

**ROLE OF INTEGRATED FINANCIAL MANAGEMENT INFORMATION SYSTEM IN
MANAGEMENT OF PUBLIC FUNDS IN THE KENYAN GOVERNMENT: CASE OF
DEPARTMENT OF IMMIGRATION**

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ABSTRACT

IFMIS provides a critical financial management solution for countries whose administrative and economic infrastructure is obsolete or has been destroyed through rampant corruption. Kenya, like other countries is considered in terms of resources which it needs to free for medium term priorities by putting in place several interventions towards it. With the two levels of government in place, national and county governments, the gap between requirements and allocation of funds has increased hence it is important that prudent financial management should be prioritized through putting in place systems for controls and decision making. IFMIS is one of such systems and it is used by several countries to control expenditures and track development initiatives. Kenya has been implementing the system since 2008 in pilot institutions and with this development, determining The study used descriptive survey research design with primary data collected using both closed and open ended questionnaires. The population targeted was in different sections within the department of immigration services. The population of study was

150 employees in finance, accounts and procurement sections. The study adopted a stratified sample method in selecting 30% of the target population. Stratified random sampling procedure was adopted in selecting the study respondents and the sample size of 45 respondents in the department of immigration was attained. The quantitative data was collected and analyzed using SPSS. The findings of this study revealed that funding allocation affect IFMIS through budgeting, planning and fund release and liquidity control. Transparency and public access to information influence the management of public funds to a very great extent; the operational efficiency is influenced by IFMIS, processing payments are made easy, accounting and monitoring is enhanced with IFMIS; Audit trail also influence IFMIS and management of public funds through fraud tracking, internal and external audits and security and operational problems. The study recommends that for proper management of public resources, IFMIS must be fully implemented in the department, good perception on the mind of staff should be created, and management of public funds should be above board, fair and credible. Good and updated feedback system for effective monitoring and evaluation established.

Keywords: *Funding allocations, Transparency, Operation efficiencies, Audit trail IFMIS, Financial management*

INTRODUCTION

An integrated financial management information system (IFMIS) is an information system that tracks financial events and summarizes financial information. In its basic form, an IFMIS is little more than an accounting system configured to operate according to the needs and specifications of the environment in which it is installed which in this case is department of immigration services. According to (Dorotinsky, 2003) the introduction of Integrated Financial Management Systems (IFMIS) has become a core component of financial reforms to promote efficiency, security of data management and comprehensive financial reporting. IFMIS provide an integrated computerized financial package to enhance the effectiveness and transparency of public resource management by computerizing the budget management and accounting system for a government. It consists of several core sub-systems which plan, process and report on the use of public resources according to Transparency International in the year 2009. The scope and functionality of IFMIS can vary across countries, but sub-systems normally include accounting, budgeting, cash management, debt management and related core treasury systems. In addition to these core subsystems, some countries have chosen to expand their IFMIS with noncore sub-systems such as tax administration, procurement management, asset management, human resource and pay roll systems, pension and social security systems and other possible areas seen as supporting the core modules.

Management of public funds concerns the procedures established by law or regulations for the management of public resources through the budget process, which includes formulation, execution, reporting and analysis. Good public funds governance is achieved when the procedures results in responsive public services through public spending that are affordable, transparent and accountable and which funds government's priorities without wastage or corruption. Efficient PFM is central to creating a relationship of mutual trust and shared consensus between government and citizens at the core of development process (Fainboim, 2010). Generally, IFMIS refers to the use of information and communication technology in financial operations to support management and budget decisions, fiduciary responsibilities and

the preparation of financial reports and statements. In the Government realm, IFMIS refers more specifically to the computerization of the public financial management processes from budget preparation and execution to accounting and reporting with the help of an integrated system for financial management of line ministries, spending agencies and other public sector operations (Diamond, 2005).

There is broad agreement that a fully functioning IFMIS can improve governance by providing real-time financial information that financial and other managers can use to administer programs effectively, formulate budgets and manage resources. (Xu, 2010) on managing accounting information and public management in Kenya shows that the government had embarked on reforms majority of which had embraced information technology to achieve their objectives. IFMIS provides critical financial management solutions for countries whose administrative and economic infrastructure is obsolete, or has been destroyed through war and years of conflict (Diamond, 2005)

STATEMENT OF THE PROBLEM

Today, Kenya is considered a “frontier” economy with bright prospects. As such the basic foundation for economic transformation is now in place. However, a number of challenges still need to be addressed to underpin shared prosperity. Cost of living is very high, corruption, unemployment; insecurity as well as weak investment climate will continue to constrain the economy from achieving its full potential (County Development profiles, 2013). Following the new constitution, changes such as devolution of Government, legislative and regulatory changes that have an impact on public financial management and in particular the public finance management Act 2012, anticipated increased demand on IFMIS re-engineering in the delivery of a devolved public finance management system. The increasing complexity of the public administration environment and the continuous need to align the needs of society with limited resources require that funds are made available for a specific purpose and used for that purpose (Rozner, 2008).

Budget controller on 13th August, 2013 had given county governments two weeks to revise their budgets after a report from commission on revenue allocation revealed that 25 of the Kenya’s 47 counties faced significant budget deficits (Sabahi, 2013). The controller of budget could not start releasing money to a county that had shown a very big deficit because it was not clear how the deficit would be closed. If the allocation is released from the National Government and the country run out of money, it would not even be able to pay salaries. Similarly, Ustawi, 2013 explains that commissioner of budgets was steadfast in demanding that the county Governments immediately implement lawful internal checks and balances in accordance with the public finance management Act of 2012 over county funds. Commissioner of budget and the transition authority joined forces against the political intimidation from a section of Governors and senators calling for devolution of functions and funds destined for the counties. This has so far increased corruption levels because most counties has misused the funds allocated to them because of noncompliance and the use of manual processes instead of implementing IFMIS in their operations. (Kiriria, 2013) argues that as Kenya starts to implement devolution, debate ranges on whether funding from National exchequer is adequate or not. He also argues that there

must be an effective PFM system at the county level to ensure successful management of the public sector and the economy.

Magutu, Lelei, & Nanjira, (2010) states on the benefits and challenges of electronic data interchange (EDI), implementation and application which is system used in IFMIS established that introduction of Information Technology has associated benefits when its implementation and application is well planned and executed. The implementation of integrated financial management information system to manage government funds has received a lot of benefits; reduced errors, access to information, improved customer service, enhanced competitive capacity, standardized programs and improved trading partner relationship (Armstrong, 2005). This has adverse effects on the general public, the government and other stakeholders. The steering committee on IFMIS includes; Cabinet secretary and principal secretary National treasury, CBK Governor, KRA Commissioner General, Director IFMIS, Financial secretary, Auditor General and Economic secretary (IFMIS re-engineering strategic plan 2013 – 2018).

It is in this light that the study aims to fill the existing knowledge gap by carrying out a study on the role of integrated financial management information system in management of public funds in government and a case study of the department of immigration services.

RESEARCH OBJECTIVES

- i. To determine the extent to which funding allocations influence IFMIS in management of public funds in Government.
- ii. To establish the level to which transparency and public access to information influences IFMIS in management of public funds in Government.
- iii. To establish the extent of the effect of operation efficiencies on financial management information system in public funds management in Kenya Government.
- iv. To examine the extent to which audit trail influence IFMIS in financial management of public funds in Government departments.

LITERATURE REVIEW

Theoretical Framework

The Resource Based theory of firm

The resource based view of the firm (RBV) and the resultant resource based theory (RBT) provide an important framework for explaining and predicting the basis of a firm's competitive advantage and performance (Barney, 2011). The resource based view also emphasizes the firm's resources as the fundamental determinants of competitive advantage and performance. Resource heterogeneity or uniqueness is considered a necessary condition for a resource bundle to contribute to a competitive advantage of a firm. Accordingly, within this framework manager's act to optimize the utilization of these capabilities focusing their attention on those resources that derive the most economic rent for the organisation whose capabilities add most value. Strategic intent for managers from a RBV is to maximize economic rents over time (Barney, 2011).

Modern financial Reporting theory

The modern financial reporting theory proposition by Rutherford in the year 2000 explains the context of the statement in an accessible language, specifically for the users of accounting and finance. The theory helps to explain why and how financial reporting is carried out, why financial statements are prepared in the way that they are, why accounting standards specify one

method rather than another, how the methods specified by accounting standards relate to each other, how practice has developed and will continue to develop.

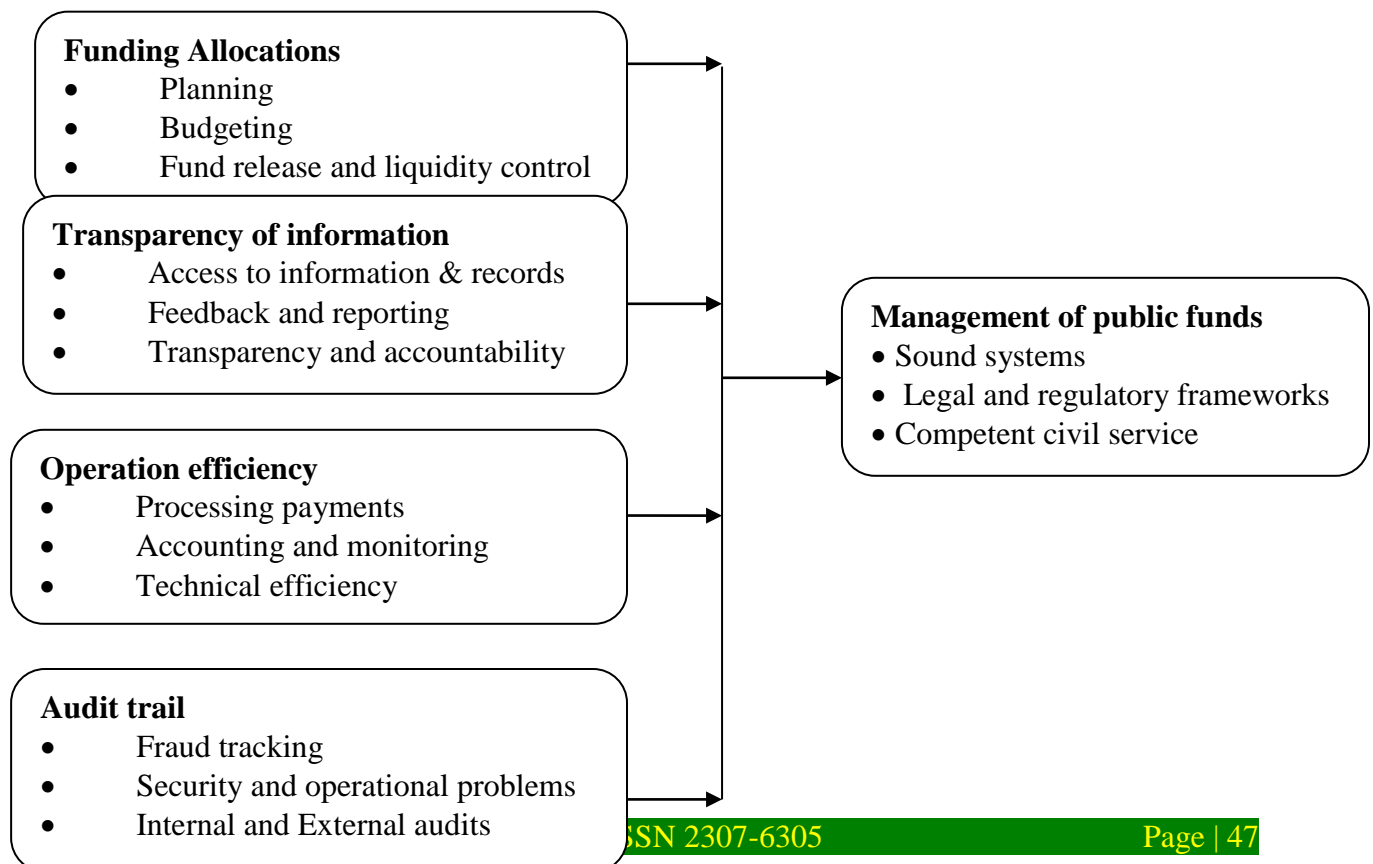
New efficiency theory

New efficiency theory by Sengupta, (2003) refers to the various parametric and semi-parametric methods of estimating production and cost frontiers, which include data envelopment analysis with its diverse applications in management science and operations research. It looks at integrating the theory of firm efficiency and industry equilibrium, emphasizing growth efficiency in a dynamic setting, incorporating uncertainty of market demand and prices and the implications of group efficiency by sharing investments.

Contingency theory

There are various alternative theories that have been put forward for the purpose of accounting on information systems. According to Gerdun and Greve, 2004, there is a new IT theory that embraces the concept of macro organizations, technology and the human information processing systems. The contingency theory and possible relationship of the context control of the organization and structures of accounting. Traditionally, accounting has served as the major supplier of information for decision making and there is a relationship between the decision making process and accounting system (Widener, 2004). The management of accounting process is an information system whose major purposes are (i) to provide the various levels of management with data which will facilitate the decision making function of planning and control and (ii) to serve as communication medium within the organization. Contingency theory has been used for identification, analysis and the evaluation of the factors that affect the design of accounting information systems and financial information systems.

Conceptual Framework



RESEARCH METHODOLOGY

Independent Variables Figure 2.2: conceptual framework

Dependent variable

A descriptive research design was used in this study because it uses both quantitative and qualitative data which was collected in this research. The target population of this study was drawn from accounts section with 112 officers, procurement with 22 members and finally finance section with 16 personnel. These groups of officers use IFMIS in their day to day operations in carrying out their duties and includes the lower, middle and senior officers which comprise the target population. Stratified Random Sampling was used. Stratified Random Sampling relies on dividing the accessible population into strata (departments) and then using the lottery method for selecting the sample respondents (Mugenda & Mugenda, 2003). A 30% of the finance team, 30% of the accounts team and a 30% of the procurement team was randomly selected from the target population. Primary data was collected using a closed and open ended questionnaire, since it is easier to administer, analyze and economical in terms of time and money. SPSS was used to produce frequencies, descriptive and inferential statistics which were used to derive conclusions and generalizations regarding the population. A multiple linear regression model was used to test the significance of the effect of independent variable on the dependent variable. The regression model is as indicated.

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

Where:

Y= IFMIS and management of public funds, β_0 = Constant term, β_i = Beta coefficients, X_1 = Funding allocation, X_2 = Transparency of information, X_3 = Operation efficiency, X_4 = Audit trail and ε = Error term

RESULTS

Response Rate

It was noted from the data collected, out of the 50 questionnaires administered to the staff of the Department of Immigration, 45 questionnaires were filled and returned. This represented a 90% response rate, which is considered satisfactory to make conclusions for the study. According to Mugenda and Mugenda (2003) a 50% response rate is adequate, 60% good and above 70% rated very well. This also in collaborates Bailey (2000) assertion that a response rate of 50% is adequate, while a response rate greater than 70% is very good. This implies that based on this assertion; the response rate which was calculated in this case was according to Mugenda and Mugenda and Bailey very good. This high response rate can be attributed to the data collection procedures, where the researcher pre-notified the potential participants and applied the drop and pick method where the questionnaires were picked at a later date to allow the respondents ample time to fill the questionnaires.

Table 1: Response Rate

| Response Rate | Frequency | Percentage |
|---------------------------|-----------|------------|
| Returned Questionnaires | 45 | 90% |
| Unreturned questionnaires | 5 | 10% |

| | | |
|-------|----|------|
| Total | 50 | 100% |
|-------|----|------|

The extent to which funding allocation affect IFMIS in the department

The study sought to establish how funding allocation affects IFMIS in the management of public funds in the department. The results from the analysis of the findings are illustrated in the following subsections.

The extent to which funding allocation affect IFMIS in planning

The study sought to establish the extent to which funding allocation affect IFMIS in planning in the department. The findings from the SPSS analysis are illustrated below.

Table 3: Funding allocation and planning

| | Frequency | Percentage |
|-------------------|-----------|------------|
| Very great extent | 27 | 60 |
| Great extent | 12 | 26.7 |
| Neutral | 4 | 8.9 |
| Small extent | 2 | 4.4 |

From the analysis of the findings, a majority (60.0%) of the respondents indicated that funding allocation affects IFMIS in planning in the department to a very great extent. This was followed by respondents (26.7%) who stated that funding allocation affects IFMIS to a great extent. 8.9% indicated that funding allocation doesn't affect IFMIS in planning while a paltry 4.4% of the respondents felt that funding allocation affects IFMIS to a small extent. The study thus established that most respondents believed that funding allocation does affect IFMIS in planning for the department. This study hence agrees with the findings of (Philip, 2008) who established that a realistic planning of finances is key to the implementation of a project or programme. A professional and transparent approach to budget Planning will help convince investors, development banks make financial resources available.

4.5.2 The extent to which funding allocation affect IFMIS in budgeting

The study sought to establish the extent to which funding allocation affect IFMIS in budgeting in the department. The findings from the SPSS analysis are illustrated in the table 4 below

Table 4: Funding allocation and budgeting in the department

| | Frequency | Percentage |
|-------------------|-----------|------------|
| Very great extent | 13 | 28.9 |
| Great extent | 28 | 62.2 |
| Neutral | 2 | 4.4 |
| Small extent | 2 | 4.4 |

According to the analysis of the findings, a commanding majority (62.2%) of the respondents indicated that funding allocation affects IFMIS in budgeting in the department to a great extent. 28.9% of the respondents stated that funding allocation affects IFMIS to a very great extent while those who felt that funding allocation doesn't affect IFMIS and those who stated that funding allocation affects IFMIS in budgeting to a small extent tied at 4.4% of the total respondents interviewed in the study. The study thus established that most respondents believed that funding allocation affect IFMIS to a great extent in budgeting. This study is in agreement with (Seaga, 2001) that established that a budget is defined as patterns of expenditure and

revenue over life of a project hence allocations made today make clear the governments commitments to dual support which provides stability in their study of project cycle management technical guide.

The extent to which funding allocation affect IFMIS in release of funds in the department

The study sought to establish the extent to which funding allocation affect IFMIS in the release of funds in the department. The findings from the SPSS analysis are illustrated in the Figure 4.4 below.

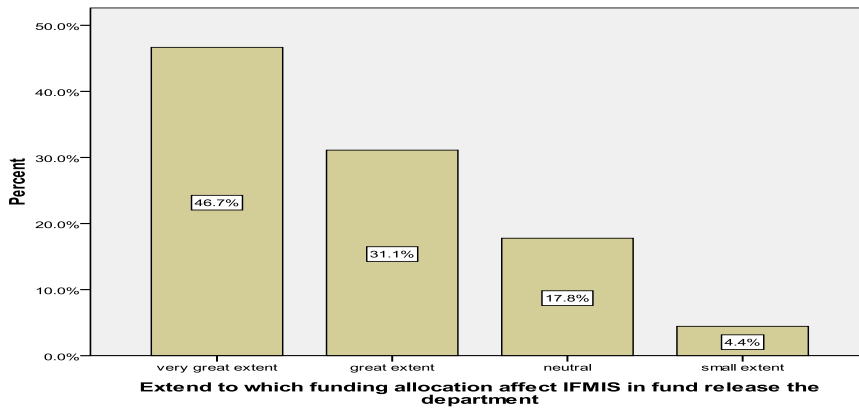


Figure 4: Funding allocation and release of funds in the department

Based on the findings of the study, 21 respondents representing 46.7% of the total respondents reported that funding allocation affects IFMIS in the release of funds to the department to a very great extent. This was followed closely by 31.1% of the respondents who stated that funding allocation affects IFMIS to a great extent, 17.8% of them stating that funding allocation doesn't affects IFMIS in the release of funds. Only 2 respondents interviewed in the study felt that funding allocation affects IFMIS to a small extent. The study thus established that most respondents believed that funding allocation affect IFMIS to a great extent in release of funds. This is in line with the study made by the University of Idaho 2010 which stated that before preparing a budget, determine what would be the appropriate amount to request and that maximum request should be justified.

The extent to which funding allocation affect IFMIS in liquidity control in the department

The study sought to establish the extent to which funding allocation affect IFMIS in liquidity control in the department. The findings from the SPSS analysis are illustrated in the table 5 below

Table 1: Funding allocation effect on liquidity control in the department

| | Frequency | Percentage |
|-------------------|-----------|------------|
| Very great extent | 20 | 44.4 |
| Great extent | 13 | 28.9 |
| Neutral | 8 | 17.8 |
| Small extent | 4 | 8.9 |

According to the findings of the study, 44.4% of the total respondents reported that funding allocation affects IFMIS in liquidity control the department to a very great extent. In the study, 28.9% of the respondents stated that funding allocation affects IFMIS to a great extent, 17.8% of them stating that funding allocation doesn't affect IFMIS in liquidity control. Four respondents interviewed in the study felt that funding allocation affects IFMIS to a small extent. From these results it can be established that majority of the respondents believed that funding allocation affect IFMIS to a great extent in liquidity control. Environmental protection Agency 2010 on tips on writing grant proposal stated that planning should allow for contingencies.

The need for planning to meet obligations and objectives in the management of public funds

The study also sought to establish how planning was related to organizational obligations and objectives in the management of public funds. The results from the analysis of the findings are illustrated in the table 6 below.

Table 2: Adequate planning in relation to management of public funds

| | Frequency | Percentage |
|----------------|------------------|-------------------|
| Strongly Agree | 27 | 60 |
| Agree | 17 | 37.8 |
| Not sure | 1 | 2.2 |

From the analysis of the findings, it was established that majority of the respondents (60%) indicated that they strongly agree that Government needs adequate planning in order to meet its obligations and objectives in the management of public funds. This was followed by respondents (37.8%) who noted also agreed that government needs adequate planning in order to meet its obligations and objectives in the management of public funds. 2.2% of the total respondents indicated that they were not sure if the government need adequate planning in order to meet its obligations and objectives in the management of public funds. This study hence agrees with the findings of (Scrivastava, 2009) who established that planning and budgeting functionality is aimed at capturing priorities. The study thus established from these findings that the government needs adequate planning in order to meet its obligations and objectives in the management of public funds.

Fund release confines the spending within narrow and specific bounds within the line item appropriation

From the data collected a large proportion (64.4%) of those interviewed reported that fund release confines the spending within narrow and specific bounds within the line item appropriation. It was observed further that 28.9% of the respondents indicated that they strongly agree with this statement while 4.4% and 2.2% of them were not sure and disagreed respectively. This study hence agree with the findings of the University of Idaho 2010 which established that before preparing a budget, determine what would be the appropriate amount to request. Request the maximum if you can justify it but not what the programme allows. The results are shown in table 7.

The study sought to establish the effect of transparency of information in the management of public funds in the department. The results from the analysis of the findings are illustrated in the following subsections

Table 3: Fund release in relation to spending within line item

| | Frequency | Percentage |
|----------------|-----------|------------|
| Strongly Agree | 13 | 28.9 |
| Agree | 29 | 64.4 |
| Not sure | 2 | 4.4 |
| Disagree | 1 | 2.2 |

Transparency of Information

Transparency of financial information and the role of IFMIS in the management of public funds

From the analysis of the findings, it was noted that majority (51.1%) of the respondents agreed that transparency of financial information influence the role of IFMIS in the management of public funds to a very great extent. This was closely followed by respondents (40.0%) indicated that transparency influence the role of IFMIS to a great extent. 6.7% of the respondents agreed that transparency of financial information influence the role of IFMIS moderately while only 2.2% of respondents indicated that transparency in financial information influence the role of IFMIS to a little extent. This study hence agrees with meta-analysis technique which reviews incentives for digital versus hard copy public financial disclosures (Manuel, 2016). The result of the study is illustrated in the figure 5.

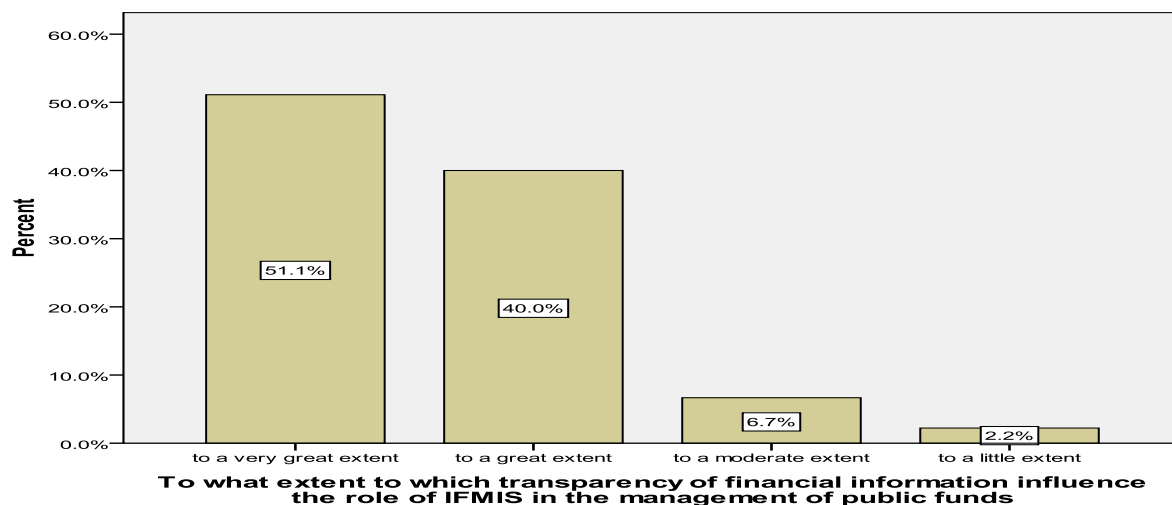


Figure 1: Extent to which transparency of financial information influence role of IFMIS in management of public funds

The extent to which information available to the public is sufficient for decision regarding efficiency in spending of the public funds

It was established from the analysis of the findings that majority (60.0%) of the respondents noted that information available to the public is sufficient for decision making to a great extent. Those respondents who stated that decision making is influence to a little extend were 10 respondents representing 22.2% of the total respondents. 11.1% of the respondents indicated that they information available to the public moderately affect decision making while noted that it affects decision making to very great extent. A paltry 2.2% of the respondents indicated that information available to the public doesn't influence decision making at all. Clearly, it can be deduced from the analysis that information available to the public is sufficient for decision

making regarding efficiency in public spending. This study hence agrees with the findings of (Svensson, 2004) on the power of information that one of the central goals of promoting data access and sharing is to improve the overall efficiency of publicly funded research to avoid the expensive and unnecessary duplication of data collection effort. The results from the study are illustrated in the figure below:

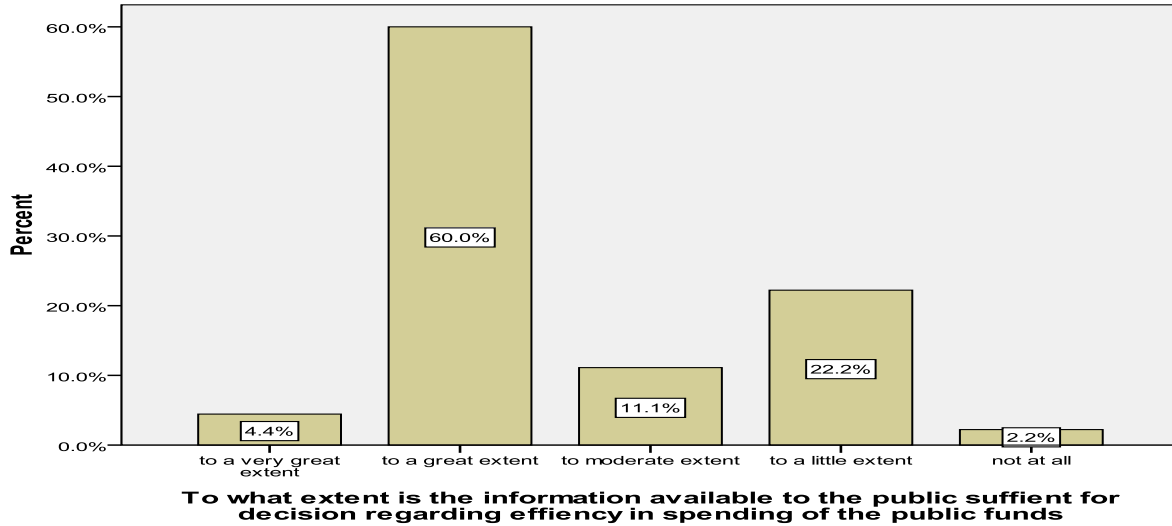


Figure 6: Extent to which information available to the public sufficient for decision regarding efficiency in spending of the public funds

The study sought to establish the extent to which feedback and reporting influence the role of IFMIS in the management of public funds. The results from the analysis of the findings have been illustrated in the table 7 below.

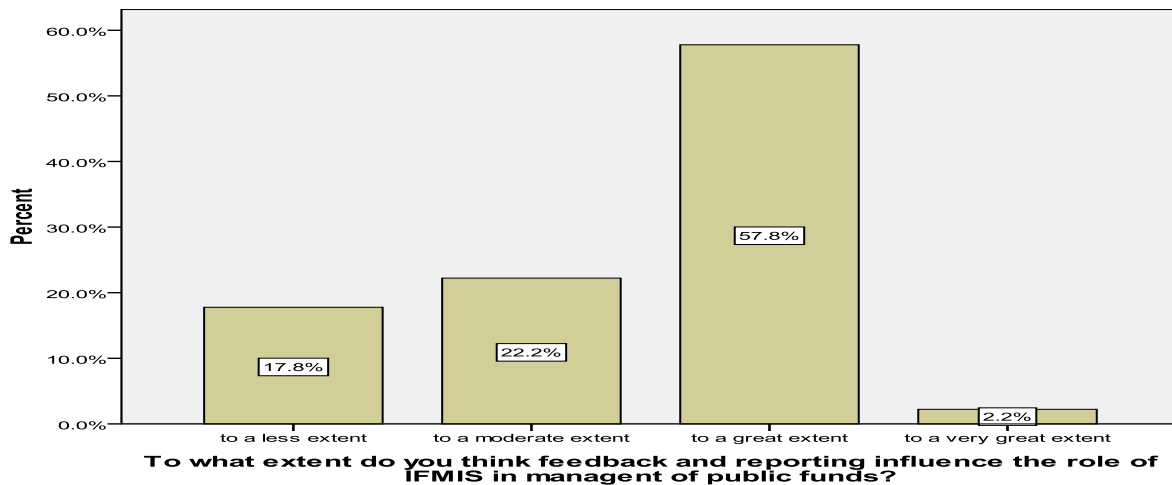


Figure 7: Extent to which feedback and reporting influence the role of IFMIS in the management of public funds

From the analysis of the findings, it was noted that majority (57.8%) of the respondents indicated that feedback and reporting influence the role of IFMIS in the management of public funds to a great extent. Those who indicated that feedback and reporting influence the role of IFMIS to a

moderate extent and to a less extent were 22.8% and 17.8% respectively. Only a mere 2.2% of the respondents indicated that feedback and reporting influence the role of IFMIS to a very great extent. This study is in agreement with the study of (Svensson 2004) which established that public access to information is a powerful deterrent to the diversion of grant funds at the local levels hence feedback and reporting is fundamental in management of public funds.

How the information access by the public is improved

The study also sought to establish how the information access by the public is improved. The table below shows the results of the study.

Table 9: Information access by the public is improved

| | Frequency | Percentage |
|-------------------|-----------|------------|
| Very great extent | 11 | 24.4 |
| Great extent | 19 | 42.2 |
| Neutral | 14 | 31.1 |
| Small extent | 1 | 2.2 |

From the analysis of the findings, it was noted that majority (42.2%) of the respondents indicated that the information access by the public can be improved to a great extent. This was closely followed by respondents (31.1%) who were neutral on the ratings while 24.4% and 2.2% of them indicating that the information access by the public can be improved to a very great extent and to a small extent respectively (Svensson 2004) on the power of information stated that public access to information is a powerful deterrent to the diversion of grant funds at the local levels.

Operation Efficiency

The study also sought the effect of using IFMIS in the operations and management of public funds of the Department of Immigration services. The results from the analysis are illustrated in the following subsections.

How do you rate operational efficiencies that come with the use of IFMIS?

The study sought to establish rate the operational efficiencies that come with the use of IFMIS. The findings from the analysis have been illustrated in the Table 8 as shown below.

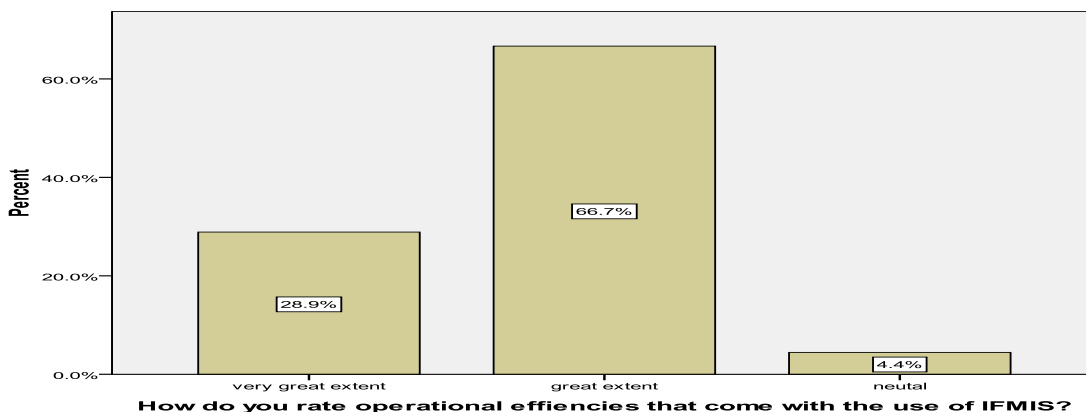


Figure 8: Operational efficiencies that come with the use of IFMIS

From the analysis above it was noted that two thirds (66.7%) of the respondent indicated that IFMIS increases operational efficiency to a greater extent while 28.9% of them rated operational

efficiency that come with the use of IFMIS as to a very great extent In the Department of immigration Services. Only a mere 4.4% of the respondents indicated that even with the use of IFMIS there is no operational efficiency. (Marieta, 2010) on the Efficiency in the public sector versus private sector efficiency stated that efficiency can be achieved under the conditions of maximising the results of an action in relation to the resources used and it is calculated by comparing the effects obtained in their efforts.

Processing payments is easy with the use of IFMIS

The study sought to establish whether with the use of IFMIS in processing payments are made easy in the Department of Immigration Services. The findings from the analysis have been illustrated below

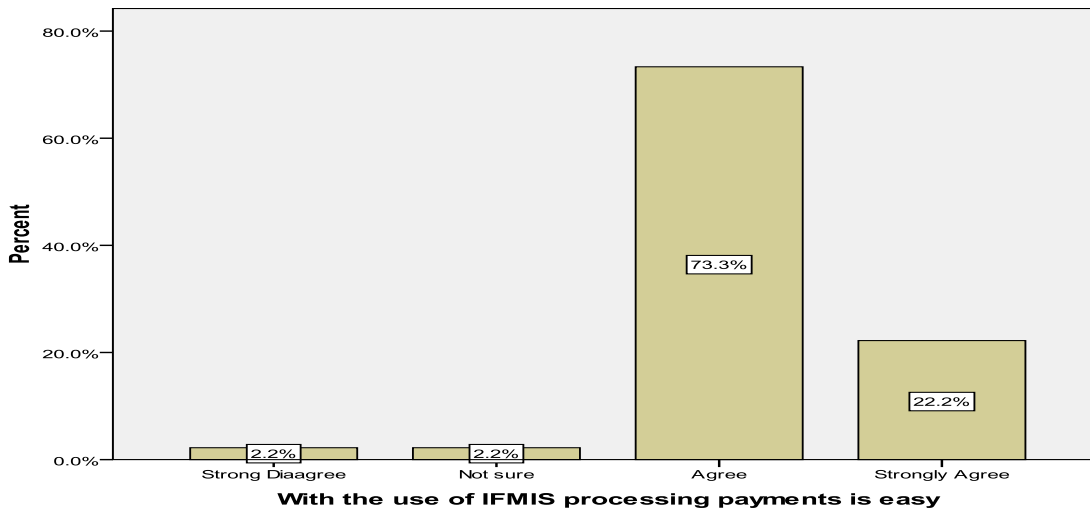


Figure 9: Use of IFMIS in processing payments

From the analysis of the findings, it was noted that overwhelming majority (73.3%) of the respondents agreed that payments is made easy with the use of IFMIS in processing payments. A further 22.2% of them strongly agree that the payments are made easy with the use of IFMIS in processing payments. In the study only a mere 2.2 % of the total respondents strongly disagreed with a similar percentage (2.2%) not sure whether the use of IFMIS in processing payments makes payments easy. From these findings it is clear that with the use of IFMIS in processing payments are made easier in the department of immigration. This study agrees with (Chumba, 2014) that established that safeguarding public money is very important and controlling invoice payments.

Accounting and monitoring is enhanced with the use of IFMIS

The study sought to establish whether accounting and monitoring is enhanced with the use of IFMIS in the Department of Immigration. The results from the study are illustrated in the figure 10 as shown below

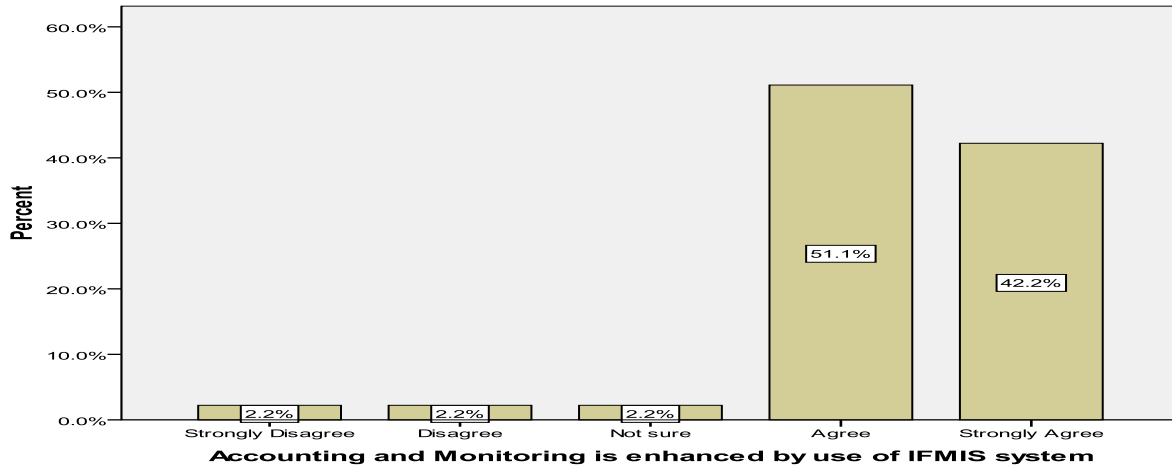


Figure 10: Accounting and monitoring is enhanced with the use of IFMIS

According to the analysis of the findings, it was observed that slightly over half (51.1%) of the respondents agreed that accounting and monitoring is enhanced with the use of IFMIS in the Department of Immigration. Another 42.2% of them strongly agree that accounting and monitoring is enhanced with the use of IFMIS. Those respondents who indicated that they strongly disagree, Disagree or were not sure if with the use of IFMIS accounting and monitoring is enhanced tied at 2.2%. A study conducted by (Abdul-Rahamon, 2014) to analyse the impact of accounting records keeping on performance of small scale enterprises in Nigeria revealed a strong positive relationship between accounting, monitoring and record keeping and performance. Thus the findings showed that it is significant that with the use of IFMIS in the department of Immigration Services accounting and monitoring is enhanced.

IFMIS ensures technical efficiency in the management of public funds

The study sought to establish whether IFMIS ensures technical efficiency in the Department of Immigration. Findings from the study are illustrated below

Table 11: Technical efficiency in the management of public funds

| | Frequency | Percentage |
|----------------|-----------|------------|
| Strongly Agree | 18 | 40.0 |
| Agree | 24 | 53.3 |
| Not sure | 2 | 4.4 |
| Disagree | 1 | 2.2 |

From the results shown in figure above a large proportion (53.3%) of those interviewed agreed that IFMIS ensures that there is technical efficiency in the management of public funds. It was also observed a further 40% of the respondents indicated that they strongly agree with this statement while 4.4% and 2.2% of them were not sure and disagreed respectively. The study is in agreement with (Aubyn, 2007) on modernising public administration and economic growth that modern and efficient public administration has a positive impact on productivity and growth.

Audit Trail

The study also sought to determine the effect of audit trail on IFMIS in the management of public funds. The findings from the SPSS analysis are illustrated in the following subsections.

The extent to which audit trail affect IFMIS in the management of public funds

Table 11: The extent to which audit trail affects IFMIS in the management of public funds

| | Frequency | Percentage |
|-------------------|-----------|------------|
| Very small extent | 1 | 2.2 |
| Small extent | 10 | 22.2 |
| Neutral | 13 | 28.9 |
| Great extent | 8 | 17.8 |

It was established from the analysis that 28.9% of the respondents indicated that audit trail doesn't affect the management of public funds. 22.2% of the remaining respondents indicated that audit trail affects IFMIS in the management of public funds to a small extent. 17.87% and 2.2% of them indicated that audit trail affects IFMIS in the management of public funds to a great extent and to a very small extent respectively in the Department of immigration services. The institute of internal Audit, 2012 stated that public sector auditing strengthens public governance by providing for accountability and protecting the core values of the public sector entity, ensuring managers and officials conducts the public's business transparently, fairly and honestly as well as with equity and integrity.

Fraud tracking is made easy with the use of IFMIS in management of public funds

The study also sought to determine whether fraud tracking is made easy with the use of IFMIS in the management of public funds. The results from the analysis of the findings are illustrated in the figure 11 as shown.

It can be deduced from the analysis of the results that 55.6% of the respondents indicated that they strongly agree that fraud tracking is made easy by the use of IFMIS. 26.7% indicated that they strongly disagree. A further 15.06% of the remaining respondents indicated that they agree that fraud tracking is made easy by the use of IFMIS while a mere 2.2% of the respondents indicating that they were not sure if fraud tracking is made easy by the use of IFMIS in the Department of immigration services. This study agrees with (Hoskens, 2013) on identifying and reducing corruption in public procurement in the European Union established that corrupt acts have to be detected and prosecuted and offenders have to be punished and deprived of their illicit proceeds.

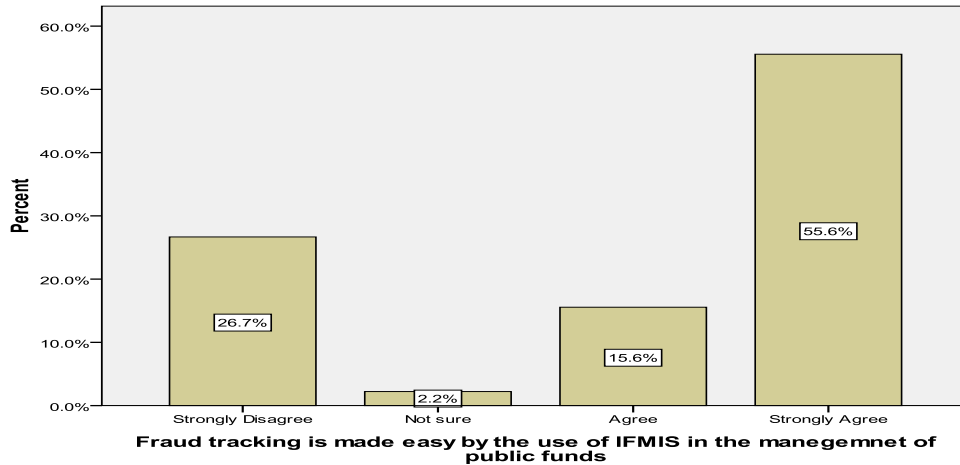


Figure 11: Fraud tracking

Information security and IFMIS in ensuring management of public funds

The study sought to determine whether Information security is enhanced by IFMIS in ensuring management of public funds. The results from the analysis of the findings are illustrated in the figure 12 as shown

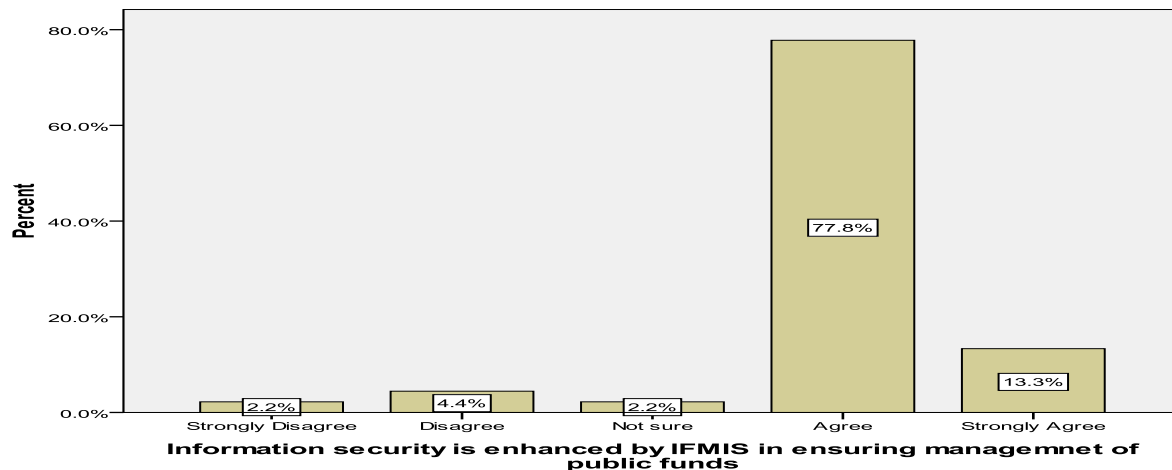


Figure 12: Information security enhanced by IFMIS

From the analysis above it was noted that a commanding majority (77.8%) of the respondent indicated that information security is enhanced by IFMIS in ensuring management of public funds In the Department of Immigration services. 13.3% of them strongly agreed, while 4.4% disagreed. Only a mere 2.2% of the respondents indicated that they strongly disagreed with the same proportion of the respondents reporting that they were not sure if information security is enhanced by IFMIs in ensuring management of public funds. (Hoskens, 2013) in his study stated that opportunities for corrupt practices have to be reduced and potential conflict of interest have to be prevented through transparent and accountable and administrative structures at legislative, executive and judicial level as well as in the private sector.

Internal and external audits ensures true and fair financial position of public funds

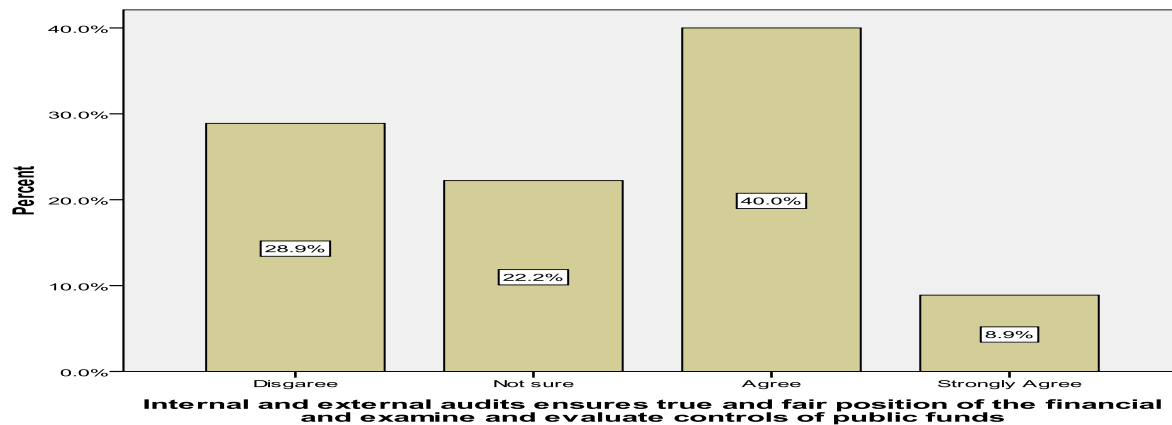


Figure 13: Internal and external audits

From the analysis above it can be shown that the majority 40% agree 8.9% strongly agree that internal and external audit ensures true and fair position 28.9% disagree while 22.2% are not sure. This study agrees with (Diamond, 2002) on the role of internal and external audits in government financial management that well planned, properly structured auditing programs are essential to effective risk management and adequate internal control system. They are also critical defense against fraud and provide vital information to the board of directors about effectiveness of internal control system.

Use of IFMIS in the Management of Public Funds

The study also sought to determine the effect on the management of public funds with the use of IFMIS in the Department of Immigration Services. The findings from the SPSS analysis are illustrated in the following subsections.

Effective services

The study also sought to determine whether there are effective services with the use of IFMIS in the management of public funds. The results from the analysis of the findings are illustrated in the figure 14 as shown.

From the analysis above it can be shown that majority (64.4%) of the respondent reported that management of public funds influence effective services to a great extend with only 24.4% of them indicating that it influence to a very great extent. 6.7% of the respondents indicated that management of public funds influence effective services to a small extend. only a small fraction (4.4%) were neutral on the ratings of how management of public funds affects effective services. This study agrees with (Wangombe, 2014) on analysis of financial management practices on effective use of public funds in governments. For the government to effectively render equitable service to its citizens, it must ensure public operations are centralised and a reformed IFMIS system is consolidated to all government departments through which it transacts.

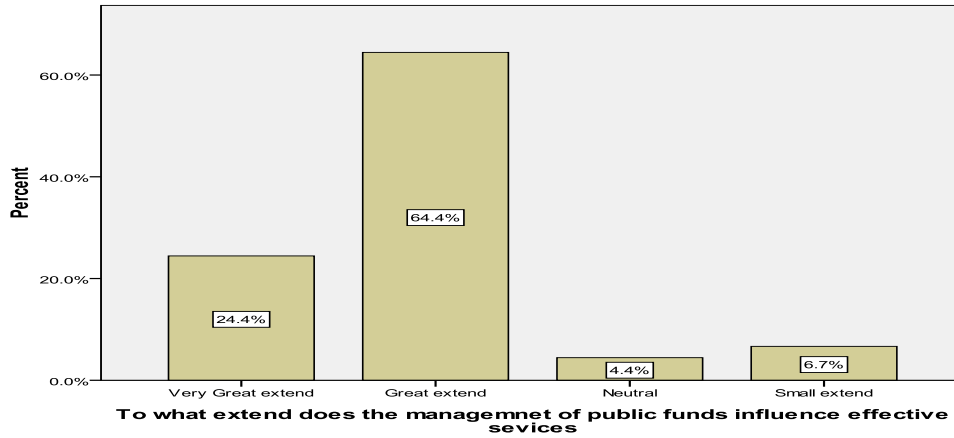


Figure 14: Management of public funds influence effective services

Strong legal/regulatory framework

The study also sought to determine how strong legal/regulatory framework was influenced by IFMIS in the management of public funds. The results from the analysis of the findings are illustrated in the figure 15 as shown.

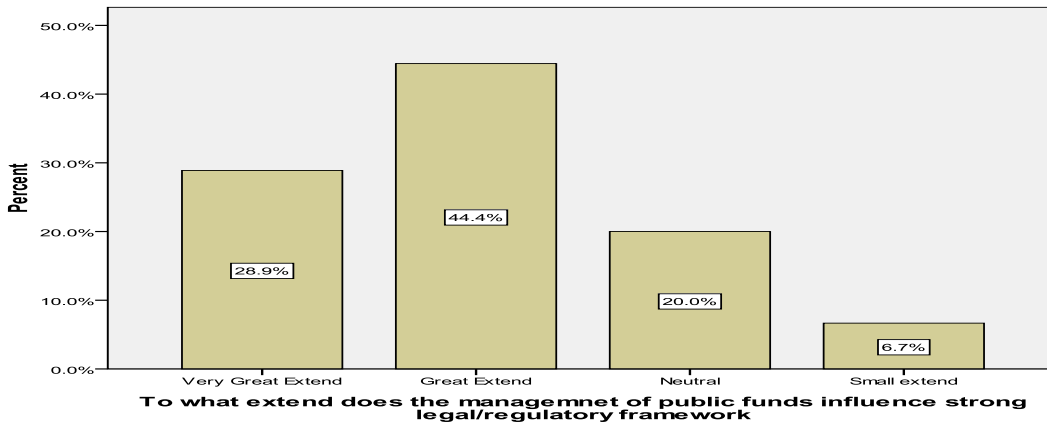


Figure 15: Strong legal/regulatory framework

According to the analysis above it can be deduced that a large proportion of the respondents (44.4%) indicated that management of public funds influence strong legal/regulatory framework to a great extent with 28.9% of them indicating that it influence strong legal//regulatory framework to a very great extent.20% of the respondents were neutral in the ratings while a paltry 6.7% reporting that management of public funds influence strong legal/regulatory framework to a small extent. This study agrees with (Ellison, 2013) on the legal and regulatory framework governing research misconduct established that an IFMIS must be underpinned by a coherent legal framework governing public finances.

Clear legal guidance on the roles and responsibilities of all institutions in managing, controlling and monitoring budget execution. It should be designed with flexibility to meet existing requirements and evolve in response to legal or institutional changes.

Competent civil service

The study also sought to determine how strong competent civil service was influenced by IFMIS in the management of public funds. The results from the analysis of the findings are illustrated below.

Table 4.4: How IFMIS influence a strong civil service

| | Frequency | Percentage |
|-------------------|-----------|------------|
| Very great extent | 21 | 46.7 |
| Great extent | 19 | 42.2 |
| Neutral | 1 | 2.2 |

It can be deduced that a significant number of respondents, 21, representing 46.7% of the total respondents felt that management of public funds influence competent civil service to a very great extent, 42.2% of them indicating that it influence competent civil service to a great extent while only 2.2% were neutral in the ratings. This study agrees with (Ajayi and Omirin, 2007) that established that a strong public financial management system is a catalyst for economic growth and development. It ensures that the government and its departments raise manage and spend public resources in an efficient and transparent way with the aim of improving service delivery.

Sound systems on IFMIS and public funds management

The study sought to establish the impact of sound systems on IFMIS in public funds management. The results from the analysis of the findings have been illustrated in the figure below.

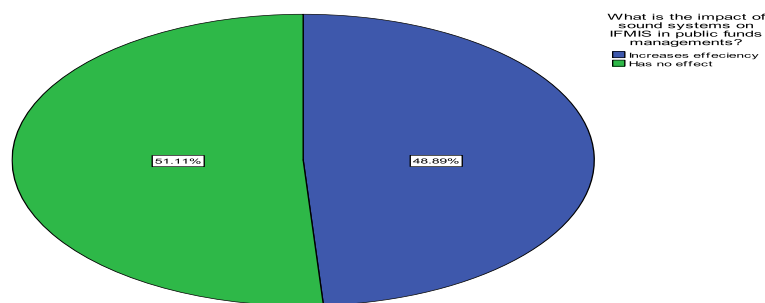


Figure 16: Impact of sound system

From the analysis above it was noted that majority 51% of the respondents indicated that sound systems has no effect while 48.9% of the respondents indicated that it increases efficiency on IFMIS in the management of public funds, (Bonus, 2015) on disbursement and management of public funds established that a sound public management system allows government to make the best use of all available resources to improve the quality of life of society.

Regression Analysis.

The study sought to understand the role of integrated financial management information system in management of public funds at the Department of Immigration Services. These management factors include: Funding allocations, transparency and public access to information, operation efficiencies and audit trail. The regression model was:

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

Whereby Y represent IFMIS and management of public funds, X_1 is funding allocations, X_2 is transparency and public access to information, X_3 is operation efficiencies and X_4 is audit trail. B_0 is the model's constant, and $\beta_1 - \beta_4$ are the regression coefficients while ε is the model's significance from f-significance results obtained from analysis of variance (ANOVA).

Table 15: Model's Goodness of Fit Statistics

| R | R Square | Adjusted Square | R Std. Error of the Estimate | Durbin-Watson |
|-------------------|----------|-----------------|------------------------------|---------------|
| .843 ^a | .729 | .663 | .1752 | 1.421 |

Predictors: (Constant), Funding allocations, transparency and public access to information, operation efficiencies and audit trail.

Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (Management of public funds) that is explained by all the four independent variables (funding allocation, transparency and public access to information, operation efficiencies and audit).

Table 15 shows that there is a good linear association between the dependent and independent variables used in the study. This is shown by a correlation (R) coefficient of 0.843. The coefficient of determination, R square gives an indication of how a choice the x-value (independent variable) is in predicting the y- value (dependent variable). It describes the amount of variation in y-values explained by the regression line. The larger the value the better the regression line describes the data. The determination coefficient as measured by the adjusted R-square presents a moderately strong relationship between dependent and independent variables given a value of 0.663. This depicts that the model accounts for 66.3% of the total observations while 36.7% remains unexplained by the regression model. This means other factors not studied in this research contributes 36.7% of the management of public funds. Therefore, further research should be conducted to investigate the other factors 36.7% that affect management of public funds.

Durbin Watson is a test statistic used to detect the presence of auto correlation (a relationship between values separated from each other by a given time lag) in the residuals prediction errors from a regression analysis. It is used as one of the preliminary test for regression to test whether there is any autocorrelation within the model's residuals. Durbin Watson statistic is always between 0-4. A value of 2 means that there is no autocorrelation in the sample. Given that the Durbin Watson value found to be 1.421 which is close to 2, there was no autocorrelation in the model's residuals.

Table 16: Analysis of Variance (ANOVA)

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|-------|------------|----------------|----|-------------|------|-------------------|
| 1 | Regression | 2.164 | 4 | .541 | 1.96 | .039 ^a |
| | Residual | 11.05 | 40 | .276 | | |
| | Total | 13.214 | 44 | | | |

a. Predictors: (Constant; Funding allocations, transparency and public access to information, operation efficiencies and audit trail)

b. Dependent Variable: Management of public funds

The ANOVA statistics presented in the table above was used to present the regression model significance. The significance value of 0.039 which is less than 0.05 thus the model is statistically significant in predicting the independent variables. The calculated value was greater than the critical value of 1.96 an indication that funding allocation, transparency of information, operation efficiency and audit trail significantly influence management of public funds. An F-significance value of $p = 0.039$ was established showing that there is a probability of 3.9% of the regression model presenting false information. Thus, the model is significant.

Table 17: Regression Coefficients

| Model | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|---|-----------------------------|------------|---------------------------|-------|------|
| | B | Std. Error | Beta | | |
| (Constant) | 3.544 | .425 | | 8.545 | .045 |
| Funding allocations | .987 | .154 | .656 | 5.574 | .035 |
| transparency and public access to information | .484 | .874 | .241 | 2.486 | .049 |
| Operation efficiencies | .748 | .441 | .282 | 1.031 | .038 |
| Audit trail | .545 | .685 | .257 | 2.412 | .043 |

a. Dependent Variable: management of Public funds

The following regression result was obtained:

$$Y = 3.544 + 0.987X_1 + 0.484X_2 + 0.748X_3 + 0.545X_4 \quad P=0.039^a$$

From the model, when other factors (Funding allocations, transparency and public access to information, operation efficiencies and audit trail) are at zero, the management of public funds at the Department of Immigration Services will be 3.544. Holding other factors constant, a unit increase in funding allocations would lead to 0.987 ($p=.035$) increase in Management of public funds.

However, holding other factors constant, a unit increase in transparency and public access to information would lead to a 0.484 ($p=0.049$) increase in the management of public funds at the Department of Immigration of Services. The table also shows that holding other factors constant, a unit increase in operation efficiencies would lead to a 0.748 ($p=0.038$) increase in the management of public funds. The findings, further, shows that unit increase in audit trail would lead to a 0.545 unit increase in the management of public funds at the Department of Immigration of Services. These results show that when acting jointly, funding allocations, transparency and public access to information, operation efficiencies and audit trail would increase the management of public funds at the Department of Immigration of Services.

Therefore, the generated model is given by $Y=3.544+0.987x_1+0.484x_2+0.748x_3+0.545x_4+ e$.

This infers that funding allocation influence management of public funds most. All the variables were significant as their p-values were less than 0.05. At 5% level of significance and 95% level of confidence; funding allocation showed a 0.035 level of significant; transparency and public access to information showed a 0.049 level of significance; Operation efficiencies showed a 0.038 level of significance and Audit trail showed a level of significance of 0.043.

The P value show the level of significance of each variable, the p value of all the variables were less than 0.05 this is an indication that they were statistically significant. The study further revealed that there was positive relationship between funding allocations, transparency and public access to information, operation efficiencies and audit trail and the management of public funds at the department of immigration services.

Conclusions

On the basis of the study findings, it is concluded that for the Department of Immigration services to enhanced management of public funds, there has to be adequate funding allocation, transparency and public access to information, increased operation efficiencies and effective audit trail. Based on the study, it can be noted that funding allocation can affect management of public funds. The argument can be centered on the fact that when funding allocation is adequate and released on timely basis, the Department would be able to undertake the activities earmarked for that period and thus ensuring that the public funds are used for the intended purpose thus ensuring that there is effective management of public funds. On transparency and access to public information, majority of the respondents agreed to the fact that transparency of financial information influence the role of IFMIS in the management of public funds to a very great extent. Members of the public would raise the red flag if there is any misappropriation of public fund when there is transparency in the public information.

There is need for continuous and effective feedback mechanism with the members of the public to sustain transparency. Transparency of information and quality is imperative to the success of the system. Automation of services would most probably result in increased operation efficiencies. Payment is made easy, enhanced accounting and monitoring and also increased technical efficiency with the use of IFMIS hence enhancing the management of public funds. Timeliness refers to the frequency, speed of reporting and orientation of the information. The study concluded that to ensure effective management of public funds there has to be the accomplishment of the mandate of an organization. Management of public funds was established to be directly proportional to the way in which organization will deliver its mandate. Poor

management of public funds would result in non-attainment of organizational mandate. Effective services, strong legal and regulatory framework and competent civil service influence the management of public funds to a great extent. The study also concluded that when acting jointly, funding allocations, transparency and public access to information, operation efficiencies and audit trail would increase the management of public funds in the Department of Immigration Services.

Recommendations

For proper management of public resources in an organization there is need to ensure that IFMIS is fully implemented in the department. In situations where employees were using IFMIS effectively, there is resultant effect of increased operation efficiencies that come with the use of the system which include easy processing of payments, effective monitoring and accountability and effective feedback mechanism. There is also need to ensure that management of public funds is transparent and this is aided by the use of IFMIS system. The study has showed that usage of IFMS is a major determinant in the effective management of public resources in the Government. However, there are some factors for example frequent IFMIS down time which sometimes slow down the process of payments hence reducing the effectiveness of IFMIS system. The findings recommend the need to create a good perception on the mind of the staff. In doing so; the organization should have to implement management practice in the best possible way so as to change the perception of staff by realizing the following activities: In order to maximize optimization of operation efficiencies that come with the use of IFMIS, there is need to remove bureaucracies that slow down the processes involved. The organization should also endeavour to ensure that the management of public funds is above board, fair and credible IFMIS system should be integrated with E-promis System. In order to build capacity and technical knowledge enough earlier enough, IFMIS should be introduced in the higher learning institutions and also to all civil servants. Internal and External auditors should be included in the system to follow up the procurement and payment. The organization should also have a good updated feedback system where feedback from the members of public can be easily accessed for possible attention and redress. In retrospect, a monitoring and evaluation unit should be established to work closely with divisions in ensuring that management of public funds is effective.

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