

**CONTRIBUTION OF INTEGRATED FINANCIAL MANAGEMENT
SYSTEMS (IFMIS) ON FINANCIAL ACCOUNTABILITY WITHIN
DEVOLVED GOVERNMENTS: IN NAIROBI CITY COUNTY, KENYA**

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UNIVERSITY**

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DECLARATION

I declare that this document and the research that it describes are my original work and that they have not been presented in any other university for academic work.

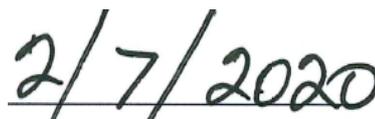
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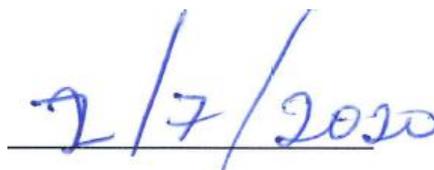
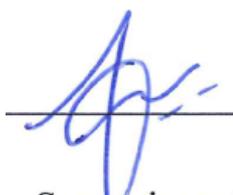
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DEDICATION

This thesis is dedicated to my loving wife Susan Mbinya and my precious children Ivy Muthio Ayoo, Maya Diana Ayoo and Trevor Manuel Ayoo for their overwhelming love and encouragement during the thesis writing.

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ABSTRACT

Governments in developing countries are increasingly exploring methods and systems to modernize and improve public financial management. This study intended to determine the contributions of Integrated Financial Management Systems on financial accountability within devolved governments. The study was guided by the following objectives: - determine the opportunities availed by IFMIS in financial accountability within devolved governments, to assess the effectiveness of IFMIS on financial accountability within devolved governments and to determine the regulatory challenges facing IFMIS on financial accountability within devolved governments. Diffusion of Innovation Theory, Information Systems Success Theory and Resource Based View Theory theoretically informed the study. This study adopted descriptive research design. The intended target population for this study were 350 employees of the Nairobi city county government; namely, legal department, inspectorate department, monitoring and evaluation and finance department. The sample size of the study was 104 respondents. Two data collection tools were used, a semi-structured questionnaire and an interview guide. Quantitative and qualitative data analysis methods were used. Quantitative data were analyzed using descriptive and inferential statistics such as mean scores, standard deviation, frequencies, and percentages. A computer package (IBM SPSS Statistics 21) was used to aid in processing quantitative data. Data analysis results were presented in charts and tables. Qualitative data were analyzed using content analysis. The responses from interviews were categorized based on the themes and patterns cutting across different interviewees responses and reported through prose. The study noted majority of the respondents agreed that IFMIS had significantly assisted in ensuring transparent financial transactions at the county government. The study noted majority of the respondents strongly agreed that IFMIS had significantly assisted in ensuring efficiency and effectiveness within the county government. Finally it was noted by this study that IFMIS was facing some legal challenges which should promptly be addressed in order to improve financial accountability. This study recommends that the government should ensure that e-government timescales are tailored to the current realities and all the stakeholders must be motivated to a significant extent. Finally, government should undertake more programmes on awareness to form positive stance towards the government e-projects among the stakeholders where IFMIS lies.

DEFINITIONS OF TERMS

The terms below were used with the following meaning in this study.

Budget Implementation: Execution of planned revenues and expenditures (Robson, 2006)

Budget: The budget is detailed quantitative estimation of an organization's expenses and revenues, or internal and external cash flows for a specified future period reflecting the goals, interests, and expectations (Khan, & Hildreth, 2002).

Challenges: an obstacle for achieving something in the planned manner or implementation of a plan or misappropriation of public funds for private gain (Robson, 2006).

Corruption: Abuse of public office for private gain (Njuru, 2001).

Financial Accountability: results from holding an individual accountable for effectively performing a financial activity, such as a key control procedure within a financial transaction process. A well-defined financial accountability structure serves as the foundation for establishing effective financial processes (Qwabe, 2004).

Fiscal Decentralization: A process through which a central government devolves upon sub national governments decision-making powers, authority over and responsibility for aspects of public finance (Lao-Araya, 2002)

Human Resource Competence: Is the demonstrable characteristics that enable performance of a job, for properly doing the job, the individual requires skills and knowledge essential for the set duties (Robson, 2006).

IFMIS Re-Engineering : Full cycle end-to-end computerization of Public Financial Management to entail public expenditure management processes such as budget formulation, budget execution and accounting aided by a fully integrated system for

financial management across government departments, agencies and institutions (Diamond & Khemai, 2005).

Legal Framework: a broad system of rules that governs and regulates decision making, agreements, laws (Seifert, 2003)

Public Financial Management Reforms: Developments and changes in the field of public finance that is essential for national development and meant to address inefficiencies, corruption and poor management of public funds and enhance accountability (Guthrie, 2005).

ABBREVIATIONS AND ACRONYMS

AIE	Authority to Incur Expenditure
ANU	Africa Nazarene University
DOI	Diffusion of Innovation
ERP	Enterprise Resource Planning
G2B	Government to Business Enterprises
G2C	Government to Citizens
G2G	Government to Government
IBM	International Business Machines
ICT	Information and Communication Technology
IFMIS	Integrated Financial Management Information System
IBM	International Business Machines
IMF	International Monetary fund
GFS	Government Financial Statistics
GOK	Government of Kenya
GOVT	Government
IPPD	Integrated Personnel and Pensions Database
LAIFOMS	Local Authority Integrated Financial Operations Management Systems
LPO	Local Purchase Order
NACOSTI	National Commission for Science, Technology and Innovation
OECD	Organization for Economic Co-operation and Development
PEM	Public Expenditure Management
PFM	Public Financial Management
PPP	Public Private Partnership
RBV	Resource-Based View

SCM	Supply Chain Management
SPSS	Statistical Package for Social Sciences
WB	World Bank

CHAPTER ONE

INTRODUCTION AND BACKGROUND INFORMATION

1.1 Introduction

This chapter sought to present the background to the study through the funnel approach (global, regional and local perspectives), statement of the problem (showing the seriousness of the problem as well as scholarly gaps), research purpose, objectives of the study (three in number), study questions, study hypothesis, significance of the study, research assumptions, theoretical framework (three which are informed by the study's objectives) and conceptual framework.

1.2 Background of the Study

Governments across the globe have been making serious reforms affecting the management of public sector and service delivery. The agenda of reforms has been promoted widely on the grounds that the public sector is classified on wrong principles, inefficiencies, corruption and wastage of public funds and resources hence the call for institutional renewal and reinvention. Conversely, the clamour for reforms in most parts of the world is focused on among other roles, enhancing performance, and devolution of activities of the Government, separation of policy and management and enhancing governmental transparency (Guthrie, Olson, & Christopher, 1999). Wakhungu (2014) noted that reforms are put in place to fulfill the gaps which have been pointed out, particularly concerning the decentralized Government systems, dearth strategy on orientation, and strategy lapse as well as building upon transformations within an institution.

Integrated Financial Management and Information System (IFMIS) refers to an information system which allows resource allocation efficiency, improving of managerial decision making through offering of timely financial allocations and other

aid related information to facilitate in economic development. The system has been highly advocated for by the World Bank (WB) to assist the countries in the public funds management since early 1980s. Among the World Bank funded regions include Caribbean and Latin America which are the epitome of successful adoption and implementation of the IFMIS. Umble, Haft and Umble (2003) noted in a study conducted in Europe that successful information systems projects implementation is paramount to the success and even modern organizations survival. Mandal and Gunasekaran, (2003) reported that this is because effective utilization of IFMIS contributes to vital improvements in the productivity of the organization and in most instances offer organizations with significant competitive advantages.

Various empirical studies show that the implementation of IFMIS has had challenges with the agencies of implementation. For instance, in the United Kingdom (UK), Sarikas and Weerakkody (2007) observed the failures of IFMIS. The authors asserted that the failures linked with the system may be categorized broadly to be resulting from issues of technology, organizational factors as well as political factors. Though IFMIS has significantly assisted in PFM in Africa, it has had a number of challenges as well. Ibrahim and Dauda (2014) noted that corruption and other white collar crimes are among the challenges facing adoption of IFMIS in Africa. Hendriks (2012) acknowledged some of those challenges such as data migration challenges, corruption, functional and implementation challenges. Qwabe (2014) is supported further by Hendriks (2012) that corruption is a key factor which affects the use and effective adoption of the IFMIS in African countries such South Africa and Nigeria.

Hendriks (2012) further asserts that the effective adoption, maintenance and operation of IFMIS needs staff with the relevant skills and knowledge. Conversely, shortage of capacity is a serious hindrance for effective IFMIS adoption. Hendriks

(2012) reported that among the major casual factors for the delay in the adoption of the IFMIS implementation within Africa is the shortage of capacity and expertise. Additionally there have been various models by scholars on the determinants of implementation of IFMIS. Bwalya and Mutula (2016) noted that the factors which can be researched on over the adoption of IFMIS are classified into three levels: contextual factors, institutional factors and individual factors. It should be pointed out that the factors linked to user capacity and technological factors are paramount within the context of Zambia, observing the system complexity, absence of clear picture of the benefits which the users acquire from the system as well as lack of top managerial support.

In South Africa, IFMIS forms a major part of the wider reforms on financial management of the government of South Africa which began in the year 1994 with the democratic institutionalization in South Africa. The process of reforms was carried out in four distinctive phases. The initial phase took place between the year 1994 to 1998 which harbored the initiation of Medium-Term Expenditure Frameworks as well as new systems of classification compatible with the Government's Financial Statistics (GFS). The year 1999-2002 marked the second phase which entailed the improvement of economic classifications and the standards of the accounting board in order to assist in governing governmental increase in expenditure.

In the third phase which took place between the years 2003-2006, the government initiated a framework for the Public Private Partnerships (PPP) and additional policies as well as frameworks were offered in key sectors such as Supply Chain Management (SCM). Additionally, a framework of risk management was also

formed, whilst the last phase started in the year 2007 with the beginning of the project for the IFMIS (Nomvalo 2008)

The Kenyan Vision 2030 has a vision for the public service as a results-oriented and citizen focused institution serving a rapidly growing society and economy. Moreover, the country recognizes that a results-focused and modern public service is a basic requirement for the country's social and economic growth as stipulated within the trajectories of Vision 2030. Hitherto, interventions have been formulated in order to better public service delivery via e-government being among the priority. The constitution lays out the general guidelines on the public resources management and enables for the enactment of a particular legislation to avail effect on the same.

The Government of Kenya (2013) offers a framework for the implementation of the reforms enshrined in the new constitution; the Public Finance Management (PPM) Act 2012 among other legislations on Public Finance as well as championing the agenda of reform began under the PFM strategy for 2006-2011. Kenya has been making a number of implementation on public reforms which are founded partly on the vision of e-government which was articulated officially in the year 2004 with the E-Government Strategy adoption. A number of various institutions have been constitutionally formed in the realization of vision such as the Kenya E-Government Secretariat and adopted interventions such as IFMIS as well as the Local Authority Integrated Financial Operations Management Systems (LAIFOMS).

The 2011-2013 IFMIS Re-Engineering Strategic Plan noted that the development of software based on Enterprise Resource Planning (ERP), began in the year 1998 whilst the system deployment to lining of the ministries began in the year

2003. The original system covered the cash management, accounts receivable, General Ledger, Public Sector Budgeting, Purchase order and Accounts payable and the tools dealing with procurement issues. The report indicates that this system has been formed in line with ministries strategic plans and the 2011-2013 IFMIS Re-Engineering Strategic plan indicates that in line with the Public Financial Management Act 2012 (Article 12), the IFMIS has been implemented to connect to all ministries and agencies of the government and departments to a core network for the mandates of effecting a single public financial system of management. There has been stabilization of three modules of accounting which includes accounts receivable, fixed assets, cash management, general ledger and Purchasing Order and Accounts Payable. The current study seeks to fulfill scholarly gaps on implementation of IFMIS on financial accountability by looking at the contributions of IFMIS on financial accountability in devolved governments in Nairobi city County, Kenya.

1.2.1 Integrated Financial Management System

The E-Government utilizes the tools of e-commerce to make the interaction between Government and the citizens (G2C), inter-agency relationships or government to Government (G2G) and Government and business enterprises (G2B) more convenient, inexpensive, friendly and transparent. Seifert (2003) cited that the G2G sector represents the e-Government backbone. In Kenya, some of the solutions being utilized for G2G sectors entail the IFMIS. Rodin-Brown (2008) cites that the scope and scale of the IFMIS can actually vary, from the simple General Ledger System to a system which is comprehensive in addressing of revenue, budget, expenditure control, management of resources, debt, personnel, accounting, payroll, auditing and financial reporting processes across the central Government or even

including the local Government as well as other public sectors and quasi operations as well as Governmental agencies.

Rodin-Brown (Rodin-Brown, 2008) drew summary on IFMIS as an information system which tracks events relating to financial expenditure and financial information summary. He reported that in the realms of the Government, IFMIS entails the PFM computerization processes, from the budget execution and preparation to reporting and accounting, with the assistance of the integrated system for financial management of the line ministries, spending of agencies as well as other operations within the public sector. Having sound systems, strong regulatory and legal frameworks as well as a productive and competent civil service are the foundations of reliable and effective PFM era. Diamond & Khemani (2005) cited that an IFMIS bears various elements with diverse functions. He cite that the hub of IFMIS entails the following systems and modules , Budgetary accounting, General ledger, accounts receivable and payable among other modules such as Budget Development, Payroll system , Asset module, project ledger as well as procurement.

It is agreed generally that integration is the pillar to any successful implementation of the IFMIS implying that the system utilizes standard classification of data for financial events recording; has internal controls over the entry of data, processing of transaction and reporting and has common processes for the same system design and similar transactions and the system design which eliminates duplication of unnecessary data entry (Rodin-Brown, 2008). According to Rodin (2008) the challenges on successful implementation of IFMIS entails resistance from the involved bureaucracies, lack of good leadership and decision making, weak personnel, fraud and corruption, complications, very expensive, difficulty in

maintaining and managing, poor communication as well as changes in the design documents without the full consensus.

1.2.2 Financial Accountability

The primary purpose of good governance within the public sector is to make particular agencies acquire their planned objectives whilst performing in the interest of the public every time. The clamor to associate corporate governance arrangement from the private sector into the public sector are signs of progress in search for the ways of achieving better accountability as well as performance. The comparison of the performance of the private organizations with the public sector agencies shows that there is a dearth of fitting performance and inefficient system of administration (Malmir, Shirvani, Rashidpour & Soltani, 2014). Fryer, Antony, & Ogden (2014) observed that the enhancements expected in performance, transparency, accountability, value for money and quality of service have not materialized yet within the public sector. Most of the public agencies do not have standard procedures for the assessment of their own arrangements of governance (Howard, 2014).

Public sector actually sets the economic agenda and this means that a system which is vigorous for the internal checks should be adopted to provide assurances that public funds are properly utilized for the purpose intended. Internal control systems non-compliance almost impacts certainly upon delivery of service through latent resources wastage (Zinyama, 2013). The World Bank has also greatly encouraged the utilization of decentralized decision making and participation of the private sector to acquire a superior accountability, transparency and efficiency in the infrastructural and social services delivery (Howard, 2005). Zinyama (2014) in his study noted that circumstances of mismanagement, financial waste and corruption are unbridled within the public sector. Andreeva, Ansell & Harrison (2014) denote that public risk

governance though it has various intricacies of various stakeholders and the network of interactions it affects any part of Government and society is expected to actually act in response, implying a need for accountability and governance.

1.3 Statement of the Problem

Decentralization in Kenya has been perceived as a way of ensuring democracy deepens entirely, with good service delivery and equal development as well. Among the key aspects in the developing countries across the world today is ensuring good governance as well as promotion of financial accountability on utilization of public funds. Corruption, fraud, wastage of public resources, conflict of interest are the major hurdles facing devolved Governments in Kenya today. There is unanimous consensus that IFMIS system which is fully functioning can better governance by offering of real time financial information which the managers of finance and other managers can utilize to effectively administer programs, manage resources as well as formulate budgets (Karanja, 2014).

The National Treasury has the mandate of offering adequate expenditure and budgetary management of state financial resources. To this regard, the treasury has been striving relentlessly to better the systems on financial management via various public financial sector programs on reform, aimed towards increasing accountability, transparency as well as public financial resources responsiveness to better the quality and the quantity of the public service delivery to achieve its priorities on development (GoK, 2008-2012). Prudent IFMIS systems, coupled with the utilization of centralized treasury operations, cannot only assist Government of Nairobi City County acquire effective management over its finances, but also better accountability and transparency, reducing the political discretion and act as key hindrance on fraud and corruption among other economic crimes.

IFMIS seeks to improve the credibility and levels of confidence of the financial reports via greater transparency and information comprehensiveness. The system seeks to better the process of budget execution and planning by offering of accurate and timely data for the decision making process and budget management as well. Notably, it ensures that all the users uphold the common rules, procedures and standards, with the aim of reducing public resources mismanagement within the county government. In Kenya, there is a dearth of empirical studies on the contribution of IFMIS on ensuring financial accountability within the county Governments in Kenya. The current study sought to fulfill this gap by looking at the contributions of IFMIS on financial accountability within devolved Governments. In Nairobi City County, Kenya

1.4 Purpose of the Study

The purpose of the study was to determine the contribution of IFMIS on financial accountability within devolved Governments. In Nairobi City County, Kenya.

1.5 Objectives of the Study

1.5.1 General Objective

The general objective of this study was to determine the contribution of IFMIS on financial accountability within devolved Governments. In Nairobi City County, Kenya.

1.5.2 Objectives of the Study

This study was guided by the following research objectives:

- i.** To determine the opportunities availed by IFMIS in financial accountability within the devolved Government of Nairobi City County, Kenya.
- ii.** To assess the effectiveness of IFMIS in financial accountability within devolved Government of Nairobi City County, Kenya.

- iii. To determine the regulatory challenges facing IFMIS in financial accountability within the devolved Government of Nairobi City County, Kenya

1.6 Research Questions

- i. What are the opportunities availed by IFMIS on financial accountability within the devolved Government of Nairobi City County, Kenya?
- ii. How effective is IFMIS in ensuring financial accountability within the devolved Government of Nairobi City County, Kenya?
- iii. Are there regulatory challenges facing IFMIS in financial accountability within devolved Government of Nairobi City County, Kenya?

1.7 Significance of the Study

Kothari (2011) noted that the significance of a study determines what is the rationality of the study to the extensive literatures as well as the broad educational challenges upon its completion. The findings of this study will be of great significance to the policy makers in terms of policy reforms on public finance management practices in the Government of Nairobi City County. At the national level the study seeks to benefit the office of the Auditor General and the Treasury in making policies whose aim is to ensure financial accountability and transparency.

On the global level, the study seeks to inform the WB and International Monetary Fund (IMF) in making sound regulations and policies which will ensure financial accountability among the developing countries. The study seeks to make recommendations which will ensure financial accountability and transparency through emphasis on chapter six of the Constitution which significantly reiterates on Leadership and Integrity. Lastly, the study will be of significance to future scholars and researchers as reference material to supplement their studies and also fill

knowledge gaps from previous empirical findings. The study shall also benefit the community by ensuring that they keep the Government in check over the disbursement and proper utilization of devolved public resources.

1.8 Scope of the Study

Mugenda and Mugenda (2003) highlights that the scope of the study primarily means all those things that the study seeks to cover. The study limited itself to determine the contribution of IFMIS on financial accountability within devolved Governments. A case of Nairobi City County, Kenya and the focus was to determine the opportunities availed by IFMIS in financial accountability within devolved Governments, to assess the effectiveness of IFMIS on financial accountability within devolved Governments and to determine the regulatory challenges facing IFMIS on financial accountability within devolved Governments in Kenya. The study was carried out in the month of June 2019 to January 2020 within Nairobi City County.

1.9 Delimitation of the Study

Kanongo (2011) observed that delimitation is the line of boundary or an outer limit to a particular study. This study aimed at determining the contribution of Integrated Financial Management Systems on financial accountability within devolved Governments. Nairobi City County is among the forty seven (47) counties in Kenya which is facing integrity issues on financial management. The intended target population for this study were 240 employees of the Nairobi City County Government; namely, legal department, inspectorate department, monitoring and evaluation, and finance department. The study did not study previous accounting systems, the study was conducted in Nairobi only.

1.10 Limitations of the Study

Kothari (2011) opines that the limitations of the study are those particular elements methodology or design that influenced or impacted the interpretation of study findings. Conversely, they are challenges or obstacles when conducting a study or on a fact-finding mission. As a result of bureaucratic procedures within the institutions of the Government, the researcher faced some limitations during data collection as some of the information is classified and confidential as well as reluctance among some of the respondents for fear of victimization. This challenge was overcome by the researcher through ensuring utmost confidentiality of the respondents.

1.11 Assumptions of the Study

Mugenda and Mugenda (2003) noted that assumptions in a study are the items that are out of the researcher's control, but if they disappear then the study will turn out to be irrelevant. The basic assumption was that by focusing on Nairobi City County Government, the researcher had a representative sample of target population. This was based on the fact that majority of the target population are at the headquarters with various expertise provided that study a representative population. Another assumption was that the respondents would answer the study questions to the best of their knowledge. The study assumed that the Nairobi City County Government had integrity and accountability issues. Finally the study assumed that that the IFMIS has had some contribution in the financial accountability in Nairobi City County, Kenya

1.12 Theoretical Framework

Kothari (2011) cites that a theoretical framework entails concepts and together with their references and definitions to the rational scholarly empirical literature, theory existing that is utilized for a specific study. The theoretical framework should show comprehension of concepts and theories that are significant to the study topic and directly relates to the diverse areas of knowledge under consideration. This study was guided by three theories which theoretically and succinctly explained the study's main aim. The theories are: Diffusion of Innovation Theory, Information Systems Success Theory and Resource Based View Theory.

1.12.1 Diffusion of Innovation Theory

The proponent of Diffusion of innovation (DOI) theory is Everett Rogers (1962) and is opined to be among the oldest theories in social sciences. It originated in the field of communication to deliberate on how, overtime, a product or idea gains momentum within a given social set-up. The final outcome of this diffusion is that individuals as part and parcel of the social system acquire a new product, behavior or idea. Adoption refers that an individual does something very differently than what they previously had (meaning, use or purchase of new product, perform and acquire a new behavior among others). The main key to adoption is that the individual must perceive the behavior, product or idea as innovative or new. Mutui (2014) noted that it is through this that the process of diffusion is made possible.

The four key elements of the theory of diffusion that have been marked by Rogers (1962) are communication channels, innovation, social systems and time. Rogers asserts that innovation should be perceived by the immediate user as basically new and it is affected by the factors highlighted; relative advantage, observability, trial-ability, compatibility and complexity. Against this background, the devolved

Governments perceive the IFMIS as a critical innovation since it fits the descriptions which are fore mentioned. Communication is reiterated to be the process in which the participants share and create information amongst each other with the goal of acquiring mutual understanding. Communication basically occurs through the sources and the channels. To enhance the IFMIS diffusion within the County Governments, it should be ensured that the systems are addressed through the channels which are most effective. It is observed further that the process of innovation diffusion entails time dimension.

Moreover, the social systems nature affects the innovativeness of individuals, which is perceived to be the major criterion or adopters categorizations. It is recommended that as one way of enhancement of the technological diffusion (or innovation), it is of the great significance to comprehend the process of innovation decision making. The process covers five key phases which entails confirmation, implementation, decision, persuasion as well as knowledge. The current study seeks to determine the contribution of IFMIS on the financial accountability within the devolved Governments users are well informed of the introduction of the IFMIS. Also, it would be rationed to understand how the elements of the considered advantage. The above theory relates to the ramifications of the organizational culture the decentralized governments on adoption of IFMIS. However the theory has gaps in that much of the theoretical evidence of this theory does not promote participatory approach to adoption of financial accountability and it as well performs more better with behaviors adoption rather that prevention or cessation of behaviors. Finally, the theory does not take into consideration of the resources of an individual or the social back-up to acquire the new behavior or innovation.

1.12.2 Information Systems Success Theory

The initial development of the theory was carried out by DeLone and McLean (2004) basing it from earlier study in the field of communication carried by Weaver and Shannon. This theory seeks to offer a comprehensive understanding of the success of Information systems by describing, explaining and identifying the relationships among the most crucial success dimension along which systems of communication are evaluated commonly. The earlier model deliberates on six key foundations of Information Systems success, for instance, information quality, system quality, individual effect and user satisfaction as well as the organizational effect.

The theory relates to the ramifications of ICT on adoption of IFMIS in ensuring financial accountability within the devolved Governments in Kenya with regard to the Government of Nairobi City County. This relates as to whether the adoption of IFMIS has been successful within the public sectors. Utilizing the six critical dimensions of information systems success: system quality, information quality, usage intention, systems benefit and the user satisfaction. The weakness of this theory is that in order to integrate the systems of information require large amount of cost in regard to people, software and hardware. Hardware, software and some other crucial services should be supported, bought and rented. Employees should be trained with unfamiliar software and information technology.

1.12.3 Resource Based View Theory

The proponent of this theory is Rumelt Wernerfelt (1984). Resource Based Theory (RBV) opines that a firm has the capability to acquire and sustain competitive advantage if it is in possession of the valuable resources, imperfectly imitable, rare as well as non-substitutable. Initiated in the early 1980s by the resource based view (RBV) has since turned out to be one of the contemporary dominant approaches to the

sustainable competitive advantage analysis. Those who support this school of thought argue that the organizations should look inside the company to locate the sources of competitive advantage instead of looking at the competitive environment (Vogel & Guttel, 2013).

The RBV is anchored on the notion that the efficient and effective applications of all vital resources that the company can muster assists in determining its competitive advantage. The main goal of an entity is to ensure it has access to and controlling of valuable resources by securing and developing all the required resources either externally or internally (Wernerfelt, 1984). The competitive advantage of organization lies majorly on how it exploits its competencies and internal resources, through setting strategic objectives anchored on what facilitates it to do. The above theory relates to possible effect of the cost implementation of the IFMIS within the decentralized Governments in Kenya (Vogel & Guttel, 2013).

The weakness of Resource Based View Theory is that firms need resources which are consuming time with competitor's uncertainty to duplicate or imitate through complex resources interactions. Conversely, dynamic capabilities act as an extension of the analysis of RBV Theory to adopt a comprehensive understanding of how merits are maintained and acquired over time (Wernerfelt, 1984). Notably, the ambiguity of RBV Theory and the period promote the development which heightens the value of resources and possible competitive advantage sustainability.

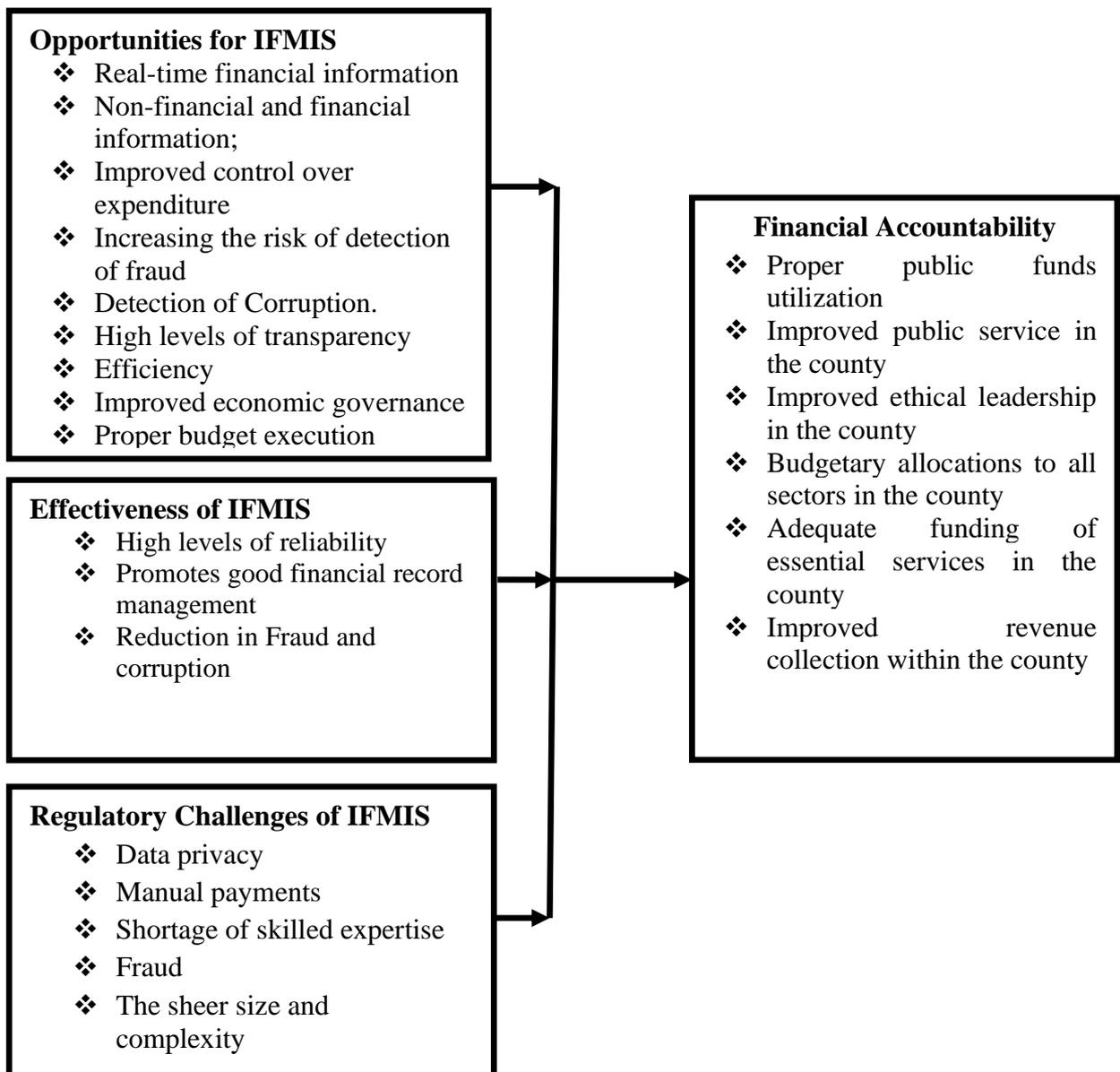
1.13 Conceptual Framework

Robson (2006) cites that a conceptual framework creates a relationship between the independent and dependent variables. It is the system of assumptions, expectations, concepts, beliefs and theories that back-up and informs research hence a key part of the design of research. In the context of the current study three

independent variables, namely; to determine the opportunities availed by IFMIS in financial accountability within devolved Governments, to assess the effectiveness of IFMIS on financial accountability within devolved Governments and to determine the regulatory challenges facing IFMIS on financial accountability within devolved Governments shall guide the conceptual framework.

The first objective of the study which is opportunities availed by IFMIS shall be measured through high levels of transparency, efficiency, improved economic governance and proper budgetary execution. In relation to dependent variable the independent variable shall be that there is proper utilization of funds. The second objective shall be operationalized through; high levels of reliability, promotes good financial record management and reduction in fraud and corruption. In relation to dependent variable the objective seeks to improve revenue collection within the County. The third objective shall be measured through data, manual payments, shortage of skilled expertise and fraud. The relationship between the dependent variable is that various constitutional reforms and legal framework as crucial in IFMIS adoption.

The dependent objective is measured through; proper public funds utilization, improved public service in the county, improved ethical leadership in the County, and budgetary allocations to all sectors in the County, adequate funding of essential services in the county and improved revenue collection within the County. The diagrammatical representation of the conceptual framework is presented in figure 1.1

Independent Variables**Dependent Variable****Figure 1:1 Conceptual Framework**

Source: Researcher (2019)

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presented the empirical literature linked to this study informed by the objectives namely; determine the contribution of IFMIS on financial accountability within devolved Governments. In Nairobi City County, Kenya. The focus was to determine the opportunities availed by IFMIS in financial accountability within devolved governments, to assess the effectiveness of IFMIS on financial accountability within devolved Governments and to determine the regulatory challenges facing IFMIS on financial accountability within devolved Governments in Kenya.

2.2 Review of Literature

The E-Government utilizes the tools of e-commerce to make the interaction between Government and the citizens (G2C), inter-agency relationships or Government to Government (G2G) and Government and business enterprises (G2B) more convenient, inexpensive, friendly and transparent. Seifert (2003) cited that the G2G sector represents the e-Government backbone. In Kenya, some of the solutions being utilized for G2G sectors entail the IFMIS. Rodin-Brown (2008) states that in the scope and scale of the IFMIS can actually vary, from the simple General Ledger System to a system which is comprehensive in addressing of revenue, budget, expenditure control, management of resources, debt, personnel, accounting, payroll, auditing and financial reporting processes across the central Government or even including the local Government as well as other public sectors and quasi operations as well as governmental agencies.

Rodin-Brown (2008) drew summary on IFMIS as an information system which tracks events relating to financial expenditure and financial information summary. He reported that in the realms of the Government, IFMIS entails the PFM computerization processes, from the budget execution and preparation to reporting and accounting, with the assistance of the integrated system for financial management of the line ministries, spending by agencies as well as other operations within the public sector. Having sound systems, strong regulatory and legal frameworks as well as a productive and competent civil service are the foundations of reliable and effective PFM era. Diamond & Khemani (2005) cited that an IFMIS bears various elements with diverse functions. They cite that the hub of IFMIS entails the following systems and modules , Budgetary Accounting, General ledger, accounts receivable and payable among other modules such as Budget Development, Payroll system , Asset module, Project ledger as well as Procurement.

Rembe (2011) noted that the public sector has for long time been caught at the crossroads of various and very conflicting pressures originating from globalization, problems with public debt, the emergence of information technology, the demand in consumer base and technological sophistication. Major public sectors such as County Governments are turning out to be harder to maintain within the new environment of meager resources, global economic competition and the rising in expectations. The concepts on the quality of service and the levels of satisfaction are closely indeed related, although the definite nature of these customer judgments and the relationship between is still very fuzzy.

Conversely, the level of perceived satisfaction, the quality of the service in most cases is conceptualized as the major comparison of the expectations of the service with the actual perceptions on performance. Mwaniki (2014) reported that for

any entity to change in its focus and become more competitively positioned, performance is a main driver to quality of services improvement. Utilizing of relevant means can be a key hindrance to change and may promote financial mismanagement and wastage of resources.

Minani (2012) in his study on assessment on how IFMIS enhances the process of decision making in financial management at TTCL and Tanesco, Tanzania cited that organizations, which do not have the means of performance in their plans, procedures and processes, experience very lower performance and higher levels of dissatisfaction among customers and the rates of employee turnover. The theoretical frameworks such as Diffusion of Innovation Theory, Information Systems Success Theory and Resource Based View Theory shows that proper financial management plays a crucial role to the organization in reduction of cost, enhanced profitability, competitive advantage and improved service delivery. The electronic processes have scrapped off paper-based and physical processes. Moves such as IFMIS have significantly assisted in prudent financial management and minimization on wastage of public resources.

The significance of the Agency Theory in the current study is based on the discourse over the principal-agent challenge which promotes the incurrence of the costs of agency. The cost of agency in this research is revealed in the IFMIS investment which is the incentive which makes the agent (in this case public servants) align their interest with that of the principal (tax, citizens payers) leading financial accountability. This centrality is basically in the opportune definition of a system, namely, a set of diverse things which are interconnected and collaboratively working as part of a mechanism which makes up of a complex whole. Since systems operates by acquiring external environment inputs, the IFMIS effectiveness as an example of

system is contingent based on integrity and quality into the specific system. This entails information, data, instructions as well as people who are behind them. The chapter has to a great extent deliberated on the empirical literature.

The primary purpose of good governance within the public sector is to make particular agencies acquire their planned objectives whilst performing in the interest of the public every time. The clamor to associate corporate governance arrangement from the private sector into the public sector are signs of progress search for the ways of achieving better financial accountability as well as performance. The comparison of the performance of the private organizations with the public sector agencies shows that there is a dearth of fitting performance and inefficient system of administration (Malmir et al, 2014). Fryer, Antony, & Ogden (2014) observed that the enhancements expected in performance, transparency, accountability, value for money and quality of service have not materialized yet within the public sector. Most of the public agencies do not have standard procedures for the assessment of their own arrangements of financial accountability (Howard, 2014).

Public sector actually sets the economic agenda and this means that a system which is vigorous for the internal checks should be adopted to provide assurances that public funds are properly utilized for the purpose intended. Internal control systems non-compliance almost impacts certainly upon delivery of service through latent resources wastage (Zinyama, 2013). The World Bank has also greatly encouraged the utilization of decentralized decision making and participation of the private sector to acquire a superior accountability, transparency and efficiency in the infrastructural and social services delivery (Howard, 2005).

Zinyama (2014) in his study noted that circumstances of mismanagement, financial waste and corruption are unbridled within the public sector. Andreeva,

Ansell & Harrison (2014) denote that public risk governance though it has various intricacies of various stakeholders and the network of interactions it affects any part of Government and society is expected to actually act in response, implying a need for financial accountability and governance.

2.3 Empirical Literature Review

The following section will discuss empirical literature based on the specific objectives of the study

2.3.1 Opportunities availed by IFMIS in Financial Accountability

Across the Governments of developing countries, there is heightening effort in the exploration of the systems and methods to improve and modernize the public financial management. For instance, hitherto, there has been adoption of IFMIS as among the most common reform practices on financial management aiming at the promotion of effectiveness, efficiency, transparency, accountability, comprehensive financial reporting and data security management.

The functionality and scope of the IFMIS varies across the globe, but usually it stands for a complex, enormous and strategic process of financial management reform (Chene 2009). In a study carried out by Qwabe, (2014), he noted that 61% of the staff of the ministries believed that IFMIS implementation was a method behind schedule while 33% held that it was still on course. 3% of the respondents opined that IFMIS was successful while about 11% hold that it was not successful. 52% had the opinion that transparency had been acquired while 62% had the opinion that IFMIS had assisted in improving the status of economic governance and growth. 47% of the respondents held that it had lowered graft while about 78% held that IFMIS offered enough information on the process of prompt decision making.

Diamond & Khemani (2005) noted that the IFMIS in the Republic of Tanzania is considered to be the most successful hitherto in an Anglophone African state. Success was acquired via various approaches. A review of the management on public expenditure was carried and noted the process affecting the execution of the budget. Chart of accounts and expenditure control were relatively improved as well. The Government then formulated enabling accounting principles, legislation, organizational arrangements and systems. The program acquired solid political support, which trickled down to the level of management and ensured adequate donor funding resources. The reforms were anchored within the Ministry of Finance, where building of capacity was reiterated.

Peterson (2011), noted that the IFMIS in Ethiopia has been part and parcel of a major transformation of PFM to the international standards since the change aligned with the well known drivers of the public sector reforms, namely; strategy, purpose, context and ownership. Further, Peterson (2011) opines that reforms on PFM within Ethiopia were successful since it built a sustainable and stable plateau which is relevant to the local scenario, instead of targeting an irrelevant and risky summit of the best practice internationally. To back-up the rapid devolution by the Government, the reform adopted successfully a strategy of sustain, improve and recognize. Hitherto, the launching of IFMIS in Kenya has made various Governmental agencies and ministries to adopt the system. The success of it can be acquired through proper financial management.

Kimwele (2011) in her research established that IFMIS affect the impact of the systems on internal control over financial performance. Her study notably fails to indicate the particular gains of implementing IFMIS especially on systems of public financial management and how the respective benefits improves the state agencies

financial performance as well as the devolved Governments in Kenya. There are a number of ways through which IFMIS can improve public financial management. One of them is enhancing the credibility and confidence of the budget through significant transparency and information comprehensiveness.

The mandate of utilizing IFMIS is to better budget execution and planning by offering accurate and timely information on management of budget and decision making as well (Chene 2009). A more realistic and standardized formulation of the process of budget is allowed for and improved control over the execution of the budget is affected through the complete integration of execution of budget data.

In a study conducted by Muigai (2012) on various ministries within the Government of Kenya it was realized that IFMIS has greatly affected the levels of PFM in Kenya. This improvement from utilizing the system can be realized only if the process of implementation is successful. Variables such as effective technical staff training and the users, relatively low resistance to change due to sensitization of staff on the need for the new system, a core team appointed to conduct the overseeing process of the implementation of IFMIS, senior committee who are fully committed, adequacy of treasury funding, standard accounts chart, ICT infrastructure availability and regulatory and legal framework were the factors which contributed to the implementation successfully (Mutui, 2014).

2.3.2 Effectiveness of IFMIS Systems

Among the most common PFM reform practices entails the utilization of IFMIS among other systems on Enterprise Resource Planning (ERP). The IFMIS system is an automated system of information which connects budgeting, planning, accounting, expenditure, reporting and audit as well as management and control. Diamond and Khemai (2005) noted that the public expenditure management processes

computerization including the formulation of the budget, accounting and execution of budget with the assistance of completely integrated system for management of finance. Bosire (2016) noted that in its basic nature, IFMIS incorporated initially only a handful of modules while other practices of PFM remained to be manual.

Njeru, (2016) noted that such modules of IFMIS entails the, project ledger, budget development, payroll system, fixed assets, e-procurement, management of cash, accounts receivable, accounts payable, budgetary accounting and general ledger. To initiate a full end-to-end integrated approach cycle for PFM, it is noted by Hendricks (2012) that most of the countries which are developing adopt IFMIS to improve on their effective and efficient PFM, improved accountability, reduction in fraud, management of data security, improving public service delivery and standardized financial reporting.

Bosire (2016) noted that IFMIS entails external and internal dimensions which improve delivery of public service to the citizens, stakeholders and businesses as it bears the possibility for public administration transformation. Additionally, it strengthens the financial controls, promotes updated and full picture of the expenditure and commitment on a progressive basis hence improving the interactions between the Government and Business(G2B), Government and Citizens(G2C) as well as Government to Government(G2G) more convenient and conducive. IFMIS assist in the effective allocation of resources mechanisms, improves information management for making of decision and improves the financial controls by providing timely and reliable financial information.

Additionally, IFMIS utilizes standard classification of data for financial events recording, processing of transaction and tracking and reporting financial events as

well as summarizing on the financial information. It supports as well adequate policy decisions, management reporting, fiduciary mandates and the formulation of auditable financial statements as it offer guidance to the task transition in the process of PFM from preparation of budget and execution to reporting and accounting. Njeru (2016) noted that IFMIS is prime and customized highly to suit various conditions for working environments as it is modeled around a system of accounting to function as per the environmental needs where it is being installed. A number of empirically conducted studies on adoption of IFMIS as well as implementation reflect on the empirical literature above (Bosire, 2016; Wakhungu, 2014).

Bosire (2016) conducted a study seeking to explore the ramifications of IFMIS publishing data of budget from the websites of 198 economies public finance. The study resolves to identify the possible areas for improvements in the transparency of the budget and offers guidance further on effective utilization of platforms of IFMIS on publication of open budget data. The study findings indicated that in spite of the wide availability of financial systems on information management utilized by 198 states across the world, only 24 countries had good budgetary practices evident.

Additionally, Hendricks (2012) looked at the guidelines for IFMIS effective implementation within the public sector in South Africa. The study aimed at identifying the risks and challenges involved in the IFMIS implementation within South Africa. Some of the identified challenges in the study entail lack of commitment, lack of capacity as well as technical and institutional challenges. The study recommended programmes on capacity building, commitment of stakeholders, establishment of a team on an effective change management and a clear plan for IFMIS successful adoption.

Aminatu (2015) also conducted a research on the effect of IFMIS on economic growth in Ghana utilizing a case study research design. The study concentrated on the Ghana IFMIS utilizing both quantitative and qualitative data spread across a ten year duration from the Ministry of Finance and Economic Planning. The study regards among other performance economic indicators, resource allocation, Gross Domestic Product (GDP) and economic development. The findings of the study indicated that much of the economic performance of the country depends on the effectiveness of the private and public sectors, fiscal Government policies, regulatory framework and the interest rates. Considering that IFMIS was adopted for the first time in Kenya in the year 2003 and further re-engineered in two phases with the initial phase running through 2011-2013 and the second phase running through the period of 2013-2018 with various elements, it not an initial innovation within Kenya.

Remarkably, Bosire (2016) subsequently studied the effect of IFMIS on financial probity within the public sector in Kenya by adopting the Ministry of Foreign Affairs as the case study. The study utilized a case study design and was guided theoretically by systems theory and agency theory and depended on about 40 users of IFMIS within the foreign affairs ministry. Then findings of the study shows that 74.8% of the financial performance within the public sector can be linked to the IFMIS adoption practices. Additionally, the study noted that implementation of IFMIS affects the overall procurement performance within the Kenyan Government ministries where capacity building, commitment, training and the adoption levels of IFMIS influences positively financial probity.

2.3.3 Regulatory Challenges of the IFMIS Systems

Since the promulgation of the Constitution of Kenya in the year 2010, various changes have been made, for instance, the Public Sector Finance Reforms. In the year

2005, the Government introduced the Integrated Financial Management Information System (IFMIS) to assist in the public funds management. This as in this case within South Africa, is a financial reform on management practice meant to bring in effectiveness, efficiency, comprehensive financial reporting, data security, transparency and accountability (Hendriks, 2012).

The same was mirrored by Dener, Watkins and Dorotinsky (2011) who noted that the legal framework has a paramount significance on the information system management which a country would utilize in the public funds management. The 2011-2013 IFMIS Re-Engineering Strategic Plan marked out the challenges facing the current system of IFMIS. The initial one is parallel running where the IFMIS was aimed at automating and integrating seamlessly key functions of the business; most of the key activities are undertaken still outside the system.

The second problem with the budget of exchequer releases where the fund released on the IFMIS commences after the release of manual funds process is accomplished. In effect the supply budget function is outside the IFMIS yet the grant of exchequer and credit releases can be affected all online utilizing the Oracle Dossier the GL. The third challenge identified is that of the manual payment approvals where transactions are only achieved on the system as an issue of compliance and for processing of payments. There is an existence of systems which are parallel for approval of payments. The other challenge is vouchers manual payment where when invoices are received; preparation for voucher payment is made, backed-up with LPOs, evidence and requisition of delivery and then forwarded for manual approval.

Upon the completion of approval process, they are then entered on the IFMIS for subsequent payment. The fifth problem is on purchase orders where purchase done

manually are currently being issued to the suppliers and then purported data is then fed onto the system yet IFMIS also creates the purchase orders. The sixth challenge is of errors where the manual captures Invoices and LPOs onto the IFMIS results inevitably into errors and this affects the data integrity on the IFMIS. According to Alshehri and Drew (2010) the success of the adoptions of e-Government are a mixed narrative oblivious of the fact that more and more Governments across the globe are adopting e-Government as a way of improving services, reducing costs, increasing efficiency, increasing effectiveness. Adoption of the IFMIS system faces very serious regulatory and operational challenges.

Njuru (2011) reported that despite the acknowledgement Kenya has received globally for adopting e-Government, there is no empirical literature evidence to indicate that any of the Kenyan e-Government's objectives of promoting service delivery, improving public servants productivity, bettering flow of information to citizens as well as citizen participation has been duly encouraged. Njuru (2011) further identified some of the generic challenges in adoption such as the introduction of new technology is met often with uncertainties, enthusiasm, fear, resistance to organizational change, expertise shortage, cyber security issues or risks, shortage of skills and competence.

Rodin-Brown (2008) on the other hand cited that the road to successful IFMIS implementation faces difficulties such as resistance from the involved bureaucracies; lack of holistic managerial decision making, incompetent personnel, fraud and corruption; intricacies on IFMIS systems, very expensive and very hard to maintain and manage; planning; inadequate setting up of the chart of accounts; poor communications between the donors, Government and implementers, shortage of capacity of management and resources, systems design changes without the full

consensus ,trainings which are poorly implanted and spurious and unnecessary expenditures on projects.

Diamond and Khemani (2005) reported that the factors which have led to the restricted success of the projects on IFMIS are lack of ownership clarity of the system and the authority which is unclear to implement, inability to clearly note the basic functionality, failure to invest adequately on the phase of the design, re-engineering procedures failure, failure to acquire parallel reforms adopted by IFMIS, negligence, overestimation of the information to be included in the system, lack of incentives for the reform as well as prerequisites do not exist.

Signore, Chesi, & Pallotti (2005) cited the e-Government legal and technical challenges such as security, privacy, interoperability as well as multi-modal interaction; economical factors such portability, costs, maintainability and social issues such as acceptance, usability and accessibility. Finally, Alshehri and Drew (2010), noted that the underline challenges of the e-government are weaknesses within the IT infrastructure, inadequate knowledge over the e-Government program, lack of privacy and security of information , inadequacy of competent personnel and the training courses, managerial and leadership support, cultural differences, inadequate regulation and policy for the e-usage, lack of collaboration and partnership, absence of strategic plans, financial resources shortage and e-systems change resistance.

Having sound systems, strong regulatory and legal frameworks as well as a productive and competent civil service are the foundations of reliable and effective Public Finance Management era. Diamond & Khemani (2005) cited that an IFMIS bears various elements with diverse functions. He cite that the hub of IFMIS entails the following systems and modules , Budgetary accounting, General ledger, accounts

receivable and payable among other modules such as Budget Development, Payroll system , Asset module, project ledger as well as procurement.

It is agreed generally that integration is the pillar to any successful integration of the IFMIS implying that the system utilizes standard classification of data for financial events recording; has internal controls over the entry of data, processing of transaction and reporting and has common processes for the same system design and similar transactions and the system design which eliminates duplication of unnecessary data entry (Rodin-Brown, 2008). According to Rodin (2008) the challenges on implementation of successful IFMIS entails resistance from the involved bureaucracies, lack of good leadership and decision making, weak personnel, fraud and corruption, complications, very expensive, difficulty in maintaining and managing, poor communication as well as changes in the design documents without the full consensus.

2.4 Summary and Research Gaps

Most of the literature has reiterated on the pros of IFMIS as a tool for financial accountability as well as reporting, hence some form of correlation may be deduced in terms of financial accountability. However, the studies in the past on the ramifications of IFMIS on public finance management have led to a number of mixed results since non address the issue of IFMIS on ensuring financial accountability. Additionally, these studies do not address succinctly their findings premised on a definite theoretical orientation such as Resource Based Theory and Diffusion of Innovation Theory. This propagates on the need for the current study on the effect of IFMIS on financial accountability within the devolved Governments in Kenya with a key interest on Nairobi City County which is the major hub of Kenya's economic activities.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter focused on the research design, research site, and target population, sampling methods, data collection methods and research data collection instruments. It addressed as well the data analysis as well as legal and ethical considerations.

3.2 Research Design

According to Mugenda and Mugenda (2003) research design is the blueprint or the plan of the research and it entails the methods that the study will utilize in obtaining the relevant data or information. This study adopted a descriptive research design. Zinkmund (2009) noted that research design can be used to describe the process used in formulating research objectives and instruments to be used in the data collection.

3.3 Research Site

The study was carried out in Nairobi City County Government, County's Headquarters. Nairobi City County is one of the 47 counties of Kenya. One of the smallest yet most populous of the counties, it is coterminous with the city of Nairobi, which is also the capital and largest city of Kenya. Nairobi City County was established in 2013 upon the promulgation of new constitution on decentralization. Nairobi City County being the capital city of Kenya and a brand image city for foreign investors it has been rocked with a number of financial misappropriation cases particularly the predecessor Government.

Although the financial misappropriations and embezzlement has decreased within Nairobi City County with the change of the regime, the threat is still real and alive eating into the socio-economic caveats of the County.

The immediate former administration of Nairobi City County government was accused of serious graft allegations ranging from irregular tendering processes, money laundering through foundations, nepotism, favoritism, corruption and mismanagement of County funds. The former governor is currently facing charges along with other county executive on poor financial management and misappropriations. It is against this background that Nairobi City County government is of great interest as the case study among the devolved Governments in Kenya.

3.4 Target Population

Ngechu (2006), highlights that a target population is a well organized set of service, people, events, elements, households or group of things that are under investigations. Additionally Mugenda and Mugenda (2003) denotes that studies on population are more representative since every individual has equal opportunity to be enjoined within the final sample which is actually being drawn. The intended target population for this study were 350 employees of the Nairobi City County Government; namely, legal department, inspectorate department, monitoring and evaluation, and finance department.

3.5 Study Sample

3.5.1 Study Sample Size

The study utilized Mugenda and Mugenda (2003) formula of 30% of the target population to calculate the sample size.

Table 3.1: Sample Population

Respondents	Population Size	Sample Percentage	Sample Size
Investigators (NCCG)	50	30%	15
Legal officers (NCCG)	60	30%	18
City County Inspectors (NCCG)	99	30%	29
Monitoring and Evaluation officers (NCCG)	67	30%	20
Finance Officers (NCCG)	70	30%	21
Compliance officers (NCCG)	4	30%	2
TOTAL	350		104

Source: NCCG, Nairobi City County Public Service Board (2018)

The department heads were sampled purposively to take part in the study. This is by virtue of their positions and being that they have significant experience that is of great interest to the study. The total sample size for this study was 104 respondents.

3.5.2 Sampling Procedure

Cooper and Schindler (2006) opine that for generalization to happen, utmost a sample of 30 must basically exist. Notably, a large sample helps in minimizing errors. Subsequently, Kotler (2007) denotes that if chosen well, samples of roughly 10% of the target population can often provide better reliability. The study adopted stratified random sampling to select the sample of the study where the departments from the County Government actually formed the strata. This was vital since the technique provided employees across the departments with the opportunity of possible selection within the intended sample to take part in the study.

The selection probability of every respondent was actually proportionate to their size of population; larger population departments shall have a proportionally significant chance of being enjoined within the sample. When it comes to picking of staff within the department, the study utilized simple random sampling to fill in the research instruments.

3.6 Data Collection

Kothari (2014) highlights that data collection is gathering of empirical evidence with an aim of acquiring new insights over a particular scenario or phenomena and give feed backs on questions that prompt conducting of the study.

3.6.1 Data Collection Instruments

In this study, two data collection instruments were utilized. The two are an interview guide (appendix two) and a semi-structured questionnaire (appendix one). Two primary data collection methods were utilized. This included questionnaires being self-administered for the investigators as well as face-to-face interviews with departmental heads and key informants. Notably, face-to-face interviews were booked earlier with the departmental heads. This enabled high rates of response and convenience both to the researcher and respondents. Documentary method of review was utilized to gather secondary data from magazines, internet, the books, and journals as well as articles.

3.6.2 Pilot Testing of Research Instruments

The study purposively selected the 10 legal and County investigation officers based at the Kiambu County to test on the study's feasibility as well as affirming the efficiency and reliability of the research instruments.

The pilot study was crucial in checking any inconsistencies on the research instruments as well as unforeseen challenges. A sample size of 11 respondents who did not participate in the final data collection was utilized in this study.

3.6.3 Instrument Reliability

Kothari (2014) noted that reliability refers to the measurement consistency. The more an instrument is reliable, is the more significant they actually measure. Random error normally influences reliability. As the increase of random error occurs, a decrease in reliability occurs. Mugenda & Mugenda (2003) notes that random error refers to the true measurement deviation as a result of the factors that have been in effectively addressed by the researcher

The study sought to pre-test the research instruments to determine whether there are questions which are ambiguous and amend them to improve the data collected reliability. A sample of ten respondents was randomly chosen to be involved in the pre-test. The group of 10 was excluded in the main study to prevent any kind of biasness. It was expected that there were consistency of response during the reliability test as well as any ambiguity on the research instruments were moderated. The reliability test findings cited that IFMIS had significantly affected financial accountability within the County Government. This was cited by 86% of the respondents.

3.6.4 Instrument Validity

Kanogo (2011) observed that validity seeks to determine as to whether the study truly measures what was actually targeted to be measured or the veracity of the study findings. Researchers generally make a determination on validity by asking a number of questions and shall often look for the responses in the empirical findings of other researchers.

The research instruments validity was established by the utilization of literature searches and expert opinions to determine what other empirical studies have adopted. Further in order to ensure validity, expert opinion and the supervisor's comments and moderations served as key determinant for instruments validity test.

3.6.5 Data Collection Procedure

An introductory letter was obtained from Africa Nazarene University and submitted to the National Commission for Science, Technology and Innovation for guarantee of research permit. Upon guarantee of permission to conduct the research, the legal department was informed of the intention of the researcher to collect data within the County Government. Research instruments administration was done in collaboration with research assistants in order to enable expeditious and efficient data collection. The respondents were provided with two weeks to fill in the questionnaires and after that the researcher alongside research data and assistants collected them for tabulation and analysis.

3.7 Data Analysis

Qualitative and Quantitative techniques of data analysis were utilized in this study. Descriptive and inferential statistics were used to analyze Quantitative data which involved the use of standard deviation, mean scores, percentages as well as frequencies for every objective. IBM SPSS Statistics version 21 computer data analysis package was used to assist in analyzing of quantitative data. Notably, quantitative data analysis findings were presented in tables and charts. Qualitative data were analyzed through content analysis. Conversely, Qualitative data analysis findings were presented in narrative or prose format. The responses from interviews were classified as premised on the patterns and themes cutting across diverse response of interviewees. This information were utilized to draw conclusions.

3.8 Legal and Ethical Considerations

This study took into account various ethical dimensions. Approval of the research was sought from the National Commission for Science, Technology, and Innovation (NACOSTI) and ANU letter. Informed consent to engage in the study was acquired from the respondents by explaining the main goal of the study being assured that the given information was to be confidentially treated. The researcher requested the respondents not to mark their names anywhere on the questionnaire for the purpose of anonymity. Information which is confidential in nature was accessed only by the university supervisor and the researcher.

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Introduction

This chapter presents the results of data analysis and presentation of the findings. Data was collected from staff and management of the County Government. The departments shall be legal department, inspectorate department, monitoring and evaluation, and finance department

4.2 Response rate

The researcher administered 104 questionnaires to the respondents as captured in the table below. Out of the distributed 104 questionnaires distributed 71 questionnaires were filled. This translates into a response rate of 68.27% which was considered appropriate for making conclusions. It was observed by Babbie (2005) that any response rate above 50% is sufficient and reliable for conducting data analysis.

Table 4.1 Questionnaire response rate

Response	Frequency	Percentage
Responded	71	68.27%
Non-respondents	33	31.73%
Total	104	100

Source: Field Data, 2019

4.3 Demographic characteristics

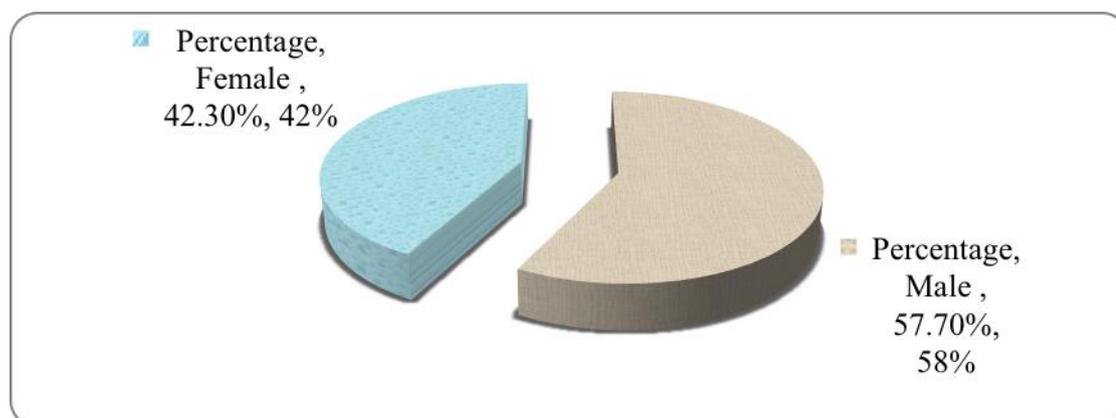
This section presents demographic information of the respondents in regard to age distribution, gender, duration worked in the organization, highest level of education, department and the position of the respondents.

4.3.1 Response on Gender

4.3.2 Gender of Respondents

Respondents were asked to indicate their gender. Majority of the respondents were male 41(57.7%) as compared to female 30(42.3%). The results show there is gender disparity in the target workforce whereby male employees are slightly more than female employees. This implies that the County Government was to a significant extent sensitive of gender equality. Making it easier for the study to collect the views of both sexes. The findings are presented in figure 4.1 respectively:-

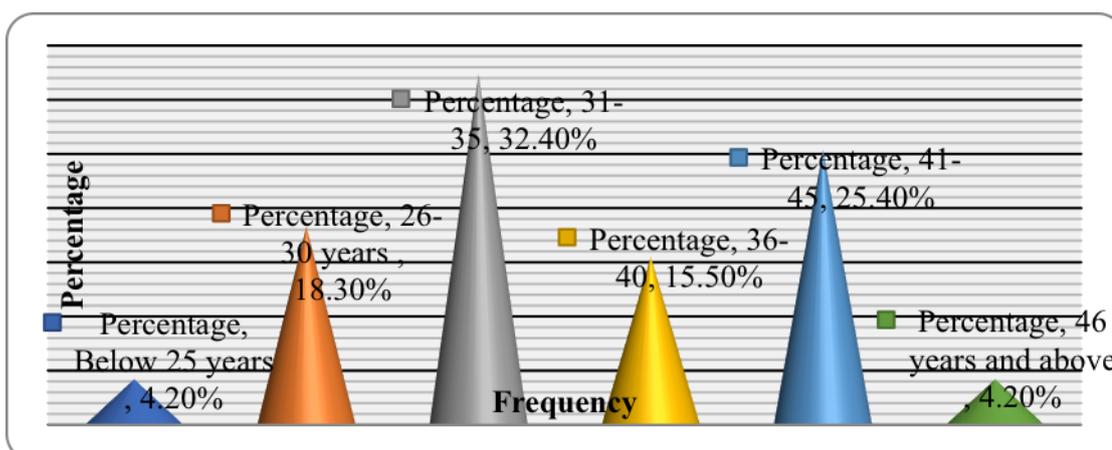
Figure 4.1 Response on Gender



Source: Field Data, 2019

4.3.3 Age distribution of Respondents

Figure 4.2 summarizes the age distribution of the respondents. The data shows that a large proportion (32.4%) of the target population were 31-35 years of age while staffs in the age bracket of 41-45 years were 25.4%. Target population aged below 25 years were 4.2% while those who are aged 26-30 years were 13 (18.3%). Additionally, 36-40 years was represented by 11 respondents while 46 years and above was represented by 3(4.2%). These results show that the Target workforce comprises of relatively young individuals.

Figure 4.2: Response on Age

Source: Field Data, 2019

4.3.4 Response on duration of working

As presented in figure 4.2, majority of target respondents had worked within the County Government for 6-10 while 33.8% of the respondents had worked for 11-15 years. The results show that a large proportion of employees joined the County Government after the introduction of decentralized government systems in Kenya. Moreover, 5 years and below was represented by 13(18.3%) of the respondents while 8(11.3%) was represented by 16-20 years. The findings also indicate that the County Government had sought new talent as well as retaining previously existing workforce.

Table 4.2 Number of years worked within the organization

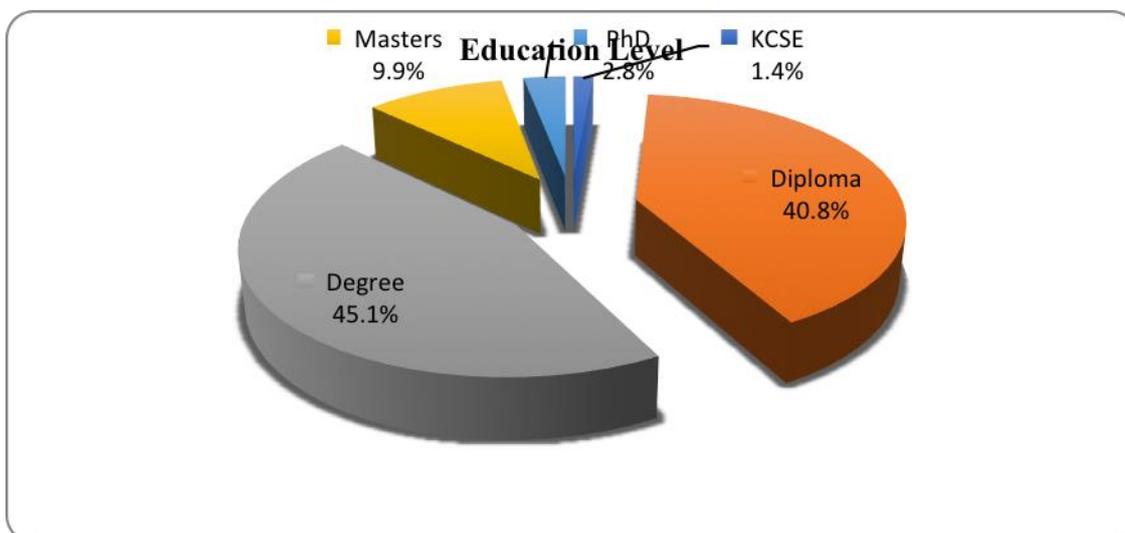
Response	Frequency	Percentage
5 years and below	13	18.3
6-10 years	26	36.6
11-15 years	24	33.8
16-20 years	8	11.3
Total	71	100

Source: Field Data, 2019

4.3.5 Respondents level of Education

In this study under the demographic data the respondents were also asked to indicate their level of education. 45.1% of the respondents (32 respondents) had undergraduate degree while 29 (40.8%) were diploma holders. Respondents with a masters degree were 7(9.9%) while only 1(1.4%) of the respondents indicated KCSE as their highest education level. The study also noticed that 2.8% of the respondents especially heads of departments had acquired their PhDs in various fields such as Conflict and Peace as well public policy, public administration, business administration and Governance. The results have shown that the target respondents were qualified employees working at the County Government. Figure 4.3 summarizes these results.

Figure 4.3 Responses on the level of Education



Source: Field Data, 2019

4.3.6 Respondents distribution by Position

Respondents were asked to indicate their position at their respective perspectives. The data presented in table 4.3 indicate that majority of the respondents were middle level management and staff. This was represented by 27(38%).

The top management was represented by 11(15.5%) of the respondents while 6(8.5%) was supported by subordinates. The findings are captured in table 4.3 below.

Table 4.3 Response on the distribution by Position

Position	Frequency	Percentage
Top management	11	15.5%
Middle level management	27	38%
Staff	27	38%
Subordinate staff	6	8.5%
Total	71	100

Source: Field Data, 2019

4.4 Objective One: To determine the opportunities availed by IFMIS in Financial Accountability within devolved Governments.

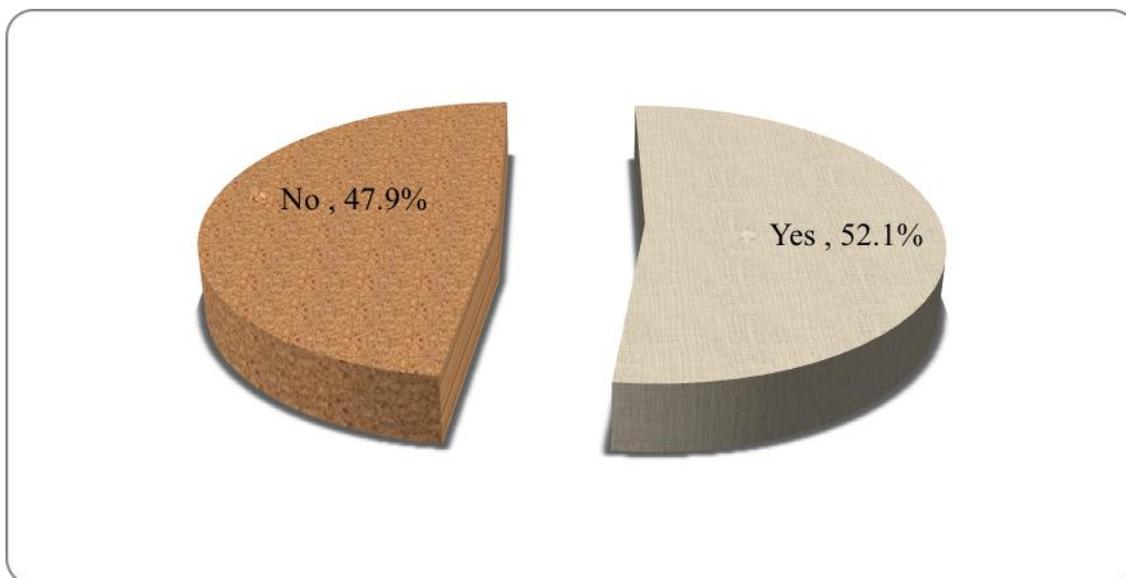
The first objective of this study sought to determine the opportunities which were being availed by the IFMIS in ensuring financial accountability within the devolved Governments. The objective is operationalized through; Real-time financial information, non-financial and financial information, improved control over expenditure, increasing the risk of detection of fraud, detection of Corruption, high levels of transparency, efficiency, improved economic governance and proper budget execution

4.4.1 Response on attaining any Training

The first interest of this study was to determine whether the county staff had relevant training with regard to utilization of IFMIS on ensuring financial accountability within the County Government. The study noted most of the county staff had been trained on utilization of IFMIS on ensuring financial accountability. This was cited by 34(47.9%) of the respondents while a significant percentage of the

respondents agreed that they had received relevant training. This was cited by 52.1% of the respondents. The findings are reflected in figure 4.4

Figure 4.4 Response on attaining any Training



Source: Field Data, 2019

Additionally, response from the interview guide questions revealed that;

This improvement from utilizing the system can be realized only if the process of implementation is successful. Variables such as effective technical staff training and the users, relatively low resistance to change due to sensitization of staff on the need for the new system, a core team appointed to conduct the overseeing process of the implementation of IFMIS, senior committee who are fully committed, adequacy of treasury funding, standard accounts chart, ICT infrastructure availability and regulatory and legal framework were the factors which contributed to the implementation successfully (Source: Nairobi City County Government Employee 1)

4.4.2 Response on easier detection of fraud

The study also sought to determine whether IFMIS has assisted in detecting of fraud within the County Government. The study noted that majority of the respondents cited that utilization of IFMIS had significantly assisted in detection of fraud within the County Government. This was cited by 57(80.3%) of the respondents while 14(19.7%) cited that IFMIS had not significantly assisted in addressing

detection of fraud. This linked to the various reported incidents of fraud within the county government. The findings are reflected in table 4.4

Table 4.4 Response on easier detection of Fraud

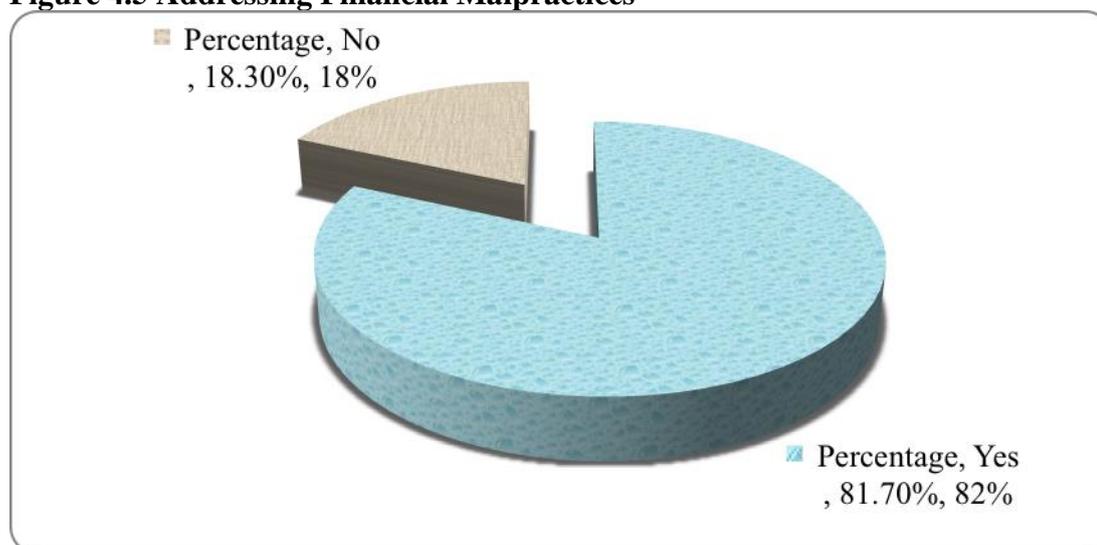
Detection of Fraud	Frequency	Percentage
Yes	57	80.3
No	14	19.7
Total	71	100

Source: Field Data, 2019

4.4.3 Addressing financial malpractices

The study also sought to determine whether IFMIS has assisted in addressing various financial malpractices within the County government. The study noted that majority of the respondents cited that utilization of IFMIS had significantly assisted in addressing financial malpractices within the City County Government of Nairobi. This was cited by 58(81.7%) of the respondents while 13(18.3%) cited that IFMIS had not significantly assisted in addressing financial malpractices within the City County Government of Nairobi. The findings are reflected in figure 4.5

Figure 4.5 Addressing Financial Malpractices



Source: Field Data, 2019

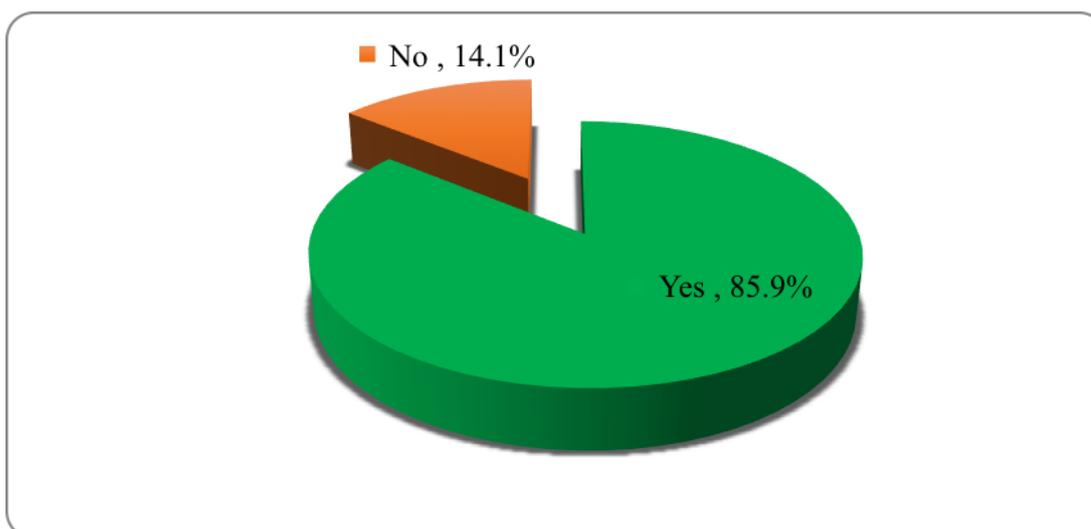
Notably, response from the interview guide questions revealed that;

IFMIS entails external and internal dimensions which improve delivery of public service to the citizens, stakeholders and businesses as it bears the possibility for public administration transformation hence preventing financial malpractice at the devolved units in Kenya. Additionally, it strengthens the financial controls, promotes updated and full picture of the expenditure and commitment on a progressive basis hence improving the interactions between the Government and Business(G2B), Government and Citizens(G2C) as well as Government to Government(G2G) more convenient and conducive. IFMIS assist in the effective allocation of resources mechanisms, improves information management for making of decision and improves the financial controls by providing timely and reliable financial information (Source: Nairobi City County Government Employee 2)

4.4.4 Responses on automated financial reporting

The study also sought to determine whether IFMIS has assisted in automating of financial reporting. The study noted that majority of the respondents cited that utilization of IFMIS had significantly assisted automating of financial reporting within the County Government. This was cited by 61(85.9%) of the respondents while 10(14.1%) cited that IFMIS had not significantly assisted in addressing automated financial reporting within the Government of the Nairobi City County. The findings are reflected in figure 4.6

Figure 4.6 Responses on Automated Financial Reporting



Source: Field Data, 2019

4.4.5 Response on Trail of Transaction

The study also sought to determine whether IFMIS has assisted in tracking of trail of transactions within the County Government. The study noted that majority of the respondents cited that utilization of IFMIS had significantly assisted tracking the trail of transactions within the County Government. This was cited by 61(85.9%) of the respondents while 10(14.1%) cited that IFMIS had not significantly assisted in tracking the trail of transactions within the county government of Nairobi. The findings are captured in table 4.5 below

Table 4.5 Response on Trail of Transaction

Response	Frequency	Percentage
Yes	61	85.9
No	10	14.1
Total	71	100

Source: Field Data, 2019

Moreover, response from the interview guide revealed that;

IFMIS entails the, project ledger, budget development, payroll system, fixed assets, e-procurement, and management of cash, accounts receivable, accounts payable, budgetary accounting and general ledger. To initiate a full end-to-end integrated approach cycle for PFM, it was noted by majority of the respondents that most of the countries which are developing adopt IFMIS to improve on their effective and efficient PFM, improved accountability, reduction in fraud, management of data security, improving public service delivery and standardized financial reporting (Source: Nairobi City County Government Employee 3).

4.4.6 Response on evidentiary value of IFMIS in court

The study also sought to determine whether IFMIS has assisted in providing of evidentiary value during civil cases in court relating to financial misappropriation within the County Government. The study noted that majority of the respondents cited that utilization of IFMIS had significantly assisted in providing of evidentiary value during civil cases in court relating to financial misappropriation within the County Government.

This was cited by 62(87.3%) of the respondents while 9(12.7%) cited that IFMIS had not significantly assisted in providing of evidentiary value during civil cases in court relating to financial misappropriation within the county government. The findings are reflected in table 4.6 below.

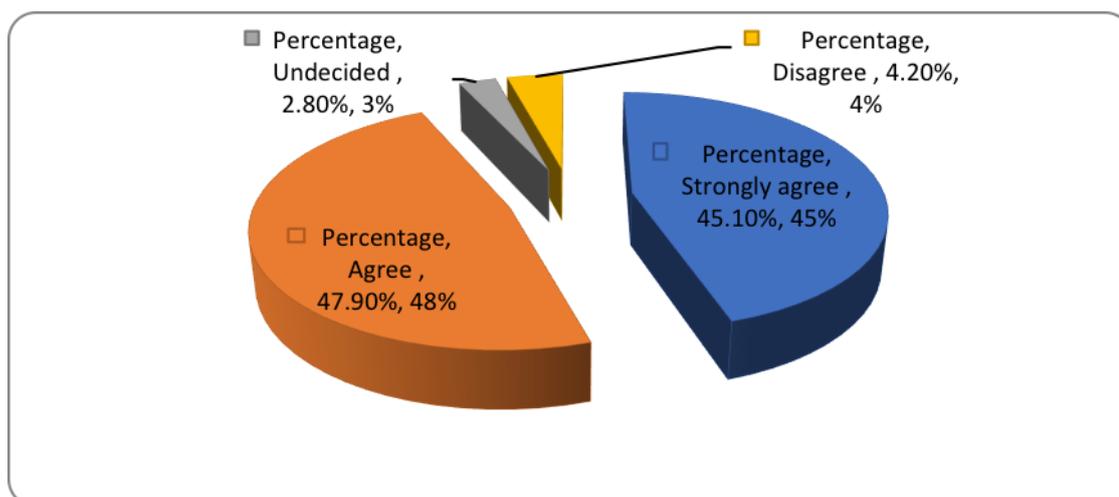
Table 4.6 Response on Evidentiary Value of IFMIS in Court

Response	Frequency	Percentage
Yes	62	87.3
No	9	12.7
Total	71	100

Source: Author, 2019

4.4.7 Improvement of the Ethical Conduct by introduction of IFMIS

Among the key areas of this study was also to determine whether the IFMIS had assisted in improving of ethical conduct among the County Government staff since its introduction. The study noted that majority of the respondents were of the opinion that they agree that IFMIS had assisted in improving of ethical conduct among the County Government staff since its introduction. This was cited by 34(47.9%) of the respondents. Additionally, 32(45.1%) of the respondents strongly agreed, 2(2.8%) cited that they were undecided while 3(4.2%) indicated that they disagree. The findings are indicated in figure 4.7 overleaf.

Figure 4.7 Improvement of Ethical Conduct by introduction of IFMIS

Source: Field Data, 2019

4.4.8 Embracing IFMIS for greater Financial Integrity and Transparency

This study also sought to determine whether IFMIS had assisted in ensuring greater financial integrity and transparency. The study noted majority of the respondents agreed that IFMIS has significantly assisted in ensuring financial integrity and transparency. This was cited by 36(50.7%) of the respondents. Conversely, 23(32.4%) of the respondents cited that they strongly agree. Notably, 4(5.6%) of the respondents cited that they were undecided, 6(8.5%) noted that they disagree while 2(2.8%) of the respondents cited that strongly disagree. The findings are reflected in table 4.7 below.

Table 4.7 Embracing IFMIS for greater financial integrity and transparency

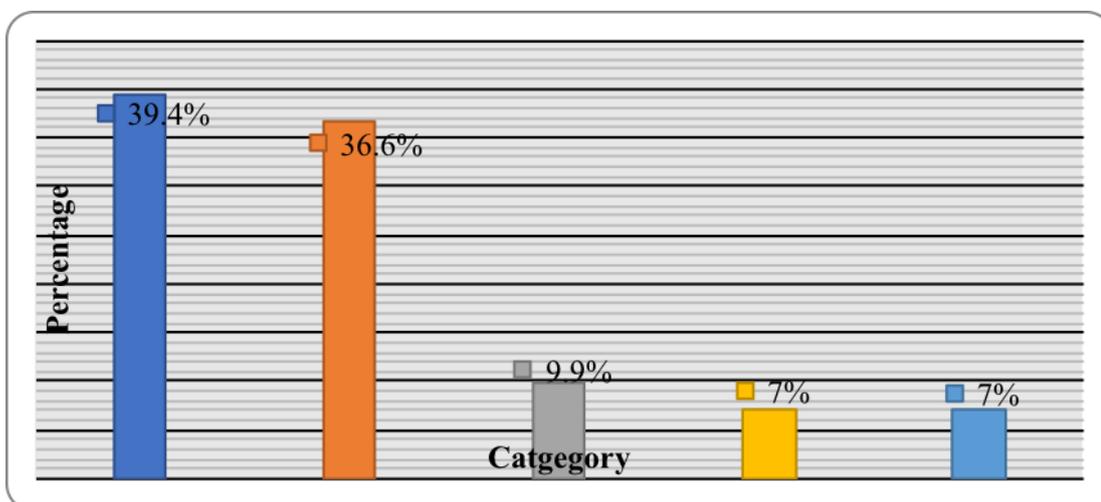
Response	Frequency	Percentage
Strongly agree	23	32.4
Agree	36	50.7
Undecided	4	5.6
Disagree	6	8.5
Strongly disagree	2	2.8
Total	71	100

Source: Field Data, 2019

4.4.9 Processing of Receipts and Payments made through IFMIS

This study also sought to determine whether IFMIS had assisted in processing of receipts and payments at the County. The study noted majority of the respondents strongly agreed that IFMIS has significantly assisted in processing of receipts and payments at the County. This was cited by 28(39.4%) of the respondents. Additionally, 26(36.6%) of the respondents cited that they agree. Notably, 7(9.9%) of the respondents cited that they were undecided, 5(7%) noted that they disagree while 5(7%) of the respondents cited that they strongly disagree. The findings are reflected in figure 4.8 below.

Figure 4.8 Processing of Receipts and Payments made through IFMIS



Source: Field Data, 2019

4.4.10 IFMIS and significant reductions in Wasteful Expenses

This study also sought to determine whether IFMIS had assisted in reducing of wasteful expenses at the county. The study noted majority of the respondents strongly agreed that IFMIS had significantly assisted in reducing of wasteful expenses at the county. This was cited by 34(47.9%) of the respondents. Additionally, 29(40.8%) of the respondents cited that they agree. Moreover, 1(1.4%) of the respondents cited that they were undecided, 6(8.5%) noted that they disagree while 1(1.4%) of the respondents cited that strongly disagree.

Mwaniki (2014) reported that for any entity to change in its focus and become more competitively positioned, performance is a main driver to quality of services improvement. Utilizing of relevant means can be a key hindrance to change and may promote financial mismanagement and wastage of resources. The findings are presented in table 4.8 below.

Table 4.8 IFMIS and significant reductions in Wasteful Expenses

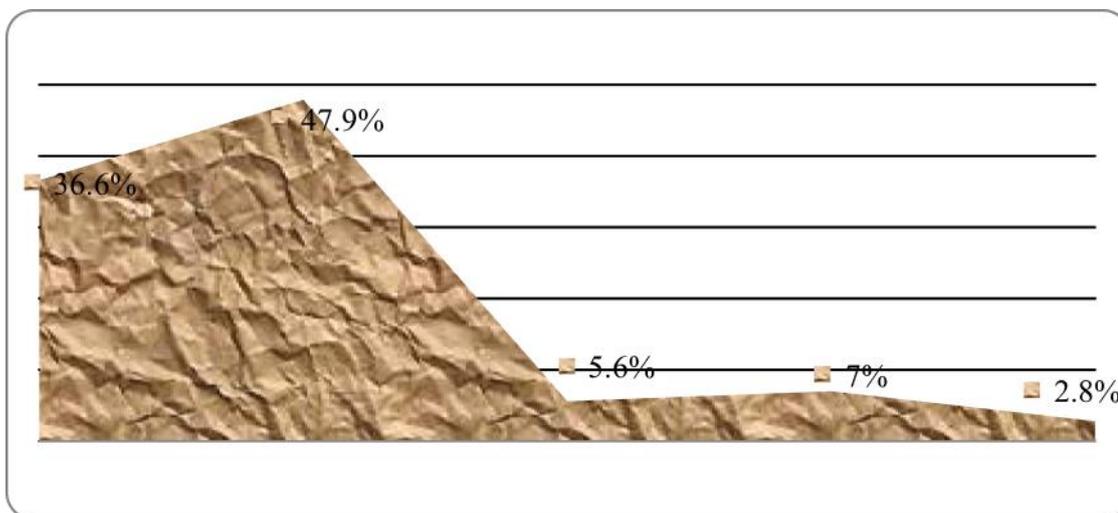
Response	Frequency	Percentage
Strongly agree	34	47.9
Agree	29	40.8
Undecided	1	1.4
Disagree	6	8.5
Strongly disagree	1	1.4
Total	71	100

Source: Field Data, 2019

4.4.11 IFMIS has streamlined procedures and reduced opportunity for corruption

Streamlining procedures and reduction of corruption cases was among the key areas which this study sought to determine whether IFMIS has significantly affected. The study noted majority of the respondents agreed that IFMIS had significantly assisted in reducing streamlining of procedures and reducing of corruption. This was cited by 34(47.9%) of the respondents. Additionally, 26(36.6%) of the respondents cited that they strongly agree. Moreover, 4(5.6%) of the respondents cited that they were undecided, 5(7%) noted that they disagree while 2(2.8%) of the respondents cited that they strongly disagree. The findings are presented in figure 4.9 overleaf.

Figure 4.9 IFMIS has streamlined procedures and reduced opportunity for corruption

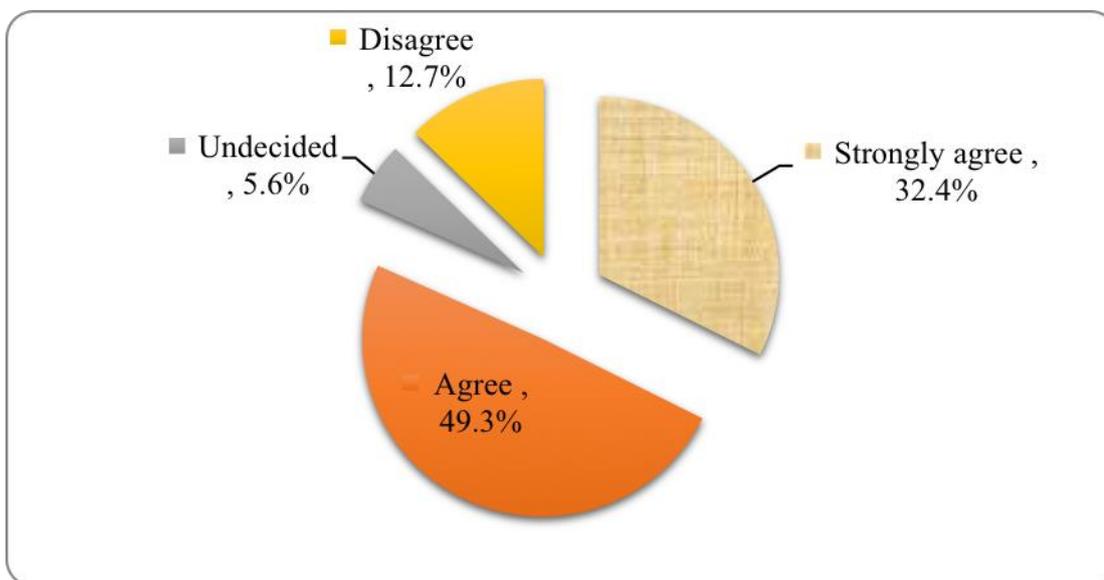


Source: Field Data, 2019

4.4.12 County Government's budget is executed in accordance with regulations to Prevent Overspending

Among the key areas of this study was also to determine whether IFMIS had assisted in executing of County budget in line with PFM regulations to prevent any instances of overspending. The study noted that majority of the respondents were of the opinion that they agree that IFMIS had assisted in executing of County budget in line with PFM regulations to prevent any instances of overspending. This was cited by 35(49.3%) of the respondents. Additionally, 23(32.4%) of the respondents strongly agreed, 4(5.6%) cited that they were undecided while 9(12.7%) indicated that they disagree. The findings are indicated in figure 4.10 overleaf.

Figure 4.10 County Government's budget executed in accordance with regulations to Prevent Overspending



Source: Field Data, 2019

One of the respondents during the interview schedule cited that;

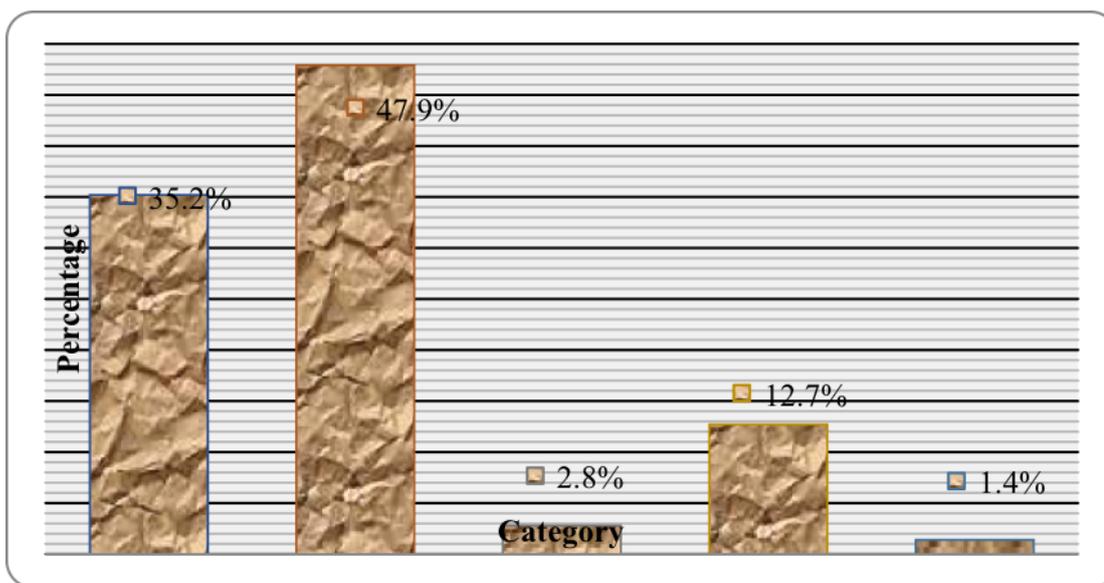
IFMIS in countries such as the Republic of Tanzania is considered to be the most successful hitherto in an Anglophone African state. Success was acquired via various approaches. A review of the management on public expenditure was carried and noted the process affecting the execution of the budget (Source: Nairobi City County Government Employee 4).

4.4.13 IFMIS has automated procedures and internal controls which promotes accountability

This study also sought to determine whether IFMIS had assisted in automating procedures and internal controls which assists in promoting accountability at the County Government. The study noted majority of the respondents agreed that IFMIS had significantly assisted in automating procedures and internal controls which assists in promoting accountability at the County Government. This was cited by 34(47.9%) of the respondents. Additionally, 25(35.2%) of the respondents cited that they strongly agree.

Moreover, 2(2.8%) of the respondents cited that they were undecided, 9(12.7%) noted that they disagree while 1(1.4%) of the respondents cited that strongly disagree. The findings are presented in figure 4.11 overleaf.

Figure 4.11 IFMIS has automated procedures and Internal Controls which promotes Accountability



Source: Field Data, 2019

Findings from the open ended questions and interview schedule indicated that;

IFMIS in Kenya has been part and parcel of a major transformation of PFM to the international standards since the change aligned with the well known drivers of the public sector reforms, namely; strategy, purpose, context and ownership. Further one of the respondents in the interview schedule noted that IFMIS affect the impact of the systems on internal control over financial performance. Her study notably fails to indicate the particular gains of implementing IFMIS especially on systems of public financial management and how the respective benefits improves the state agencies financial performance as well as the devolved governments in Kenya(Source: Nairobi City County Government Employee 5).

4.4.14 Using IFMIS, financial information is made available in a Reliable and Timely manner

This study also sought to determine whether IFMIS had assisted in making financial information readily available for administrative purpose at the County Government.

The study noted majority of the respondents agreed that IFMIS had significantly assisted in making financial information readily available for administrative purpose at the County Government. This was noted by 31(43.7%) of the respondents. Additionally, 25(35.2%) of the respondents cited that they strongly agree. Moreover, 4(5.6%) of the respondents cited that they were undecided, 9(12.7%) noted that they disagree while 2(2.8%) of the respondents cited that they strongly disagree. The findings are presented in table 4.9 below.

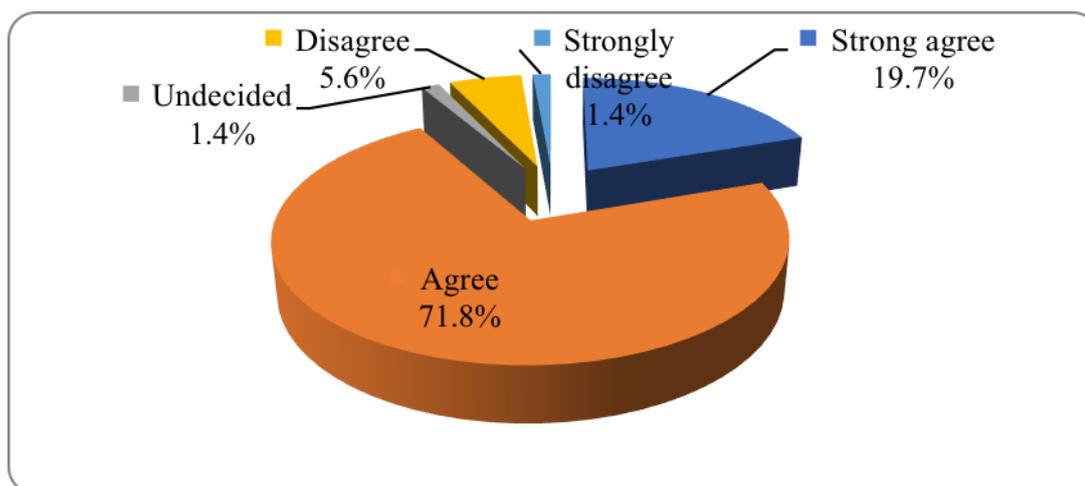
Table 4.9 Using IFMIS, Financial Information is made available in a Reliable and Timely manner

Response	Frequency	Percentage
Strongly agree	25	35.2
Agree	31	43.7
Undecided	4	5.6
Disagree	9	12.7
Strongly disagree	2	2.8
Total	71	100

Source: Field Data, 2019

4.4.15 IFMIS makes bank Reconciliation Automated

This study also sought to determine whether IFMIS had assisted in making of bank reconciliation automated at the County Government. The study noted majority of the respondents agreed that IFMIS had significantly assisted in making of bank reconciliation automated at the County Government. This was noted by 51(71.8%) of the respondents. Additionally, 14(19.7%) of the respondents cited that they strongly agree. Moreover, 1(1.4%) of the respondents cited that they were undecided, 4(5.6%) noted that they disagree while 1(1.4%) of the respondents cited that they strongly disagree. The findings are noted in figure 4.12 below.

Figure 4.12 IFMIS makes bank Reconciliation Automated

Source: Field Data, 2019

4.4.16 Improvement of County Government on the implementation of IFMIS

Among the key areas of this study was also to determine whether IFMIS had assisted in improving the status of the County Government governance. The study noted that majority of the respondents were of the opinion that they agree that IFMIS had assisted in improving the status of the County Government governance. This was cited by 38(53.5%) of the respondents. Additionally, 26(36.6%) of the respondents strongly agreed, 2(2.8%) cited that they were undecided while 5(7%) indicated that they disagree. The findings are indicated in table 4.10 below.

Table 4.10 Improvement of County Government on the implementation of IFMIS

Response	Frequency	Percentage
Strongly agree	26	36.6
Agree	38	53.5
Undecided	2	2.8
Disagree	5	7
Total	71	100

Source: Field Data, 2019

4.4.17 IFMIS assists management in ensuring accountability

This study also sought to determine whether IFMIS had assisted in ensuring accountability at the County Government. The study noted majority of the respondents agreed that IFMIS had significantly assisted in ensuring accountability at the County Government. This was noted by 44(62%) of the respondents. Additionally, 20(28.2%) of the respondents cited that they strongly agree. Conversely, 2(2.8%) of the respondents cited that they were undecided, 3(4.2%) noted that they disagree while 2(2.8%) of the respondents cited that strongly disagree. The findings are reflected in table 4.11 overleaf.

Table 4.11 IFMIS assists Management in Ensuring Accountability

Response	Frequency	Percentage
Strongly agree	20	28.2
Agree	44	62
Undecided	2	2.8
Disagree	3	4.2
Strongly disagree	2	2.8
Total	71	100

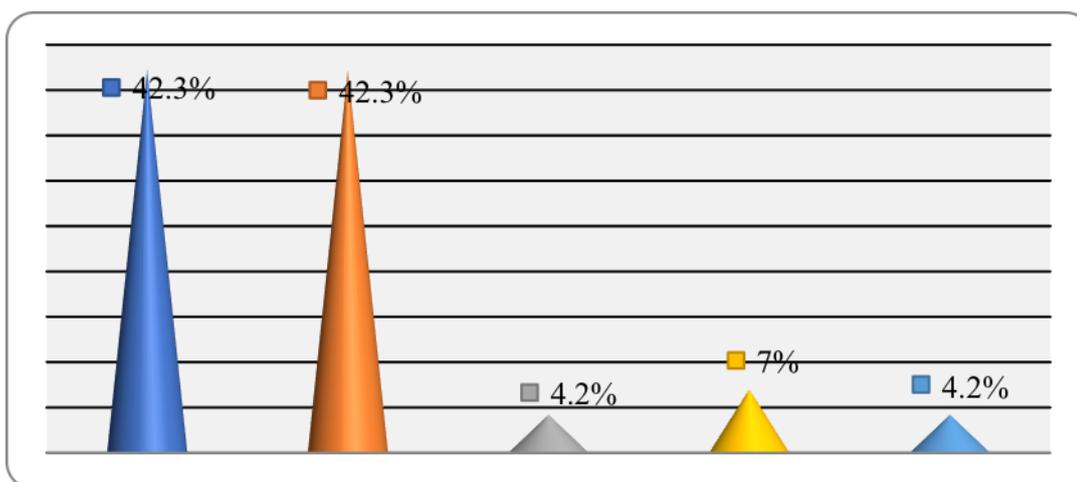
Source: Field Data, 2019

4.4.18 IFMIS has improved the Effectiveness and Efficiency of Public Expenditure

Notably, this study also sought to determine whether IFMIS had assisted in ensuring effectiveness and efficiency of public expenditure at the County Government. The study noted majority of the respondents agreed that IFMIS had significantly assisted in ensuring effectiveness and efficiency of public expenditure at the County Government. This was noted by 30 (42.3%) of the respondents.

Additionally, 30(42.3%) of the respondents cited that they strongly agree. Conversely, 3(4.2%) of the respondents cited that they were undecided, 5(7%) noted that they disagree while 3(4.2%) of the respondents cited that they strongly disagree. The findings are captured in figure 4.13 below.

Figure 4.13 IFMIS has improved the effectiveness and efficiency of public expenditure



Source: Field Data, 2019

4.5 Objective Two: Effectiveness of IFMIS on Financial Accountability within Devolved Governments

The second objective sought to determine the effectiveness of IFMIS on financial accountability within devolved Governments. It was measured through; high levels of reliability, promotes good financial records management and reduction in fraud and corruption instances. The findings are captured thematically below.

4.5.1 IFMIS and Transparent Financial Transactions at the County

Notably, this study also sought to determine whether IFMIS had assisted in ensuring transparent financial transactions at the County Government.

The study noted that majority of the respondents agreed that IFMIS had significantly assisted in ensuring transparent financial transactions County Government. This was noted by 41(57.7%) of the respondents. Additionally, 18(25.4%) of the respondents cited that they strongly agree. Conversely, 1(1.4%) of the respondents cited that they were undecided, 11(15.5%) noted that they disagree. The findings are denoted in table 4.12 below.

Table 4.12 IFMIS and Transparent Financial Transactions at the County

Response	Frequency	Percentage
Strongly agree	18	25.4
Agree	41	57.7
Undecided	1	1.4
Disagree	11	15.5
Total	71	100

Source: Field Data, 2019

4.5.2 Accountability among staff at the County Government by IFMIS

Interestingly, this study also sought to determine whether IFMIS had assisted in ensuring accountability at the County Government since its introduction. The study noted majority of the respondents agreed that IFMIS had significantly assisted in ensuring accountability at the County Government since its introduction. This was noted by 40(56.3%) of the respondents. Additionally, 17(23.9%) of the respondents cited that they strongly agree. Conversely, 6(8.5%) of the respondents cited that they were undecided, 7(9.9%) noted that they disagree while 1(1.4%) of the respondents cited that they strongly disagree. The findings are noted in table 4.13 below.

Table 4.13 Accountability among Staff at the County Government by IFMIS

Response	Frequency	Percentage
Strongly agree	17	23.9
Agree	40	56.3
Undecided	6	8.5
Disagree	7	9.9
Strongly disagree	1	1.4
Total	71	100

Source: Field Data, 2019

4.5.3 Greater Accountability among Staff at the County Government

This study also sought to determine whether the respondents agreed that there was greater accountability among the staff at the County Government. A significant percentage of the respondents cited that they agree. This was represented by 45(63.4%) of the respondents. Notably, 26(36.6%) of the respondents cited the contrary. The findings are reflected in table 4.14 below.

Table 4.14 Greater Accountability among staff at the County Government

Response	Frequency	Percentage
Yes	45	63.4
No	26	36.6
Total	71	100

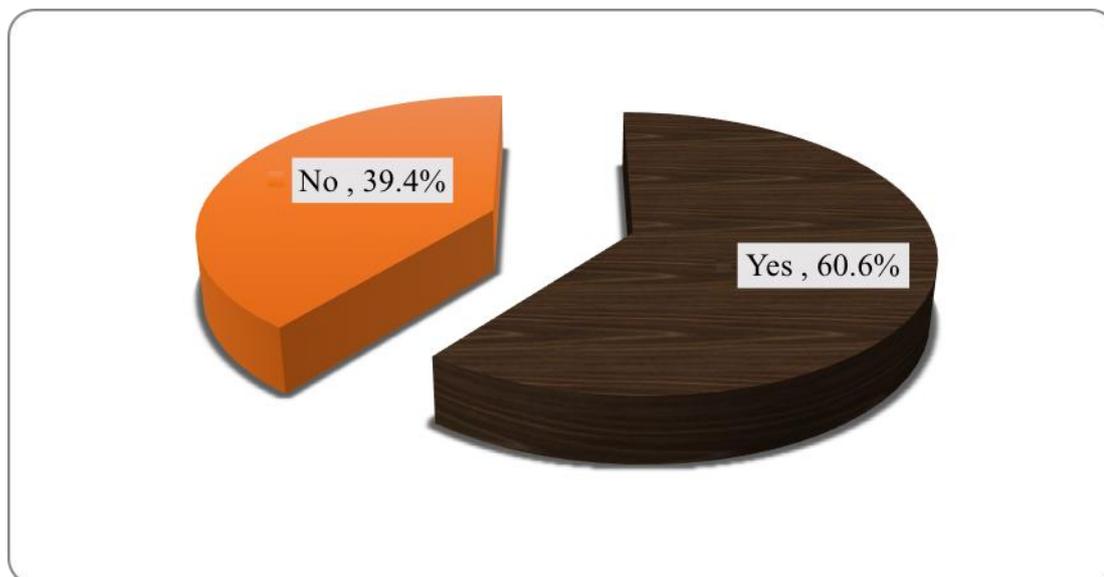
Source: Field Data, 2019

4.5.4 IFMIS accurately discloses the Financial Position of the County Government

This study also sought to determine whether the respondents agreed that IFMIS accurately discloses the financial position of the County Government. A significant percentage of the respondents cited that they agree. This was represented

by 43(60.6%) of the respondents. Notably, 28(39.4%) of the respondents cited the contrary. The findings are reflected in figure 4.14 overleaf.

Figure 4.14 IFMIS accurately discloses the Financial Position of the County Government



Source: Field Data, 2019

4.5.5 Improved Efficiency and Effectiveness at the County Government

Interestingly, this study also sought to determine whether IFMIS had assisted in improving efficiency and effectiveness within the County Government. The study noted majority of the respondents strongly agreed that IFMIS had significantly assisted in ensuring efficiency and effectiveness within the County Government. This was noted by 21(29.6%) of the respondents. Additionally, 40(56.3%) of the respondents cited that they agree. Conversely, 3(4.2%) of the respondents cited that they were undecided, 7(9.9%) noted that they disagree. The findings are denoted in table 4.15 below.

Table 4.15 Improved Efficiency and Effectiveness at the County Government

Response	Frequency	Percentage
Strongly agree	21	29.6%
Agree	40	56.3%
Undecided	3	4.2%
Disagree	7	9.9%
Total	71	100

Source: Field Data, 2019

4.5.6 Reduction of corrupt Practices in the County Government

Remarkably, this study also sought to determine whether IFMIS had assisted in addressing corruption practices within the County Government. The study noted majority of the respondents strongly agreed that IFMIS had significantly assisted in addressing corruption practices within the County Government. This was noted by 36(50.7%) of the respondents. Additionally, 27(38%) of the respondents cited that they agree. Conversely, 4(5.6%) of the respondents cited that they were undecided, 4(5.6%) noted that they disagree. The findings are denoted in table 4.16 below.

Table 4.16 Reduction of corrupt Practices in the County Government

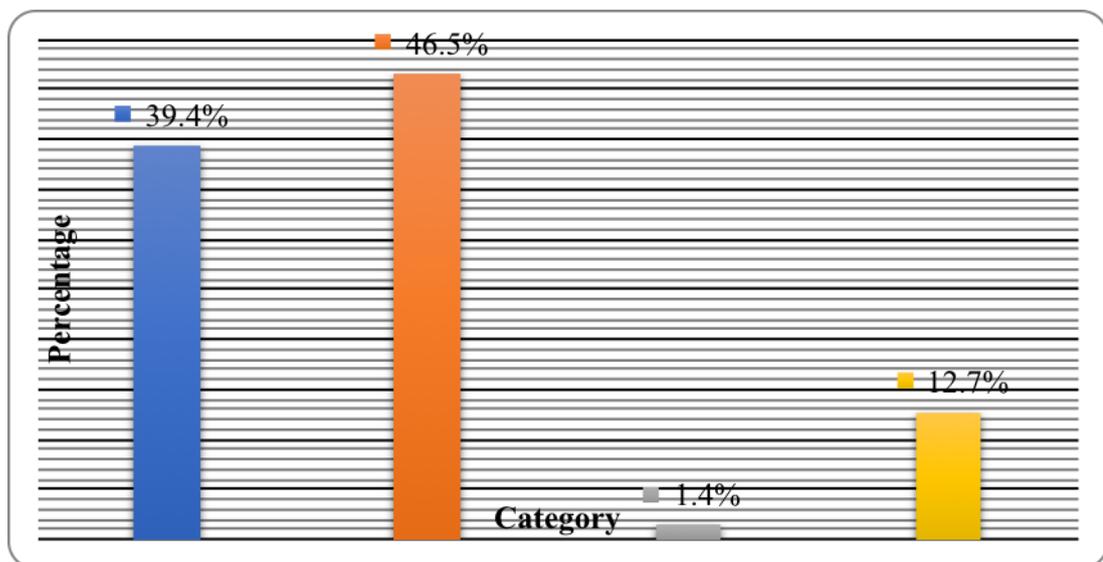
Response	Frequency	Percentage
Strongly agree	36	50.7
Agree	27	38
Undecided	4	5.6
Disagree	4	5.6
Total	71	100

Source: Field Data, 2019

4.5.7 IFMIS impact on Integrity and Truthfulness

This study also sought to determine whether IFMIS had assisted in addressing integrity and truthfulness within the County Government. The study noted majority of the respondents agreed that IFMIS had significantly assisted in addressing integrity and truthfulness within the County Government. This was noted by 33(46.5%) of the respondents. Additionally, 28(39.4%) of the respondents cited that they strongly agree. Conversely, 1(1.4%) of the respondents cited that they were undecided, 9(12.7%) noted that they disagree. The findings are denoted in figure 4.15 overleaf.

Figure 4.15 IFMIS impact on integrity and truthfulness



Source: Field Data, 2019

4.5.8 IFMIS can trace all the stages of a transaction Process

This study also sought to determine whether IFMIS had assisted in tracing all the stages of transaction process within the County Government. The study noted majority of the respondents agreed that IFMIS had significantly assisted in tracing all the stages of transaction process within the County Government. This was noted by 31(43.7%) of the respondents.

Conversely, 28(39.4%) of the respondents cited that they strongly agree. Conversely, 4(5.6%) of the respondents cited that they were undecided, 9(12.7%) noted that they disagree while 1(1.4%) cited that they strongly agree. The findings are reflected in table 4.17 below.

Table 4.17 IFMIS can trace all the stages of a transaction process

Response	Frequency	Percentage
Strongly agree	28	39.4
Agree	31	43.7
Undecided	4	5.6
Disagree	7	9.9
Strongly disagree	1	1.4
Total	71	100

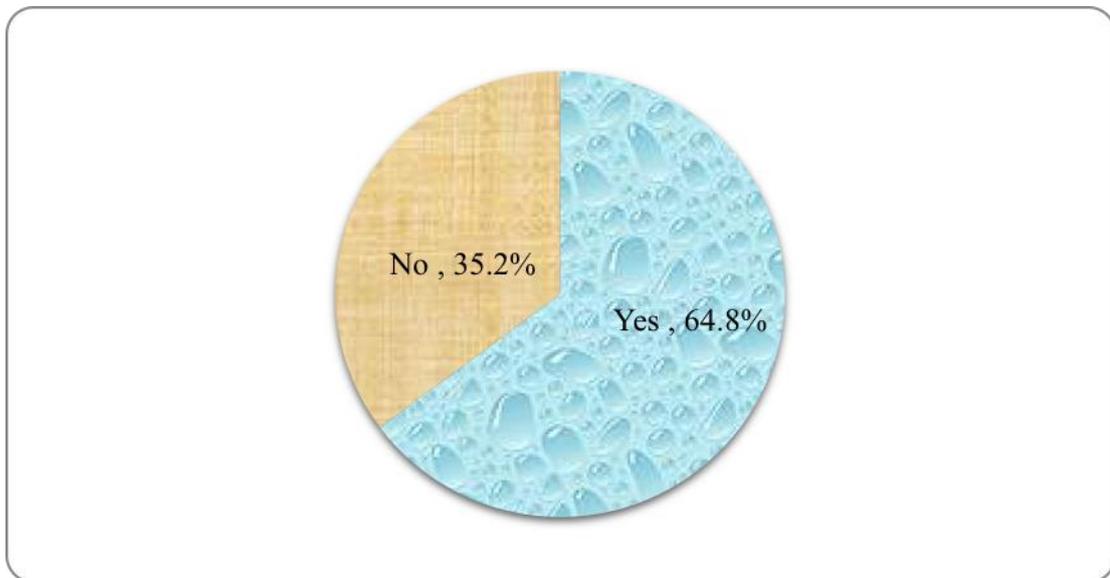
Source: Field Data, 2019

4.5.9 Implementation of IFMIS has enhanced Confidence and Credibility

This study also sought to determine whether the respondents agreed that IFMIS has assisted in maintaining confidence and credibility of the County Government budget. A significant percentage of the respondents cited that they agree. This was represented by 46(64.8%) of the respondents. Notably, 25(35.2%) of the respondents cited the contrary. The findings are reflected in figure 4.16 below.

Figure 4.16 Confidence and Credibility of the County Government's

Budget



Source: Field Data, 2019

Findings from the open ended questions and interview schedule indicated that;

There are a number of ways through which IFMIS can improve public financial management. One of them is enhancing the credibility and confidence of the budget through significant transparency and information comprehensiveness. The mandate of utilizing IFMIS is to better budget execution and planning by offering accurate and timely information on management of budget and decision making as well. A more realistic and standardized formulation of the process of budget is allowed for and improved control over the execution of the budget is affected through the complete integration of execution of budget data. This could be enhanced through championing of adoption and prudent utilization of IFMIS (Source: Nairobi City County Government Employee 6).

4.5.10 IFMIS has greatly enhanced financial security of information

Interestingly, this study also sought to determine whether IFMIS had assisted in enhancing financial security information at the County Government. The study noted majority of the respondents agreed that IFMIS had significantly assisted in enhancing financial security information at the County Government. This was noted by 42(59.2%) of the respondents. Notably, 24(33.8%) of the respondents cited that they strongly agree. Conversely, 2(2.8%) of the respondents cited that they were

undecided, 2(2.8%) noted that they disagree while 1(1.4%) of the respondents cited that they strongly disagree. The findings are captured in table 4.18 below.

Table 4.18 IFMIS has greatly enhanced Financial Security of Information

Response	Frequency	Percentage
Strongly agree	24	33.8
Agree	42	59.2
Undecided	2	2.8
Disagree	2	2.8
Strongly disagree	1	1.4
Total	71	100

Source: Field Data, 2019

4.6 Objective Three: Regulatory challenges facing IFMIS on financial accountability within devolved Governments

The third objective sought to determine the regulatory challenges facing IFMIS on financial accountability within the devolved Governments. The objective was operationalized through; data privacy, manual payments, shortage of skilled expertise, fraud and the sheer size as well as complexity.

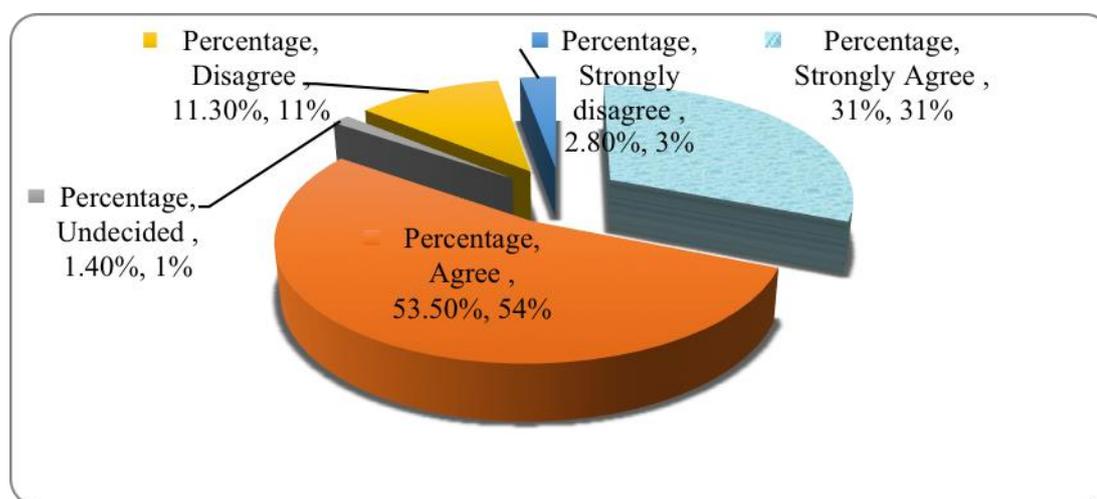
4.6.1 Following of Due Laws, regulations and Processes

This study also sought to determine whether IFMIS was following the due laws, regulations and processes within the County Government. The study noted majority of the respondents agreed that they were following due laws, regulations and processes within the county government at the County Government. This was noted

by 38(53.5%) of the respondents. Notably, 22(31%) of the respondents cited that they strongly agree.

Conversely, 1(1.4%) of the respondents cited that they were undecided, 8(11.3%) noted that they disagree while 2(2.8%) of the respondents cited that they strongly disagree. The findings are reflected in figure 4.17 below.

Figure 4.17 Following of Due Laws, Regulations and Processes



Source: Field Data, 2019

Findings from the open ended questions and interview schedule indicated that; Though IFMIS has significantly assisted in Public Finance Management in Kenya, it has had a number of challenges as well. A senior accountant at the County Government noted that corruption and other white collar crimes are among the challenges facing adoption of IFMIS in Africa. He further acknowledged some of those challenges such as data migration challenges, corruption, functional and implementation challenges notably (Source: Nairobi City County Government Employee 7).

4.6.2 Response on how more emphasis should be made on PFM Act reforms

This study also sought to determine whether emphasis should be made on the PFM Act reforms within the County Government in order to address regulatory challenges. The study noted majority of the respondents agreed that emphasis should

be made on the PFM Act reforms within the county government in order to address regulatory challenges.

This was noted by 43(60.6%) of the respondents. Remarkably, 28(29.6%) of the respondents cited that they strongly agree. Conversely, 1(1.4%) of the respondents cited that they were undecided, 6(8.5%) noted that they disagree. The findings are reflected in table 4.19 below.

Table 4.19 Response on how more emphasis should be made on PFM Act

Reforms

Response	Frequency	Percentage
Strongly agree	28	29.6
Agree	43	60.6
Undecided	1	1.4
Disagree	6	8.5
Total	71	100

Source: Field Data, 2019

4.6.3 How Budgetary Allocations should be improved

This study also sought to determine whether IFMIS was facing challenges of budgetary allocations at the County Government. The study noted majority of the respondents agreed that they were facing challenges of budgetary allocations at the County Government. This was noted by 45(63.4%) of the respondents. Notably, 15(21.1%) of the respondents cited that they strongly agree. Conversely, 2(2.8%) of the respondents cited that they were undecided, 8(11.3%) noted that they disagree while 1(1.4%) of the respondents cited that strongly disagree. This study argues that the second problem with the budget of exchequer releases where the fund released on

the IFMIS commences after the release of manual funds process is accomplished. The findings are reflected in table 4.20 below.

Table 4.20 How budgetary allocations should be improved

Response	Frequency	Percentage
Strongly agree	15	21.1
Agree	45	63.4
Undecided	2	2.8
Disagree	8	11.3
Strongly disagree	1	1.4
Total	71	100

Source: Field Data, 2019

Findings from the open ended questions and interview schedule indicated that;

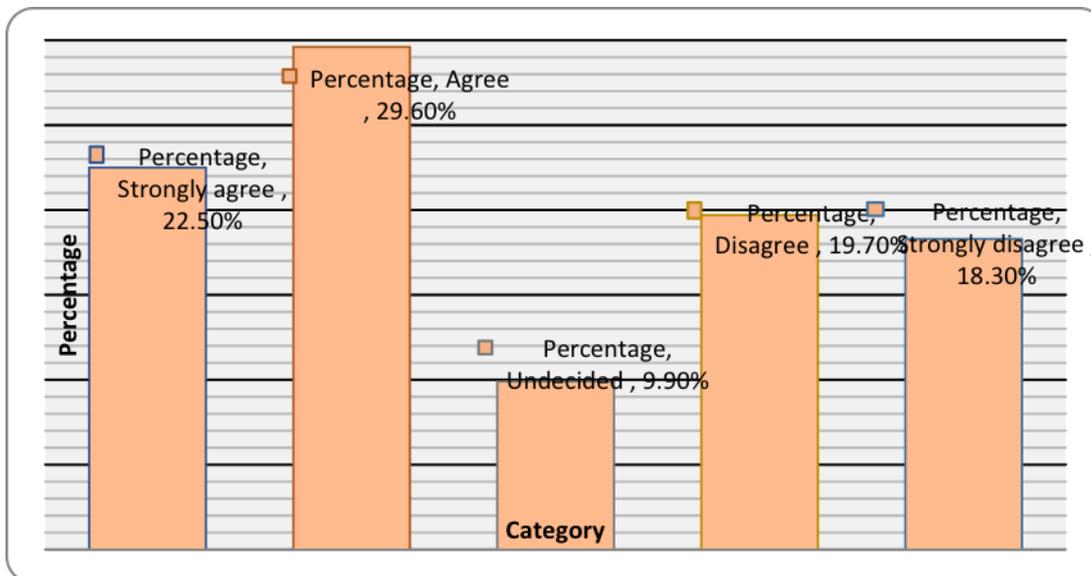
In effect the supply budget function is outside the IFMIS yet the grant of exchequer and credit releases can be affected all online utilizing the Oracle Dossier the GL. The other challenge identified is that of the manual payment approvals where transactions are only achieved on the system as an issue of compliance and for processing of payments. There is an existence of systems which are parallel for approval of payments. The other challenge is vouchers manual payment where when invoices are received; preparation for voucher payment is made, backed-up with LPOs, evidence and requisition of delivery and then forwarded for manual approval(Source: Nairobi City County Government Employee 8).

4.6.4 Weak laws on IFMIS regulation

This study also sought to determine whether IFMIS was facing challenges weak laws regulations on its implementation within the County Government. The study noted majority of the respondents agreed that they were facing challenges of weak laws regulations on its implementation within the County Government. This was noted by 21(29.6%) of the respondents. Notably, 16(22.5%) of the respondents cited that they strongly agree. Conversely, 7(9.9%) of the respondents cited that they were undecided, 14(19.7%) noted that they disagree while 13(18.3%) of the

respondents cited that they strongly disagree. The findings are demonstrated in figure 4.18 below.

Figure 4.18 Weak Laws on IFMIS Regulation



Source: Field Data, 2019

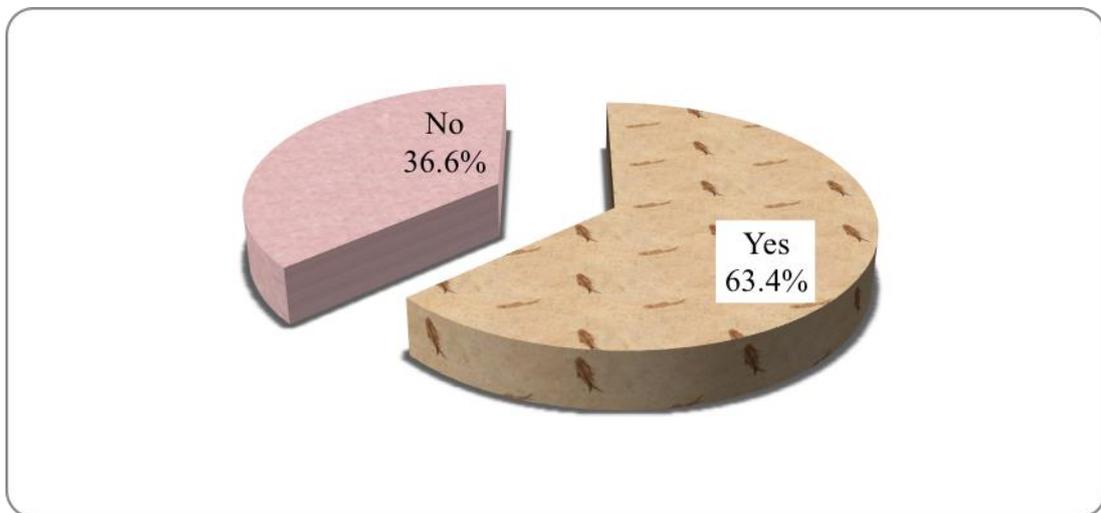
Findings from the open ended questions and interview schedule indicated that;

The legal framework has a paramount significance on the information system management which a country would utilize in the public funds management. The 2011-2013 IFMIS Re-Engineering Strategic Plan marked out the challenges facing the current system of IFMIS. The initial one is parallel running where the IFMIS was aimed at automating and integrate seamlessly key functions of the business; most of the key activities are undertaken still outside the system(Source: Nairobi City County Government Employee 9).

4.6.5 Human Resource and Regulation on utilizing IFMIS

This study also sought to determine whether the respondents agreed that IFMIS was facing human resource challenges in its regulation within the County Government. A significant percentage of the respondents cited that they agree. This was represented by 45(63.4%) of the respondents. Notably, 26(36.6%) of the respondents cited the contrary. The findings are reflected in figure 4.19 below.

Figure 4.19 Human Resource and Regulation on utilizing IFMIS



Source: Field Data, 2019

Findings from the open ended questions and interview schedule indicated that;

The major casual factors for the delay in the adopting of the IFMIS implementation in Kenya are the shortage of capacity and expertise. Additionally there have been various models by scholars on the determinants of implementation of IFMIS. One of the auditors at the County Government noted that the factors which can be researched on over the adoption of IFMIS are classified into three levels: contextual factors, institutional factors and individual factors. Further one of the senior officers within the legal department noted that it should be pointed that the factors linked to user capacity and technological factors are paramount within the context of Kenya, observing the system complexity, absence of clear picture of the benefits which the users acquire from the system as well as lack of top managerial support. Further he asserted that the effective adoption, maintenance and operation of IFMIS need staff with the relevant skills and knowledge. Conversely, shortage of capacity is a serious hindrance for effective IFMIS adoption (Source: Nairobi City County Government Employee 10).

4.7 Regression Analysis

This study conducted regression analysis to determine the contribution of Integrated Financial Management Systems on Financial Accountability within devolved Governments. In Nairobi City County, Kenya. The SPSS version 21 was utilised in entering, coding and computing the multiple regressions measurements for the study. The results are captured under various tables below.

Table 4.21: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.866a	.749	.733	1.90204

Table 4.21 above indicates a summary of the model of regression analysis between two independent variables perceived contribution of Integrated Financial Management Systems and financial accountability. The R value was 0.866, the value of R^2 was 0.749 and the R value of the adjusted R^2 was at 0.733. From the results 74.9% of change in financial accountability was associated to the two independent variables within the study. Significance and positivity of all the R values indicates that the summary model is paramount and hence offers a logical support to the model of the study.

Table 4.22 ANOVA

Model	Sum of Squares	df	Mean square	F	Sig.
Regression	332.704	2	166.352	45.033	.000 ^b
Residual	112.031	31	3.614		
Total	444.735	33			

The processed data ANOVA statistics at 5% significance level indicates that the value of F calculated is 45.033 and the F value is critical at 5% level is 3.31. Since calculated F is greater than the F critical ($45.033 > 3.31$), this indicates that the model overall was significant.

Table 4.23: Coefficients

Model	Unstandardized		Standardized	t	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	7.472	1.314		5.684	.000
Integrated Financial Management System	1.015	.129	.828	7.847	.000
Financial Accountability	.054	.085	.067	.633	.031

$$Y = 7.470 + 1.015X1 + 0.054X2 + \varepsilon$$

Where Y= Financial accountability X1= opportunities availed by IFMIS X2= effectiveness of IFMIS, X3= regulatory challenges facing IFMIS. From the findings of the regression analysis if all factors were constantly held, financial accountability would be at 7.472. An increase in perceived financial accountability would lead to an increase in the financial accountability by 1.015. An increase in service delivery will contribute in financial accountability by 0.280. All the variables were basically significant as the P-values were basically less than 0.05 which shows that all the considered factors were significant statistically.

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The study sought to determine the contribution of Integrated Financial Management Systems on financial accountability within devolved Governments. In Nairobi City County Government, Kenya. Data was collected through questionnaires which were distributed to the study respondents as per to the target. The study results was tabulated and coded represented and analyzed through descriptive techniques. Thereafter, the findings were presented utilizing charts and tables. Subsequently, this chapter presented the summary of findings and arrived at conclusions, recommendations, presentations made as well as suggestions for further research studies.

5.2 Discussions

There are various main inferences originating from this study findings. First, the introduction of an IFMIS in the country should be considered as an element of a wider process of reform. These projects hence should not be perceived as isolated interventions, but should be accompanied by and linked to, other reforms within the decentralized system of Government financial management. Additionally, it is also paramount to note that the output and objectives of IFMIS are both consistent and relevant with the broader fiscal policy reforms.

5.2.1 Opportunities availed by IFMIS in Financial Accountability

The study noted that majority of the respondents cited that utilization of IFMIS had significantly assisted in detection of fraud within the County Government.

This was cited by 57(80.3%) of the respondents while 14(19.7%) cited that IFMIS had not significantly assisted in addressing detection of fraud. This is linked to the various reported incidents of fraud within the County Government. The study noted that majority of the respondents cited that utilization of IFMIS had significantly assisted in addressing financial malpractices within the City County Government of Nairobi. This was cited by 58(81.7%) of the respondents while 13(18.3%) cited that IFMIS had not significantly assisted in addressing financial malpractices within the County Government of Nairobi.

The findings are supported by Bosire (2016) noted that IFMIS entails external and internal dimensions which improve delivery of public service to the citizens, stakeholders and businesses as it bears the possibility for public administration transformation. Additionally, it strengthens the financial controls, promotes updated and full picture of the expenditure and commitment on a progressive basis hence improving the interactions between the Government and Business(G2B), Government and Citizens(G2C) as well as Government to Government(G2G) more convenient and conducive. The study noted that majority of the respondents cited that utilization of IFMIS had significantly assisted tracking the trail of transactions within the county government. This was cited by 61(85.9%) of the respondents while 10(14.1%) cited that IFMIS had not significantly assisted in tracking the trail of transactions within the City County Government of Nairobi. In a study conducted by Muigai (2012) on various ministries within the Government of Kenya realized that IFMIS has greatly affected the levels of public finance management in Kenya.

The position is reflected by Peterson (2011) who reported that the IFMIS in Ethiopia has been part and parcel of a major transformation of PFM to the international standards since the change aligned with the well-known drivers of the

public sector reforms, namely; strategy, purpose, context and ownership. Kimwele (2011) in her research established that IFMIS affect the impact of the systems on internal control over financial performance. Her study notably fails to indicate the particular gains of implementing IFMIS especially on systems of public financial management and how the respective benefits improves the state agencies financial performance as well as the devolved Governments in Kenya.

There are a number of ways through which IFMIS can improve public financial management. One of them is enhancing the credibility and confidence of the budget through significant transparency and information comprehensiveness. The mandate of utilizing IFMIS is to better budget execution and planning by offering accurate and timely information on management of budget and decision making as well (Chene 2009). A more realistic and standardized formulation of the process of budget is allowed for and improved control over the execution of the budget is affected through the complete integration of execution of budget data.

5.2.2 Effectiveness of IFMIS on Financial Accountability

The study noted majority of the respondents agreed that IFMIS had significantly assisted in ensuring transparent financial transactions at the County Government. This was noted by 41(57.7%) of the respondents. Additionally, 18(25.4%) of the respondents cited that they strongly agree. Conversely, 1(1.4%) of the respondents cited that they were undecided, 11(15.5%) noted that they disagree. The study noted majority of the respondents agreed that IFMIS had significantly assisted in ensuring accountability at the County Government since its introduction. This was noted by 40(56.3%) of the respondents. Additionally, 17(23.9%) of the respondents cited that they strongly agree. Conversely, 6(8.5%) of the respondents

cited that they were undecided, 7(9.9%) noted that they disagree while 1(1.4%) of the respondents cited that they strongly disagree.

The study noted majority of the respondents strongly agreed that IFMIS had significantly assisted in ensuring efficiency and effectiveness within the County Government. This was noted by 21(29.6%) of the respondents. Additionally, 40(56.3%) of the respondents cited that they agree. Conversely, 3(4.2%) of the respondents cited that they were undecided, 7(9.9%) noted that they disagree. The study noted majority of the respondents strongly agreed that IFMIS had significantly assisted in addressing corruption practices within the County Government. This was noted by 36(50.7%) of the respondents. Additionally, 27(38%) of the respondents cited that they agree. Conversely, 4(5.6%) of the respondents cited that they were undecided, 4(5.6%) noted that they disagree. The observation is supported by Mandal and Gunasekaran, (2003) reported that this is because effective utilization of IFMIS contributes to vital improvements in the productivity and transparency of the organization and in most instances offer organizations with significant competitive advantages

5.2.3 Regulatory Challenges facing IFMIS on Financial Accountability

The study noted majority of the respondents agreed that they were facing challenges of budgetary allocations at the County Government. This was noted by 45(63.4%) of the respondents. Notably, 15(21.1%) of the respondents cited that they strongly agree. Conversely, 2(2.8%) of the respondents cited that they were undecided, 8(11.3%) noted that they disagree while 1(1.4%) of the respondents cited that strongly disagree. This study argues that the second problem with the budget of exchequer releases was where the fund released on the IFMIS commences after the release of manual funds process is accomplished.

In effect the supply budget function is outside the IFMIS yet the grant of exchequer and credit releases can be affected all online utilizing the Oracle Dossier the GL. The study noted majority of the respondents agreed that they were facing challenges of weak laws regulations on its implementation within the County Government. This was noted by 21(29.6%) of the respondents. Notably, 16(22.5%) of the respondents cited that they strongly agree. Conversely, 7(9.9%) of the respondents cited that they were undecided, 14(19.7%) noted that they disagree while 13(18.3%) of the respondents cited that they strongly disagree.

Though IFMIS has significantly assisted in Public Finance Management in Africa, it has had a number of challenges as well. Ibrahim and Dauda (2014) noted that corruption and other white-collar crimes are among the challenges facing adoption of IFMIS in Kenya. Hendriks (2012) acknowledged some of those challenges such as data migration challenges, corruption, functional and implementation challenges. Notably, Qwabe (2014) is supported further by Hendriks (2012) that corruption is a key factor which affects the use and effective adoption of the IFMIS in African countries such as South Africa and Nigeria.

The same was mirrored by Dener et al. (2011) who noted that the legal framework has a paramount significance on the information system management which a country would utilize in the public funds management. The 2011-2013 IFMIS Re-Engineering Strategic Plan marked out the challenges facing the current system of IFMIS. The initial one is parallel running where the IFMIS was aimed at automating and integrating seamlessly key functions of the business; most of the key activities are undertaken still outside the system.

Hendriks (2012) reported that among the major casual factors for the delay in the adoption of the IFMIS implementation with Africa is the shortage of capacity and expertise. Additionally, there have been various models by scholars on the determinants of implementation of IFMIS.

Bwalya and Mutula (2016) noted that the factors which can be researched on over the adoption of IFMIS are classified into three levels: contextual factors, institutional factors and individual factors. It should be pointed that the factors linked to user capacity and technological factors are paramount within the context of Kenya, observing the system complexity, absence of clear picture of the benefits which the users acquire from the system as well as lack of top managerial support. Hendriks (2012) further asserts that the effective adoption, maintenance and operation of IFMIS need staff with the relevant skills and knowledge. Conversely, shortage of capacity is a serious hindrance for effective IFMIS adoption.

5.3 Summary of Main Findings

This study indicated that the ethical conduct of the employees had relatively improved since the introduction of IFMIS within the country. These findings are in line with those of Kimwele (2011) who noted that through the IFMIS implementation, the employees accuracy levels heightens together with the amount of work which is being carried out. The reduced errors level increases the level of satisfaction among customers. Due to the regulations and rules that have been inculcated at Nairobi City County processes are followed to the letter leading to financial transactions which are transparent. Wescott, Bowornwathana and Jones (2009) noted that IFMIS can improve capital/recurrent integration of budget and classification of accounts is reformed and the system is phased appropriately and adapted to the capacity of the country to maintain it.

The study noted that since the inception of IFMIS implementation within country corruption acts have reduced as the acts of civil servants with integrity while offering services to the public and carrying out of transactions. Further the study opined that the IFMIS implementation contributes significantly to improvement in both service delivery within the ministries of Government and public financial management. Streamlining of procedures and reducing corruption had implied that IFMIS has ensured that the County budget is carried out to avoid the issue of overspending. It was established by Conrad (2013) that the exchequer budget funds release not coinciding with the manual funds release was a problem.

This denotes that there still may be potential gaps in acquiring financial accountability through the utilization of IFMIS. The study noted that IFMIS utilizes standard classification of data for financial events recording; has data internal controls, reporting and transaction processing; and has common process for the same transactions and a design of system which eliminates unnecessary data entry duplication. The assessment also adds that the challenges in preparation of accurate end-year accounts are also partly as a result of accounting discipline, but also linked to data which is incomplete in IFMIS some of which date back a number of years, and also to the data still held in manual records that jointly with data for IFMIS are used to prepare the final accounts.

5.4 Conclusions

The relatively higher multiple regression coefficient determination (R^2 Square) of 0.749 indicates that 74.9% of the financial accountability of the devolved Governments can be linked to the practices of IFMIS adopted hence the gist of implementing and adopting IFMIS in financial management within the public sector. To improve their agility and competitiveness, the County Governments have accepted

the call to adopting of IFMIS practices in line with the public finance management currently. The study noted that IFMIS implementation affects the overall procurement performance within the County Governments in Kenya where commitment of management, training and capacity, the acceptance and resistance of IFMIS and the IFMIS level of adoption have a positive ramification on financial accountability.

The study winds up that IFMIS influences the financial accountability within the decentralized governments. This is reflected by Conrad (2013) who denotes that there are a number of ways in which IFMIS can improve management of public finance by enhancing credibility and confidence of the budget, reporting and accounting through greater transparency and comprehensiveness of information.

The study further concludes that IFMIS system monitors efficiently collection and disbursement of revenue, production of accurate and timely reports as well as tracking of expenses. Muigai (2012) argued that cost effectiveness via enhances financial accountability is vital in their operations and such endeavors. The County Governments hence have a paramount bearing on public expenditure as well as allocation of funds. The findings of the study showed that the respondents were in agreement that IFMIS was effective in producing of reliable reports. This was highlighted by a major percentage of the respondents who concurred that annual, quarterly and monthly reports were promptly produced. This denotes that IFMIS assists in financial accountability because the management is in a position to utilize the financial statements produced for the purpose of making decisions. This has also contributed to effective and efficient service delivery.

Moreover, the study noted that the system is actually reliable and had minimal down time represented by a significant percentage and agreed that indeed the system

had very lower down time. The minimal downtime implies that the system is available mostly to be utilized and can be relied upon in the whole process of financial management from reporting and budgeting. From the findings of the study, it can be concluded that the system can also be depended upon as most of the respondents concur that whenever there are any updates which is new there staff members are trained adequately over the new developments. The study concludes that a strategy of implementation is crucial on new system implementation as it will basically affect how the system will be adopted by the users. The government's strategy of implementation was adequate as the respondents cited that they were trained adequately during the implementation roll out.

5.5 Recommendations

In line with the study findings and conclusions, the following policy recommendations and further areas of research are recommended in this study.

In regard to the first objective, the Government should ensure that e-Government timescales are tailored to the current realities and all the stakeholders must be motivated to a significant extent. Secondly, ineffective/unrealistic project design; is the absence of phased approach such as stakeholder's involvements, objectives and understanding of the humanistic factors, local values and culture.

Secondly, in relation to the second objective, Government should undertake more programmes on awareness to form positive stance towards the government e-projects among the stakeholders where IFMIS lies.

In regard to the third objective the Government should address this challenge by; adopting an incremental and interactive approach for the electronic Government project designs; involvement of stakeholders is a must by ensuring all the overall staff are adopted into the design.

5.6 Areas of Further Research

Based on the first objective more research should be emphasized also on some of the factors or parameters that seem to have a positive impact but not affect significantly the success level in the IFMIS implementation. Additionally, a comparative study should be conducted among various counties such as Makueni and Siaya County on the performance of IFMIS on financial productivity and transparency. Makueni County is ideal for future study since the county has performed exemplary on prudent utilization of resources and allocated funds while Siaya County has been on the spotlight over mismanagement of resources and poor mismanagement of funds. In regard to the second objective, the study recommends that the internal system users and the internal customer and future studies should be conducted to entail the external users who interact with the system such as the suppliers. In regard to the third objective the study suggests that more studies should be conducted on whether the identified parameters in this study affect financial accountability among other County Governments using a wider representation and also by taking into consideration the counties which were considered previously to be marginalized.

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APPENDIX I: RESEARCH QUESTIONNAIRE

My name is Charles Otieno Ayoo, a Master's student at African Nazarene University. This questionnaire is meant to collect research data. The title of the study involves determining the contribution of Integrated Financial Management Systems on financial accountability within devolved Governments. In Nairobi City County, Kenya. You have been selected as one of the respondents in my study I would be grateful if you provide with the answers to my research questions. If I need to use the information for any other purpose, it shall be done with your consent. Kindly tick or mark where appropriate in the spaces provided in this questionnaire

Section A: General Information

1. What is your gender?

Male () Female ()

2. What is your age bracket?

- | | |
|--------------------|-----|
| Below 25 years | () |
| 26 – 30 years | () |
| 31 – 35 years | () |
| 36 – 40 years | () |
| 41 – 45 years | () |
| 46 years and above | () |

3. How long have you worked in this organization?

- | | |
|-------------------|-----|
| 5 yrs and below | [] |
| 6- 10 years | [] |
| 11-15 years | [] |
| 16- 20 years | [] |
| 21 years and over | [] |

4. What is your highest level of education?

- KCSE
- Diploma
- Undergraduate
- Masters
- PhD

5. What is your position at the organization?

- Top Management
- Middle level management
- Staff
- Subordinate staff

SECTION B: OPPORTUNITIES AVAILED BY IFMIS SYSTEMS IN FINANCIAL ACCOUNTABILITY

6. How long have you used IFMIS.....

7. What do use it to do?

.....
.....
.....

8. Have you attained any training?

Yes

No

9. How long was the training?

Has IFMIS assisted you in the following?

Statement	Yes	No
Easier detection of fraud		
Financial malpractices		
Automated reporting as opposed to analogue		
Trail of transition		
Evidence when require in court		

10. For the item picked indicate why you think it's the greatest opportunity availed by IMFS

11. What do you think are other opportunism availed by IFMIS

12. The ethical conduct of work at the County Government has greatly improved since the introduction of IFMIS?

- Strongly Agree
- Agree
- Undecided
- Disagree
- Strongly Disagree

13. Everyone in the County Government has readily embraced IFMIS for greater financial integrity and transparency.

Strongly Agree

Agree

Undecided

Disagree

Strongly Disagree

Justify your choice

14. All County Government's transactions both receipts and payments are processed through IFMIS

Strongly Agree

Agree

Undecided

Disagree

Strongly Disagree

Justify your choice

15. IFMIS has led to significant reductions in wasteful expenses and irregular expenditure

- Strongly Agree
- Agree
- Undecided
- Disagree
- Strongly Disagree

16. IFMIS has streamlined procedures and significantly reduced opportunity for corruption

- Strongly Agree
- Agree
- Undecided
- Disagree
- Strongly Disagree

17. IFMIS has ensured that the County Government's budget is executed in accordance with regulations to prevent overspending

- Strongly Agree
- Agree
- Undecided
- Disagree
- Strongly Disagree

Justify your choice

18. IFMIS has automated procedures and internal controls which promotes accountability

Strongly Agree

Agree

Undecided

Disagree

Strongly Disagree

Justify your choice

19. Using IFMIS, financial information is made available in a reliable and timely manner

Strongly Agree

Agree

Undecided

Disagree

Strongly Disagree

20. IFMIS makes bank reconciliation automated thus allowing a closer monitoring of outstanding bills and cash in bank account

Strongly Agree

Agree

Undecided

Disagree

Strongly Disagree

21. Since the implementation of IFMIS, stakeholder confidence within the County Government has improved a lot

Strongly Agree

Agree

Undecided

Disagree

Strongly Disagree

Justify your choice

22. IFMIS assists management in ensuring accountability for the deployment and use

Strongly Agree

Agree

Undecided

Disagree

Strongly Disagree

23. IFMIS has improved the effectiveness and efficiency of public expenditure programmes

Strongly Agree

Agree

Undecided

Disagree

Strongly Disagree

SECTION C: EFFECTIVENESS OF IFMIS ON FINANCIAL ACCOUNTABILITY

24. Rate Your Level of Agreement In Relation to Statement Below

	Strongly agree	Agree	Undecided	disagree	Strongly agree
Financial transactions and processes are conducted transparently at the County Government?					

25. How has the Financial transactions and improved since the introduction of IFMIS

Explain

26. Financial transactions and processes are conducted transparently at the County Government?

- Strongly Agree
- Agree
- Undecided
- Disagree
- Strongly Disagree

27. Since the introduction of IFMIS, there is greater accountability among staff at the County Government?

Strongly Agree

Agree

Undecided

Disagree

Strongly Disagree

28. Since the introduction of IFMIS, there is greater accountability among staff at the County Government?

Yes

No

If yes how

.....
.....

If no give reason

.....
.....

29. Do you think that IFMIS accurately discloses the financial position of the County Government?

Yes

No

If YES, briefly explain?

i)

ii)

iii).....

iv).....

30. Generally, there is improved efficiency and effectiveness at the County Government since IFMIS was introduced

Strongly Agree

Agree

Undecided

Disagree

Strongly Disagree

31. Generally, there is improved efficiency and effectiveness at the County Government since IFMIS was introduced.

Explain

.....

.....

.....

.....

32. Corrupt practices in the County Government has been reduced since IFMIS was introduced

Strongly Agree

Agree

Undecided

Disagree

Strongly Disagree

33. Corrupt practices in the County Government has been reduced since IFMIS was introduced

If yes how many cases of corruption have prosecuted and conviction achieved

.....
.....
.....

34. Public officers in the County Government perform their duties with integrity and truthfulness

- Strongly Agree
- Agree
- Undecided
- Disagree
- Strongly Disagree

35. IFMIS can trace all the stages of a transaction process hence enhancing transparency and accountability of the process

- Strongly Agree
- Agree
- Undecided
- Disagree
- Strongly Disagree

36. IFMIS can trace all the stages of a transaction process hence enhancing transparency and accountability of the process

Explain

.....
.....
.....

37. Do you think that the implementation of IFMIS has enhanced confidence and credibility of the County Government's budget?

Yes

No

If YES, briefly explain?

i)

ii)

iii).....

iv).....

38. Use of IFMIS has greatly enhanced security of information which minimizes risk of corruption and improves reliability of the system

Strongly Agree

Agree

Undecided

Disagree

Strongly Disagree

SECTION E: REGULATORY CHALLENGES ON IFMIS IMPLEMENTATION

39. Due laws, regulations and processes are followed in the County Government to the letter regarding financial matters in the County Government

Strongly Agree

Agree

Undecided

Disagree

Strongly Disagree

40. More emphasis should be made on PFM Act Reforms

- Strongly Agree
- Agree
- Undecided
- Disagree
- Strongly Disagree

41. Budgetary allocations should be improved to enable adoption of IFMIS

system at the County levels

- Strongly Agree
- Agree
- Undecided
- Disagree
- Strongly Disagree

42. The law in regard to IFMIS privacy and security are relatively weak.

- Strongly Agree
- Agree
- Undecided
- Disagree
- Strongly Disagree

43. Has the County Government Human Resources capacity affected its effectiveness in regulating the utilization of the IFMIS system?

Yes []

No []

If yes, please explain how

.....
.....

If no, please explain why

.....
.....

44. (a) Please indicate specific areas where further regulatory framework should address to realise the full implementation of the IFMIS system.

i).....

ii).....

iii).....

iv).....

v).....

Explain any other way not mentioned above on how IFMIS has contributed to
Financial Accountability

.....
.....
.....

APPENDIX II: INTERVIEW GUIDE

My name is Charles Otieno Ayoo, a master's student at Africa Nazarene University. This interview is meant to collect data for my Masters of Science Degree in Governance, Peace and Security. The title of the study involves determining the contribution of Integrated Financial Management Systems on financial accountability within devolved Governments. In Nairobi City County, Kenya. You have been selected as one of the respondents, and if you consent to participate, you are kindly requested to be sincere with your answers. Please note that any information you will give will be treated with utmost confidentiality and privacy, and will only be used for academic purposes. Kindly tick or mark as appropriate answers in the blank spaces provided. Kindly do not indicate personal details anywhere in this questionnaire.

Thank you.

1. In your opinion does IFMIS has any impact on financial accountability within the County?
2. What legal, institutional and operational reforms could be under-taken to improve the efficiency of IFMIS in ensuring financial accountability?
3. Do you think that the devolved Government units have significantly assisted in ensuring successful adoption of IFMIS systems in the country?
4. How does lack of proper regulatory framework affects full realization of IFMIS system in Kenya?
5. In your own opinion do you think that the County Government has skilled personnel in regard to implementation of the IFMIS system? If no, why do you think so?
6. Does external interference influence adoption of IFMIS at the County level? If yes, how? If no, why?

APPENDIX III: RESEARCH PERMITS

 REPUBLIC OF KENYA	
Ref No: 469325	Date of Issue: 14 th August 2019
RESEARCH LICENSE	
	
This is to Certify that Mr_o CHARLES AYOO of Africa Nazarene University, has been licensed to conduct research in Nairobi on the topic: CONTRIBUTION OF INTEGRATED FINANCIAL MANAGEMENT SYSTEMS (IFMIS) ON FINANCIAL ACCOUNTABILITY WITHIN DEVOLVED GOVERNMENTS A CASE OF NAIROBI COUNTY, KENYA for the period ending: 14th August 2020.	
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CONDITIONS

1. The License is valid for the proposed research, location and specified period
2. The License any rights thereunder are non-transferable
3. The Licensee shall inform the relevant County Governor before commencement of the research
4. Excavation, filming and collection of specimens are subject to further necessary clearance from relevant Government Agencies
5. The License does not give authority to transfer research materials
6. NACOSTI may monitor and evaluate the licensed research project
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APPENDIX IV: RESEARCH APPROVALS AND LETTERS



AFRICA NAZARENE
UNIVERSITY

9th July, 2019

TO WHOM IT MAY CONCERN

Ayoo, Charles Otieno 17S03EMGP002 is a bonafide student at Africa Nazarene University. He has finished his course work and has defended his thesis proposal entitled *'Contribution of Integrated Financial Management Systems (IFMIS) on Financial Accountability within devolved governments. A case of Nairobi County, Kenya.'*

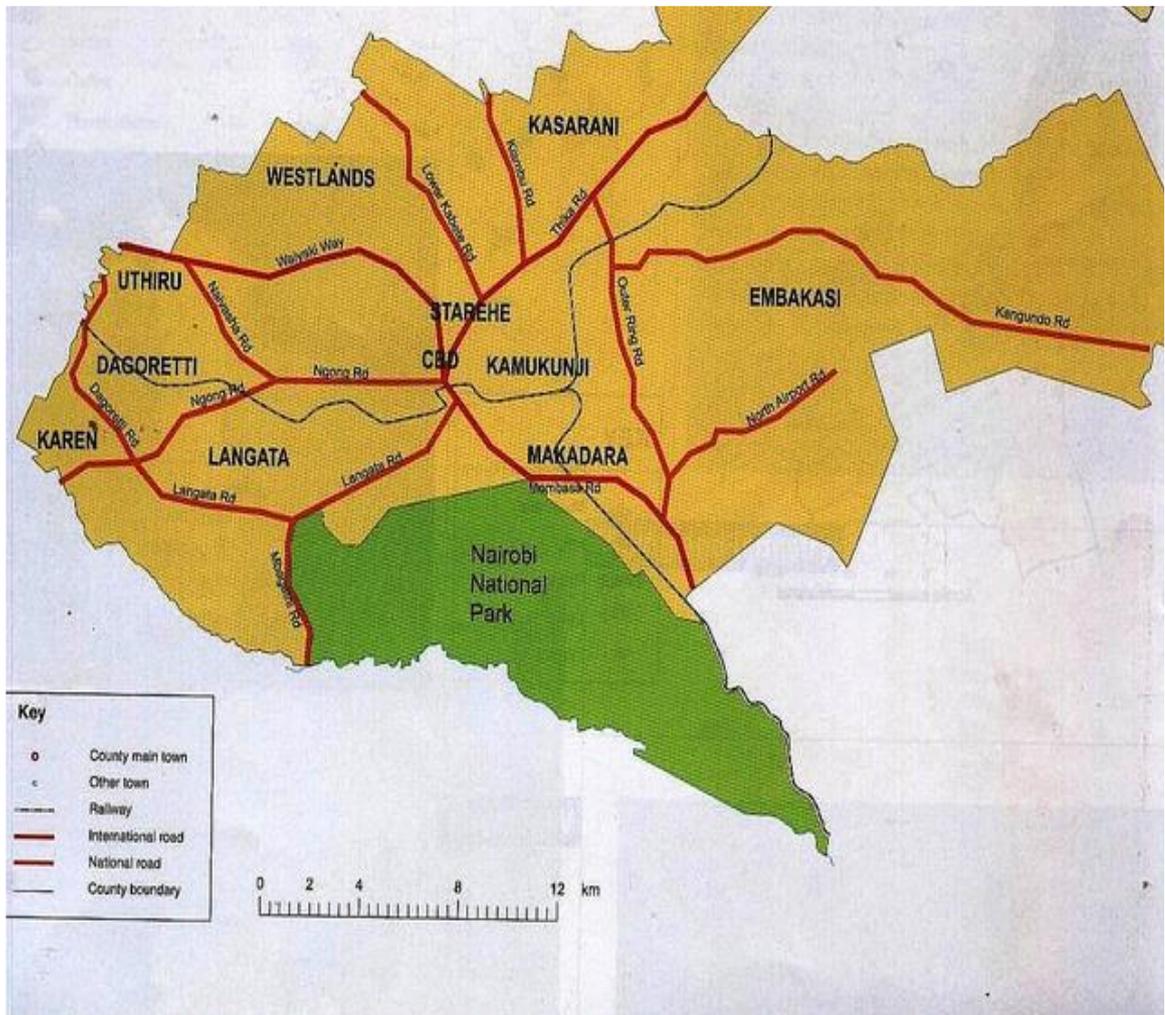
Any assistance accorded to him to facilitate data collection and finish his thesis is highly welcomed.

for

Prof. Orpha Ongiti
DVC — Academic Affairs

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APPENDIX V: MAP OF THE STUDY AREA



Ministry of Lands- Geological Department (2019)