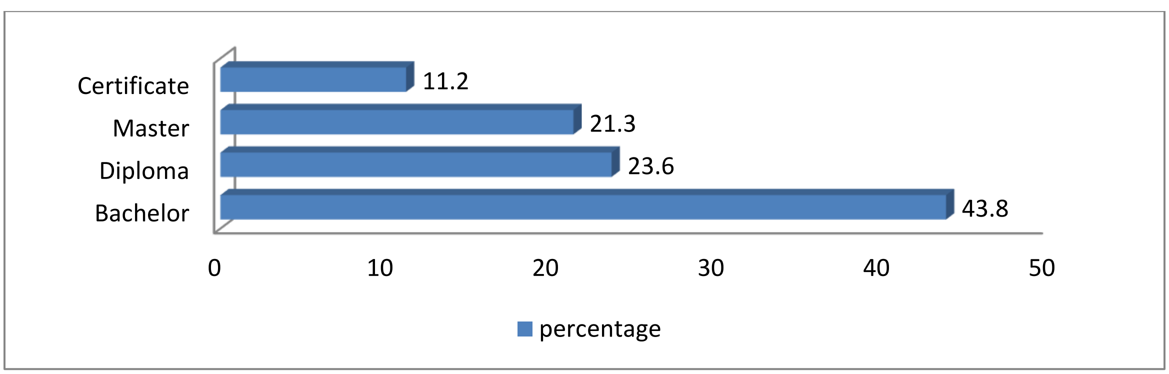


Figure 4.2: Respondent's Academic Status

Source: Research Data (2022)

Figure 4.2 shows that the majority of respondents (43.8 percent) had a bachelor's degree, 23.6 percent had a diploma, 21.3 percent had a master's degree, and 11.2 percent had a certificate. It was necessary to determine the respondents' educational level because when employees receive adequate training, their skills improve and they are satisfied with their jobs, which increases productivity at work.

4.4.4 Respondents' Work Experience

Table 4.4 demonstrates how the experience the respondents was reflected in the study.

Table 4.4: Respondents' Work Experience

Years	Frequency	Percentage
Below 1	5	5.6
1 to 3	28	31.4
4 to 6	20	22.5
Above 6	36	40.4
Total	**89**	**100**

Source: Research Data (2022)

According to the study, the majority (40.4 percent) of respondents had work experience of more than 6 years, 31.4 percent had work experience of 1 to 3 years, 22.5 percent had work experience of 4 to 6 years, and 5.6 percent had work experience of less than 1 year, as shown in Table 4.3. Furthermore, the study discovered that all respondents had used IFMIS. This indicated that the respondents had a diverse work experience, implying that the respondents had a better understanding of the workplace environment.

4.5 Descriptive Analysis Results

The quantitative data results were presented using Mean (M) and Standard Deviation (SD). The results are presented in the sections that follow.

4.5.1 Timely Reporting

The descriptive statistics of how timely reporting affects financial performance of Nandi County Government are provided in Table 4.5.

Table 4.5: Timely Reporting

Statement	M	SD
The system apply period closure procedures and methods of generating financial accounts and periodic management;	4.08	0.92
Support financial account adjustment and adhere to appropriate regulatory standards like Public Sector Accounting Standards;	4.05	0.95
Tracking of expenses are time done for information generation and dispersion	4.30	0.70
The county has effectively adopted IFMIS for processing its financial transactions.	4.12	0.88
Adoption of IFMIS has shortened the period for preparation of financial statements	3.21	1.79
Timely financial reports submitted have enhanced the county financial performance	4.55	0.45
Aggregate Score	**4.05**	**0.95**

Source: Research Data (2022)

The aggregate score of 4.05 as presented in Table 4.5 indicated that timely reporting affected financial performance of Nandi County Government which closely deviated from the mean by 0.95. This finding is consistent with the findings of a study on firm performance conducted by Khan and Abd Rahim (2016): An empirical study on financial reporting timeliness and financial voluntary disclosure was conducted, and the findings show that financial reporting timeliness has a significant relationship with firm performance. The study also found that releasing the annual report sooner could improve the firm's performance.

The respondents strongly agreed on the statement that timely financial reports submitted have enhanced the county financial performance (M=4.55, SD=0.45). This is consistent with the findings of a study by Mbuti (2017), which examined the effect of internal audit reporting quality on the financial performance of Savings And Credit Cooperative Societies in Murang'a County, Kenya, and the study findings reveal that objectivity of financial reporting in SACCOs, internal audit report completeness, and internal audit reporting timeliness all had a significant effect on the financial performance of SACCOs.

The respondents agreed on the statements that tracking of expenses are time done for information generation and dispersion (M=4.30, SD=0.70), the county has effectively adopted IFMIS for processing its financial transactions (M=4.12, SD=0.88), the system apply period closure procedures and methods of generating financial accounts and periodic management (M=4.08, SD=0.92) and that support financial account adjustment and adhere to appropriate regulatory standards like Public Sector Accounting Standards (M=4.05, SD=0.95). This is consistent with Martinez-Ferrero's (2018) study, which investigated the effects of financial reporting quality on corporate performance: Evidence at the international level shows that financial reporting quality (FRQ) has a positive effect on financial performance.

The respondents indicated to a moderate extent that Adoption of IFMIS has shortened the period for preparation of financial statements (M=3.21, SD=1.79). The findings contradict Aigienohuwa and Uniamikogbo's (2021) study, which examined the profitability and timeliness of financial reports in Nigerian quoted companies and discovered a significant relationship between profitability and timeliness of financial reports in Nigerian quoted companies.

4.5.2 Accurate Reports

The descriptive statistics of how accurate reports affect financial performance of Nandi County Government are provided in Table 4.6.

Table 4.6: Accurate Reports

Statements	M	SD
Generally, timely and accurate financial reports are submitted to the budget controller.	4.75	0.25
The financial data are accurately entered into the IFMIS for reporting	4.05	0.95
The system has enabled the County government to effectively act upon submitted financial report errors and frauds	4.28	1.72
IFMIS have enable ease of internal audit based on the accuracy of the financial statements	3.58	1.42
The accurate reports generated have enhanced financial performance	3.69	1.31
Aggregate Score	**4.07**	**0.93**

Source: Research Data (2022)

The aggregate score of 4.18 as presented in Table 4.6 indicated that accurate reports affected financial performance of Nandi County Government which closely deviated from the mean by 0.82. This is supported by the findings of the study by Mironiuc, Carp, and Chersan (2015), which investigated the relevance of financial reporting on the performance of quoted Romanian companies in the context of adopting the IFRS, and the results of the empirical study confirm that the two categories of accounting results are significantly associated with the share price, reflecting an increased value relevance and usefulness for investors on the Romanian financial market, after the adoption of the IFRS6.

The respondents strongly agreed on the statements that generally, timely and accurate financial reports are submitted to the budget controller (M=4.75, SD=0.25). This is consistent with the findings of the Bukenya, M. (2014) study, which investigated the quality of accounting information on financial performance in Uganda's public sector and discovered that reporting units with high-quality financial accounting information reflected higher levels of financial performance.

The respondents agreed on the statements that the system has enabled the County government to effectively act upon submitted financial report errors and frauds (M=4.28, SD=0.72), the financial data are accurately entered into the IFMIS for reporting (M=4.05, SD=0.95), The accurate reports generated have enhanced financial performance (M=3.69, SD=1.31) and that IFMIS have enable ease of internal audit based on the accuracy of the financial statements (M=3.58, SD=1.42). This is consistent with the findings of Tarus, Muturi, and Kwasira's (2015) study, which investigated the determinants of accurate financial statement reporting in Kenyan listed banks. A survey of commercial banks in

Nakuru Town discovered that staff professional exposure and internal bank training also had a significant impact on financial reporting accuracy.

4.5.3 Easy Referencing

The descriptive statistics of how easy referencing affects financial performance of Nandi County Government are provided in Table 4.7.

Table 4.7: Easy Referencing

	M	SD
Adoption of IFMIS has enhanced seem less flow of data from one department to another	4.58	0.42
IFMIS provides a platform for easy reference for auditors and other stakeholders.	3.61	1.39
Tracking Financial Events is easy increasing transparency	3.96	1.04
Adoption of IFMIS has enhanced audit trails for financial performance through easy reference	4.51	0.49
Adoption of IFMIS has enhanced effective planning for better financial performance by making reference to past information	4.34	0.66
IFMIS monitoring and evaluation influences county government's financial performance	4.01	0.99
Aggregate score	**4.17**	**0.83**

Source: Research Data (2022)

The aggregate score of 4.17 as presented in Table 4.7 indicated that easy referencing affected financial performance of Nandi County Government which closely deviated from the mean by 0.83. The findings are consistent with those of a study conducted by Somathilake and Ranathunga (2021) that looked at the effects of accounting record keeping practices on financial performance: Accounting record keeping practices have a positive effect on the financial performance of SMEs, and preparing financial statements has a significant effect on the financial performance of SMEs.

The respondents strongly agreed on the statements that adoption of IFMIS has enhanced seem less flow of data from one department to another (M=4.58, SD=0.42) and that the adoption of IFMIS has enhanced audit trails for financial performance through easy reference. The findings are consistent with the findings of a study conducted by Njau and Kinoti (2020), which focused on the adoption of an integrated financial management information system and the performance of the Kenyan National Treasury and discovered that IFMIS was widely used in public finance management at the Kenyan National Treasury.

The respondents agreed on the statements that the adoption of IFMIS has enhanced effective planning for better financial performance by making reference to past information (M=4.34, SD=0.66), IFMIS monitoring and evaluation influences county government's financial performance (M=4.01, SD=0.99), tracking Financial Events is easy increasing transparency (M=3.96, SD=1.04) and that IFMIS provides a platform for easy reference for auditors and other stakeholders (M=3.61, SD=1.39). The findings are consistent with the findings of a study conducted by Chalu (2020) that investigated the effect of IFMIS adoption on financial reporting quality in Tanzanian local governments, and the findings imply that IFMIS adoption improves the quality of financial reporting understandability.

4.5.4 Enhanced Decision Making

The descriptive statistics of how enhanced decision making affects financial performance of Nandi County Government are provided in Table 4.8.

Table 4.8: Enhanced Decision Making

	M	SD
IFMIS provides a platform for financial decision making	4.55	0.45
The county decision making process involves the use of IFMIS reports.	3.97	1.03
Costing analysis on the IFMIS reports plays an important role in decision making	4.67	0.33
IFMIS gives continuous monetary information that further develops my dynamic capacities.	4.53	0.47
Custom reports for internal and external use are possible with the IFMIS system.	3.22	1.78
Aggregate score	**4.19**	**0.81**

Source: Research Data (2022)

The aggregate score of 4.19 as presented in Table 4.8 indicated that enhanced decision making affected financial performance of Nandi County Government which closely deviated from the mean by 0.81. This finding is consistent with the findings of Weerasekara and Bhanugopan's (2021) study, which investigated the impact of entrepreneurs' decision-making style on SMEs' financial performance, and the findings suggest that regional entrepreneurial culture, educational institutional support, and business and social networks mediate the relationship between entrepreneurs' decision-making style and SMEs' financial performance.

The respondents strongly agreed on the statements that costing analysis on the IFMIS reports plays an important role in decision making (M=4.67, SD=0.33), IFMIS provides a platform for financial decision making (M=4.55, SD=0.45) and that IFMIS gives continuous monetary information that further develops my dynamic capacities (M=4.53, SD=0.47). Lamba's (2018) study on the effects of IFMIS practices on public finance management performance: A Case Study of Kenya Power and Lighting Company revealed that a well-functioning IFMIS platform has the ability to monitor transactions in real time, which benefits the government in general.

The respondents indicated to a moderate extent that custom reports for internal and external use are possible with the IFMIS system (M=3.22, SD=1.78). The findings contradict the findings of Mwangi's (2019) study, which investigated the influence of integrated financial management information systems on procurement performance in the County Government of Nyeri, and the findings indicate that the county government of Nyeri had integrated the major procurement integrated financial management information systems models, despite suppliers' lack of confidence in the system.

4.5.5 Financial Performance

The descriptive statistics of financial performance of Nandi County Government are provided in Table 4.8.

Table 4.8: Financial Performance

	M	SD
IFMIS has expanded the viability and proficiency of government spending programs.	3.69	1.31
Adoption of IFMIS has upgraded proficient assignment of assets	4.45	0.55
Adoption of IFMIS has enhanced audit trails for financial performance monitoring and evaluation	4.56	0.44
The County has enhanced development absorption rate in its expenditure	4.13	0.87
The use of IFMIS has significantly improved information security which reduces the risk of corruption and improved the reliability of the information system.	4.61	0.39
Use of IFMIS has led to reduction of wastage of government resources	3.88	1.12
IFMIS monitoring and evaluation influences financial performance of the county government	4.19	0.81
Aggregate score	**4.22**	**0.78**

Source: Research Data (2022)

The aggregate score of 4.22 as presented in Table 4.8 indicated that IFMIS affected financial performance of Nandi County Government which closely deviated from the mean by 0.78. According to Turel (2016), one of the important determinants of financial reports is the timeliness of financial statements. Whether one chooses to call timeliness an accounting objective or an attribute of useful accounting information, it is clear that both the disclosure regulations and a large portion of the accounting literature accept the premise that timeliness is a necessary condition to be satisfied if financial statements are to be useful.

The respondents strongly agreed on the statements that; the use of IFMIS has significantly improved information security which reduces the risk of corruption and improved the reliability of the information system (M=4.61, SD=0.39) and that adoption of IFMIS has enhanced audit trails for financial performance monitoring and evaluation (M=4.56, SD=0.44). According to Williams (2016), accurate financial reporting simplifies tax, valuation, and auditing processes, reducing the time required to complete necessary financial obligations and validating financial compliance.

The respondents agreed on the statements that; adoption of IFMIS has upgraded proficient assignment of assets (M=4.45, SD=0.55), IFMIS monitoring and evaluation influences financial performance of the county government (M=4.19, SD=0.78), the County has enhanced development absorption rate in its expenditure (M=4.13, SD=0.0.87) and that the use of IFMIS has led to reduction of wastage of government resources (M=3.88, SD=1.12). According to Axson (2018), management is constantly confronted with the problem of alternative decision making, especially when resources are scarce and limited.

4.6 Diagnostic Test Results

4.6.1 Multicollinearity Test

Variance Inflation Factor (VIF) was used to test for multicollinearity across variables.

Table 4.9: Multicollinearity Test

	Collinearity Statistics	
	Tolerance	**VIF**
Timely reporting	0.689	1.269
Accurate reports	0.599	1.203
Easy referencing	0.633	1.287
Enhanced decision making	0.602	1.200

Source: Research Data (2022)

The results in Table 4.9 show that there was no subsequent threat of multicollinearity as all the variables had a VIF of less than 10. Timely reporting had a VIF of 1.269 which is fewer than 10, accurate reports had a VIF of 1.203 which is fewer than 10, easy referencing had a VIF of 1.287 which is fewer than 10 and enhanced decision making had a VIF of 1.200 which is fewer than 10. According to Hair *et al.* (2014) VIF values were fewer than 10 for every variable which indicated the absence of multicollinearity. The presence of multicollinearity affects the estimation of model parameters. The findings prove that the multicollinearity assumption was adhered to and therefore the data could be used to carry out regression analysis.

4.6.2 Heteroscedasticity

This research used the Levene test to check for heteroscedasticity as put forward by Field (2013) where the values of the Levene test probability statistics are greater than the significant level of p equals to 0.05. This implies that the variances are equal. Values should be greater than 0.05 to meet the homoscedasticity assumption as suggested by Field (2013). The results are highlighted in Table 4.10 below.

Table 4.10: Heteroscedasticity

	Levene Statistic	Sig.
Timely reporting	1.568	0.089
Accurate reports	0.001	0.568
Easy referencing	0.103	0.896
Enhanced decision making	1.852	0.406
Financial performance	0.726	0.375

Source: Research Data (2022)

The results in Table 4.10 reveal that timely reporting had a levene statistic of 1.568, p-value =0.089>0.05, accurate reports had a levene statistic of 0.001, p-value =0.568>0.05, easy referencing had a levene statistic of 0.103, p-value =0.896>0.05, accurate reports had a levene statistic of 0.001, p-value =0.406>0.05, enhanced decision making had a levene statistic of 1.852, p-value =0.568>0.05 and financial performance had a levene statistic of 0.726, p-value =0.375>0.05. The study gave out in rejecting the null hypothesis that heteroscedasticity existed in the data and allow more advanced inspection using the regression model. The study results show that the assumption was achieved and further analysis using the regression model can be conducted.

4.6.3 Normality Test Results

Normality test compares the scores in the sample to a normally distributed set of scores with the same mean and the standard deviation (Ghasemi & Zahediasl, 2012). Normality test in this study was done using Shapiro-Wilk test. The results of the test for all the variables of the study are as indicated in Table 4.11. Shapiro- Wilk test ranges from 0 to 1.

Values nearer to 1 indicate normally distributed data while those below 0.4 indicates existence of skewed data (Field, 2013).

Table 4.11: Normality Test

	Shapiro- Wilk test	
	Statistic	Significance
Timely reporting	0.978	0.441
Accurate reports	0.790	0.095
Easy referencing	0.764	0.063
Enhanced decision making	0.735	0.059
Financial performance	0.709	0.074

Source: Research Data (2022)

The null hypothesis for normality tests stated that the data was not normally distributed. Test results in table 4.11 indicate that the p values for all the variables were greater than 0.05. Enhanced decision making variable had the least significance of 0.059 and timely reporting variable had the largest significance of 0.441. Therefore, the residuals were not significant at 95% confidence level, leading to rejection of the null hypothesis and conclusion reached that the data in this study was normally distributed and thus the data could be relied upon to make conclusions about the population.

4.7 Regression Analysis Results

This section presents the findings of the multiple regression model that was used to test whether IFMIS (timely reporting, accurate reports, easy referencing and enhanced decision making) significantly predicted the financial performance of County Government of Nandi, Kenya. The results are presented in Tables 4.12, 4.13 and 4.14.

Table 4.12: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.788[a]	.621	.602	.631	.621	34.344	4	84	.000

a. Predictors: (Constant), Easy referencing, Enhanced decision making, Timely reporting, Accurate reports

Source: Research Data (2022)

The results of the model summary presented in Table 4.12 show that the performance outcomes with the financial performance measure as dependent variable had an adjusted R-squared = 0.602 which inferred that independent variables which include timely reporting, accurate reports, easy referencing and enhanced decision making accounted for 0.602(60.2%) of the financial performance of County Government of Nandi, Kenya. This therefore means that the variables that have not been studied account for the remaining 39.8%.

Table 4.13: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	54.623	4	13.656	34.344	.000[b]
	Residual	33.400	84	.398		
	Total	88.022	88			

a. Dependent Variable: Financial performance

b. Predictors: (Constant), Easy referencing, Enhanced decision making, Timely reporting, Accurate reports

Source: Research Data (2022)

As shown in Table 4.13 significance value is at 0.000^b which is below 0.05. Table 4.11 further shows that the ANOVA statistic, F_{cal} (4, 89) = 34.44, p <0.05, and this meant that the regression model was statistically significant since it was greater than F_{tab} (4, 89) = 13.656, p <0.05).

Table 4.14: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.617	.212		2.910	.000
	Timely reporting	.941	.247	.271	3.809	.000
	Accurate reports	.698	.109	.398	6.403	.000
	Enhanced decision making	.595	.048	.147	1.239	.000
	Easy referencing	.787	.073	.896	10.781	.000

a. Dependent Variable: Financial performance

Source: Research Data (2022)

The results as presented in Table 4.14 shows that when easy referencing, Enhanced decision making, Timely reporting, Accurate reports variables are held at constant the value of financial performance of County Government of Nandi, Kenya would be at 0.617(61.7%). The findings further implied that increasing timely reporting by a unit would result in 0.941 units increase in financial performance, increasing accurate reports by a unit would result in 0.698 units increase in financial performance, increasing enhanced decision making by a unit would result in 0.595 units increase in financial performance and increasing easy referencing by a unit would result in 0.787 units increase in financial performance.

The equation of regression formed was as follows:

$Y = 0.617 + 0.941X_1 + 0.698X_2 + 0.595X_3 + 0.787X_4$

Y – Financial performance of Nandi County Government in Kenya.

X_1 – Timely reporting

X_2-- Accurate reports,

X_3 – Easy referencing

X_4-- Enhanced decision making

Results in Table 4.14 further show that timely reporting had a coefficient of t=3.809, P-value=0.000<0.05 when regressed against financial performance. These findings implied the effects of timely reporting on the financial performance of County Government of Nandi, Kenya were statistically significant. This is in line with Martínez-Ferrero (2018) study that examined the consequences of financial reporting quality on corporate performance: Evidence at the international level and highlights the positive effect of financial reporting quality (FRQ) on financial performance.

Accurate reports had a coefficient of t=6.403, P-value=0.000<0.05 when regressed against financial performance. These findings implied the effects of accurate reports on the financial performance of County Government of Nandi, Kenya were statistically significant. This is consistent with the findings of Bukenya, M. (2014) study that investigated the quality of accounting information on financial performance of Uganda's public sector and revealed that the reporting units where financial accounting information was perceived of high quality reflected higher levels of financial performance.

Enhanced decision making had a coefficient of t=1.239, P-value=0.000<0.05 when regressed against financial performance. These findings implied the effects of enhanced decision making on the financial performance of County Government of Nandi, Kenya were statistically significant. The finding contradicts with the findings of a study by Mwangi (2019) that investigated the influence of integrated financial management information systems on the procurement performance in the County Government of Nyeri and the results signify that the county government of Nyeri had integrated the major procurement integrated financial management information systems models though suppliers were not confident in the system.

Easy referencing had a coefficient of t=10.781, P-value=0.000<0.05 when regressed against financial performance. These findings implied the effects of easy referencing on the financial performance of County Government of Nandi, Kenya were statistically significant. The finding is in line with the findings of a study by Somathilake and Ranathunga (2021) study that investigated the effects of accounting record keeping practices on financial performance: Special Reference to Small and Medium Enterprises in Anuradhapura District and the results revealed that accounting record keeping practices show a positive effect on financial performance of SMEs and preparing financial statements have a significant effect on SMEs financial performance.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings, conclusions, recommendations for policy and practice and suggestions for further studies.

5.2 Summary

The study investigated how IFMIS affects financial performance of Nandi County Government, Kenya. The specific objectives were to determine how timely reporting, accurate reports, easy referencing and enhanced decision making affected the financial performance of Nandi County Government. Data was collected using questionnaires which was then analysed using descriptive statistics and regression analysis. The findings are given as follows:

The study sought to determine how timely reporting affected financial performance of Nandi County Government. The effects of timely reporting on the financial performance of County Government of Nandi, Kenya were statistically significant. Timely financial reports submitted have enhanced the county financial performance, tracking of expenses are time done for information generation and dispersion and that the county has effectively adopted IFMIS for processing its financial transactions.

The study sought to assess how accurate reports affected financial performance of Nandi County Government. The effects of accurate reports on the financial performance of County Government of Nandi, Kenya were statistically significant. Generally, timely and accurate financial reports are submitted to the budget controller, the system has enabled the County government to effectively act upon submitted financial report errors and frauds and that the financial data are accurately entered into the IFMIS for reporting.

The study sought to determine how easy referencing affected financial performance of Nandi County Government. The effects of easy referencing on the financial performance of County Government of Nandi, Kenya were statistically significant. The adoption of IFMIS has enhanced seem less flow of data from one department to another, the adoption of IFMIS has enhanced effective planning for better financial performance by making reference to past information and that IFMIS monitoring and evaluation influences county government's financial performance.

The study sought to determine how enhanced decision making affected financial performance of Nandi County Government. The effects of enhanced decision making on the financial performance of County Government of Nandi, Kenya were statistically significant. Costing analysis on the IFMIS reports plays an important role in decision making, IFMIS provides a platform for financial decision making and that IFMIS gives continuous monetary information that further develops my dynamic capacities.

5.3 Conclusions

The study concluded that the timeliness of audited corporate annual financial reports is regarded as an important factor influencing the usefulness of information made available to various users. As a result, accounting information must be made available within a short period of time after the end of the reported period, or it loses some of its economic value. Unnecessary delay in the release of financial statements raises the level of uncertainty associated with investment decisions. The lengthening of the delay reduces the information's content and relevance.

The study concluded that accurate financial statements build trust which enables the investors to confidently put their hard-earned money into it. Accurate and up-to-date financial reporting shows that the County is better prepared come tax time. Accurate financial reporting and planning the County to identify the costly mistakes.

The study concluded that IFMIS enables the collection and dissemination of financial, nonfinancial, and performance data that contribute to efficient and effective public administration. Improving fiscal policy management through timely information on the financial position at any given time is only possible with an accurate and consistently updated database that covers the entire public sector. Capture and processing of government financial transactions in a timely, dependable, and secure manner using automated information management systems in accordance with financial and accounting regulations and with a high level of data security and traceability.

The study concluded that the use of IFMIS in the County is one of major factors for successful managerial decision making. Where financial information required for decision making is not available at the appropriate time, the County has a potential threat to poorly made decisions. IFMIS, therefore, has the capacity to support decision making beyond matters of finance by contributing to the modernization of public administration so that the governments can delivery public services more efficiently.

5.4 Recommendations

The study recommended that the County must improve the timeliness of its financial reporting. The County should implement measures to reduce the time lag between the end of the fiscal year and the Annual General Meeting (AGM) in order to increase financial statement users' confidence in using financial statements for decision making. The County should weigh the relative advantages of timely reporting against the dependability of the information provided in the financial statements.

The study recommended that the County should set aside the time required for financial reporting. Understand the key business drivers and their impact on the numbers, and hire financial advisors if possible. Ascertain that it has the best systems and processes in place, including the most up-to-date financial technology software, systems, and updates. Allow for appropriate collaboration among all departments that contribute financial data, and have security protocols in place to ensure data is always secure. Ensure financial records and reporting are owned by someone with full accountability, who is responsible for checking the data and signing off on its accuracy.

The study recommended that managers should use IFMIS to plan and formulate budgets, compare results to budgets and plans, manage cash balances, track the status of debts and receivables, monitor the use of fixed assets, and make revisions and adjustments as needed. The County should put in place proper financial systems to improve financial performance and employee output.

The study recommended that the County should implement timely and adequate training programs for all system users, ensure adequate hardware and software linkages between all levels of government, and sufficient manpower to both implement and maintain the IFMIS system, conduct user sensitization throughout the various departments on the benefits of implementing the IFMIS system, and improve technological uptakes to deal with immerging technological challenges and advancements.

5.5 Contribution to Practice

This study makes contribution to body of knowledge on two accounts. Firstly, the study focused on developing country context specifically in Kenya. Previous empirical studies were not conclusive on the linkage between IFMIS and financial performance and suggested that the relationship is conditional to country's unique characteristics. To this end, this study has thus provided empirical evidence that in Kenya on the relationship between IFMIS and financial performance in the County governments. Majority of the studies in Kenya had focused mainly on financial institutions leaving out the County governments where IFMIS is also being heavily relied on.

5.6 Suggestions for Further Studies

The study suggests that further studies should be carried out that focus on other variables apart from the timely reporting, accurate reports, easy referencing and enhanced decision making to address the remaining gap of 39.8% as identified in the regression model. In addition, the study context was Nandi County, therefore, similar study can be done focusing on other County governments.

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APPENDICES

APPENDIX I: INTRODUCTORY LETTER

INTRODUCTORY LETTER

ISAAC KIPKEMBOI KOROS

D53/KER/PT/34008/2015

WHOEVER IT MAY CONCERN

Dear Respondent,

<u>RE: MBA RESEARCH</u>.

I am a Master's student at Kenyatta University. As part of my degree requirement am supposed to complete a study that is based on '**Effect of Integrated Financial Management Information System on Financial Performance of Nandi County Government, Kenya'**

Your decision is on the basis of planned significance in achieving County's goal as well as improving the effectiveness of the institution through efficiency and effectiveness. I humbly ask for your help in answering the list of questions. At your request, the final copy can be delivered to you. Whatever information you shall give will be confidentially kept and used only the study purpose. I value your assistance in advance.

Isaac Kipkemboi Koros

APPENDIX II: LETTER OF AUTHORIZATION

KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke
Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 8710901 Ext. 57530

Our Ref: D53/KER/PT/34008/2015

DATE: 16th March, 2022

Director General,
National Commission for Science, Technology
and Innovation
P.O. Box 30623-00100
NAIROBI

Dear Sir/Madam,

RE: RESEARCH AUTHORIZATION FOR KOROS ISAAC KIPKEMBOI – REG. NO. D53/KER/PT/34008/2015.

I write to introduce Koros Isaac Kipkemboi who is a Postgraduate Student of this University. The student is registered for M.B.A degree programme in the Department of Accounting and Finance.

Koros intends to conduct research for a M.B.A Project Proposal entitled, **"Integrated Financial Management Information System on the Financial Performance of County Government of Nandi, Kenya".**

Any assistance given will be highly appreciated.

Yours faithfully,

PROF. ELISHIBA KIMANI
DEAN, GRADUATE SCHOOL

AM/lnn

APPENDIX III: QUESTIONNAIRE

QUESTIONNAIRE FOR THE DEPARTMENT STAFF

Introduction

This research is meant for academic purpose. It will try to find out **THE EFFECT OF THE INTEGRATED FINANCIAL MANAGEMENT INFORMATION SYSTEM (IFMIS) ON FINANCIAL PERFORMANCE OF NANDI COUNTY GOVERNMENT, KENYA.** Kindly give honest and accurate answers to the questions that follow. I confidently assure you that this process is considered confidential. Kindly don't give any information that might reveal your identity. Tick where your answer best suits.

SECTION A: Personal Details

Gender	Male ☐ Female ☐
Respondent Age	20 – 29 ☐ 30 – 39 ☐ 40 – 49 ☐ 50 – 59 ☐ Above 60 ☐
Academic Status	Master ☐ Bachelor ☐ Diploma ☐ Certificate ☐ Other……………………………………
Years worked with The County	Below 1 ☐ 1 – 3 ☐ 4 - 6 ☐ Above 6 ☐
Do you use IFMIS	Yes ☐ No ☐

SECTION B: Timely Reporting and financial performance of Nandi County Government, Kenya.

8. (a) Rank the extent to which the following aspect of timely reporting influences financial performance.

Please rate the statements below based in terms of your agreement guided by the Likert Scale ranging from strongly disagrees to strongly agree, where: 1- Strongly Disagree; 2- Disagree; 3- Neutral; 4- Agree; 5 – Strongly agree

Timely Reporting and financial performance	**5**	**4**	**3**	**2**	**1**
The system apply period closure procedures and methods of generating financial accounts and periodic management;					
Support financial account adjustment and adhere to appropriate regulatory standards like Public Sector Accounting Standards;					
Tracking of expenses are time done for information generation and dispersion					
The county has effectively adopted IFMIS for processing its financial transactions.					
Adoption of IFMIS has shortened the period for preparation of financial statements					
Timely financial reports submitted have enhanced the county financial performance					

(b). In your opinion has the introduction of IFMIS improved efficiency in timely reporting of Nandi County government? Yes [ ] No [ ]
Explain………………………………………………………………………………..…

…………………………………………………………………………………………

………………………………………………………………………………………

(c). In your view has IFMIS enhanced timely quality reporting other than using the previous reporting manual system? Yes [ ] No [ ]
Explain……………………………………………………………………………………

………………………………………………………………………………………

SECTION C: Accurate Reports and financial performance of Nandi County Government, Kenya

6. (a) Rank the extent to which the following aspects of Accurate reporting influences on financial performance. Likert Scale ranging from strongly disagrees to strongly agree, where: 1- Strongly Disagree; 2- Disagree; 3- Neutral; 4- Agree; 5 – Strongly agree

Accurate Reports and Financial Performance	**5**	**4**	**3**	**2**	**1**
Generally, timely and accurate financial reports are submitted to the budget controller.					
The financial data are accurately entered into the IFMIS for reporting					
The system has enabled the County government to effectively act upon submitted financial report errors and frauds					
IFMIS have enable ease of internal audit based on the accuracy of the financial statements					
The accurate reports generated have enhanced financial performance					

(b). In your view do you think IFMIS implementation in Nandi County government has prevented financial errors and frauds? Yes [ ] No [ ]

Explain if yes

……………………………………………………………………………………………

……………………………………………………………………………………

(c). In your view has the introduction of IFMIS improved accuracy of financial reports of Nandi County government? Yes [ ] No [ ]

Explain if yes

…………………………………………………………………………………………………

……………………………………………………………………………………

SECTION D: Easy Referencing and financial performance of Nandi County Government, Kenya

7. Rank the level at which the aspects regarding Easy Referencing affects County Government Financial Performance; Likert Scale ranging from strongly disagrees to strongly agree, where: 1- Strongly Disagree; 2- Disagree; 3- Neutral; 4-Agree; 5 – Strongly agree

Easy Referencing and Financial Performance	5	4	3	2	1
Adoption of IFMIS has enhanced seem less flow of data from one department to another					
IFMIS provides a platform for easy reference for auditors and other stakeholders.					
Tracking Financial Events is easy increasing transparency					
Adoption of IFMIS has enhanced audit trails for financial performance through easy reference					
Adoption of IFMIS has enhanced effective planning for better financial performance by making reference to past information					
IFMIS monitoring and evaluation influences county government's financial performance					

(b). In your view has the introduction of IFMIS improved easy reference of financial reports of Nandi County government? Yes [ ] No [ ]

Explain if yes ………………………………………………………………………………

………………………………………………………………………………………

SECTION E: Decision Making and financial performance of Nandi County Government, Kenya

8. Rank the level at which the aspects regarding decision making affects County Government Financial Performance: Likert Scale ranging from strongly disagrees to strongly agree, where: 1- Strongly Disagree; 2- Disagree; 3- Neutral; 4- Agree; 5 – Strongly agree

Decision making and Financial Performance	5	4	3	2	1
IFMIS provides a platform for financial decision making					
The county decision making process involves the use of IFMIS reports.					
Costing analysis on the IFMIS reports plays an important role in decision making					
IFMIS gives continuous monetary information that further develops my dynamic capacities.					

Custom reports for internal and external use are possible with the IFMIS system.					

(b). In your opinion has the introduction of the system enhanced the quality of decisions made in Nandi County Government? Yes [ ] No [ ]

Explain if yes

……………………………………………………………………………………………

……………………………………………………………………………………

SECTION F: Financial Performance of Nandi County Government, Kenya

8. Rank the extent to which the following aspects in the County Government

Influences Financial Performance; Likert Scale ranging from strongly disagrees to strongly agree, where: 1- Strongly Disagree; 2- Disagree; 3- Neutral; 4-Agree; 5 – Strongly agree

Integrated Financial Management Information System and Financial Performance	**5**	**4**	**3**	**2**	**1**
IFMIS has expanded the viability and proficiency of government spending programs.					
Adoption of IFMIS has upgraded proficient assignment of assets					
Adoption of IFMIS has enhanced audit trails for financial performance monitoring and evaluation					
The County has enhanced development absorption rate in its expenditure					
The use of IFMIS has significantly improved information security which reduces the risk of corruption and improved the reliability of the information system.					
Use of IFMIS has led to reduction of wastage of government resources					
IFMIS monitoring and evaluation influences financial performance of the county government					

APPENDIX IV: RESEARCH PERMIT

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Ref No: **588011**

Date of Issue: **04/April/2022**

RESEARCH LICENSE

This is to Certify that Mr.. ISAAC KIPKEMBOI KOROS of Kenyatta University, has been licensed to conduct research in Nandion the topic: Integrated Financial Management Information System on Financial Performance of County Government of Nandi, Kenya for the period ending : 04/April/2023.

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