

**EFFECT OF INTEGRATED FINANCIAL MANAGEMENT INFORMATION
SYSTEM ON THE QUALITY OF FINANCIAL REPORTS OF GOVERNMENT
INSTITUTIONS IN KENYA**

BY

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DECLARATION/APPROVAL

This dissertation study is my original work and has not been presented to any other examination body for award of a degree. I also declare that this contains no material written by other people except where due reference is made and the author duly acknowledged.

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ABSTRACT

The use of Integrated Financial Management Information System among the Government institutions in Kenya is crucial in improving the management of accounting and financial reporting data so as to enhance efficiency and effectiveness in government institutions financial reporting processes. This research study is set to establish the effect of integrated financial management information system on quality financial reporting. The research targets a population of 68 government institutions (47 county government and 21 ministries) in Kenya who are purposively selected as the Integrated Financial Management Information System users and also forming the unit of analysis for the study. The primary data was collected through the use of questionnaires and then the data was analyzed using multiple regression model and descriptive statistics where the study made use of STATA software version 12 application to examine the relationship of the predictor and response variables. The study presented the outcome by use of text, figures and tables. The study determines that electronic budgeting and automated cash management positively and significantly influence the quality of financial reporting among the government institutions in Kenya. The study further establishes that electronic procurement and automated financial reporting positively and insignificantly influences the quality of financial reporting among the government institutions in Kenya. Further research is recommended on all government institutions and also in the private sector to validate the results.

Keywords: IFMIS (Integrated Financial Management Information Systems), GHRIS (Government Human Resource Information Systems), Electronic Budgeting, Automation of cash management, Electronic Procurement, Automated financial reports and quality of financial reporting, government ministries and county governments.

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TABLE OF CONTENTS

DECLARATION	i
DEDICATION	ii
ACKNOWLEDGEMENT	iii
TABLE OF CONTENTS	iv
LIST OF TABLES	ix
LIST OF FIGURES	xi
ABBREVIATIONS & ACRONYMS	xii
OPERATIONAL DEFINITION OF TERMS.....	xiii
ABSTRACT.....	ii
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background of the Study.....	1
1.1.1 The Integrated Financial Management Information System.....	3
1.1.2 Relationship between IFMIS and Quality Financial Reporting of Government institutions	5
1.1.3 Concept of Quality Financial Reporting	6
1.1.4 Concept of Government institutions	8
1.2 Statement of the Problem	10

1.3 Objectives of the Study	11
1.3.1 General Objective.....	11
1.4 Research Questions	12
1.5 Significance of the study	12
1.5.1 Accountants and Public Officers.....	12
1.5.2 Government	13
1.5.3 Academicians	13
1.6 Scope of the study	13
CHAPTER TWO	15
LITERATURE REVIEW	15
2.1 Introduction	15
2.2 Theoretical Review	15
2.2.1 System Theory.....	15
2.2.2 Technological Acceptance Theory.....	16
2.2.3 Technological Diffusion Theory	18
2.2.4 The Contingency Theory.....	20
2.2.5 Agency Theory.....	21
2.3 Empirical Review	22
2.3.1 Electronic Budgeting and Quality of Financial Reporting.....	22
2.3.2 Automated cash management and quality of financial reporting.....	25
2.3.3 Electronic Procurement and quality financial reporting	27
2.3.4 Automated financial reporting and quality financial reporting	31
2.4 Conceptual Framework	35
.....	35
2.5 Operationalization of Variables	36
CHAPTER THREE.....	37
RESEARCH METHODOLOGY	37
3.1 Introduction	37
3.2 Research Design.....	37

3.3 Target Population	37
3.4 Sampling Technique and sample size	38
3.6 Data and Data collection	38
3.7 Data Analysis and Presentation.....	39
3.8 Diagnostic tests	40
3.8.1 Multi-collinearity tests	40
3.8.2 Heteroscedasticity	40
3.8.3 Normality test.....	41
3.9 The Ethical Consideration.....	41
CHAPTER FOUR.....	42
DATA ANALYSIS, RESULTS AND DISCUSSION.....	42
4.1 Introduction	42
4.2 Response Rate	42
4.3 Validity and Reliability Analysis	43
4.3.1 Validity.....	43
4.3.2 Reliability.....	44
4.4 Findings on Background Information of Respondents	45
4.4.1 Background Information of Respondents	46
4.4.1.1 Gender Information	46
4.4.1.2 Age of the respondents.....	46
4.4.1.3 Education Level of the Respondents	46
4.4.1.4 Length of Working of the respondents.....	46
4 5: Influence of Electronic Budgeting and Quality of Financial Reporting	47
4 6: Electronic Budgeting and Quality of Financial Reporting.....	48
4 7: Influence of Automated Cash Management among the Government institutions in Kenya	49
4 8: Automated Cash Management and Quality of Financial Reporting	50
4 9: Influence of Electronic Procurement among the Government institutions in Kenya	51
4 10: Electronic Procurement and Quality of Financial Reporting.....	52

4 11: Influence of Automation of Financial reports among the Government institutions in Kenya	53
4 12: Automation of Financial Reports and Quality of Financial Reporting	55
4 13: Quality Financial Reporting among the Government institutions in Kenya.....	56
4.12 Diagnostic Tests	57
4.12.1 Pre –Estimation Tests.....	57
4.12.2 Shapiro Wilk Test for Normal Data	57
4.12.3 Pairwise Correlation Test for Multi-collinearity	58
4.12.4 Post–Estimation Tests	59
4.12.5 VIF Test for Multi-collinearity	59
4.12.6 Test for Heteroscedasticity.....	61
4.12.7 Histogram Test for Normality	62
4.13 Inferential Analysis	63
4.14 Regression Analysis	64
4.15 Summary and interpretation of the findings.....	67
4.16 Discussion of findings	69
4.16.1 Electronic Budgeting.....	69
4.16.2 Automation of Cash Management.....	69
4.16.3 Electronic Procurement	70
4.16.4 Automation of Financial Reports	70
4.16.5 Quality of Financial Reporting.....	71
CHAPTER FIVE	72
SUMMARY, CONCLUSION, AND RECOMMENDATIONS	72
5.1 Introduction	72
5.2 Summary of the Findings	72
5.2.1 Findings on Electronic Budgeting and the Quality of Financial Reports	72
5.2.2 Findings on Automated Cash Management and the Quality of Financial Reports	73
5.2.3 Findings on Electronic Procurement and the Quality of Financial Reports.....	73
5.2.4 Findings on Automation of Financial Reports and the Quality of Financial Reports	73

5.3 Conclusion.....	74
5.4 Recommendation of the study.....	74
5.5 Areas for Further Studies	75
5.6 Limitations of the study.....	75
REFERENCES.....	77
APPENDICES.....	88

DEDICATION

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LIST OF TABLES

TABLE 2 1 OPERATIONALIZATION OF VARIABLE	36
TABLE 4 1: RESPONSE RATE	43
TABLE 4 2 CRONBACH'S ALPHA TEST	44
TABLE 4 3 DEMOGRAPHIC DATA	45
TABLE 4 4 ELECTRONIC BUDGETING	47
TABLE 4 5 ELECTRONIC BUDGETING	48
TABLE 4 6 AUTOMATED CASH MANAGEMENT.....	49
TABLE 4 7AUTOMATED CASH MANAGEMENT	50
TABLE 4 8 ELECTRONIC PROCUREMENT	51
TABLE 4 9 ELECTRONIC PROCUREMENT	52
TABLE 4 10 AUTOMATION OF FINANCIAL REPORTS	53
TABLE 4 11 AUTOMATED OF FINANCIAL REPORTS	55
TABLE 4 12: QUALITY FINANCIAL REPORTING.....	56
TABLE 4 13 SHAPIRO WILK TEST FOR NORMAL DATA	58
TABLE 4 14: PAIRWISE CORRELATION	59
TABLE 4 15: VIF TEST FOR MULTI-COLLINEARITY	60
TABLE 4 16: TEST FOR HETEROSCEDASTICITY	61
TABLE 4 17: MULTIPLE REGRESSION ANALYSIS	64
TABLE 4 18: MODEL SUMMARY.....	65
TABLE 4 19: ANOVA ANALYSIS OF THE STUDY	65
TABLE 4 20: REGRESSION COEFFICIENTS	66

LIST OF FIGURES AND TABLES

FIGURE 1 1: CONCEPTUAL FRAMEWORK	150
FIGURE 4 1: HISTOGRAM FOR NORMALITY TEST	62

ACRONYMS & ABBREVIATIONS

ICT	:	Information and Communications Technology
IPSAS	:	International Public Sector Accounting Standards
IFMIS	:	Integrated Financial Management Information Systems
TAM	:	Technological Acceptance Theory
IMF	:	International Monetary Finances
WB	:	World Bank
GHRIS	:	Government Human Resource Information Systems
KRA	:	Kenya Revenue Authority
ERP	:	Enterprise Resource Planning
GIFMIS	:	Ghana Integrated Financial Management Information Systems
PFM	:	Public Finance Management

OPERATIONAL DEFINITION OF TERMS

- Conceptual Framework** : Conceptual framework refers to diagrams that elaborate the existing relationship between the independent and dependent variables under study (Smyth, 2009).
- Financial Reporting** : Financial reporting refers to the methods and procedures that an institution management provides the financial reports to the end users of the information that assists in making sound decisions (Tasios & Bekiaris, 2012)
- International Public Sector Accounting Standards:** International Public Sector Accounting Standards refers to the quality financial reporting standards which are applied within the public sector reports to take care of the public sector interest through presentation and disclosure of the financial business which improves the management and accountability of public resources (PWC Global, 2013)
- Quality Financial Reporting** : Quality Financial Reporting refers to the correspondence from business organizations in form of financial statements to the end users of the information with regards to decision making (IASB 2010)

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The use of integration of information systems among the Kenyan government institutions is a critical tool that governments use in their financial reporting operations to manage resources prudently and to allocate them efficiently so as to improve information disclosure to the citizens. The value of reporting statements within the government institutions has been faced with important critics from numerous sectors including the originality due to the lack of concrete financial information used during final report preparation. The main aim of financial reporting is to give dependable and complete information on financial matters and any useful information which can be used on decision prosecution processes, (Omororo, Aduda & Okiro, 2015).

Due to increase in globalization, the government institutions have experienced various reforms intending to appreciatively advance the effectiveness of the financial reporting system (Nistor, 2012). The lately enforced reforms on the financial reporting systems established the need for reporting cooperation and development concerning public information. The reason for the use of these reforms is to improve and enhance government transparency and accountability in financial reporting (Caperchoine, 2012).

Due to nonstop institutional failures and financial reports in the world, there has been the need for responsibility and transparency of finances (Opanyi, 2016). Between the years 2012 and 2013, the most advanced countries in the European Union faced with

autonomous increase in poor reporting of financial information, and this led to reduced reliance on financial information for business related activities (International Federation of Accountants, 2012).

Quality financial reporting of government institutions is useful in fulfilling the public rights to know how the government spends its resources as determined by Government Accounting Standard Board (International Accounting Standard Board, 2018). The professional's institutions continuously call on the governments of the world to apply accrual accountancy and have strong financial reporting operations aimed at improving the services that boost full disclosure of financial information (White, 2016).

The International Federation of Accountants (2012) establishes that all governments' institutions in the world should adopt rules and norms that protect both the public and investors through the creation of trust by adding the need for absoluteness of the financial reporting of information this will lead to better decisions. The end goals of acceptable financial reporting information by the government institutions are for the provision of information on the associations' financial statements that are of use by the investors and the public for their consumption need (International Accountant Standard Board, 2012; Financial Accounting Norms Boards, 2010).

In 1998, the minister in charge of the public treasury introduced the Integrated Financial Management Information System in Kenya, but in the year 2003, they carried out piloting of the Integrated Financial Management Information System among its institutions. Preliminarily the system that was in use was the Enterprise Resource Planning Software depends on the Oracle program.

This software of ERP was an operation that integrated the institution's operations through a system of a centralized database that was accessible to the secured network (Ministry of Finance Circular, 2013). The government financial activities processes have been faced with many challenges before the preface of Integrated Financial Management Information Systems. Inadequately and untimely financial reporting of information are the major challenges that are always faced by the government institutions hence poor opinions are made. In addition, the financial reporting activities need also incorporate the use of manual or semi-automated systems to carry out its various operations such as budget estimates reports. (Diamond & Khemani, 2015).

1.1.1 The Integrated Financial Management Information System

The integrated financial management information system (IFMIS) is a computer-developed software, which automates all reporting preparation within the government institutions. A well-developed and completely incorporated integrated financial operation information system (IFMIS) improves financial governance through timely financial information that directors and managers can use in their operations in the preparation of budgets and proper allocation of financial resources. Hence the Integrated Financial Management Information System can minimize untimely disclosure of financial information (Reneau & Grabski, 2014).

According to Rozner (2018), the functions of integrated financial operation information system is wide such as budgeting preparations, accounts payables and receivables reports. Heeks (2018) states that an effective integrated financial management information system (IFMIS) could track records of financial transactions and summarize them to give financial reports. Integrated Financial Management Information System

(IFMIS) is said to comprise financial information and communication technology for financial reporting operation.

Hendriks (2012) establishes that an integrated financial management information system(IFMIS) gives a real- time technological invention based on the automated system to track all the financial deals among government institutions and induce a summary of the financial report which is a tool used by the investors.

The Ministry of Finance (2011) outlines the factors of an integrated financial management information system to include cash operation, accounts receivables and payables, debt control, asset and liability operation, purchase and procurement, payroll, and human resource development. The integrated financial management information system is an open system that could be linked with other digitalized systems which may include Government Human Resource Information System, KRA Itax system, etc. and the force driving this relation is to minimize the threat of non- disclosure of reporting information caused by poor and untimely recording of data among government institutions with other stakeholders.

According to Wainaina (2014), the users of an integrated financial management information system can use the system to induce the demanded information and to carry out numerous tasks and functions such that by various types of instructional reports can be generated through the integrated financial management information system database which may include; report cost, investment returns reports, payables and receivables reports, cash inflow reports, budget reports, and performance reports. The system database contains libraries that contain numerous standard reports (Kimwele, 2012).

1.1.2 Relationship between IFMIS and Quality Financial Reporting of Government institutions

The Ministry of Finance has a vital part in the enhancement of the use of the financial operation system in Kenya. The public financial reporting sector reforms programs established by the Ministry of Finance are intended in enhancing the availability of financial information, and transparency and improve accountability.

One of the main aspect that integrated financial management information system supports is the roles of electronic budgeting reports that assist in proper management of cash through which budget reports are based on and priorities set. The preparation and use of electronic budgets reports increases the credibility of information with the aim of improving the budgeting planning reports by giving updated and exact data to the users of the reports for decision making (USAID, 2008).

The other aspect of integrated financial management information system supports the electronic procurement reports operations. This aspect has enhanced proper procurement activities by capturing of required records. This aspect enables system configuration in that any commitment made by a requesting personnel the electronic procurement system can trace all the stages of transaction processes right from the beginning to receipt of payment made (McKinney, 2004).

The integrated financial management information system keeps information that the user can access easily. Another attribute that the integrated financial management information system supports is timely financial reports generation. Automated financial report provides the outcome of the government institutions, daily financial transactions and its financial position performance (Gibson, 2012).

Dorotinsky and Matsuda (2011) state that Integrated Financial Management Information System (IFMIS) systems are developed to improve the accessibility of quality financial information which is vital to numerous processes in public financial reporting management. The preparation of budgets reports and accounting reports within the government institutions and departments was done manually in the historical times. These adopted separate accounting systems that carry out numerous accounting reports such as reconciliation reports, vote allocation reports, and financial reporting generation.

Nevertheless, these separated systems had some challenges in financial reporting submission, which may include inefficiency, and poor account and record operation (Accountant General Report, 2010). Concerning these, the study seeks to estimate the influence of the ' Integrated Financial Management Information System (IFMIS) on Quality financial reporting among government institutions in Kenya' focusing on the electronic budgeting, automated cash management, electronic procurement and automated financial reports.

1.1.3 Concept of Quality Financial Reporting

According to Millchamp (2012), financial reporting information is a product of reused data from numerous source documents that are generated when carrying out some business-related activities such as bills receipts, purchase orders, payment vouchers, books of original entry, and service orders forms source documents. Mburu and Ngahu, (2013) defined a good financial reporting system, as that which requires a strong legal non-supervisory framework, with competent and well- trained employee.

To attain an enhanced financial performance through an advanced reporting preparation the integrated financial management information system is maximized. Financial reporting and accounting reporting practices are substantially directed by the following principles; flexibility, reliability, predictability, responsibility, and transparency. These norms are set to improve the financial reporting information and general accounting reporting system through improvement of proper financial disclosure of information by government institutions (Edelberg, 2016).

The preparations of crucial financial reports through the integrated financial management information system (IFMIS) enable the enhancement of nonsupervisory adoption of financial reporting regulations which will be the foundation under which the government instructions are established. In addition, to attain a well elaborate and detailed financial report it must be harmonious with the directives set by the stakeholders similar as the parliament, and the auditor general. To improve the financial and accounting reporting practices the Integrated Financial Management Information System (IFMIS) system controls should be enforced, this will also lead to timely and accurate financial information available to the users under financial reporting operation and standard reporting of accounting practices. The quality of financial reports must portray relevance, completeness and comprehensiveness of the information therein for decision making.

Effective and efficient financial reporting management needs adherence to the current legal and regulatory framework, with skilled and competent public officers serving to improve the system performance hence increasing the credibility of the reports. The main drivers of a good financial reporting delivery are the public finance management reforms, which is enabled data collection from the daily operations. The Integrated Financial

Management Information System (IFMIS) incorporates both the accounting and financial information reporting with an aim of enhancing the quality of such information.

According to Dorotinsky and Matsuda (2011), Integrated Financial Management Information System (IFMIS) is a necessary and efficient device used in various accounting and financial reporting procedures e.g. accounting reports, treasury management reports, revenue collection reports, auditing reports, and budgeting reports. The Integrated Financial Management Information System (IFMIS) system was developed to allow the users to access and carry out certain duties and activities such as preparation of financial reports, accounting operations reports, treasury function budgeting reports, and cash flow in management reports (Rozner, 2013).

1.1.4 Concept of Government institutions

In 1998, the Kenyan Government through the Ministry of Finance introduced Integrated Financial Management Information System (IFMIS) and by 2003 they carried out a trial of the system. Preliminarily it was known Enterprise Resource Planning (ERP) system which had oracle software and is used across all ministries. This Enterprise Resource Planning was used only by authorized personnel on a secured network through a centralized database on integrated financial reporting. However, the oracle software of Integrated Financial Management Information System contained numerous particulars similar as accounts outstanding reports and receivables reports, cash operation reports, budgeting reports, procurement reports, purchase order reports, and cash operation reports.

Some changes were done in the year 2011, by the ministry of finance through an aggressive-engineering process that tried to bring changes to integrated financial information system into a full cycle of end – to – end processes on the modular system.

However, the quality of financial reporting is faced by preoperational costs, counting standards enforced, and the functions of the board of financial reporting (Ministry of Finance, 2013).

In the year 2010, the Kenyan Government adopted a Constitution which decentralized most functions that was provided by the national government. Due to this decentralization of functions to counties governments the Treasury promptly rolled out IFMIS in 2013. County governments were thus required to adopt IFMIS to ensure quality reporting of financial statements so to improve efficiency and transparency. According to Ash and Pincus (2011), the major benefit of quality financial reporting in government institutions was the use of the Integrated Financial Management Information System (IFMIS) in perfecting financial information reporting generation to be used. Previously the government was faced with reporting challenges before the adoption of the integrated financial management information systems (IFMIS), such problems were; a lack of consistency, and poor timely financial information for the decision- making process.

Sarah (2016) ascertains that the government institutions can either be commissions or semi-autonomous institutions which are substantially responsible for oversight and administrative responsibilities such as public service, auditing, duty collections, teachers' service, and other government departments.

1.2 Statement of the Problem

The government institutions in Kenya such as county government and ministries depend on government of Kenya for their annual budgetary allocations, and given the low level of accountability and transparency that the Office of Auditor General raised through queries. The PwC's Global Economic Crime and Fraud Survey (2022) reveals that out of a survey of 1296 executives in fifty-three countries, there was a rising threat of funds misappropriation among government ministries, with almost 70% of the public institutions indicating that their fraudulent activities were due to collusion between internal and external actors in those institutions.

Further, the quality of financial reporting in public institutions and which contributes to these actions has been linked to lack of strong systems such as the integrated financial management information system (Ochung, 2017). Ball and Plugranth (2012) reports that the integrated financial management information system (IFMIS) gives accurate, harmonious, and timely financial information to be used by the top operation in decision- making and understanding the financial liquidity of the institution.

Many studies done on the financial reporting have established that consistent and appropriate use of IPSAS helps in streamlining budget preparation and execution, minimizing the non-disclosure of financial information, and give the information to be used in planning and reporting (Ball & Plugrath, 2012; Lianzuala & Khawlhiring, 2018). However, it is not clear whether the Integrated Financial Management Information System affects the quality of financial reporting of government institutions in Kenya.

Current studies have concentrated on national governments and segregated government ministries as well as the private sector with minimal studies on how the

Integrated Financial Management Information System affects the quality of financial reporting of government institutions in Kenya. Further, most of these studies have been studied in the contexts of developed countries, leaving the developing countries less researched (Marangunić & Granić, 2015; Dener & Young, 2013; Tetteh et al., 2021; Ball & Plugraath, 2012; Lianzuala & Khawlhiring, 2018). Also, this study has not come across any study which has been done in Kenya combining both the national and county governments (Njonde, & Kimanzi, 2014; Karanja, & Nganga, 2014; Kiilu, & Ngugi, 2014; Macharia, 2014). It is within these gaps that this study aims to determine the effect of the Integrated Financial Management Information System affects the quality of financial reporting of government institutions in Kenya.

1.3 Objectives of the Study

1.3.1 General Objective

To determine the influence of Integrated Financial Management Information System on the quality of financial reporting of government institutions in Kenya.

1.3.2 Specific Objectives

1. To evaluate the influence of electronic budgeting on the quality of financial reporting of government institutions in Kenya.
2. To assess the influence of automated cash management on the quality of financial reporting of government institutions in Kenya.
3. To investigate the influence of electronic procurement on the quality of financial reporting of government institutions in Kenya.

4. To determine the influence of automated financial reports on the quality of financial reporting of government institutions in Kenya.

1.4 Research Questions

1. What is the influence of electronic budgeting on the quality of financial reporting of government institutions in Kenya?
2. What is the influence of automated cash management on the quality of financial reporting of government institutions in Kenya?
3. What is the influence of electronic procurement on the quality of financial reporting of government institutions in Kenya?
4. What is the influence of automated financial reports on the quality of financial reporting of government institutions in Kenya?

1.5 Significance of the study

This study was conducted to provide more knowledge and understanding of the influence of integrated financial management information systems among government institutions. This enables various stakeholders to make better decisions. The value and significance of the study places an earnest contribution to an already existing literature:

1.5.1 Accountants and Public Officers

The study benefits the accountants and public officers in the realization of needed goals of computerized accounting and financial reporting activities by use of the Integrated Financial Management Information System and needed skills. This enables them to

understand the functions of the integrated financial management information system on efficient operations and employee productivity.

1.5.2 Government

This research is helpful to the Kenyan government in conceptualizing and implementing policies on integrated financial management information systems for efficient operations. In addition, it helps in identifying areas for improvement in the Integrated Financial Management Information System Re-Engineering Strategic Plan (2013-2018). The strategic plan was established to ascertain an increase in the usage of the system by a government institution and its contribution to the effective and efficient management of public assets and resources. The strategic plan tends to examine the goals of Public Financial Management Reforms.

1.5.3 Academicians

The study is an eye-opener to academicians in enabling them to develop new insights on new research areas in this vein of study scope. The study recommends new areas for further research that academicians can explore as part of scholarship through gaps that have been identified for the sake of such further research.

1.6 Scope of the study

This research was confined to determining the influence of integrated financial management information systems among the government institutions to work with, most of which are located within Nairobi. The study adopts the sample of employees selected from the various government institutions departments in Nairobi. The employees in the

management and those at other levels are considered sample members. The study focuses on four independent variables i.e. electronic budgeting, automated cash management, electronic procurement, and automated financial reporting.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter discusses the existing pieces of literature that support the effects of Integrated Financial Management Information System on the quality of financial reports in government institutions. The chapter presents the theoretical review and empirical literature as well as the conceptual framework and the operationalization of variables.

2.2 Theoretical Review

The accounting and financial information systems have been taken from many categories of cognitive psychology, computer science and organizational theories (Ruchala & Mauldin 1999). Hence this research is based on the system theory, technology acceptance theory, and technology diffusion theory.

2.2.1 System Theory

This theory was developed in 1950 by Bertalanffy. The system theory is a used in science to provide a guideline of the system under which its various components are conjoined together for specific disciplines and subject matters in an orderly knowledge (Bound, 1956).

The system theory suggests that there is an interrelationship among elements that coordinate together intending to achieve a specific goal (Bertalanffy, 2008). Most important is to understand the user perception and areas that may cause conflict during the interaction

with the innovation (Opiyo, 2017). The integrated financial management information system is an electronic tool that tracks the organization reports procedures of bookkeeping and reporting system which is achievable through set targets and well-developed structures (Khacolhring & Liannzuala, 2010).

Kang'ethe (2002) found out that a system is a collection of related parts which they interact with one another to perform a similar function to achieve determined objectives. The need for electronic budgeting system integration leads to problem-solving for both users and government institutions through synchronization and linking them together to provide a statement report. Opiyo (2017) established that there is a need for one to understand the human perception and areas that are easily subjected to conflict when the user interacts with the technology at any given time when performing the task assigned.

The integrated financial management information system assumes that individuals are its components and they have influence during its adoption and implementation. Wang (2011) eludes that this system theory has a high effect on system efficiency by manipulating financial report information, dissemination financial report information, or storage across the entire accounting report system. To achieve quality financial reporting a successful system adoption of integrated financial management information system the government institutions must have supporting drivers to accomplish.

2.2.2 Technological Acceptance Theory

Technology Acceptance theory was developed first by Davis in 1989. The theory develops and approves better measures through the Technology Acceptance Model to predict and discuss the technology use (Davis, 1989). Understanding the technology and acceptance is critical due to its benefits that are associated with the access needed to new technologies

caused by an increase in financial reporting information supply (Suvam & Godavari, 2012). Many studies restricted themselves in isolating why individuals accept reporting information technology so that a more advanced model of designing, predicting, and evaluating the user reaction to the new technology.

Davis (2011) states that the technology acceptance model comprises two major non-variable components which are the perceived usefulness and ease of use. Additionally, the two items assess the variable item which is the user's skills and competence to use technology. The extent to which the user of the newly implemented technology will improve the user's work efficiently and effectively is known as perceived usefulness.

Chuttur (2009) states that the ease of use is assessed by the amount of energy the user applies when using the new technology. Recently the government establishes a policy on reporting information technology that focuses on electronic cash management systems that provide the administrators and users to access the various government institutions' publications.

The factors that are deemed to influence the perceived ease of use and usefulness of the new technology may include the following results demonstrability, task relevance, subjective standard, and output quality (Moore, 2010). The capacity to volunteer and experience influences highly the subjective standard. The innovation which may include technological systems are more required in accounting and financial for it provide transformation in the procedures adopted and then increases the quality of roles hence improving the efficiency. The technological acceptance theory gives an assignment role and further recommends a procedure that relates to the role assigned and the alternative systems plans.

Oye, Iahad, and Ab-Rahim (2012) state the failure of the technology to be adopted fully by the user will have minimal value. Technology acceptance is seen as user engagement on usage and it is the driving component in evaluating the effect of the reporting system failure or success (Dillon & Morris, 2009). The system user cannot be evaluated only on attitude but also the perception of ease of system use. This indicates that the user of the automated cash management system would face difficulty in accepting the new technology system, however, if the user's perception of the integrated financial management information system would improve the user performance in the end the probability of the user accepting the new information system shall be high. This theory was important to this study because it explains the user perception of ease of system use and usefulness in evaluating the need to use and ultimately the usage attitude of government institutions.

2.2.3 Technological Diffusion Theory

This theory is also known as innovation diffusion theory, developed by Rogers in 1995 and improved by Rogers and Shoemaker in 1971. It gradually evolved, as technological diffusion theory was applied both at organizational and individual levels intending to understand how technological innovation diffuses/moves from the initial stage of the invention to its use (Rogers & Shoemaker, 1971). However, researchers have using the technique as a basic framework to explain the adoption processes.

According to Sherry and Gibson (2012), technology diffusion theory is a technical model which is adopted widely. This theory is used to determine the level of technical innovations. Most researchers have used the theory as a major framework in discussing technological implementation procedures and processes of electronic procurement. Areas

in which this technological model has been more effectively used are areas of electronic procurement (Dooley, 2012).

Various researchers have cited the technology diffusion theory as an effective tool in understanding the level of technology implementation among the government institutions specifically procurement systems (Medlin, 2016). Technology is composed of two items namely; software and hardware. The software component includes data, information that is the base of the device. While hardware is the tangible box that covers the technology, it takes the component form of a physical device (Rogers, 2013). The software component observability was very low, indicating that its implementation is also very low.

According to Hashim (2015), the technology diffusion theory discusses the use of innovation as the vital available tool that gives guidance to action on financial reporting standards. However, failure to use technology is an indication of avoiding the best tool of action. The use of diffusion by the theorist means a process of spreading or communicating technology to the users usually in a social set-up. The vital factors that enable the diffusion of technology are innovations, communication lines of accounting and financial reporting systems.

Technology diffusion theory evaluates how information technology skills and competence can be acquired and demonstrated by the users for better procurement electronic performance. This theory has been selected in this study to assess the influence of technology among the government institutions specifically on the quality of financial reporting.

2.2.4 The Contingency Theory

The contingency theory was first developed by Scott in 1992. It advocated for the behavior of any institution in which the contingent factors such as culture, technology, and the external environment influence the quality of financial reports of the institutions (Scott, 1992). There exist many other models that have been used to study accounting information systems across the globe. But the contingency theory is said to be a new information technology mode (IT) that accepts the financial reports processing systems, technology, and macro-organization. In the recent past accounting reports has been used to serve as a major provider of information for the decision-making process.

Widerner (2014) evaluated extensively the many forms of contingencies. Several scholars and authors researched the need to consider the mutual relationship between accounting reports systems and decision-making processes. Caplan (2011) defined financial and accounting reporting processes to be the information system whose main aim and purpose is to give the many levels of management the required data and information that will help in accelerating the generation of decision-making activities such as controlling and planning and also to act as equipment of communicating within the institution.

This contingency theory was important to this study because it explains the automation of financial reports influence on the quality of financial reporting's among the existing accounting systems and decision making processes generation among the government institutions.

2.2.5 Agency Theory

The agency theory was developed by Jensen and Mackling in 1976. The theory argues that there exists a principal-agent model in which the principal is so busy to perform a specific function and then employs' an agent, but cannot be in the management hence the principal cannot monitor the Agent perfectly (Jensen & Meckling, 1976). The agency theory is used in analyzing the existence of conflict of interests between main owners of the organization and the techniques of solving such conflicts. In relations to organizational governance, agency theory is relevant in every situation where one party (the principal) delegates responsibilities to a manager (the agent) who undertakes the duty. The agency theory description is behavioral because corporations“ don't generally adhere to the maximization principle mainly due to conflicting interests of major governing parties.

The objective of this theory is to determine optimal contract between the provider of resources and the manager. The agent maybe overpowered by self-interest, opportunistic behavior and fails to act as per the principal's expectations for the separation of ownership and control. The theory therefore portrays the agent as individualistic and self-interested hence being driven by bounded rationality where rewards and punishment take priority. It prescribes that a good governance structure must exist to hold managers accountable in their tasks and responsibility (Bowrin, 2008).

The problem arising from the principal-agent relationship may be extended by hiding of information and unexplainable costs (Okungu, 2012). Jensen and Meckling (1976) establish that the agency problems causes an extra agency costs that are designed to

bring separation of ownership and control. The agency cost is the total sum of monitoring expenditures incurred by the principal to monitor the performance of the agent. The agency theory has emerged as a dominant technique in the financial economics literature which widely discusses the financial reporting in the government institutions. The owners and agents have many ways to invest in information systems and control tools to minimize agency costs associated with information asymmetry.

These control tools might offer Pareto optimality (maximum gains for all parties) since the agent would otherwise carry the agency costs that occurs when principals discount the value of the firm, based on the likelihood of adverse selection, and moral hazard. Management may use various means to indicate to others the quality of the financial reports they are providing is accurate and credible (Agarwal, Goel & Vashishtha, 2014).

The agency theory is important for this study since it assists to model the relationship between the government institutions and public sector managers in this study and which are important segments in this study as far as effect of the integrated financial management information system affects the quality of financial reporting of government institutions in Kenya is concerned.

2.3 Empirical Review

In this sub-section, the research gives a review of different studies done by other scholars on the subject and their findings on the influence of integrated financial management information systems on the quality of financial reporting.

2.3.1 Electronic Budgeting and Quality of Financial Reporting

Melek (2017) did research on the impact of electronic budgeting participation on the quality of financial reporting through organizational commitment in Turkey. Focusing on work motivation, managerial performance, and organizational commitment and adopting a regression analysis to analyze its findings. The study established that there exists a strong positive relationship between electronic budgeting and the quality of financial reporting on organization commitment. In addition, the participation of various stakeholders during electronic budgeting preparation enables the users to accept and commit to achieving the objectives and better decisions.

Nasution (2019) evaluated the study on the implementation of electronic budgeting in promoting transparency and accountability among the municipal government of Indonesia. Where the study focused on good corporate governance such as accountability and transparency of the management. The study adopted performance-based budgeting in analyzing the functions of electronic budgets in improving accountability and transparency within the government. The research established that to minimize wastage of public resources, streamline the usage of governments' resources, and promote organizational accountability and transparency it should fully adopt electronic budgeting techniques.

Aminatu (2015) also researched on the effect of budgeting automation adoption on economic growth in Ghanaian government. Focusing on resource allocations, the gross domestic product, and the development of the economy. The study utilized a case study research design and used both quantitative and qualitative data to draw and make its conclusion. The study established that improving the economy fully relies on government financial policies, regulatory frameworks, interest rates, and the effectiveness of government agencies.

Chado (2015) examined how electronic budgeting enhances the quality of financial reporting among the government institutions of Ghana. The study adopted both qualitative data to make and draw a conclusion. The findings established that the integrated financial management information system accepts specific standard and realistic budgeting used through a fully integrated budget executed information or data. The study also determined that Ghanaian government institutions' financial functions are mostly decentralized and are supervised by the Agency of Finance since it improves the financial discipline and monitors the operating costs by reducing the administrative functions and employees' tasks.

Dorotinsky (2016) investigated the impact of financial management information system among the Kenyan government agencies. This allows the government departments such as Finance and Accounting employees to undertake their daily operations such as budget approval, payment orders issue and payments, and monitoring and reporting of financial resources generated. The financial management information system contains an important element of electronic budgetary controls which provide control by improving effective service delivery, transparency, and accountability. The study adopted qualitative data to make conclusions. The study found that the financial management information system is incorporated into improving electronic budgeting performance. The implication of this study indicates that a strategy rollout on the high-value transactions captured by an integrated financial management information system should be pursued.

Kimwele (2014) did a study on the factors that influence the effective implementation of integrated financial management information system among the County Governments in Kenya where staff resistance, management commitment, system complexity, and the capacity and skills of the system users were some of the factors

researched. The study chose to use a descriptive methodology to analyze these factors and used qualitative data to make and draw a conclusion. Where the findings indicated that technological infrastructure and management of change affects the process of electronic budgeting operations if fully implemented.

2.3.2 Automated cash management and quality of financial reporting

Pandey (2010) evaluated the automation of cash management using technology in the Urban Administration in India. Where it involved two main principles the speed at which cash is collected (Cash Inflow) which will lead to the minimization of collection float and reduces the level of cash disbursement (Cash Outflow) hence maximizing the disbursement rate float as a means of achieving proper financial reporting. The study adopted qualitative data to make its conclusion. The study established that using technology improves the level of cash inflows and there is a need to fully implement it.

Mukulu (2014) did a study on the effects of cash management on the performance of public sector institutions in Turkey. Where the research explored effects on financial reporting, effects of financial transactions processes systems, internal controls, and governance in the public sector. The study adopted a qualitative data technique to make conclusions. The study established that there exists a positive correlation between the cash management and financial reporting; financial transaction processes systems, internal controls, and governance.

Nkeobuna and Ugoani (2017) evaluated how proper accounting for Nigerian government institutions' revenues and expenditures plays a critical role in the quality of financial reporting which enables good governance. Where they focused on the automation of Cash management in improving the transfer of funds more efficiently and with certainty

in the government institutions and how it enhances the structuring of its funds' repositories to enable the ministries to know the amount of money available for use hence minimizing misappropriation of resources. The study used qualitative and quantitative data to make its conclusion. The study established that cash management automation increases the usage execution in giving timely and more accurate information; this will increase the confidence and credibility of the cash usage through transparency of information. The use of technology such as the Integrated Financial Management Information System in cash management has improved the level of cash accountability, and the capability for easy reconciliation of data transactions in real-time.

Uwalomwa and Egbide (2016) determined how automation of cash management influences the operations of the government of Ghana. Focusing on influence on investments, and the liquidity of the government institutions. The study adopted qualitative data to make and draw conclusions. The study established that government should put in place the required precautionary measures to maintain the required cash levels in the government institutions to ensure continuity of its operations and achieve its set objectives. And also cash management can be maximized by using the cash held in the government institutions not utilized in investment in the purchase of assets and other inventories.

Opiyo (2017) investigated the effect of an integrated financial management information system on cash management in Kisumu County. The study adopted both primary and secondary data in evaluating the research objectives where Integrated Financial Management Information System efficiency influences automated cash management, implementation strategy of Integrated Financial Management Information System, and Integrated Financial Management Information System reliability of data flow

from budgeting to reporting. The study adopted qualitative data to make its conclusion. And the investigation indicated that the policies and strategies can be adopted to help in enhancing and improving the automation of cash management among the government agencies.

Mugambi (2019) researched on the effect of information communication technology adoption and its significant effect on the Financial Management in the Meru County Government with the main focus resting on the cost of service delivery, reconciliation of transactions, and cash transparency. The study adopted both the technology acceptance model in discussing how the technology is accepted by the users and the use of a descriptive survey research design. The study established that the automation of cash management helps in improving leadership in understanding the true cost of service delivery, and the finance unit can easily reconcile the transactions of financial information on a real-time basis the study adopted qualitative data to draw and make its conclusion. The study also recommended that to improve cash transparency operations and service delivery in Meru County Government it should fully invest in the automation of cash activities.

2.3.3 Electronic Procurement and quality financial reporting

Harland (2018) conducted a study on electronic procurement among the United Nations fastening on influences, the impact and issues. The study espoused a case study of electronic procurement in the United Nations and three stages of methodology similar as the questionnaire check, case study on electronic procurement, and interactive factory among the heads of coping in United Nation Associations. The study established that the

electronic procurement being enforced at the United Nations development agencies are only for routine deals, and purchases non-strategic, while the philanthropic aid agencies substantially borrow their electronic procurement operations efficiently as a package.

Puschmann (2015) carried out a study on the successful use of electronic procurement in the force chain, exploring the original stages of espousing electronic procurement systems and advantages on the operation of circular goods within the force chain. The study espoused two areas of qualitative approach that involved benchmarking study among the transnational companies and the linked success factors. The study established that there exists a need for an entire procurement strategy, electronic procurement result alignment across the procurement processes, and eventually the need for the integration of the system. In addition, transnational companies should understand that there are no standardized electronic procurement results that formerly live and success factors must not be technical.

Caniato (2014) estimated a study on electronic procurement named, 'towards full integration, electronic procurement perpetration stages fastening on the colorful development way and stages of electronic procurement use among the African transnational companies. The study espoused a general frame to enable measuring the electronic procurement development in three ways such as the relinquishment position, technology, and the objects of the association. The study establishes that there exists a positively strong relationship between electronic procurement relinquishment and the technology used, in addition, the objects of the association have some links between the relinquishment and the specialized conditioning. In conclusion that the stages of use may be grouped also into various clusters such as introductory, intermediate, and advanced.

Harrigan (2018) determined the development of electronic procurement within information communication technology among manufacturing diligence in Ireland. The study espoused an exploratory study methodology in addressing the knowledge gap within the area of electronic procurement, the use of a questionnaire to estimate the numerous electronic procurement operations. The study established that electronic procurement is of significance in reporting various benefits which may include narrowing business processes, bettered supplier connections, and reduction in business costs.

Gitau (2016) conducted a study on the effect of Integrated Financial Management Information System use and procurement performance in Nyeri County. A descriptive study design was espoused and the respondents were the staff of Nyeri. The study used qualitative data to make its findings. The findings from the study indicated that the Ministries of Treasury and Information Communication Technology should work together with the county government of Nyeri to develop a policy that will enhance the performance of electronic procurement through an Integrated Financial Management Information System that will improve proper transparency and responsibility of financial activities by giving all the required information to be used in financial reporting.

Nurwin (2016) sought to establish the effect of integrated financial management information system on public procurement practices in Kenya agencies. Where the objectives were to estimate the effect of planning, financial prudence, and supplier integration through electronic procurement practices. The study espoused a descriptive statistical methodology which included cross-tabulations, distribution and qualitative data to make its conclusion and findings. The study, established that sufficient information is

needed for better evaluation of the new suppliers, and the grouping of the new customers to estimate the non-groups, hence this will improve electronic procurement practices viz the quality of financial reporting.

Lundu (2015) evaluated the effect of Integrated Financial Management Information System use on the performance of given chain procurement activities in County of Government Nairobi. By assessing the impact of staff capability and skills, organizational programs, structure technology, and top management support on procurement process performance. The researcher espoused an institutional proposition and the need for capital aspect with descriptive study design as the methodology. The study espoused qualitative data to make its findings and conclusion. The findings show that strong use of electronic procurement enhances the effectiveness, cost- saving, and effectiveness of electronic procurement process. In addition, the study recommends the training of staff in the use of electronic procurement to enhance the quality of financial reporting.

Osoro (2019) studied to determine the influence of integrated financial operation information system on electronic procurement effectiveness with a focus on suppliers of Kirinyaga County Government fastening on the influence of electronic purchasing and the influence of internal controls. The study espoused a descriptive study design. The study espoused qualitative data to make conclusions. The study established that the integrated financial reporting information system has a significant influence on electronic procurement effectiveness. And the effectiveness of the integrated financial management information system can be enhanced by upgrading the control system in protecting records from being attacked by non-user and getting lost, fraud, reporting, and the use of electronic procurement within the county.

Masaku (2018) did a study on integrated financial operation information systems and how it affects procurement in state agencies in Kenya with a focus on the Health Ministry. Fastening on the integrated financial management information system use process, the factors affecting integrated financial management information system use, and the need of integrated financial management information system use on procurement performance. The study espoused a questionnaire design in data collection and used qualitative data to draw its conclusion. The outcome indicated that there's a need to apply the government policy on the integrated financial management information system which influences the performance of electronic procurement in the government institutions. Also, the study suggested that lack proper use, the findings suggested effective compliance and use of integrated financial management information systems. And improve electronic procurement performance in the ministries requires skilled and trained staff, and simulation for crucial users specifically the procurement workers. The government institutions should prioritize offering professional training which are related to procurement and consider employing staff enjoying the professional training. In addition, the study suggested that the ministries should ensure acceptable information communication technology architectures having enough computers and software for their workers to use financial information systems in their institutions.

2.3.4 Automated financial reporting and quality financial reporting.

Salehi and Torabi (2012) researched on the importance of Information Technology on the financial reports in Iran. Where the study concentrated on the effect of web- grounded financial reporting, internet financial reporting, and the effect of Enterprise Resource Planning on the significance of financial information. The study espoused qualitative data

to make the conclusion and its findings established that information technology enhances the applicability of financial information.

Gamayuni and Setyawan (2020) assessed on the quality of financial reporting and the internal control system in the Indonesian government. Where the government had installed electronic budgeting systems to enhance the quality of financial reporting between the public and indigenous finance departments. The findings from the study indicated that the indigenous government that had enforced the electronic budgeting style had better quality financial reporting compared to those that have not enforced the electronic budgeting.

Duarte, Saur-Amaral, & Azevedo (2015) examined study on the effect of Integrated financial reporting system relinquishment and the quality of account in Brazil, showing that the quality of financial reporting doesn't have a direct effect on the performance of the association, still, it reduces the circumstances of having information inequality. The study establishes that financial reporting applicability enhances the performance of institutions. And that when preparing financial reports using intertwined financial reporting systems one should take into account the departmental factors and rationality, which have a huge impact on the performance of the organization.

Mugaba (2016) examined the Impact of financially intertwined information system on financial reporting effectiveness among the municipal governments in Uganda. The researcher estimated the objectives by assessing the effect of budgeting, and sale procedures on financial reporting procedures. The study used a descriptive case study design model to give its conclusion and also adopted qualitative data to make and draw its

conclusion. The study establishes that the integrated financial management information system enhances the financial effectiveness of the municipal government through harmonious financial reporting. And this effect is attained by use of integrated financial management information system that fulfills the examined objectives of financial reporting standards.

Khemani and Diamond (2015) estimated the impact of an integrated financial management information system on reporting of financial statements in Tanzania financial institutions. Where the study concentrated on the controls, transparency and responsibility benefits, and its needs. The study adopted qualitative study to draw and make its findings. The study established that the control system has impacted, minimizing over expenditure which has led to reduction of domestic arrears, and also the Tanzania bank accounts reduced to single accounts being maintained at the central bank this reduces the time in the reconciliation of data. Which enables completely and exhaustively continuity of financial reporting to be available continuously.

Muigai (2012) did a study on the importance of integrated financial management information systems on the financial reporting of Kenyan government parastatals. An integrated financial management information system gives vital financial information needed at any time. A completely established integrated financial management information system can improve governance by furnishing real- time financial data which can be used by the financial and directors to advocate programs, the preparation of budget, and managing of resources. In addition, Integrated Financial Management Information System is consolidated in the Treasury which helps in improving transparency and responsibility and reducing political discretion, and also reducing corruption malpractices. The study

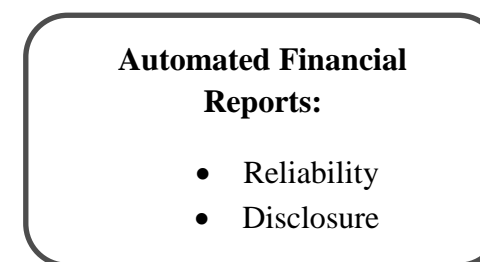
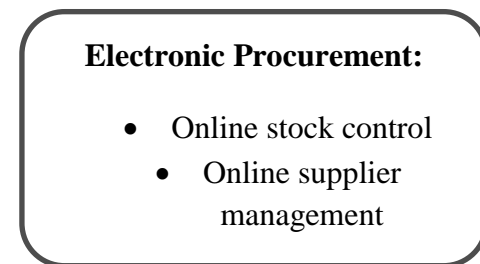
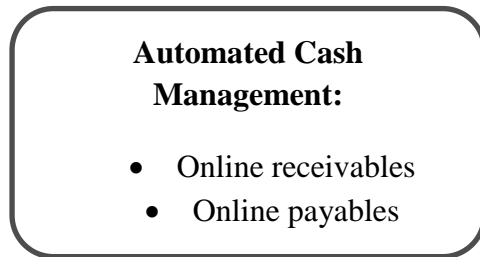
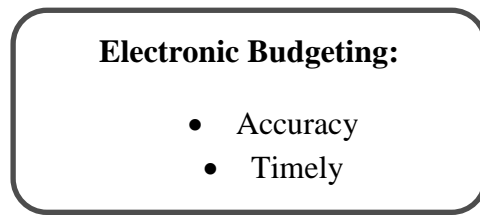
espoused qualitative data to make and draw conclusions. The study established that an intertwined financial operation information system has contributed greatly to the enhancement of financial reporting and operation in government institutions.

Muthoni (2017) studied the effectiveness of integrated financial operation information system on financial reporting among state departments in Kenya' fastening on how effective cash operation and needed information do affect the financial reporting decision. The researcher incorporated descriptive study methodology by using primary data and qualitative data to make and draw a conclusion. The study set up that an integrated financial management information system should duly conform to the operationalization of all reporting conditioning to enable all the state departments and the directors to fluently and instantly induce financial reports and make them accessible to the users of the reports for decision.

Simiyu (2018) studied the influence of sound integrated financial management information system among the county governments in Kenya. The researcher evaluated the effectiveness of budgeting systems reporting, and verification of accounts receivables and payables through the integrated financial management information systems. The researcher adopted questionnaire in collecting the data and used a descriptive study design and qualitative data to make and draw the conclusion. Where the researcher established that the budget frame reports, accounts payables and receivables reports significantly impact the financial reporting and the directors can use the data to develop budgets, estimate the results against the budget plans, track the status of payables, and receivables, and cover the operations of specific unit.

2.4 Conceptual Framework

Independent Variables



Dependent Variable



Figure 2.1: Conceptual Framework

2.5 Operationalization of Variables

Operationalization is where the theoretical concepts are converted into measurable units to improve the empirical evaluation. The table below gives the measurement of the variables under the research project.

Table 2 1 Operationalization of Variable

Variables	Nature of Variable	Indicators	Measurement scale
Electronic Budgeting	Independent variable	<ul style="list-style-type: none"> • Timely • Transparency • Accuracy • Credibility 	Ordinal
Automated cash management	Independent variable	<ul style="list-style-type: none"> • Online receivables • Online payables • Inventory outstanding 	Ordinal
Electronic procurement	Independent variable	<ul style="list-style-type: none"> • Online stock control. • Online supplier management 	Ordinal
Automated financial reporting	Independent variable	<ul style="list-style-type: none"> • Accessibility to users • Disclosure • Accountability • Reliability of information • Error detection 	Ordinal
Quality Financial Reporting	Dependent Variable	<ul style="list-style-type: none"> • Relevance • Completeness • Verifiability • Comprehensiveness 	Ordinal

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides the method by which the research project used in achieving its objectives. The specific methods that were used includes research design, target population, sampling technique and sample size, data and data collection, data analysis, and presentation.

3.2 Research Design

This study adopted a descriptive research design. Descriptive design is defined as finding out what, where, and how of a specific scenario (Cooper & Schindler, 2013). The design is useful in this study due to its ability to collect qualitative data that was used to analyze and making a conclusive conclusion and the researcher used questionnaires in collecting data for analysis. In addition, the descriptive design focused on evaluating the influence of integrated financial management information systems on the quality of financial reporting among government institutions.

3.3 Target Population

Mugenda and Mugenda (2003) concluded that a target population should be explicitly defined; otherwise, any statements on the target population after the analysis shall not be reliable. Hence the population for this research project was the entire set of individuals with the same common features, while the target population is defined as the population of

interest that the researcher will make statistical inferences. The target population was the 68 Government institutions in Kenya which include the current 47 county governments and the 21 ministries.

3.4 Sampling Technique and sample size

The sampling technique that the research project adopted was the census study technique. This is a kind of statistical model in which data are collected for each and every unit of the entire population is said to be census study. This census study was beneficial in this study because the area of study was limited to 68 government institutions. Using the current government data, sample sizes of 68 government institutions which includes the current 47 county government and 21 ministries. The entire population was studied through a census study.

3.6 Data and Data collection

The research used the primary data for the analysis, and the tool used to carry out the primary data collection is the questionnaires. The reason why the researcher chose to use this kind of data collection was that it allowed the researcher to reach out to various respondents within a limited period (Mugenda & Mugenda 2003). It also enhanced confidentiality, and it is simple to manage hence gives an objective answer. In addition, the questionnaire will be structured and composed of five main sections such as demographic data and the remaining shall be questions from the four objectives. The questionnaires were dropped and picked by the researcher at a given point for one week.

3.7 Data Analysis and Presentation

Kothari (2008) defines data analysis as the processing of data immediately after the questionnaires are gathered back, processing it, interpreting it, and making a conclusion. The main aim of data analysis was to give the meaning of the research collected this is done after checking for errors, and completeness. After the respondents filled out the questionnaires the data were examined for error, legit, and completeness. Then researcher adopted STATA version 12 software to analyze the data and also both the descriptive and regression were undertaken using Microsoft –Excel on the Windows operating system and the results were presented using summarized frequencies and percentages tables.

In the case of demographic information, a descriptive statistical analysis was adopted and also it provided the profile of the respondents. The study adopts multiple regression analysis to examine the influence of integrated financial management information systems on the quality of financial reporting among the government institutions in Kenya.

The multiple regressions were adopted to assess the influence of four independent variables against the dependent variable which were carried out as per the following regression model:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$$

Where:

Y = Quality of Financial Reporting among the Government institutions.

β_0 = Constant, indicating the quality of financial reporting in absence of the variables.

$\beta_1 - \beta_4$ = The Regression Coefficients variables influencing quality financial reporting

X1 = Electronic Budgeting

X2 = Automated Cash Management

X3 = Electronic Procurement

X4 = Automated Financial Reporting

ϵ = Error term

And before the researcher undertaking the multiple regression analysis a diagnostic test was performed, such as Multi-collinearity, heteroscedasticity and normality.

3.8 Diagnostic tests

3.8.1 Multi-collinearity tests

The mathematical equation $Y=bX$, where b is a constant variable showed linearity between the two variables X and Y. To obtain the multi-collinearity test of the variables for the study, it used Pairwise Correlation model. Hence the resultant correlation enabled the researcher to establish whether the four independent variables are correlated with one another using the underlying rule such as correlation greater than 0.8 indicates a spurious outcome but correlation less than 0.8 is moderately correlated.

3.8.2 Heteroscedasticity

To test the existence of heteroscedasticity, the researcher carried out non-graphical Breusch-Pagan tests after the regression tests this was to establish if the errors within the variance are constant throughout the entire set such as test for null hypothesis. In a linear regression one of the main assumptions is that the model variables are homogeneously leading to an error term. However, if the error term is not homogeneous it indicates the existence of heteroscedasticity. The omission of variance from the model causes

heteroscedasticity. If heteroscedasticity could be present in the data, then the variance should not be used in the decision-making process because it will give inaccurate results.

3.8.3 Normality test

The normality test examined whether the data collected for the study is normally distributed within the Ordinary Least Square assumptions. The study used Shapiro Wilk test model to test the resultant significance such as $p < 0.05$ shows significant and $p > 0.05$ indicates insignificant also assessed non-normality of the variables by use of histogram where the normality was curtailed if the superimposed curve forms a bell shape covering all the bars.

3.9 The Ethical Consideration

According to Mugenda and Mugenda (2003), ethics are set norms regulating human behavior that might have a huge impact on human welfare. This encompasses judgment between right and wrong conduct. For the researcher to protect the privacy of respondents and also of the organizations, the researcher assured the respondents that the study was meant for academic reasons which would also indicate that their responses shall remain confidential and the summary of the data received would be used. In addition, all responsibility was voluntary and hence the respondent was free to partake or decline to. The researcher sought approval from all the management of each ministry through a presentation of an introductory letter from the KCA University and a copy of the questionnaire.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter evaluates and interprets the results of the data analyzed on the Influence of the Integrated Financial Management Information System on the Quality of Financial Reporting among the government institutions in Kenya. The outcome incorporates demographic information of the respondents and also the four research objectives. The researcher edited and coded the data immediately after collecting it. The data were analyzed by using STATA Version 12 software. The researcher adopted descriptive statistics on the respondent profile while adopting Multiple Regression analysis to carry out testing on the relationship among the variables to determine the predictive strength of the independent and dependent variables. The researcher obtained the data using a questionnaire and the outcome is presented in tables, means, and standard deviations.

4.2 Response Rate

68 employees from the Kenya government institutions who frequently use Integrated Financial Management Information System were targeted. Of which 68 questionnaires were issued to various respondents only 54 questionnaires were duly filled and returned successfully to the researcher. Thus indicating a response rate of 79.41% percent was achieved by the researcher which is very good for analysis. Moreover, the response rate agrees with the findings done by Bobbie (2004), found out that the response rate greater than 50% are acceptable for analysis, greater than 60% are good and greater than 70%

response rate are very good, while a response rate above 80% are considered excellent for analysis and publishing.

Table 4 1: Response Rate

Response Rate	Frequency	Percentage (%)
Response	54	79.41%
Non - Response	14	20.59%
Total	68	100.00%

4.3 Validity and Reliability Analysis

4.3.1 Validity

A sample test was carried out to ascertain the questionnaire that was used could pass the validity and reliability test using the same respondents within the 68 government institutions in Kenya.

The tests for validity were used to determine the level at which the given sets of procedures and measures were correctly represented within the provided scope concept of the research. Fairchild (2002) found out that face validity is a non-statistical assessment of whether the test is valid or not. From this statement of Fairchild, the researchers extract data validity to be the level on which a measure, an indicator, or procedure of collecting data that contains the aspect of quality sound or truth as far as it may be judged.

The validity of the data has relevance to the study objectives and how strongly its relationship is with the case being focused on for the study. In this case, the face validity

tests were performed by the administration of questionnaires to 10 employees among the ministries, and were asked to give any other comments on the questions and any other terms which might seem to be unclear. The researcher then adjusted the instruments accordingly and hence received further input information from the supervisor where the recommendation was taken into consideration and then adopted as part of the processes.

4.3.2 Reliability

Table 4 2 Cronbach’s Alpha Test

Test scale = mean(unstandardized items)	
Average interitem covariance:	5.150105
Number of items in the scale:	5
Scale reliability coefficient:	0.8565

Also, the questionnaires were tested for reliability. Fairchild (2002) established that reliability measures the extent to which the research instruments can provide consistent outcomes even after many trials. This shows to what extent the researcher should rely on the source data. If the data is trustworthy, authentic, dependable, and reputable then its reliability is said to be certain.

A Cronbach's Alpha ($\alpha < 0.5$ indicates questionable, $\alpha > 0.5$ indicates acceptable, $\alpha > 0.8$ indicates good, $\alpha > 0.9$ indicated excellently), and that the instruments are good measuring tools and hence reliable (Field 2005). The instruments see (Appendix A) were subjected to Cronbach's Alpha test and all the 25 questions for both the predictor and response variables show an Alpha of 0.8565 which indicated the instruments were good and reliable. This shows that electronic budgeting, automated cash management, electronic

procurement, automation of financial reports, and quality of financial reporting were reliable and acceptable.

4.4 Findings on Background Information of Respondents

Table 4 3 Demographic Data

No	Variables	Description	Frequency	
Percentage (%)				
1	Gender	Male	28	51.85
		Female	26	48.15
2	Age of the Respondents	18 - 29	10	18.52
		30 – 39	27	50.00
		40 – 49	9	16.67
		Over 50	8	14.81
3	Education	PhD	7	12.96
		MSc	30	55.56
		Degree	12	22.22
		Diploma	5	9.26
4	Length of Working	Less than 1 year	4	7.41
		1-3 Years	9	16.67
		4-10Years	16	29.63
		Above 10 Years	25	46.30
	Totals		54	100.00%

4.4.1 Background Information of Respondents

4.4.1.1 Gender Information

The demographic information, from table 4.3, the findings shows that the respondents of 48.15 % were female while the remaining 51.85 % (percent) are male.

4.4.1.2 Age of the respondents

The researcher inquired about the age of the respondents and the findings show that the majority of respondents are aged between 30 -39 years represented by 50%, 16.67% representing the aged between 40 – 49 years, 14.81% representing the aged above 50 years and 18.52% representing the aged between 18 – 29 years.

4.4.1.3 Education Level of the Respondents

The majority of the respondents are degree holders indicated with 55.56%, then the Master's Degree holders 22.22%, the Diploma holders 9.26% while the Ph.D. holders are 12.96%.

4.4.1.4 Length of Working of the respondents

The respondents' length of working in the Kenya Government institutions, and the findings show that the majority of the respondents' length of work were above 10 years as indicated by 46.30%, representing 29.63% had worked for a period of 4 – 10 years, representing 16.67% had worked for a period of 1 – 3 years while those representing 7.41% had worked for less than 1 year. The outcome indicates that many respondents have been using the integrated financial management information system for long time and hence was relevant for the study.

4 5: Influence of Electronic Budgeting and Quality of Financial Reporting

Table 4 4 Electronic Budgeting

Statement	Mean	Standard Deviation
1) IFMIS seek to enhance the richness of budget through greater comprehensiveness of information.	3.6	1.1
2) IFMIS seeks to enhance confidence of the budget through greater transparency of information.	3.3	1.0
3) IFMIS seek to improve budget planning by providing timely data for budget management and decision making.	2.7	1.2
4) IFMIS seek to improve execution by providing accurate data for budget management and decision making.	3.4	1.0
5) IFMIS seek to also enhance the integrity of the budget through greater credibility of information.	3.6	0.9

The study revealed that majority of the respondents were in agreement with integrated financial management information system seeks to enhance the richness of the budget through greater comprehensiveness of information as shown by a mean score of 3.6 of the results and standard deviation of 1.1, and that integrated financial management information system seeks to enhance confidence of the budget through greater transparency of information as supported by a mean score of 3.3 and standard deviation of 1.0, while integrated financial management information system seeks also to enhance integrity of

budget through greater credibility of information as shown by a mean score of 3.6 and standard deviation of 0.9, and integrated financial management information system seeks to improve execution by providing accurate data for budget management and decision making process as illustrated by a mean score of 3.5 and standard deviation of 1.0, and also the integrated financial management information system seeks to improve budget planning by providing timely data for budget management and decision making as supported by a mean score of 2.7 and standard deviation of 1.2.

The findings hence imply that the relationship between the use of integrated financial management information and comprehensiveness of budget information, confidence and greater transparency of budget information, timeliness of budget planning, and accuracy of data provision in budget management are significant while the relationship between integrated financial management information system and budget integrity is so significant.

4 6: Electronic Budgeting and Quality of Financial Reporting

Table 4 5 Electronic Budgeting

	Frequency	Percentages (%)
Very great extent	24	44.44
Great extent	25	46.30
Moderate extent	5	9.26
Total	54	100

From the above table 4.5 above, the extent that which electronic budgeting influences the quality of financial reporting among the government institutions in Kenya, shows that the majority of the respondents indicated that the electronic budgeting influences the quality of

financial reporting among the government institutions to a very greater extent as supported by the frequency of 24 with 44.44 percent, while to great extent and moderate extent as shown by 46.30 percent and a frequency of 25 and 9.26 percent with a frequency of 5 respectively. The findings show that electronic budgeting influences a quality of financial reporting among the government institutions in Kenya.

4 7: Influence of Automated Cash Management among the Government institutions in Kenya

Table 4 6 Automated Cash Management

Statement	Mean	Standard Deviation
1) It is important to keep records of all system generated cash management.	3.13	1.01
2) The company does short term cash management forecasting	3.093	1.154
3) The company keeps records of expected automated cash receipts.	3.574	1.057
4) The company keeps records of expected cash disbursement.	3.056	1.036
5) The company computes periodic net change in cash.	1.98	0.84

The study revealed that majority of the respondents were in agreement with integrated financial management information system that the ministries keeps record of

expected automated cash receipts as shown by a mean score of 3.574 of the results and standard deviation of 1.057, integrated financial management information systems keeps the records of all the systems generated cash management as illustrated by a mean score of 3.13 and standard deviation of 1.01, the integrated financial management information systems also helps in keeping the records of expected cash disbursements as supported by a mean score of 3.056 and standard deviation of 1.154, and integrated financial management information systems assist the ministries in short term forecasting of revenues and expenditures as shown by a mean of 3.093 and standard deviation of 1.154, while the integrated financial management information systems processes the periodic net change in cash as shown by a mean of 1.98 and standard deviation of 0.8.

The study shows that the relationship between the use of an integrated financial management information system and record-keeping of all the cash generated information, short-term cash forecasting, and periodic net cash is significant.

4 8: Automated Cash Management and Quality of Financial Reporting

Table 4 7Automated Cash Management

	Frequency	Percentages (%)
Very great extent	14	29.93
Great extent	39	72.22
Moderate extent	1	1.85
Total	54	100

From the above table 4.7 above, the extent that which automated cash management influences the quality of financial reporting among the government institutions in Kenya,

shows that majority of the respondents indicated that the automated cash management influences the quality of financial reporting among the government institutions to a very greater extent nor great extent as supported by the frequency of 14 with 29.93 percent and 39 with 72.22 percent respectively, and while the moderate extent as shown by the frequency of 1 and 1.85 percent that the automated cash management influences the quality of financial reporting among the government institutions in Kenya.

4 9: Influence of Electronic Procurement among the Government institutions in Kenya

Table 4 8 Electronic Procurement

Statement	Mean	Standard Deviation
1) E- procurement has led to employee efficiency and effectiveness	1.9	0.9
2) E –procurement has led to better and improve customer satisfaction	3.1	1.4
3) E-procurement has enhance timely delivery of goods and services	3.1	1.2
4) E- procurement has led to increased efficiency on stock management control	3.2	1.22
5) E –procurement has facilitated improved purchasing and supply chain management	2.0	1.0

The above table 4.8 revealed that the respondents agreed that the use of electronic procurement through the integrated financial management information system has increased the efficiency of stock management control and enhanced the timely delivery of goods and services as illustrated by a mean of 3.2 and standard deviation of 1.22, and that integrated financial management information system has led to better and improved customer satisfaction as shown by a mean score of 3.1 and standard deviation of 1.4, while integrated financial management information system has facilitated improved purchasing and supply chain management as supported by a mean score of 2.0 and standard deviation of 1.0, moreover integrated financial management information system has led to employee efficiency and effectiveness as indicated by a mean score of 1.9 and standard deviation of 0.9.

The study indicated that the relationship between the use of integrated financial management information and improved employee efficiency and effectiveness, better customer satisfaction, timely delivery of goods and services, improved stock management control, and improved purchasing and supply chain management are significant.

4 10: Electronic Procurement and Quality of Financial Reporting

Table 4 9 Electronic Procurement

	Frequency	Percentages (%)
Very great extent	14	25.93
Great extent	30	55.56
Moderate extent	10	18.52
Total	54	100

Also from Table 4.9 above, the study established the extent to which electronic procurement influences the quality of financial reporting among the government institutions in Kenya. From the study, it shows that most respondents supported to a great extent that the electronic procurement influences the quality of financial reporting among the government institutions in Kenya as shown by 55.56 percent and a frequency of 30, while those who agreed to a very great extent was 25.93 percent and a frequency of 14, and those said that electronic procurement influences the quality of financial reporting among the government institutions with moderate extent were 18.52 percent with a frequency of 10.

4 11: Influence of Automation of Financial reports among the Government institutions in Kenya

Table 4 10 Automation of Financial reports

Statement	Mean	Standard Deviation
1) The automated financial reports your organization prepares are complete, neutral, lack of material error and can be verified.	1.5	1.0
2) The automated financial reports prepared by your organization shows high level of transparency and accountability to the users.	3.0	1.4
3) The automated Financial reports disclose financial and non-financial matters which help in decision making process.	2.0	1.2
4) Automation of Financial reports prepared by your organization contains relevant information that the users require.	2.0	1.0

From the table 4.10, establishes that the respondents admit that the ministries uses the integrated financial management information systems that the financial reports prepared and generated through the integrated financial management information system shows high level of transparency and accountability to the users of the reports as supported by a mean score of 3.0 and standard deviation of 1.4, and that the financial reports aspect prepared through the integrated financial management information systems contains relevant information that the users of the information requires as shown by a mean of 2.0 and standard deviation of 1.0, and the financial reports prepared through the integrated financial management information system discloses all the financial and non-financial matters which do help in decision making process as shown by a mean of 2.0 and standard deviation of 1.2, and while the financial reports generated through the integrated financial management information system are verifiable, complete, neutral and lack material error as supported by a mean score of 1.5 and standard deviation of 1.0.

The findings show that the relationship between the use of an integrated financial information system and the completeness, lack of material error on financial reports prepared, a time frame of financial report preparation, the level of transparency and accountability of financial reports to the users, disclosure of both financial and non-financial information are significant.

4 12: Automation of Financial Reports and Quality of Financial Reporting

Table 4 11 Automated of Financial Reports

	Frequency	Percentages (%)
Very great extent	8	14.81
Great extent	40	74.07
Moderate extent	6	11.11
Total	54	100

From the above table 4.11, on the extent that which the automation of financial reports influences the quality of financial reporting among the government institutions in Kenya the study established that the respondents with the highest frequency of 40 and 74.07percent supported that the automation of financial reports influences the quality of financial reporting among the government institutions in Kenya, while 14.81 percent agreed to a very great extent with a frequency of 8, and those accepted with moderate extent were 11.11 percent and a frequency of 6.

4 13: Quality Financial Reporting among the Government institutions in Kenya

Table 4 12: Quality Financial Reporting

Statement	Mean	Standard Deviation
1) Is the IFMIS used for directly generating periodic quality financial reports, or does it require manual intervention and use of Excel or similar spreadsheet software.	2.0	1.0
2) Can the IFMIS automatically produce the necessary project quality financial reports?	3.1	1.1
3) Do IFMIS safeguard the confidentiality, integrity and availability of the data?	3.3	1
4) Is the financial accounting and reporting system computerized?	3.2	1
5) Is the IFMIS standalone, or integrated and used by all departments in the headquarters and field units using modules?	3.1	0.9

Table 4.12 above sought to establish that the integrated financial management information system safeguard the confidentiality, integrity, and availability of the data in the financial reporting preparation as shown by a mean of 3.3 and standard deviation of 1, it also established that the financial accounting and reporting has been computerized through the integrated financial management information system as shown by a mean of 3.2, with a standard deviation of 1 further ore the study established that integrated financial management information system is not a standalone system but integrated and used by all

departments among the government institutions as show by a mean of 3.1 with a standard deviation of 0.9. The study also revealed that the integrated financial management information system automatically produces the necessary project quality financial reporting among the government institutions in Kenya as shown by a mean of 3.1 with a standard deviation of 1.1. And also the study found out that an integrated financial management information system was used directly in generating periodic quality financial reports, and does not require any manual intervention and use of Excel or similar spreadsheet software as shown by a mean of 2.0 and a standard deviation of 1.0.

4.12 Diagnostic Tests

After fieldwork the researcher performed Regression Analysis through Ordinary Least Squares formulae, this was to examine if the data conforms to the Linear Regressions assumptions. The researcher performed both the pre-estimation and post-estimation tests on the study.

4.12.1 Pre –Estimation Tests

Under this, the researcher assesses data for multi collinearity and normality pre-fitting the model. And the main procedure for undertaking these tests includes the following.

4.12.2 Shapiro Wilk Test for Normal Data

The Shapiro-Wilk test model is said to be non-graphical in that it tests if the test outcomes are insignificant or significant such as ($p \leq 0.05$ indicates significant and $p > 0.05$ indicates insignificant). If the p-value is above 0.05 it means that the data that the study uses follows the normal distribution (insignificant). But if the p-value of the variables tested is equal to

or less than 0.05 then it means that the data being used for ordinary least squares is not following the normal distribution and hence not good for ordinary least squares analysis (significant).

From the table 4.13 below, it shows the results presented from the Shapiro Wilk test.

Table 4 13 Shapiro Wilk Test for Normal Data

Shapiro-wilk w test for normal data					
Variable	Obs	W	V	z	Prob>z
Electronic~g	54	0.97938	1.031	0.064	0.47431
AutomatedC~t	54	0.97126	1.437	0.776	0.21885
Electronic~t	54	0.99080	0.460	-1.665	0.95205
Automation~s	54	0.99094	0.453	-1.698	0.95527
QltyFinaci~g	54	0.96787	1.606	1.015	0.15508

In conclusion, the results from the table above show that all the variables have p-values above 0.05 and the researcher can conclude that the variables used for the study follow the normal distribution. Hence the ordinary least square model was useful for further analysis.

4.12.3 Pairwise Correlation Test for Multi-collinearity

The independent variables must not show a high correlation with each other, this may give rise to unrealistic outcomes while performing the regression analysis, Gujarat (2003). For the researcher to minimize the occurrences of such problems the independent variables must be tested for multi collinearity through a pairwise correlation model as indicated by the table below:

Table 4 14: Pairwise Correlation

	Electr~g	Automa~t	Electr~t	Automa~s	QltyFi~g
Electronic~g	1.0000				
AutomatedC~t	0.4496	1.0000			
Electronic~t	0.4232	0.6055	1.0000		
Automation~s	0.5110	0.5301	0.4606	1.0000	
QltyFinaci~g	0.7201	0.6752	0.4799	0.5924	1.0000

The outcome from the above table 4.14 (Pairwise Correlation table), shows the four independent variables to be moderately correlated with one another and hence there is no independent variable that has disobeyed the thumb rule of correlation above 0.8 which gives a spurious outcome. Hence the ordinary least square model was the most appropriate.

4.12.4 Post–Estimation Tests

The non-uniformity of error (heteroscedasticity) forms other assumptions and this residual behavior can only be confirmed after performing a regression. The test for estimation is of importance so as to evaluate with certainty if the data used in the study followed the normal distribution or alternatively it may need a certain transformation the table below shows the post-estimation test carried out.

4.12.5 VIF Test for Multi-collinearity

From the pairwise correlation performed previously, it showed that the independent variables were not greatly correlated, then the VIF test was performed just after regression to ascertain the authenticity of the pre-test as shown and the outcome presented below.

Table 4 15: VIF Test for Multi-collinearity

. vif		
Variable	VIF	1/VIF
AutomatedC~t	1.85	0.540861
Electronic~t	1.69	0.592393
Automation~s	1.63	0.612972
Electronic~g	1.47	0.678603
Mean VIF	1.66	

From the table 4.15 above the mean for VIF is 1.66 which shows that it is less than the set standard of 10 when all variables are said to be perfectly collinear, further it ascertains that the pre-test performed on the data there exist no multi-collinearity issues on the used data.

4.12.6 Test for Heteroscedasticity

Gujarat (2003), established that 'the pattern of errors must remain constant throughout the observation and any violation of this assumption would render the ordinary least squares outcome to be biased'. To reduce the occurrence of heteroscedasticity issues, the variables were subjected to both graphical and non-graphical Breusch-Pagan tests immediately after regression tests.

The Null hypothesis was tested using the Breusch-Pagan test to evaluate if the errors within the variance are constant throughout the set observation and if only the outcome shows alternatively. As indicated in Table 4.16 below.

Table 4 16: Test for Heteroscedasticity

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity	
Ho: Constant variance	
Variables: ElectronicBudgeting AutomatedCashManagement ElectronicProcurement Automation	
chi2(4)	= 2.13
Prob > chi2	= 0.7121

From the above table 4.16 on the test for heteroscedasticity shows that the p-value is 0.7121 at a 95% percent confidence level meaning that the study failed to reject the null hypothesis that errors are homogeneous. In conclusion, the analysis indicated that there exists no possibility of heteroscedasticity presence in the technique.

4.12.7 Histogram Test for Normality

The research study ascertains whether non-normality of variables using the graphical models, in which the normality is curtailed if the, superimposed curve forms a bell shape covering all the bars. As shown in figure 4 1 below:

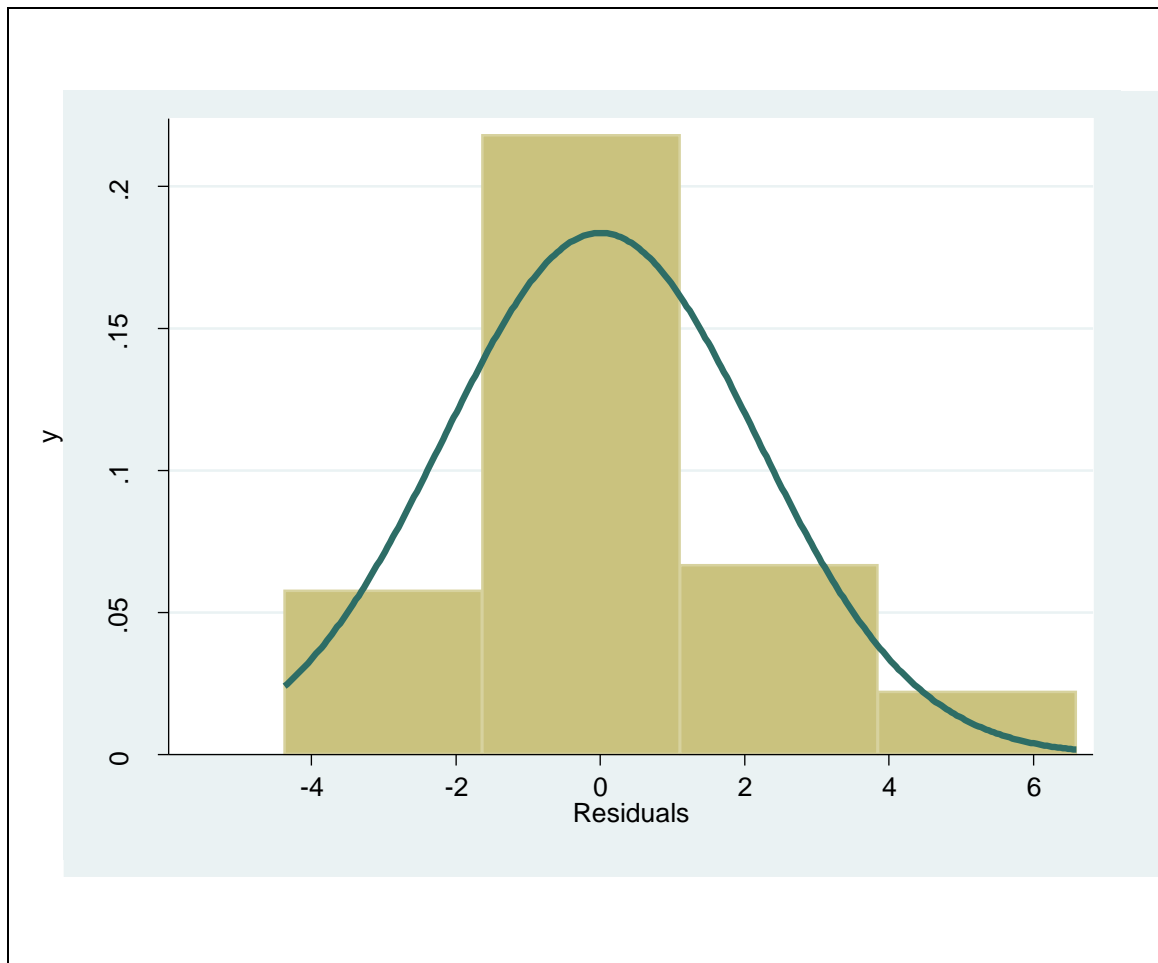


Figure 4 1: Histogram for Normality Test

From the above figure 4 1, the histogram indicates that the bell shapes occur in a superimposed curve and covers the entire bars within the histogram hence it ascertained the Shapiro Wilk test previously at the pre-test that showed the data used for the research study

were normally distributed and fit to use ordinary least square model within the entire analysis.

4.13 Inferential Analysis

To evaluate the influence of integrated financial management information systems on the quality of financial reporting among the government institutions in Kenya. This was examined by assessing the relationship between the predictor and response variables. Multiple linear regressions were carried out as shown below.

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$$

Where:

Y = Quality of Financial Reporting among the Government institutions.

β_0 = Constant, indicating the quality of financial reporting in absence of the variables.

$\beta_1 - \beta_4$ = The Regression Coefficients variables influencing quality financial reporting

X1 = Electronic Budgeting

X2 = Automated Cash Management

X3 = Electronic Procurement

X4 = Automated Financial Reporting

ϵ = Error term

Table 4 17: Multiple Regression Analysis

. regress QltyFinacialReporting ElectronicBudgeting AutomatedCashManagement ElectronicProcurement Automa						
Source	SS	df	MS			
Model	492.231883	4	123.057971	Number of obs =	54	
Residual	223.638487	49	4.56405076	F(4, 49) =	26.96	
				Prob > F =	0.0000	
				R-squared =	0.6876	
				Adj R-squared =	0.6621	
Total	715.87037	53	13.5069881	Root MSE =	2.1364	

QltyFinacialReporting	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
ElectronicBudgeting	.5912808	.1202392	4.92	0.000	.3496512	.8329104
AutomatedCashManagement	.47306	.1279435	3.70	0.001	.2159479	.730172
ElectronicProcurement	-.0443655	.1315172	-0.34	0.737	-.3086592	.2199282
AutomationFinancialReports	.2128776	.1426997	1.49	0.142	-.0738882	.4996433
_cons	-4.46647	1.882852	-2.37	0.022	-8.250202	-.6827375

4.14 Regression Analysis

The study adopted a multiple regression analysis in determining the correlation between the Integrated Financial Management Information System aspects such as electronic budgeting, automated cash management, electronic procurement, and automated financial reporting as the independent variables and the quality of financial reporting as the dependent variable among the government institutions in Kenya.

Table 4 18: Model Summary

Model	R	R Square	Adjusted R Square	Standard Error of the estimate
1	0.8316	0.6876	0.6621	2.1364

The R-Square is mostly used in statistics in determining the model fit. R-Square is 1 Less the ratio of the residual variability while the Adjusted R² which is also known as the coefficient of multiple determinations, is the percent (%) of the variance as explained jointly by the predictor variables. From table 4.18 above, the R-value was 0.8316 while the R-square was 0.6876 and the Adjusted R-Squared was 0.6621. This shows that 66.21% of changes in the outcome variable (the quality of financial reporting among the government institutions in Kenya) are majorly attributed to the predictor variables of the study such as electronic budgeting, automated cash management, electronic procurement, and the automation of financial reporting while the 33.79% change is explained by other variables.

Table 4 19: ANOVA Analysis of the study

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	4	492.231883	123.057971	26.96	6.83872E-10
Residual	49	223.638487	4.56405076		
Total	53	715.87037			

From the ANOVA analysis table 4.19, above the study revealed that at 95% confidence level and 5% significant level the F- calculated is 26.96 while F critical is 2.56. Hence the F-value computed (26.96) is greater than the F-critical value of 2.56 which indicates that the overall model of the study was significant and therefore reliable estimates among the variables were investigated.

Table 4 20: Regression Coefficients

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
Intercept	-4.46647	1.882852	-2.37	0.022
Electronic Budgeting	.5912808	.1202392	4.92	0.000
Automated Cash Management	.47306	.1279435	3.70	0.001
Electronic Procurement	-.0443655	.1315172	-0.34	0.737
Automation Financial Reports	.2128776	.1426997	1.49	0.142

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

$$Y = -5.3876 + 0.6064X_1 + 0.4721X_2 - 0.0465X_3 + 0.1828X_4 + \varepsilon$$

Where:

Y = Quality of Financial Reporting among the Government institutions.

β_0 = Constant, indicating the quality of financial reporting in absence of the variables.

$\beta_1 - \beta_4$ = The Regression Coefficients variables influencing quality financial reporting

X1 = Electronic Budgeting

X2 = Automated Cash Management

X3 = Electronic Procurement

X4 = Automated Financial Reporting

ε = Error term

The regression coefficients model above shows that the quality of financial reporting among the government institutions of Kenya was -4.46647 if all variables are held constant, however, if a unit of electronic budgeting is increased it will lead to an increase in the quality of financial reporting among the government institutions by 0.591288, a unit increase in automated cash management would lead to an increase in the quality financial reporting among the government institutions by 0.47306, and a unit increase in the electronic procurement would also lead to a decrease in the quality financial reporting among the government institutions by -0.0443655 while a unit increase in automation of financial reports would lead to an increase in the quality of financial reporting among the government institutions in Kenya by 0.2128776.

Moreover, the P-values of the independent variables as shown in the regression coefficient model such as electronic budgeting (P-Value = 0.000), automated cash management (P-Value 0.001), and are less than 0.05 and this shows that the independent variables such as electronic budgeting, and automated cash management are statistically significant to the relationship of the variables of the research, while the automation of financial reporting (P-Value = 0.737) and P-Value for electronic procurement (P-value = 0.142) is greater than 0.05 indicating that the predictor variable is not statistically significant.

4.15 Summary and interpretation of the findings.

The regression model, study shows that if all variables are taken into consideration similar as electronic budgeting, automated cash operation, electronic procurement, and financial reporting at constant zero, the quality of financial reporting among the government institutions in Kenya would be -4.46647. The study also indicates that if all the predictor

variables are at zero, a unit increase in the electronic budgeting would lead to 0.5912808 increases in the overall sum on the quality financial reporting among the government institutions in Kenya and also a unit increase in the scores of automated cash operation would lead to 0.47306 increase on the overall scores on the quality financial reporting among the government institutions in Kenya. In addition, a unit increase in the scores of electronic procurement would lead to -0.0443655 decrease in the overall scores on the quality financial reporting among the government institutions in Kenya while a unit increase in the operations of financial reports would lead to a 0.2128776 increase in the overall scores on the quality of financial reporting among the government institutions in Kenya.

The general findings show that the electronic budgeting has the highest 0.5912808 influence on the quality of financial reporting among the government institutions in Kenya, also followed by automated cash operation with a 0.47306 influence on the quality of financial reporting among the government institutions in Kenya, and the financial reporting follows with 0.2128776 influence on the quality of financial reporting among the government institutions in Kenya, while electronic procurement has the least of -0.0443655 influence on the quality of financial reporting among the government institutions in Kenya. Only electronic budgeting, and automated cash management, were statistically significant ($P < 0.05$) while financial reports and electronic procurement wasn't statistically significant.

4.16 Discussion of findings

This section discusses the findings established on this study as guided by the study variables:

4.16.1 Electronic Budgeting

From the study, the researcher established that the measure for electronic budgeting was 0.5912808 showing that electronic budgeting was positive and significant in impacting the quality of financial reporting among the government institutions in Kenya. The study shows that the factors of electronic budgeting which may include timely, transparency, and credibility influences the quality of financial reporting among the government institutions in Kenya. According to Hendricks (2012) established that a good and established financial reporting system must provide a variety aspect that will enhance the credibility and confidence of the budgeting reports.

4.16.2 Automation of Cash Management

From this study, the researcher establishes that the automated cash operation was 0.47306, showing that automated cash operation systems are positive and significant in impacting the quality of financial reporting among the government institutions in Kenya. This is in agreement with Simon et al (2011), who established that for effective operation of government cash overflows and forestallment of debt accumulation, it was important to manage the follow of unborn expenditures. Also, Chuma (2014) did a study on integrated financial operation information systems and their influence on cash operation in Eldoret West District Treasury in Kenya and established that a dependable automated cash management system is one that's more accurate, complete, and timely. Hence, the study shows that integrated financial operation information systems should be more secure from unauthorized access so that automation of cash operation effectiveness is achieved.

4.16.3 Electronic Procurement

The study also shows that the measure for the electronic procurement variable was – 0.0443655, indicating that electronic procurement doesn't influence the quality of financial reporting among the government institutions in Kenya. The study established that the aspects of electronic procurement similar as stock control operation, supplier availability for timely delivery of goods and services, and better client satisfaction doesn't influence the quality of financial reporting among the government institutions in Kenya. Simon et al (2011) established that electronic procurement systems are the most frequent sources of targeted areas for non-compliance with the procurement reporting rules, and hence electronic procurement systems should establish measures and controls deliberately to minimize and totally discourage any form of non – disclosure and compliance through integrated financial management information systems.

4.16.4 Automation of Financial Reports

Further, the study predictor variable measure for automation of financial reports shows that 0.2128776 positively and significantly influences the quality of financial reporting among the government institutions in Kenya. It also indicates that the aspects of the automation of financial reports similar as accessibility to the users, disclosure, accountability and reliability of information, influence on the quality of financial reporting to some extent.

According to Thurakam (2007), who established that for the automated financial report to achieve its purpose, it should be accurate and warrant non material item. Kibui (2013), carried out a study on financial knowledge and financial reporting of the youth enterprise development fund in Konoin Constituency in Kenya and established that the financial knowledge and reporting among the youths was relatively low due to no or less exposure

in the reporting operation of finances. This shows that a lack of financial knowledge causes an increase and high material problems on the quality of financial reporting.

4.16.5 Quality of Financial Reporting

In conclusion, the study shows that the quality of the financial reporting among the government institutions in Kenya established that the integrated financial management information system safeguards the confidentiality, integrity, and relevance of the data as supported by a mean of 3.3 and a standard deviation of 1, and the financial procedures and reporting systems are computerized by the use of integrated financial management information system as shown by the mean score of 3.2 and standard deviation of 1, and that the integrated financial management information system isn't a stand-alone system but integrated and used by all the other departments within the ministries. This indicates that the study agrees with Muigai (2012), who established that integrated financial management information has improved the quality of financial reporting among the government institutions in Kenya.

CHAPTER FIVE

SUMMARY, CONCLUSION, AND RECOMMENDATIONS

5.1 Introduction

The main aim for this chapter is to provide a summary of the study outcome relying on the research objectives. This chapter includes the following aspects: summary of findings, conclusions, recommendations for the study, areas for further research and the limitation of the study. The research aims to determine the influence of integrated financial management information systems on the quality of financial reporting among the government institutions in Kenya.

5.2 Summary of the Findings

5.2.1 Findings on Electronic Budgeting and the Quality of Financial Reports

From the study the first objective, to establish the influence of electronic budgeting on the quality of financial reporting, the study reveals that the electronic budgeting has a significant and positive relationship on the quality of financial reporting among the government institutions in Kenya. The findings established that the electronic budgeting coordinates critical roles on the quality of financial reporting and major focus is on the efficiency and its effectiveness of budgeting.

5.2.2 Findings on Automated Cash Management and the Quality of Financial Reports

The study second aim was to determine the influence of automation of cash management systems on the quality of financial reporting among the government institutions in Kenya and it was established that the automation cash systems had a positive and significant relationship on the quality of financial reporting among the ministries in Kenya. The outcome of the findings shows that the automation of cash systems is of importance and should be fully adopted and implemented among the ministries.

5.2.3 Findings on Electronic Procurement and the Quality of Financial Reports

The third objective of the study was to evaluate the influence of electronic procurement on the quality financial reporting among the ministries and the study established that the electronic procurement has no significance relationship on the quality of financial reporting among the government institutions in Kenya. The finding established that electronic procurement was insignificant and has no influence on the quality of financial reporting.

5.2.4 Findings on Automation of Financial Reports and the Quality of Financial Reports

The fourth objective of the study aimed to evaluate the influence of automation of financial reports on the quality of financial reporting among the government institutions in Kenya. It was established that the financial reporting had positive and insignificant relationship on the quality of financial reporting among the ministries. The finding established that the automation of financial reports was insignificant and has no influence on the quality of financial reporting.

5.3 Conclusion

In conclusion, the study provides that electronic budgeting and automated cash management positively and significantly influence the quality of financial reporting among the government institutions in Kenya. The study further concludes that electronic procurement and automated financial reporting positively and insignificantly influences the quality of financial reporting among the government institutions in Kenya.

5.4 Recommendation of the study

This study recommends that all the government institutions should have established proper financial reporting systems in place; this would improve the financial reporting performance and also would help in the processing of quality financial reporting information to be used by the users of the information for decision making processes.

5.4.1 Electronic Budgeting and the Quality of Financial Reports

In the case of electronic budgeting, this study recommends that the top management of government institutions who are charged with the responsibilities of integrated financial management information systems should adopt a rewarding system so as to improve the financial reporting transparency and management. Also, the study recommends that the top decisions making organ can make use of the information for many reasons such as; budget formulation reporting, and examination of results against budget reports.

5.4.2 Automation of Cash Management and the Quality of Financial Reports

In regard to automation of cash management the non-conforming state agencies should underpinned the requirement by the National government to bring those remnants of state agencies in adopting the use of automation of cash management due to the fact that the public expenditure by the state agencies accounts for over 45 percent of the Gross Domestic Product of the country. Also, the study recommends that the introduction of automation must not be only seen as a technology for fixing, but rather an implementation of integrated financial management information systems and its use must be seen as financial reporting reforms that influence the way most operations are done across the government institutions.

5.5 Areas for Further Studies

The research basically focused on the government institutions only and hence failed to collect more information from all government units and also the private sector. Therefore, the study recommends that in the future, study be carried out across all government institutions and also in the private sector to validate the results. This study sought to evaluate the influence of integrated financial management information systems on the quality of financial reporting among the government institutions in Kenya. It involves the 68 current government institutions which were the target population for the study.

5.6 Limitations of the study

The data collection was the primary method only. This primary data collection method involved the administration of questionnaires personally. This method needs adequate time which was not much available to the researcher. Also, some of the respondents were very reluctant in providing the answers to the question on the questionnaire. Some of the respondents thought the researcher was investigating them if they were themselves

obstacles to the effective implementation of an integrated financial management information system.

Moreover, the researcher needed finances for typing, printing, stationery and transport, and other hidden costs to ensure smooth operations of collecting the necessary and the required data to enable it to achieve the needed results for the study, but due to these high expenses, the researcher was forced to make use of his personal savings.

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APPENDICES

Appendix A: Research Questionnaire

EFFECTS OF INTEGRATED FINANCIAL MANAGEMENT INFORMATION SYSTEM ON THE QUALITY OF FINANCIAL REPORTING AMONG THE GOVERNMENT INSTITUTIONS: PERCEPTIONS FROM GOVERNMENT OFFICERS IN KENYA.

Dear Respondent,

My names are Patrick Tum a student at KCA University. I am undertaking a study toward my Masters academic requirements and my study topic is to examine the effects of integrated financial management information system on the quality of financial reports in government institutions in Kenya.

The research study focuses on the twenty-one government institutions in Kenya because they play a vital role in the economic growth and development of the country while its financial health is vital in achieving its core objectives and goals. Your institution has been identified to partake in this research and your contributions shall be considered to be of importance to make this study complete. Please note that there shall be no wrong and right answers. The information you will provide shall remain anonymous, confidential and strictly used for the academic purposes.

Thank you for your participation in this exercise

Yours sincerely

Patrick C Tum

SECTION A: GENERAL INFORMATION OF RESPONDENTS

Kindly answer the questions below, all the information will be confidential and will be used for academic purpose.

Answer by ticking in the appropriate box.

NAME OF YOU INSTITUTION

1. What is your Gender?

Male []

Female []

2. How old are you (in years)?

Less than 20 years []

20-29 years []

30-39 years []

40-49 years []

Over 50 years []

3. Length of working:

Less than 1 year []

1-3 years []

4-10 years []

More than 10 year []

4. Education:

PhD []

Masters []

Degree []

Diploma []

SECTION B: EFFECTS OF ELECTRONIC BUDGETING ON THE QUALITY OF FINANCIAL REPORTS

7).To what extent do you agree or disagree with the following statements about electronic budget and quality of financial reporting in government institutions in Kenya?

Electronic Budgeting

Electronic Budgeting	5 Strongly Agree	4 Agree	3 Neither Agree nor Disagree	2 Disagree	1 Strongly Disagree
1) IFMIS seek to enhance the richness of budget through greater comprehensiveness of information.					
2) IFMIS seeks to enhance confidence of the budget through greater transparency of information.					
3) IFMIS seek to improve budget planning by providing timely data for budget management and decision making.					
4) IFMIS seek to improve execution by providing accurate data for budget management and decision making.					
5) IFMIS seek to also enhance the integrity of the budget through greater credibility of information.					

8) To what extent has Electronic Budgeting influenced the Quality of Financial Reporting in your Institution?

- Very great extent []
 Great extent []
 Moderate extent []
 Little extent []
 No extent []

SECTION C: EFFECTS OF AUTOMATED CASH MANAGEMENT ON THE QUALITY OF FINANCIAL REPORTS

9) To what extent do you agree or disagree with the following statements about automated cash management and quality of financial reporting in government institutions in Kenya?

Automated Cash Management

Automated Cash Management	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
	5	4	3	2	1
1) It is important to keep records of all system generated cash management.					
2) The company does short term forecasting					
3) The company keeps records of expected automated cash receipts.					

4) The company keeps records of expected cash disbursement.					
5) The company computes periodic net change in cash.					

10).To what extent has Automated Cash Management influenced the Quality of Financial Reporting in your Institution?

Very great extent []

Great extent []

Moderate extent []

Little extent []

No extent []

SECTION D: EFFECT OF ELECTRONIC PROCUREMENT ON THE QUALITY OF FINANCIAL REPORTS

11). To what extent do you agree or disagree with the following statements about electronic procurement and quality financial reporting in government institutions in Kenya?

Electronic Procurement

Electronic Procurement	5 Strongly Agree	4 Agree	3 Neither Agree nor Disagree	2 Disagree	1 Strongly Disagree
1) E- procurement has led to employee efficiency and effectiveness					
2) E –procurement has led to better and improve customer satisfaction					

3) E-procurement has enhance timely delivery of goods and services					
4) E- procurement has led to increased efficiency on stock management control					
5) E –procurement has facilitated improved purchasing and supply chain management					

12) To what extent has Electronic Procurement influenced the Quality of Financial Reporting in your Institution?

- Very great extent []
- Great extent []
- Moderate extent []
- Little extent []
- No extent []

SECTION E: EFFECT OF AUTOMATION OF FINANCIAL REPORTS ON THE QUALITY OF FINANCIAL REPORTS

13). Please indicate to what extent you agree or disagree with the statements provided on automated financial reporting in government institutions in Kenya?

Automated Financial Reporting

Automation of Financial Reporting	5 Strongly Agree	4 Agree	3 Neither Agree / nor Disagree	2 Disagree	1 Strongly Disagree
1) The automated financial reports your organization prepares are complete, neutral, lack of material error and can be verified.					
2) The automated financial reports prepared by your organization shows high level of transparency and accountability to the users.					
3) The automated Financial reports disclose financial and non-financial matters which help in decision making process.					
4) Automation of Financial reports prepared by your organization contains relevant information that the users require.					

14).To what extent has Automation of Financial Reports influenced the Quality of Financial Reporting in your institution?

Very great extent []

Great extent []

Moderate extent []

Little extent []

No extent []

SECTION F: QUALITY FINANCIAL REPORTING (DEPENDENT VARIABLE)

15) Please indicate to what extent you agree or disagree with the statements provided on quality financial reporting in government institutions in Kenya?

Quality of Financial Reporting

Quality of Financial Reporting	Strongly Agree	Agree	Neither Agree / nor Disagree	Disagree	Strongly Disagree
	5	4	3	2	1
1) Is the computerized software used for directly generating periodic quality financial reports, or does it require manual intervention and use of Excel or similar spreadsheet software.					
2) Can the system automatically produce the necessary project quality financial reports?					
3) Do the management, ministries and processes and systems safeguard the confidentiality, integrity and availability of the data?					

4) Is the financial accounting and reporting system computerized?					
5) Is the computerized software standalone, or integrated and used by all departments in the headquarters and field units using modules?					