

An Integrated Financial Management Information System and the Quality of Financial Reports Among Government Institutions in Kenya

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Abstract

The use of an Integrated Financial Management Information System among the Government institutions in Kenya is crucial in improving the management of accounting and financial reporting data to enhance efficiency and effectiveness in government institutions' financial reporting processes. This research study was set to establish the effect of integrated financial management information systems on quality financial reporting. The research targets a population of 68 government institutions (47 county government and 21 ministries) in Kenya who were 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 models and descriptive statistics applications to examine the relationship of the predictor and response variables. The study established that electronic budgeting and automated cash management positively and significantly influence the quality of financial reporting among 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.

Keywords: Electronic Budgeting, Automated Cash Management, Quality of Financial Reporting, Electronic Procurement

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1. Introduction

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, (Omoro, 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).

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 is 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).

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).

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. On the other hand, 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.

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.

In Kenya, the government institutions such as county government and ministries depends on the national government 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 & Plugrath, 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.

This study sought to determine the influence of Integrated Financial Management Information System on the quality of financial reporting of government institutions in Kenya. The specific

objectives were: to evaluate the influence of electronic budgeting on the quality of financial reporting of government institutions in Kenya, to assess the influence of automated cash management on the quality of financial reporting of government institutions in Kenya, to investigate the influence of electronic procurement on the quality of financial reporting of government institutions in Kenya and to determine the influence of automated financial reports on the quality of financial reporting of government institutions in Kenya.

2. Literature Review

This section presents the empirical literature that was reviewed to explain the study variables, the conceptual framework as well as the operationalization of variables which explains the measurement of the study variables.

2.1 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.

2.1.1 Electronic Budgeting and Quality of Financial Reporting

In the context of Turkey, Melek (2017) did research on the impact of electronic budgeting participation on the quality of financial reporting through organizational commitment. 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.

From Indonesia, Nasution (2019) evaluated the study on the implementation of electronic budgeting in promoting transparency and accountability among the municipal government. 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.

In Ghana, Aminatu (2015) also researched on the effect of budgeting automation adoption on economic growth in the 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.

In Kenya, Dorotinsky (2016) investigated the impact of financial management information system among the 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.

2.1.2 Automated cash management and quality of financial reporting

From Indian's perspective, Pandey (2010) evaluated the automation of cash management using technology in the Urban Administration. The study 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 cash inflows and is necessary to fully implement it.

In Turkey, Mukulu (2014) did a study on the effects of cash management on the performance of public sector institutions. 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.

From the context of Nigeria, Nkeobuna and Ugoani (2017) evaluated how proper accounting for government institutions' revenues and expenditures plays a critical role in the quality of financial reporting, enabling good governance. The study 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.

In Kenya, 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 users and the use of a descriptive survey research design accept the technology. 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.

2.1.3 Electronic Procurement and quality financial reporting

In the context of United Nations, Harland (2018) conducted a study on electronic procurement. The study espoused a case study of electronic procurement 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.

In Ireland, Harrigan (2018) determined the development of electronic procurement within information communication technology among manufacturing diligence. 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.

From Kenya, 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.

2.1.4 Automated financial reporting and quality financial reporting.

From Iran, Salehi and Torabi (2012) researched on the importance of Information Technology on the financial reports 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.

In the Indonesian government, Gamayuni and Setyawan (2020) assessed on the quality of financial reporting and the internal control system in the 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.

In the context of Brazil, Duarte, Saur-Amaral, & Azevedo (2015) examined study on the effect of Integrated financial reporting system relinquishment and the quality of account. The study establishes that financial reporting applicability enhances the performance of institutions. And

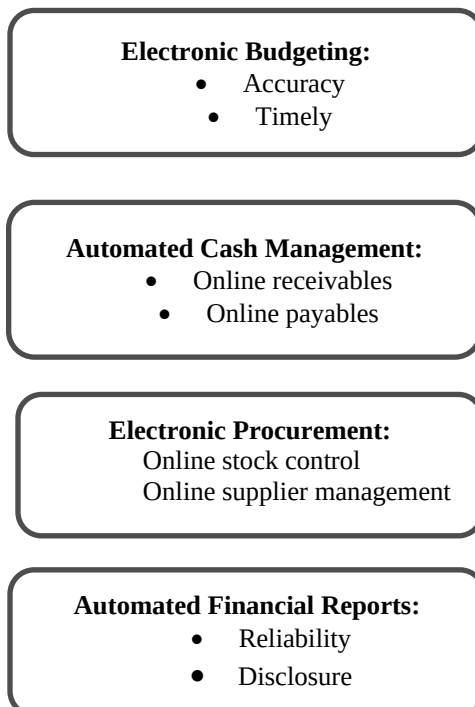
that when preparing financial reports using intertwined financial reporting systems one should take into account the departmental factors and rationality, which have a huge impact on the performance of the organization.

From Uganda, Mugaba (2016) examined the impact of financially intertwined information system on financial reporting effectiveness among the municipal governments. 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.

In the context of Kenya, Simiyu (2018) studied the influence of sound integrated financial management information system among the county governments. The study 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.

2.2 Conceptual Framework

Independent Variables



Dependent Variable



Figure 2.1: Conceptual Framework

2.3 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 1. Operationalization of Variable

Variables	Nature of Variable	Indicators	Measurement scale
Electronic Budgeting	Independent variable	• Timely • Transparency • Accuracy • Credibility	Ordinal
Automated cash management	Independent variable	• Online receivables • Online payables • Inventory outstanding	Ordinal
Electronic procurement	Independent variable	• Online stock control. • Online supplier management	Ordinal
Automated financial reporting	Independent variable	• Accessibility to users • Disclosure • Accountability • Reliability of information • Error detection	Ordinal
Quality Financial Reporting	Dependent Variable	• Relevance • Completeness • Verifiability • Comprehensiveness	Ordinal

3. Research Methodology

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.

The target population was the 68 Government institutions in Kenya which include the current 47 county governments and the 21 ministries. The study adopted a census since the target population size was manageable to study. Using the current government data, sample sizes of 68 government institutions which includes the current 47 county government and 21 ministries were studied.

The research used primary data for the analysis and which was collected by use of structured questionnaires. The questionnaires were dropped and picked by the researcher at a given point for one week. 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 adopted 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

X_1 = Electronic Budgeting

X_2 = Automated Cash Management

X_3 = Electronic Procurement

X_4 = Automated Financial Reporting

ϵ = Error term

And before the study undertaking the multiple regression analysis, various diagnostic tests were performed.

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.

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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. It was forecasted that 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.

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 as $p < 0.05$ shows significance and $p > 0.05$ indicates insignificant also assessed the non-normality of the variables by use of a histogram where the normality was contained if the superimposed curve forms a bell shape covering all the bars.

4. Results and Discussion

4.1 Response Rate

The study issued 68 questionnaires to respondents. Out of the total questionnaires issued, 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 2. Response Rate

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

4.2 Validity and Reliability Analysis

4.2.1 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 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.

4.2.2 Reliability

Table 3. 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.

4.3 Findings on Background Information of Respondents

Table 4. Demographic Data

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

4.3.1 Background Information of Respondents

4.3.1.1 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.

4.3.1.2 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.

4.3.1.3 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%.

4.3.1.4 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 a long time and hence was relevant for the study.

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

Table 5. Electronic Budgeting

Statement	Mean	Standard Deviation
1) IFMIS seek to enhance the richness of the budget through greater comprehensiveness of information.	3.6	1.1
2) IFMIS seeks to enhance the 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 in so significant.

4 5: Electronic Budgeting and Quality of Financial Reporting

Table 6. 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 6 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.

4.6 Automated Cash Management among Government institutions in Kenya

Table 7. 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.

4.7. Automated Cash Management and Quality of Financial Reporting

Table 8. Automated Cash Management

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

Table 8 above 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.

4.8. Electronic Procurement among the Government institutions in Kenya

Table 9. 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 9 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.

4.9 Electronic Procurement and Quality of Financial Reporting

Table 10. 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 10 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.

4.10 Automation of Financial reports among the Government institutions in Kenya

Table 11. 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 11 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 11: Automation of Financial Reports and Quality of Financial Reporting

Table 12. 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 12: Quality Financial Reporting among the Government Institutions in Kenya

Table 13. 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 13. 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.

4.13. 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.

4.13.1 Pre –Estimation Tests

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

4.13.2 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).

Table 14. Shapiro Wilk Test for Normal Data

From the table 14 below, it shows the results presented from the Shapiro Wilk test.

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.

4.13.3 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 15. 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.

4.13.4 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.

4.13.5 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 4.15.

Table 16. 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.

4.13.6 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 17. below.

Table 17. Test for Heteroscedasticity

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

From the above table 17 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.

4.13.7 Histogram Test for Normality

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

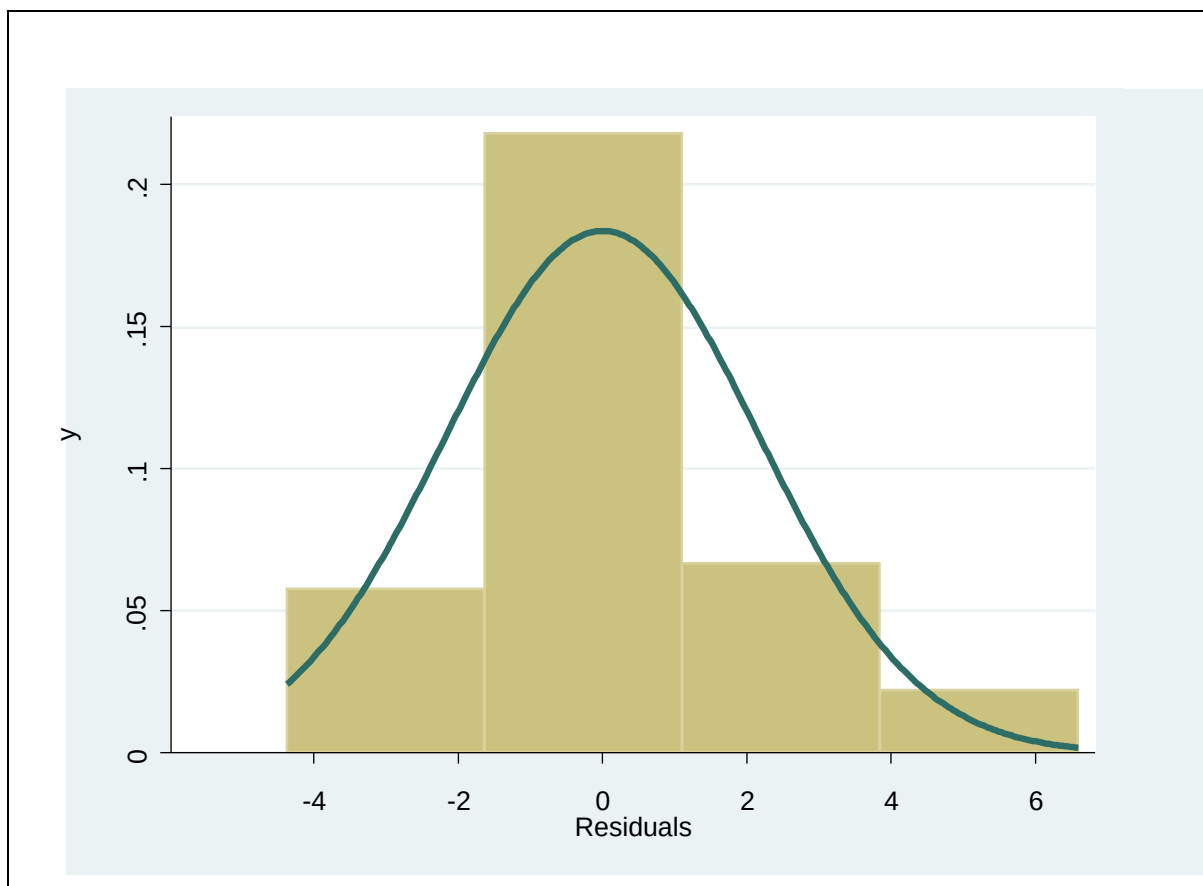


Figure 1. Histogram for Normality Test

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.

4.14 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

4.15 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 19. 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 to determine 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 20. 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 21. 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

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

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

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

X_1 = Electronic Budgeting

X_2 = Automated Cash Management

Published by:

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.

5. Summary

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.

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.

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.

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.

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.

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.

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.

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.

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.

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