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"EFFECT OF INTEGRATED FINANCIAL MANAGEMENT INFORMATION SYSTEM ON PUBLIC FINANCIAL MANAGEMENT IN KAKAMEGA COUNTY"

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Abstract

The main objective of the study was to examine the effect of IFMIS on Public financial management in County Government of Kakamega. Specifically the study sought to determine the effect of IFMIS Plan to Budget process on public finance management. The study employed descriptive survey research design. A sample size of 50 respondents was selected using census sampling techniques from target population of 50 employees from treasury department of County Government of Kakamega. Primary data was collected using questionnaire. Validity of the research instruments were determine using content validity while reliability by use Cronbach alpha. Data collected was analyzed using descriptive and inferential statistics using SPSS Version 21. The findings revealed that IFMIS significantly accounted for 75.9% of variance in public finance management. It was concluded that IFMIS plan to budget has a positive and significant effect on public finance management of county government of Kakamega. It was recommended that the Ministry of Finance should both appeal to and support the adoption of the IFMIS within the county government system through advocacy and capacity building by the national government to influence policy development that embraces the system at the county level.

Key Words: IFMIS, plan to Budget, Public finance Management

1. Introduction

1.1 Background of the Study

The objective of implementing Integrated Financial Management Information System (IFMIS) is to increase the effectiveness and efficiency of financial management and facilitate the adoption of modern public expenditure practices in keeping with international standards and benchmarks (Chado, 2015). IFMIS is the automation of the Public Financial Management (PFM) processes, from budget preparation and execution to accounting and reporting, with the help of an integrated system for financial management of line ministries, agencies and other public sector operations (Rodin-Brown, 2008). A strong PFM system is a catalyst for economic growth and development. It ensures that the government and its departments raise, manage, and spend public resources in an efficient and transparent way with the aim of improving service delivery. It ensures that the government and its departments raise manage and spend public resources in an efficient and transparent way (Biwott, 2015).

Lack of accountability in government expenditure has been a concern to the general public and international institutions such as World Bank and IMF (World Bank, 2011). This therefore called for reforms in public sector financial management. The government of Kenya has recently undertaken a number of public financial management reforms aimed at enhancing transparency and accountability targeting public financial management. The broad objective of these reforms is to strengthen PFM systems by enhancing transparency, accountability and responsiveness to public expenditure policy priorities. The PFM reform is also instrumental in the fight against wasteful spending and corruption (Republic of Kenya, 2011).

Most common among these reforms have been efforts to introduce integrated financial management information systems (IFMIS) that computerize and automate key aspects of budget execution and accounting operations across the institutions of government (Heo, 2013). In the government realm, IFMIS refers more specifically to the computerization of public financial management (PFM) processes, from budget preparation and execution to accounting and reporting, with the help of an integrated system for financial management of line ministries, spending agencies and other public sector operations (Rodin-Brown, 2008).

Its main objective is to improve the efficiency and effectiveness of the processes, involved in management of public funds. The ultimate goal of IFMIS is to enhance the quality of public service delivery by providing timely and accurate financial and accounting information across both the National and County Governments (Olali, 2015). IFMIS enable prompt and efficient access to reliable financial data and help strengthen government financial controls, improving the provision of government services, raising the budget process to higher levels of transparency and accountability, and expediting government operations (Hendriks, 2012).

The scope and functionality of an IFMIS varies across countries, but normally it represents an enormous, complex, strategic reform process (Chêne, 2009). Integrated financial management information system (IFMIS) has been incorporated in the U.S. Department of Homeland Security (DHS) as the official accounting and financial management system to track all financial transactions (Thaggardand Callahan, 2011). According to the World bank (2011) FMIS Database Latin America and Caribbean region of the World Bank stands out with the largest number of completed (25) and active (4) IFMIS projects. The Africa region follows with 13 completed and 12 active IFMIS projects. For all countries, use of ICTs for government reinvention is increasing not only in investment but also in terms of visibility with a number of high-profile initiatives having been launched during the 1990s (Mugai, 2012).

The Kenyan Government implemented the Integrated Financial Management Information System (IFMIS) since the year 2005 as its sole accounting system. This system was implemented as a result of the several benefits envisaged from its effective use. The Public Financial Reform Management (PFMR) Strategy Paper 2001-2006 recommended automation as well as integration of key government functions such as human resources payroll, accounting, procurement and budgeting citing transparency, better financial management and reporting as some of the benefits (GoK, 2001).

Within the National Treasury, there is an IFMIS Department which has the mandate of designing, spearheading and managing the Integrated Financial Management Information System. The Integrated Financial Management Information System (IFMIS) was developed in 1998 while its deployment to ministries started in 2003. The deployment to the counties started in 2012. At present the intended users of the IFMIS system at the counties are being trained on the same as outlined in the Strategic Plan for GoK IFMIS (2011- 2015)(Conrad, 2013).

The goals of implementing any IFMIS for Kenya included effectiveness, efficiency and improved outcomes in financial management processes. Specifically, IFMIS was geared towards achieving better fiscal management, more optimal resource allocation, improved management of resources, reduced fraud and corruption, improved transparency and accountability, lower transaction costs (Ministry of Finance, 2003). The Kenyan government has embraced the use of IFMIS to execute effective financial management in the various government ministries and public institutions (Kang'ethe, 2002).

In the year 2011, The Ministry of Finance embarked on a re-engineering process due to the challenges that were experienced in its initial implementation. The system is being re-engineering with the aim of improving systems for management and reporting of financial data and information for the Government of Kenya. With the initial IFMIS implementation, no tools were available to manage release of funds and manual upload of individual figures had to be done by the IFMIS department (GoK, 2015). The IFMIS components introduced in the re-engineering process include: The plan to budget component introduces a fully integrated budgeting process which includes budget planning, policy objectives and budget allocation. The Procure to pay component automates the procurement process from requisitions, tendering, and contract award to payment. The records to report provides a structure for effectively recording transactional data from all processes, processing that data right through to the production of regulatory, financial and management reports (Sigei, 2013).

Kakamega County Government treasury use IFMIS for planning, budgeting, expenditure management and control, accounting, auditing and reporting. IFMIS e-Procurement, which fully automates the procurement and payment process, is also operational. In March 2015, IFMIS / National Treasury teams visited Counties and provided on sight support to IFMIS users on various issues including budgeting, accounting, reporting, connectivity and network. The teams also shared communication materials and distributed advanced technology modems for faster access to the system. The modems mainly complement the existing network (GoK, 2015).Therefore, this proposal will examine the effect of these three components of IFMIS (plan to budget procure to pay and record to report) on Public financial management in County Government of Kakamega.

1.2 Statement of the Problem

Financial mismanagement has been almost the norm in many counties since they came into existence on April, 2013 according to the Auditor General's Report of 2015 (Kahari, 2015). Corruption and misappropriation of public finances at county level is bound to not only bear negative socio-economic consequences on the residents of any given county but is also very likely to lead to grand negative ramifications on the nation at large. Poor budgeting and planning by County Governments was blamed by the Controller of Budget to have led to the larger proportion of budgetary allocations going to recurrent and non-essential expenditure at the expense of developmental expenditure. This was evident in Kirinyaga County where expenditure returns provided for audit review indicated that the County Executive had incurred an expenditure totaling Kshs.2, 189,036,194.00 as at 30 June 2014. However, there were no monthly ledgers to support the expenditure in respect of recurrent and development votes. In Nandi County, available information indicates that furniture, building materials and stationery worth Kshs.7,520,708 procured by the County Executive during the year, were not recorded in the stores and assets records as required by Section 18(2) of the Government Financial Regulations and Procedures. It was therefore not possible to confirm that the goods were received and accounted for (GoK, 2015). Poor and mismanagement of funds are very likely to derail various important projects in the counties which defeat the very purpose of their creation (Kahari, Gathogo & Wanyoike, 2015).

Diamond and Khemani (2005) assert that governments and their departments have found it difficult to provide an accurate, complete, and transparent account of their financial position to parliament or to other interested parties, including donors and the general public. This lack of information has hindered transparency and the enforcement of accountability in government, and has only contributed to the perceived governance problems in many of these cases. In Kenya, the National Treasury introduced the Integrated Financial Management Information system as a PFM reform initiative aimed at automating and streamlining Governments financial management processes and procedures (Njenga, 2013). The continued efforts of proper management of public funds have led to the need for the introduction of an IFMIS system in the county governments in the country (World Bank, 2014).

Integrated financial management information system on public financial management has attracted the attention of scholars and researchers on different aspect of IFMIS and different level of government with mixed outcome (Gallagher, 2007; Bartel, 2006).Positive results were revealed by Mburu and Ngahu (2016) in County Government of Nakuru; Omokonga (2014) on public sector organizations in Kenya; Wainaina (2014) on commercial state corporations in Kenya; Odoyo et al (2014) on cash management at Eldoret West District Treasury, Kenya and Njonde and Kimanzi (2014) on County Government of Nairobi.

On effect of public management, Chado (2015) did a study on the public sectors in Kenya and revealed a strong, negative and statistically significant relationship between staff resistance and IFMIS implementation. The same results were revealed by Odoyo et al (2014) that the implementation of IFMIS has not been a success as a result of the top down management exhibited in most of the public services. Majorities of the findings revealed that IFMIS has positive effect on public finance management. However, a number of studies have examined factors affecting IFMIS implementation. Cherotich and Bichanga (2016) examined the factors in the county governments of Kenya while Kahari et al. (2015) investigated adoption of IFMIS in County Government of Nyandarua. Similar studies were also carried out by Njihia and Makori (2015) in National Treasury of Kenya and Miheso (2012) in National Government in Kenya.

However, none of the studies were carried out in County Government of Kakamega to find the effectiveness of IFMIS on public finance management. It is against this backdrop that the current study set to establish the effect of IFMIS on Public Financial Management in County Government of Kakamega.

1.3 Objective Of The Study

To determine the effects of IFMIS plan to budget (budgeting process)(P2B) on public finance management in County Government of Kakamega.

2. Literature Review

2.1 Theoretical Framework

2.1.1 Meta Theory Model

With reference to Ruchala and Mauldin (1999), previous applications of information technology in accounting systems were mainly processes of transactions that would reciprocate the manual processes. Therefore Meta theory refers to the integration and the synthesis of technical orientations, cognitive as well as the overarching model into the research on AIS (Gorry and Scott-Morton, 1971). The meta theory has helped in addressing the IT limitations that are imminent and addressed in previous researches such as the failure to recognize the task to which IT is being applied, the failure to recognize the adaptive nature of the artificial phenomena, the failure to account for the design science in the actual field research and the failure to direct the act of making or choosing the necessary decisions and treating all the transactions in an equal manner (Gorry& Scott-Morton, 1971).

According to Reneau and Grabski (1987), information systems in accounting are used by accountants and other key decision makers that employ the accounting information or make use of the accounting data. The Meta theory model is built on past frameworks on the management information systems. Technology is very pervasive and an essential component in accounting tasks and changes work processes very efficiently. This is well recognized in the accounting theory. There are many research methods that are being employed to look into the problems inherent in Accounting information systems and accounting problems. This is evident in managerial accounting where field work, experimental work and analytical works address the relationships that exist between management information systems and accounting.

2.1.2 Technology Acceptance Model (TAM)

The aspect of Technology Acceptance Model (TAM) refers to the determinants of user acceptance of a wide range of end-user computing technology identifies two theoretical constructs including Perceived Usefulness (PU) and Perceived Ease of Use (PEOU) that affect the intention to use a system (Davis, 1989). There are a number of studies that have used TAM as their theoretical background for explaining ICT adoption and use. Scholars already confirmed that PU has a positive relationship with both adoption intention (Davis, Bagozzi, & Warshaw, 1989) and continuance intention (Ritu & Agarwal, 2000).

In post adoption studies, PU has been found to influence satisfaction (Anol, 2001; Moez, Hirt & Cheung, 2007) and attitude toward the technology (Anol and Hikmet, 2008). PEOU has been found to influence both PU and adoption intention (Davis, Bagozzi, &Warshaw, 1989). Even though TAM was found to be a valid theoretical framework in studying ICT adoption and use, it has been criticized for its several limitations including the original model's intended generality and parsimony (Dishaw & Strong, 1999), not considering non-organizational setting (Venkatesh & Davis, 2000), and overlooking the moderating effects of ICT adoption and use in different situations (Sun & Zhang, 2006).

According to Davis, Bagozzi and Warshaw (1986) perceived ease of use also influences in a significant way the attitude of an individual through two main mechanisms: self-efficacy and instrumentality. Self-efficacy is a concept developed by (Bandura, 1982) which explains that the more a system is easy to use, the greater should be the user's sense of efficacy. Moreover, a tool that is easy to use will make the user feel that he has a control over what he is doing (Lepper, 1985). Efficacy is one of the main factors underlying intrinsic motivation (Bandura, 1982; Lepper, 1985) and it is what illustrates here the direct link between perceived ease of use and attitude. Perceived ease of use can also contribute in an instrumental way in improving a person's performance. Due to the fact that the user will have to deploy less effort with a tool that is easy to use, he will be able to spare efforts to accomplish other tasks (Davis et al., 1989).

It is however interesting to note that the research presented by Davis et al.(1989) to validate his model, demonstrates that the link between the intention to use an information system and perceived usefulness is stronger than perceived ease of use. According to this model, we can therefore expect that the factor which influences the most a user is the perceived usefulness of a tool.

2.2 Conceptual Frame work

According to Mugenda (2008) conceptual frame work is concise description of the phenomenon under study showing graphical or visual depiction of the major variables. As per above graphics the interconnection of these blocks completes the frame work for expected outcomes during implementation of IFMIS.

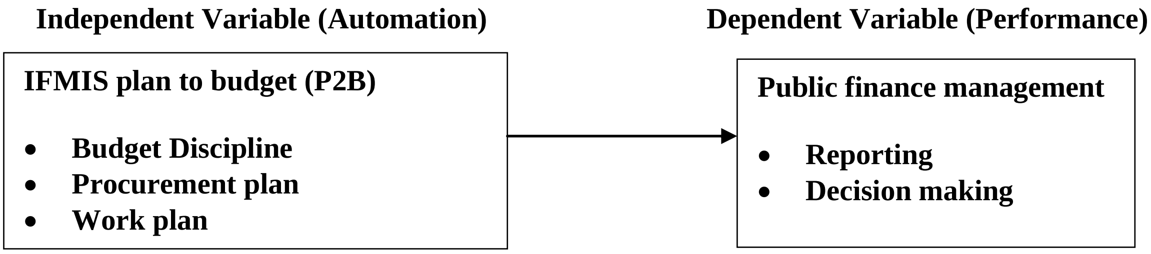

Figure 1: The conceptual framework

Source: Researcher (2016)

2.3 IFMIS Plan to Budget (Budgeting Process)

A budget is an economic instrument for facilitating and realizing the vision of the government in a given fiscal year. As stated by Little, Magner and Welker (2002) budgeting is one of the fundamental decision-making process in an organization, actually a number of studies attempt to link the extent of the budgeting process with its potential effect on firm performance. In most developing countries, budget execution and accounting processes are either manual or supported by very old and inadequately maintained software applications (Diamond & Khemani, 2008). Due to poor record keeping, public entities have been unable to account for public funds and still making wrong decisions through investing the public funds to unviable projects.

According to Hedger and Renzio (2010), government budgets are key areas of public action by which policy objectives are chosen and acted upon and the necessary resources collected, allocated and spent. Government budgeting systems are also important to donor agencies. Because of their role in providing fiduciary safeguards, helping to ensure, for example, that foreign aid funds remitted as direct budget support are properly used for their intended purpose. Pauw, Woods, Van der Linde, Fourie and Visser (2002) in their study to establish the role of budgeting on performance of organizations in United Kingdom found out those strong budgeting systems also contribute to better overall standards of public sector governance.

Governments are investing heavily in introducing new financial management systems as a means of improving accountability and managerial efficiency. Often this involves computerizing and integrating financial management functions from budgeting through to audit. Plan to budget is a fully integrated process and system that links planning policy objectives and budget allocation. Introducing an IFMIS necessitates unifying the codes and classifications (both the budget classification and the chart of accounts) (Sigei, 2013)

These should be maintained at a central level. The reporting requirements are the basis for defining the structures of these codes and classifications. The new budget classification structure and chart of accounts should be compliant with the classification framework in the IMF's Government Finance Statistics Manual 2001 (GFSM 2001). The budget has long served as an instrument to achieve political and administrative goals. Schick (1966) provides a chronological and heuristic dimension to the study of public budgeting and financial management in his seminal article on the stages of budget reform. He argues budgeting is a field that was developed with an emphasis on controlling government spending, moved to an era that emphasized using the budget and budget process as an executive management tool, and in the mid-1960s had newfound emphasis in planning for multiyear expenditure programs with the advent of complicated weapons systems and entitlement welfare programs (David et al, 2011)

According to Robert et.al (2004), public budgeting is viewed by the economist as a matter of allocating resources in terms of opportunity cost where allocating resources to one consumer takes resources away from another consumer. The role of the economist, therefore, is to provide decision makers with the best possible information. The accountant perspective focuses on the accountability value in budgeting which analyzes the amount budgeted to the actual expenditures thereby describing the "wisdom of the original policy". They also describe a public manager's perspective on a budget as a policy tool to describe the implementation of public policy.

Dorotinsky (2003) argues that there are a number of ways in which IFMIS can improve public finance management, but generally IFMIS seek to enhance confidence and credibility of the budget through greater comprehensiveness and transparency of information. They seek to improve budget planning and execution by providing timely and accurate data for budget management and decision making. IFMIS allow a more standardized and realistic budget formulation across government, while promoting better control over budget execution through the full integration of budget execution data. They also allow for the decentralization of financial functions and processes under the overall control of the Ministry of Finance, enhance financial discipline and control operating costs by reducing administrative tasks and civil servants ‘workload.

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

Hashim (2001) investigated core functional requirements for fiscal management systems. The study used primary data which was collected from the respondents using a detailed questionnaire which had both open ended and close ended questions. The study established that financial management information systems are implemented and used successfully almost in all time in the commercial world. It was also established that the IFMIS system control ensures that before a purchase is committed to, there is sufficient cash allocated for the expense and the allocation matches the appropriate budget

2.4 Empirical Studies

Njonde and Kimanzi (2014) analyzed the effectiveness of Integrated Financial Management Information System (IFMIS) on performance of public sector in Kenya. The study analyzed four variables; financial reporting, budgeting, internal control and implemented government projects to assess the effectiveness of the implemented system. The study found that IFMIS has been effective in financial reporting, budgeting and internal controls as well as implementation of government projects, although there were challenges faced in internal controls. The study revealed that there was a positive relationship between the effectiveness of IFMIS on public financial management and the independent variables; financial reporting, budgeting, internal controls and projects as was revealed in the regression analysis.

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

Mugai (2012) sought to find the effect of IFMIS on financial management in the public sector in Kenya. The study population involved the Government Ministries based in Nairobi. Further studies could be undertaken by involving other regions or departments in the country. The researcher obtained a sample composed of one officer directly involved in the use of IFMIS in each ministry. A more expanded scope whereby all cadres of staff are involved could form a basis for further research. The Ministry of Finance has carried out reengineering of the system. The results of this reengineering could possibly unearth other variables of significance hence a further research can be carried out to establish any new developments in the systems use.

2.5 Gap to be filled by the Study

Njonde and Kimanzi (2014) investigated on effect of integrated financial management information system on performance of public sector: a case of Nairobi county government. They recommended more research studies should be carried out to find out on more other factors that could enhance effectiveness of IFMIS on performance of public sector during the re-engineering process of IFMIS by the National Treasury. While the focus of this study was Nairobi County Government future research studies should consider similar studies in other public institutions so as to give a wider representation of views of IFMIS users for broader factual information.

Miheso (2013) carried out a study on the adoption of integrated financial management information system (IFMIS) by the National government in Kenya. He recommended that further study to be conducted on the drivers/determinants that influence the adoption of the following IFMIS reengineering modules; Plan to budget, procure to pay, and revenue to cash.

Muigai (2012) sought to find the effect of IFMIS on financial management in the public sector in Kenya. The study population involved the Government Ministries based in Nairobi. Further studies could be undertaken by involving other regions or departments in the country. The Ministry of Finance has carried out reengineering of the system. The results of this reengineering could possibly unearth other variables of significance hence a further research can be carried out to establish any new developments in the systems use. Cherotich and Bichanga (2016) recommended that since devolution is still a relatively new phenomenon in Kenya, and IFMIS was introduced shortly after, not many studies have dealt with the issue of IFMIS in the counties. Further research therefore, should be done on the impact of IFMIS on the public financial management of the county governments of Kenya; the influence of political will on effective implementation of IFMIS in the county governments of Kenya; and challenges faced by the county governments in the implementation of IFMIS.

Biwott (2015) sought to find the effect of IFMIS on procurement performance in the public sector in Kenya. The study population involved the Government Ministries based in Nairobi. He recommended that further studies could be undertaken on County governments in Kenya. The study will be important since implementation of IFMIS at County level is different from National government. Chado (2015) sought to find the effect of IFMIS on financial management in the public sector in Kenya. The study population involved the Government Ministries based in Nairobi. Further studies could be undertaken by involving other regions or departments in the country. Further, the researcher analyzed four major factors that were believed to have significantly affected IFMIS implementation. Further research could be conducted by incorporating more factors (variables).

3. Methodology

This study adopted the descriptive survey design. The population of this study comprised of 3,305employees of the County Government of Kakamega, the target population comprised of all accountants and finance related employees in Treasury Department in the County Government of Kakamega. Thus the target population for this study was 50 employees consisting of 10 accounting officers 22 accountants and 18 procurement officers from the treasury department, all of whom are users of IFMIS (County Government of Kakamega, 2016). A total of 50 respondents were used as the sample size using census sampling technique. The primary data was collected using semi-structured questionnaire. In the pilot study five questionnaires were administered 5 respondents who were selected randomly from the County Government of Bungoma to ascertain the suitability of the instrument before the actual administration. Validity was determined by use of content validity while reliability was determined by use Cronbach Alpha. According to Santos (1999), Alpha of more than 0.7 is considered satisfactorily for the study therefore the instrument was reliable. Data was analyzed descriptively using percentage and frequency while inferential analysis consisted of Pearson correlation and regression analysis with a significance level of 0.05. In order to determine the specific factors on the dependent variable linear regression analysis was done using SPSS version 21. The test of significance, P- Value will be determined at the 5% level of significance and 1% level

4. Findings

4.1 Descriptive Statistics

IFMIS budgeting process plan to budget (P2B) is one of the crucial components of IFMIS that affects public finance management. To measure IFMIS budgeting process plan to budget (P2B), a set of ten statements were formulated. The respondents were asked to indicate the extent of agreement with each of the IFMIS budgeting process plan to budget (P2B) statements. The pertinent results are presented in Table 1.

Table 1: IFMIS budgeting process plan to budget (P2B)

IFMIS budgeting process plan to budget (P2B)	SD (%)	D (%)	N (%)	A (%)	SA (%)	Mean	Std. Dev.
IFMIS enhances confidence and credibility of the budget through greater comprehensiveness of information	0.0	3 (6.38)	6 (12.77)	35 (74.47)	3 (6.38)	3.8085	.64735
IFMIS enhances confidence and credibility of the budget through greater transparency of information	0.0	5 (10.64)	32 (68.09)	6 (12.77)	4 (8.51)	3.1915	.74128
IFMIS improves budget planning by providing timely and accurate data for budget management and decision making	1 (2.13)	4 (8.51)	9 (19.15)	32 (68.09)	1 (2.13)	3.5957	.77065
IFMIS improves execution by providing timely and accurate data for budget management and decision making	0.0	4 (8.51)	2 (4.26)	35 (74.47)	6 (12.77)	3.9149	.71717
Budgeting expenses are be supported by the availability of revenue assurance in sufficient quantities	0.0	4 (8.51)	4 (8.51)	38 (80.85)	1 (2.13)	3.7660	.63289
Revenues are planned rationally measurable estimates that can be achieved for each source of income.	0.0	2 (4.26)	21 (44.68)	22 (46.81)	2 (4.26)	3.5106	.65516
Budgeting is done based on the principles of efficiency, cost efficient, timely execution, and its use can be justified	3 (6.38)	2 (4.26)	15 (31.91)	21 (44.68)	6 (12.77)	3.5319	.99676
The County treasury allocates the fair use of their budgets that can be enjoyed by the entire public and employees	0.0	2 (4.26)	5 (10.64)	31 (65.96)	9 (19.15)	4.0000	.69156
Ensure that a proper budget allocation exists prior to making a commitment or approving a payment.	2 (4.26)	4 (8.51)	3 (6.38)	36 (76.6)	2 (4.26)	3.6809	.86241

Note: SD=Strongly Agree, D=Disagree, N=Neutral, A=agree, SA=Strongly Agree, S.E=Standard Error
Source: Researcher (2016)

Table 1 revealed that 3(6.38%) of the respondents strongly agreed that IFMIS enhances confidence and credibility of the budget through greater comprehensiveness of information, 35(74.47%) agreed while 6(12.77%) of the respondents were neutral, 3(6.38%) of the respondents disagreed and none strongly disagree (mean = 3.8085, SD = .64735). Majority, that is 35(74.47%) of the respondents agreed that IFMIS enhances confidence and credibility of the budget through greater comprehensiveness of information.

The issue of whether IFMIS enhances confidence and credibility of the budget through greater transparency of information was also sought by the researcher. The findings revealed that 4(8.51%) of the respondents strongly agreed, 6(12.77%) of the respondents agreed on the same and 32(68.09%) of the respondents were neutral. However, 5(10.64%) disagreed and none strongly disagree (mean = 3.1915, SD = .74128). Majority of the respondents who constituted 70.6 %(65) were undecided that IFMIS enhances confidence and credibility of the budget through greater transparency of information

In relation to IFMIS improves budget planning by providing timely and accurate data for budget management and decision making; 1(2.13%) of the respondents strongly agreed, 32(68.09%) agreed while 9(19.15%) of the respondents were neutral. However, 4(8.51%) of the respondents disagreed while 1(2.13%) strongly disagreed to the same (mean = 3.5957, SD = .77065). On whether IFMIS improves budget planning by providing timely and accurate data for budget management and decision making, majority of the respondents 32(68.09%) were in agreement

The respondents were also asked if IFMIS improves execution by providing timely and accurate data for budget management and decision making. The results were such that 6(12.77%) of the respondents strongly agreed, 35(74.47%) agreed, 2(4.26%) were neutral, 4(8.51%) disagreed and none strongly disagreed (mean = 3.9149, SD = .71717). Majority of the respondents 35(74.47%) agreed that IFMIS improves execution by providing timely and accurate data for budget management and decision making.

Additionally, 1(2.13%) of the respondents strongly agreed that budgeting expenses are be supported by the availability of revenue assurance in sufficient quantities i.e, the use of each budget item must be in accordance with the activities / projects proposed, 38(80.85%) of the respondents agreed on the same, 4(8.51%) were neutral while 4(8.51%) disagreed that and strongly disagreed (mean = 3.7660, SD = .63289).From the responses, majority 38(80.85%) agreed that budgeting expenses are be supported by the availability of revenue assurance in sufficient quantities i.e., the use of each budget item must be in accordance with the activities / projects proposed

Further, 2(4.26%) of the respondents strongly agreed that revenues are planned rationally measurable estimates that can be achieved for each source of income, 22(46.81%) agreed and 21(44.68%) of the respondents were neutral. However, 2(4.26%) of the respondents disagreed and none strongly disagreed (mean = 3.5106, SD = .65516). Majority 22(46.81%) agreed that revenues are planned rationally measurable estimates that can be achieved for each source of income.

The issue of whether budgeting is done based on the principles of efficiency, cost efficient, timely execution, and its use can be justified was also sought by the researcher. The findings revealed that 6(12.77%) of the respondents strongly agreed, 21(44.68%) of the respondents agreed on the same and 15(31.91%) of the respondents were neutral. Further, 2(4.26%) disagreed and 3(6.38%) strongly disagree (mean = 3.5319, SD = .99676). Majority of the respondents who constituted 21(44.68%) agree that Budgeting is done based on the principles of efficiency, cost efficient, timely execution, and its use can be justified.

In relation to County treasury allocates the fair use of their budgets that can be enjoyed by the entire public and employees without discrimination in the provision of services; 9(19.15%) of the respondents strongly agreed, 31(65.96%) agreed while 5(10.64%) of the respondents were neutral. However, 2(4.26%) of the respondents disagreed and none strongly disagree (mean = 4.0000, SD = .69156). On whether County treasury allocates the fair use of their budgets that can be enjoyed by the entire public and employees without discrimination in the provision of services, majority of the respondents 31(65.96%) were in agreement

Lastly, the respondents were also asked if IFMIS ensures that a proper budget allocation exists prior to making a commitment or approving a payment. The results were such that 2(4.26%) of the respondents strongly agreed, 36(76.6%) agreed, 3(6.38%) were neutral, 4(8.51%) disagreed and 2(4.26%)strongly disagreed (mean = 3.6809, SD = .86241). Majority of the respondents 36(76.6%) agreed that IFMIS ensures that a proper budget allocation exists prior to making a commitment or approving a payment.

4.2 Inferential

The objective of the study was to determine the effects of IFMIS budgeting process plan to budget (P2B) in public finance management in County Government of Kakamega. Pearson correlation and regression analyses were performed with significance level of 0.05 was used to achieve the objective.

4.2.1 Correlation between IFMIS Plan to Budget (P2B) and Public Finance Management

The Pearson correlation analysis was used to investigate the relationship between IFMIS budgeting process plan to budget (P2B) and public finance management. The results are as shown in Table 2

Table 2: Correlation between IFMIS budgeting process plan to budget (P2B) and Public Finance management

		Budgeting Process Plan To Budget (P2B)	Public Finance Management
Budgeting Process Plan To Budget (P2B)	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	47	
Public Finance Management	Pearson Correlation	.871**	1
	Sig. (2-tailed)	.000	
	N	47	47

**. Correlation is significant at the 0.01 level (2-tailed).

In establishing the effect of IFMIS budgeting process plan to budget (P2B) on public finance management of County Government of Kakamega, the study determined a coefficient of correlation (r) as 0.871**. The objective answered what is the relationship between IFMIS budget process and public financial management in County Government of Kakamega as per the first research question of the study. This imply that the public finance management increase with increase in IFMIS budgeting process plan to budget (P2B) and decrease in IFMIS budgeting process plan to budget (P2B) lead to decrease in public finance management. The results indicated that the relationship between IFMIS budgeting process plan to budget (P2B) and public finance management is positive and significant (r = .871**, p< 0.01).

4.2.2 Regression Results of IFMIS Budgeting Process Plan To Budget (P2B) and Public Finance Management

Regression analysis was used to tell the amount of variance accounted for by one variable in predicting another variable. Regression analysis was conducted to find the proportion in the dependent variable (public finance management) which can be predicted from the independent variable (IFMIS budgeting process plan to budget (P2B)). The results are as shown in Table 3

Table 3: Regression Results Of IFMIS Plan to Budget (P2B) And Public Finance Management.

Model	R	R^2	Adj. R^2	B	SE	T	df	F	Sig.
(Constant)				.442	.278	1.589			
Plan to Budget	.871[a]	.759	.824	.896	.075	11.909	(1,46)	46.820	.000

a. Predictors: (Constant), IFMIS budgeting process plan to budget (P2B)
b. Dependent Variable: Public finance management

Table 3 below shows the analysis results. The results revealed a coefficient of determination (r2) of 0.759. Meaning IFMIS budgeting process plan to budget (P2B) can explain 75.9 % of the variance in public finance management of County Government of in Kakamega town. The adjusted r square attempts to produce a more honest value to estimate r square for the population. The F test gave a value of (1,46)=46.82, P<0.01, which was large enough to support the goodness of fit of the model in explaining the variation in the dependent variable .It also means IFMIS budgeting process plan to budget (P2B) is a useful predictor of public finance management.

The findings are in agreement with Isidore (2012) who indicated that financial managers use IFMIS tools in generating financial planning information which contributes to efficiency of their financial decision making and that managers were making capital budgeting decisions based on information generated from IFMIS. Similar results were obtained by Njonde and Kimanzi (2014) examined the effect of integrated financial management information system on performance of public sector in Nairobi county government. The study found that IFMIS has been effective in financial reporting, budgeting and internal controls as well as implementation of government projects. This is also in line with Diamond and Khemani (2005) who reported that in Tanzania, the benefits of the IFMIS have been extensive, with the restoration of expenditure control and improved levels of transparency and accountability. Lastly, Chado (2014) established that the coefficient for financial reporting was 0.763, meaning that financial reporting positively and significantly influenced the financial management in the public sector.

5. Conclusions and Recommendations

Results from both Pearson correlation and regression analysis revealed that budgeting process plan to budget (P2B) has significant relationship with public finance management in County Government of Kakamega. This was shown by r=.871**, $p<0.01$ as obtained from Pearson correlation revealing that an increase in IFMIS budgeting process plan to budget (P2B) would results to an increase in public finance management in County Government of Kakamega. The value of coefficient of determination R squared value is 0.759 which indicates that 75.9% of variance in dependent variable can be explained by budgeting process plan to budget (P2B) while the rest 24.1% by other factors. The use of IFMIS budgeting process has enhanced confidence and credibility of the budget, improves budget planning and execution resulting to the County treasury allocates the fair use of their budgets that can be enjoyed by the entire public and employees without discrimination in the provision of services.

The study recommended that in order to help achieve the objective of realizing the full benefits of a fully integrated end-to-end financial management information system, the Ministry of Finance should both appeal to and support the adoption of the system within the county government system. This may require advocacy and capacity building by the national government to influence policy development that embraces the system at the county level. Lastly county Governments should include long term plans towards the support of IFMIS in their strategic plans since the benefits of IFMIS are already being realized. This can be done through re-engineering and coming up with system tailored to their respective counties.

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