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Influence of Integrated Financial Management Information System Reengineering Reforms on Public Expenditures in Nakuru County Government

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Abstract:
Background*: Despite the existence of public financial management reforms, the Office of the Auditor General Reports show wasteful public spending in most Kenyan county governments. The impact of Integrated Financial Management Information System (IFMIS) re-engineering reforms on public expenditures in Kenyan county governments was investigated using the case of Nakuru County Government.*
Materials and Methods*: The study utilized a descriptive survey methodology and a census sample approach to choose 73 respondents from a target population of 73 Nakuru County Government employees. Self-administered structured questionnaires were used to obtain primary data from respondents. The Cronbach alpha test, which is a measure of internal consistency, was used to verify instrument validity, while the content and construct validity were used to check instrument reliability. The data was then modified, cleaned, and coded before being analyzed with SPSS version 24 using inferential statistics and Descriptive statistics.*
Results*: IFMIS reengineering reforms had a favorable and substantial influence on public expenditure, according to linear regression analyses. The regression study, on the other hand, indicated that public financial management changes in Nakuru County Government explained up to 62.3 percent of the shift in public expenditures. The study found that public financial management changes in Nakuru County Government had a substantial impact on public spending.*
Conclusion: *The study concluded that IFMIS reengineering reforms play significant positive influence on public expenditures in Nakuru County Government. The study recommended that the government should develop and improve IFMIS in order to generate accurate and timely financial report for decision making. This study recommends a complete decentralization of the integrated financial management information system operations and maintenance to county governments to enable the users have additional rights to operate it, but with stronger controls and strict monitoring.*
Key Word*: IFMIS reengineering, Public Expenditure, Public financial reforms, County Governments*

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I. Introduction

Public expenditure is spending made by the government of a country on collective needs and wants such as pension, provisions (such as education, healthcare and housing), security, and infrastructure. Public expenditure can be defined as the expenses incurred by a government for its own maintenance, the society, the economy and assisting other countries (Mosoti, 2014). The expenditure is composed of current expenditure and capital expenditure. Public expenditure is classified according to the function for which it is intended. In Kenya, government expenditure may be sub divided into two categories based on the purpose namely development and recurrent expenditure (Muguro, 2017)). Public expenditure is important for an economy to run efficiently. The importance of government expenditure is because some goods may not be provided at all or may not be supplied adequately in a free market economy. A large portion of government expenditure is allocated to merit goods such as health, education, security and infrastructure (Ndonga, 2014). The government may also incur public expenditure as part of its discretionary fiscal policy. This may include expenditures to minimize the effects of negative externalities, provision of subsidies, stimulation of aggregate demand and economic activities (Mosoti, 2014).

Despite the fact that most emerging and underdeveloped nations have implemented financial reforms, public expenditure reports show a lot of financial mismanagement and hence little value for money. To keep tabs on government spending, most countries' public financial management systems have undergone dramatic changes. A robust PFM system is a critical component of an effective government's institutional architecture. Effective public service delivery is connected to poverty reduction and economic growth, and nations with strong, transparent, and responsible public financial management systems offer services more effectively and equitably (Kimea & Kiangi, 2018). Macroeconomic forecasting, budget allocation, accounting and financial reporting quality, and auditing are all examples of extremely complicated, technical activities and procedures in public financial management. The complexity of such systems restricts public scrutiny and opens the door to different forms of corruption. Corruption risk varies across and within different phases of the budgeting and, more recently, procurement processes (Lawson, 2015). Hemrit and Benlagha (2018) went on to say that, while most corruption takes the form of illicit money transfers at the budget execution level, additional phases in the budget and procurement process may provide chances for corruption, resulting in inflated public expenditures with little value for money.

IFMIS (Integrated Financial Management Information System) Re-engineering is an initiative of the Ministry of Finance to enhance efficiency and effectiveness in Public Financial Management (PFM). IFMIS Re-engineering moved from the earlier adopted modular approach (modules loosely linked to the General Ledger (GL)), to a full cycle end-to-end integrated approach. The IFMIS Re-engineering has promoted transparency, accountability and responsiveness of public financial resources. Other benefits include curtailing wasteful spending and corruption, enhancing controls and audit procedures as well as strengthening fiscal planning and reporting. According to Osano and Ngugi (2018), developing countries use IFMIS re-engineering to promote efficient and effective PFM, accountability, fraud reduction, data security, comprehensive financial reporting, and better public service delivery by implementing a full cycle end-to-end integrated approach for PFM.

According to Bosire (2016), IFMIS has internal and external dimensions that improve service delivery to residents, businesses, and other stakeholders while also having the ability to improve public administration. It also improves financial controls and provides a complete and up-to-date picture of obligations and expenditures on a continual basis, making interactions between the government and citizens (G2C), businesses (G2B), and governments (G2G) more comfortable and convenient. By providing trustworthy and timely financial information, IFMIS allows for effective resource allocation mechanisms, better information management for decision-making, and improved financial controls. It also uses standard data classification for recording financial events, transaction processing, and reporting, as well as tracking and summarizing financial data. It also helps with policy decisions, management reporting, fiduciary obligations, and auditable financial statement production. In addition, the system directs the movement of responsibilities in the PFM process from budget preparation and execution to accounting and reporting. According to Njeru (2016), the IFMIS is ideal and highly customizable to suit a variety of working contexts since it is based on an accounting system that adapts to the needs of the environment in which it is placed.

According to Auditor General Report in regards to public expenditure in Nakuru County Government, there was under expenditure of Ksh. 6.0 billions of 32% of the budget. The under expenditure is indicative that some planned activities and programs for the year were not undertaken contrary to Section 165(1) and (2)(b) of the Public finance management Act 2012. The management did not prepare statement of revenue for the year ended 30th June 2019 (Auditor General Report, 2020). The management did not avail any evidence on how they budgeted for as they were not in the approved annual procurement plan. This is contrary to section 53(1)(8) of the public procurement and Asset Disposal Act 2015. The management did not explain why the committees were being facilitated by the County Executive instead of through on the County Assembly vote contrary to section 107 (1) of the public financial management Act, 2012 (Auditor General Report, 2020). A review of the bank balances in six bank accounts amounting to Ksh 14.0 million indicate that the balances had not been supported by cashbooks. This is contrary to section 1oo of the Public Finance management (County Governments) regulations, 2015 (Auditor General Report, 2020).

The statement of receipts and payments reflected payments whose IFMIS payment details revealed that the amount was irregularly charged under code 6530101 and 6540101 which are not expenditure code but charged to the recurrent and development votes. Further, a comparison of the financial statements and IFMIS Trial balance reflects discrepancies between various balances. The financial statements reflect a blank statement of budget execution by programmes and sub-programmes contrary to the prescribed format by the Public Sector Accounting Standards Board and the International Public Sector Accounting Standards cash basis. The report also exposed irregular payments to rift valley provincial hospital. However, it has not been explained why the hospital was paid the amount from two sources despite having its own allocation under the department of health (Auditor General Report, 2020). Further, According to Controller of Budget reports, in the last five financial years, Nakuru County has been ranked among five lowest absorption rate for development budget in Kenya, in 2014/2015, the absorption rate was 42.7%, 2015/2016 it was 44.6%, 2016/2017 it was 35.1%, 2017/2018 it was 59.3%, 2018/2019 and 2019/2020 it was 37.4% (Controller of Budget, 2021

Statement of the Problem

The variance between the annual budget and the final expenditure outcome is high. Budget releases are not predictable and payments are delayed resulting in high arrears. Cash management and commitment control is still poor. Procurement systems are characterized by slow process, unclear mandates and lack of transparency and wasteful procurement. Manual and parallel systems used today lead to difficulties to comply with reporting format and timelines of report. Therefore, public financial reforms were intended to address a discrepancy between income receipts and expenditures, which leads to supplementary budgets, reallocations of line budgets, and mini-budgets estimates (Wanyoike, 2015). That is, the PFM Act, 2012 is designed to ensure that public finances are managed in accordance with Constitutional principles at both the national and county levels of government, and that public officers charged with managing those finances are held accountable to the public through Parliament and County Assemblies.

Intriguingly, audit reports from the first few years of devolution show numerous instances of fraud, inadequate accountability, and waste of public cash (National Treasury reports, 2018). According to Office of Auditor General Reports (2018), budgeted money intended for development projects is returned to the exchequer at the end of each fiscal year due to counties' limited spending capacity, and, worse yet, most counties' socioeconomic status does not reflect the total development budget spent. Further, according to Consolidated County Governments Expenditure reports by PwC (2018) for financial years 2016/2017, there was very high percentage variance in selected items such as finance costs, including loan interest (254%), social security benefits (189%), subsidies (175%), acquisition of assets (111%) indicating a major problem in county governments' public expenditures.

In relation to County Governments of Nakuru, the Auditor General's report, 2018 showed that County Governments of Nakuru was unable to account for over billion shillings raising concerns over mismatch between County budgets and County public expenditures thus generally implying that a weak PFM system means that scarce resources are wasted through poor allocations and inefficient public expenditure management (The Auditor General Report, 2018). Further, According to Controller of Budget reports, in the last five financial years, Nakuru County has been ranked among five lowest absorption rate for development budget in Kenya, between financial years 2014/2015 and 2019/2020 (Controller of Budget, 2021). Therefore, arising from numerous cases of poor public expenditures in Kenya's devolved Government units despite the existence of public financial management regulations motivated this study to examine the influence of IFMIS reengineering reforms on public expenditures in County Governments of Nakuru, Kenya.

Hypothesis of the Study

i) **H_0:** IFMIS re-engineering reforms does not significantly influence on public expenditures in the Nakuru County Government.

II. Literature Review

Theoretical Framework

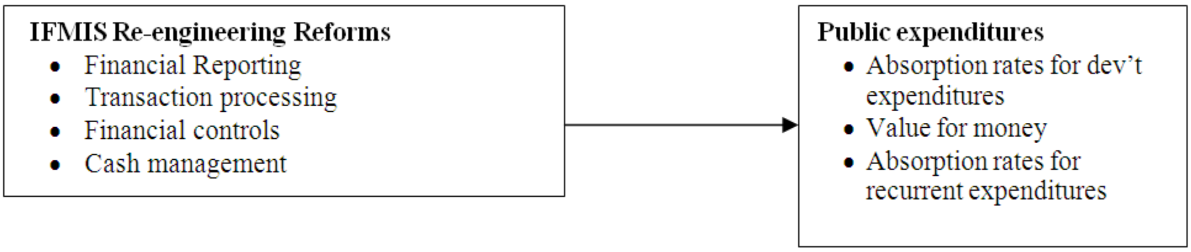
The study was guided by Task Technology Fit (TTF) Theory and Public Expenditure Management Model. Schick (2008) developed a World Bank-approved public expenditure management model that emphasized a paradigm shift away from traditional budgeting's "due process approach" to a broader arena that emphasizes the importance of the complex web of actors and institutions involved in the budget process, as well as linking expenditure with measurable outputs and outcomes (Wu & Chen, 2017). Budget policies, incentives, outputs/outcomes, transparency/accountability, decentralized responsibility, and performance/service delivery are all covered by the Public Expenditure Management (PEM) Model. Improvements in public expenditure management, according to proponents of the approach, necessitate changes in budgetary institutions, spenders' and controllers' roles, the rules under which they claim, allocate, and use resources, and the information available to them. The public expenditure management (PEM) model, which was adopted by the World Bank, evolved from an emphasis on investment efficiency to a broader recognition of institutions and governance building (D'Ambra, Wilson & Akter, 2013). The PEM approach, which was developed in the late 1990s and dubbed "the contemporary approach to budgeting" at the time, is more of a way of looking at public expenditure management in terms of service delivery and value for money. It emphasizes the importance of understanding the financial management game's rules, which govern budget formulation and execution, as well as how institutions influence decision-making and the achievement of efficiency in government spending (Tam & Oliveira, 2016).

The TTF metric, when combined with usage, was found to be a strong predictor of user reports of better job performance and effectiveness due to their use of the system under examination by Goodhue and Thompson (1995). Although the Goodhue and Thompson (1995) model is based on an individual level of analysis, Zigurs and Buckland (1998) propose a model that is based on a group level of analysis. The success of an information system should be tied to the fit between task and technology, according to the theory of task-technology fit, where success has been linked to individual and group performance (Zigurs & Buckland, 1998). This idea claims that if the capabilities of Information Communication and Technology (ICT) match the tasks that the user must complete, it is more likely to have a beneficial impact on individual performance and be used.

Quality, accessibility, permission, and compatibility are all factors that assess task-technology fit, as are simplicity of use/training, production timeliness, system reliability, and user relationship (Leruth & Paul, 2006). The model can be integrated with or utilized as an extension of other models linked to information systems outcomes to analyze various contexts of a varied range of information systems, including electronic commerce systems (Goodhue & Thompson, 1995). The theory estimates offered by Goodhue and Thompson were modified to match the goal of a specific study. The impact of IFMIS on county performance was investigated in the current study. Since the County Government of Nakuru uses this system to supervise, account for, audit, and report on public financial management. This system was designed to assist the County Government of Nakuru and its departments in collecting, spending, managing, and transparently spending public resources, hence increasing service delivery and ultimately leading to higher performance and productivity.

Conceptual Review

A conceptual framework is a visual representation of the direct relationships between independent variable (IFMIS re-engineering reforms) and dependent variable (public expenditure) in a diagram form as illustrated in figure 1.



Independent Variables **Dependent Variables**

Figure 1.0: Conceptual Framework

Empirical Review

The foregoing literature is supported by a number of empirical research on IFMIS acceptance and implementation (Bosire, 2016; Wakhungu, 2014; Mkasiwa, 2013; Njenga, Omondi, & Omete, 2014). Dener and Young (2013) conducted a study to investigate the implications of IFMIS posting budget data from 198 economies' public finance websites. The goal of the study was to identify areas where budget transparency may be improved, as well as to provide advise on how to effectively use IFMIS platforms for open budget data sharing. Despite the widespread use of financial management information systems by 198 governments throughout the world, only 24 countries have proof of excellent budgetary procedures, according to the study's conclusions. Ndegwa and Mungai (2019) also looked at the guidelines for implementing IFMIS in the South African public sector. The goal of the research was to identify the problems and hazards associated with implementing the IFMIS in South Africa. Lack of capability, lack of commitment, institutional and technical obstacles are among the challenges noted in the study. For successful IFMIS adoption, the study also advised capacity building programs, stakeholder commitment, the formation of an effective change management team, and a detailed implementation plan.

Aminatu (2015) used a case study research design to investigate the impact of IFMIS on Ghana's economic development. The study focused on the Ghana IFMIS and used both qualitative and quantitative data from the Ministry of Finance and Economic Planning during a ten-year period. The study evaluates the Gross Domestic Product (GDP), economic growth, and resource allocation, among other economic performance measures. The findings of the study found that the efficiency of the public and private sectors, government budgetary policies, interest rates, and the regulatory environment all have a role in the country's economic success. Bosire (2016) examined the influence of IFMIS on financial probity in Kenya's public sector, using the Ministry of Foreign Affairs as a case study. The study relied on 40 users of IFMIS in the ministry of foreign affairs and employed a case study design that drew from both agency theory and systems theory. The study's findings show that the adoption of IFMIS re-engineering approaches accounts for 74.8 percent of the public sector's financial performance. Furthermore, the study found that IFMIS implementation has an impact on overall procurement performance in Kenyan government ministries, with management commitment, capacity, and training, as well as the level of IFMIS adoption, all having a favorable impact on financial probity.

Ndzovu and Ng'ang'a (2019) assessed the effect of Integrated Financial Management Information System on financial performance in Kwale County Government. The study adopted descriptive research design and collected data through questionnaires from 137 out of 142 employees sampled through stratified random sampling from the finance and economic planning department, Kwale County Government. The results revealed that electronic budgeting, automated cash management, electronic procurement and automated financial reporting had a positive and significant influence on financial performance of the countyOmar (2017) investigated the impact of IFMIS on financial performance in Kenyan county governments, focusing on Garissa County. The study used a descriptive research design and secondary data from the county finance department for its findings. According to the conclusions of the study, IFMIS has a favorable and significant impact on Garissa County's financial performance. An increase in expenditures for improving the IFMIS system resulted in an improvement in the County's financial performance in terms of total revenue collected.

Research Gaps

Existing research on IFMIS re-engineering reforms and public spending reveals inconsistencies in findings, with some studies failing to relate financial management reform adoption to public expenditures. Kluvers (2001), Hou, Lunsford, Sides, and Jones (2011), and Nkanata (2012), for example, merely researched IFMIS reforms without tying them to public spending. While Mensah (2013), Hope, Justin, and Kang (2016), Ramanna and Sletten (2017) studies did not link financial reporting with public expenditures, Samadi et al., (2013) study cautioned on the implementation of IFMIS re-engineering on development projects as this could provide a loophole for budget deficits arising from inefficient public expenditures; and Kis-Katos and Sjahrir (2014) study found that financial reporting was not linked to public expenditures.

Furthermore, Musa, Success, and Nwaorgu (2014) discovered that the effectiveness of the IFMIS re-engineering reform process was harmed by a lack of competent technical skills among tender committees, limited training opportunities, political influence on the tender award process, and delayed auditing of financial accounts, all of which contributed to the ineffectiveness of the process in controlling public expenditures. Few empirical research in Kenya relate public financial management changes to public expenditures (Angokho et al., 2014), especially in county administrations, where theft of public monies appears to be the norm, as The Office of Auditor General has frequently highlighted. This research examines the influence of IFMIS re-engineering reforms on public expenditure in Kenya's Nakuru County Government in order to reduce this gap

III. Material And Methods

This research adopted explanatory survey research design. That is the explanatory survey research design is suitable for exploring relationships that are conducted in order to explain any behaviour or reactions of people to a given phenomenon in the society (Hair et al., 2006). The explanatory survey design therefore was used to determine an association between the conceptualized independent and dependent variables as shown in the study's conceptual model. The study targeted 73 officers in Nakuru County Government who directly or indirectly deal with financial and public expenditures related matters. The target population or those cases that contain the desired information consisted of internal auditors, accountants, and supply chain officers, directors of departments, chief officers and finance officers in Nakuru County Government. A total of 73 respondents were used as the sample size using census sampling technique. The use of census sampling was due to small number of target population and according to Mugenda and Mugenda (2008), for a population of 1-100 a sample of 100% shall be used as a sample size.

Primary data was collected from respondents directly using self- administered structured questionnaires (closed ended questions). The structured (close-ended) questionnaires on study variables had five-point Likert scale ranging from 1 to 5; where 1 is Strongly Disagree, whereas 5 is Strongly Agree. The study also collected secondary data which entailed revenue expenditure of Nakuru County Government from financial year 2015/2016 to 2019/2020. All components of the research questionnaires were checked and coded to ensure clarity of words and the accuracy of the statements in relation to the specific research questions, and then pilot tested on 7 respondents in the Uasin Gishu County Government. The aim of pilot study was to establish validity and reliability of the research instruments. Data collected was edited, cleaned, and coded; and then SPSS version 24 was used to analyze the data. Descriptive statistical analysis was used to summarize data using frequencies, percentages and means while inferential statistics were computed; that is, Pearson correlation coefficient and linear regression analysis was computed to find out whether there is relationship between the independent and dependent variables.

IV. Result and Discussion

Descriptive Statistics

Descriptive statistics are used to define and describe the properties of a set of data (Mboya, 2019). The objective of this study was to determine the influence of IFMIS re-engineering reforms on public expenditures in the Nakuru County Government. To measure IFMIS re-engineering reforms, a set of seven statements were formulated. The respondents were asked to indicate the extent of agreement with each of the IFMIS re-engineering reforms statements. The pertinent results are presented in Table 1.0 in which percentage are presented inside brackets while frequency outside brackets.

Table 1.0: Descriptive Results: IFMIS Re-engineering

IFMIS re-engineering reforms	5	4	3	2	1
1.The system promotes efficient and effective management of county budgets, enhances accountability, reduces fraud, enhances comprehensive financial reporting and public service delivery	8 (15.1)	23 (43.4)	16 (30.2)	2 (3.8)	4 (7.5)
2.The system strengthens financial controls, facilitates a full and updated picture of commitments and expenditure continuously	8 (15.1)	38 (71.7)	5 (9.4)	2 (3.8)	(0)
3.The integrated system enhances interactions between the county and national Governments for more effective policy execution	2 (3.8)	42 (79.2)	2 (3.8)	5 (9.4)	2 (3.8)
4.The system enables efficient resource allocation and decision making based on readily available, reliable and timely financial information	13 (24.5)	30 (56.6)	6 (11.3)	4 (7.5)	(0)
5.The system enhances data classification, recording, transaction processing, reporting and tracking of financial events of the county	12 (22.6)	27 (50.9)	8 (15.1)	4 (7.5)	2 (3.8)
6.The County government has evidence of good budgetary practices thanks to the integrated financial management system	7 (13.2)	40 (75.5)	2 (3.8)	2 (3.8)	2 (3.8)
7.Executive commitment, capacity and training on IFMIS enhances procurement efficiency and financial probity in county ministries	13 (24.5)	31 (58.5)	6 (11.3)	3 (5.7)	(0)

Average level of IFMIS re-engineering Reforms	Mean(%Mean)	Std. Dev.	Std. Error of mean	Minimum	Maximum
	3.7755 (69.5%)	.74134	.10183	1.60	4.80

The results in Table 1.0 revealed that 43.4% of the respondents agreed that the system promotes efficient and effective management of county budgets, enhances accountability, reduces fraud, and enhances comprehensive financial reporting and public service delivery while 30.2% were undecided on the same. Similarly, 71.7% of the respondents agreed that the system strengthens financial controls, facilitates a full and updated picture of commitments and expenditure continuously and 15.1% strongly agreed on the same. Further, 79.2% of the respondents agreed that the integrated system enhances interactions between the county and national Governments for more effective policy execution although 9.4% of the respondents disagreed. The results also revealed that 56.6% of the respondents agreed that the system enables efficient resource allocation and decision making based on readily available, reliable and timely financial information and 24.5% strongly agreed. Similarly, 50.9% of the respondents agreed that the system enhances data classification, recording, transaction processing, reporting and tracking of financial events of the county and further 22.6% strongly agreed. Moreover, 13.2% and 75.5% of the respondents strongly agreed and agreed respectively that the County government has evidence of good budgetary practices thanks to the integrated financial management system.

Lastly, 58.5% of the respondents agreed that executive commitment, capacity and training on IFMIS enhances procurement efficiency and financial probity in county ministries and 24.5% of the respondents were undecided. Averagely, the level of fiscal decentralization reforms was at 75.5% mean response (mean=3.78, std. dev. =0.74) rated high as shown in Table 4.7 an implication that IFMIS re-engineering reforms such as resource allocation, transaction processing, financial controls and government2government influences public expenditures. Similar results was obtained by Opiyo (2017) opined that IFMIS implementation strategy had affected the cash management positively with 64% of the respondents agreeing. This result concurs with Njonde and Kimanzi (2014) concluded that there was a relationship between IFMIS in public finance and internal control.

Table 2: Descriptive Results: Public Expenditure

Public expenditures	5	4	3	2	1
1. There are efficient absorption rates for development expenditures	13 (24.5)	16 (30.2)	21 (39.6)	1 (1.9)	2 (3.8)
2. There is efficient utilization of county resources	6 (11.3)	32 (60.4)	11 (20.8)	3 (5.7)	1 (1.9)
3. There are efficient recurrent operations and maintenance.	12 (22.6)	16 (30.2)	15 (28.3)	9 (17)	1 (1.9)
4. Development spending reflects value for money	14 (26.4)	26 (49.1)	3 (5.7)	9 (17)	1 (1.9)
5. There is efficient absorption rates for development expenditures	14 (26.4)	7 (13.2)	19 (35.8)	12 (22.6)	1 (1.9)
6. The county’s recurrent expenditure does not exceed county total revenue	11 (20.8)	7 (13.2)	17 (32.1)	15 (28.3)	3 (5.7)

Average level of Public Expenditure	Mean(%Mean)	Std. Dev.	Std. Error of mean	Minimum	Maximum

	3.41 (68.2%)	.75239	.1106	1.80	4.60

The study findings from table 2.0 indicate that out of 53 respondents who took part in the study 24.5% strongly agreed, 30.2% agreed, 39.6% were uncertain, 1.9% disagreed and only 3.8% strongly disagreed with the statement there are efficient absorption rates for development expenditures. On the statement that there is efficient utilization of county resources, 1.9% strongly disagreed, 5.7% disagreed, 20.8% were uncertain, 60.4% agreed and 11.3% strongly agreed. On the statement that there are efficient recurrent operations and maintenance, 1.9% strongly disagreed, 17.0% disagreed, 28.3% remained uncertain, 30.2% agreed while 22.6% strongly agreed. Out of 53 respondents who participated in this study, 1.9% strongly disagreed, 17.0% disagreed, 5.7% was neutral, 49.1% agreed and 26.4% strongly agreed that development spending reflects value for money. Few of the respondents strongly agreed 20.8%, 13.2% agreed that the county's recurrent expenditure does not exceed county total revenue although 32.1% of the respondents were uncertain and 28.3% disagreed.

Averagely, the level of public expenditure was at 68.2% mean response (mean=3.41, std. dev. =0.75) rated high as shown in Table 2.0. These findings are consistent with Lenard and Ngaba (2020) who revealed that expenditure absorption of County budgets in Kenya is still very poor. In an overview of the problems of budget implementation in Kenyan county governments, the Office of the Controller of Budgets (OCOB) described a range of issues facing the county governments. This included: failure of some county governments to completely implement IFMIS, low absorption of construction funds and failure to file financial statements on a timely basis. Table 3.0 shows recurrent expenditure (REC) and development expenditure (DEV) between financial years 2015/2016 and 2019/2020.

Table 3: Nakuru County Government Public Expenditure between 2015 and 2020

Year	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		% of Expenditure To Exchequer Issues		Expenditure To Budget Allocation (Absorption Rate (%))	
	REC	**DEV**	**REC**	**DEV**	**REC**	**DEV**	**REC**	**DEV**	**REC**	**DEV**
2014/2015	7,377	3,708	6,839	1,630	6,603.59	1,600.23	96.6	98.2	89.5	43.2
2016/2015	8,601.58	5,383.42	7,747.41	2,539.29	8,154.72	2,230.89	105.3	87.9	94.8	41.4
2017/2018	9,251.15	5,839.40	8,034.42	3,238.33	8,613.39	2,049.83	107.2	63.3	93.1	35.1
2018/2019	9,947.60	6,151.33	8,703.24	1,496.42	7,977.11	1,576.63	91.7	105.4	80.2	25.6
2019/2020	10,970.31	10,980.90	9,838.20	4,793.30	9,969.10	4,109.73	101.3	85.7	90.9	37.4

Source: Controller of Budget (GoK, 2022)

Inferential Statistics

The objective of the study was to examine the influence of IFMIS re-engineering reforms on public expenditures by the Nakuru County Government. The results are as shown in Table 4.

Table 4: Multiple Linear Regression

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics: R Square Change	F Change	df1	df2	Sig. F Change
1	.555[a]	.308	.294	.63212	.308	22.671	1	51	.000

a. Predictors: (Constant), IFMIS re-engineering reforms
b. Dependent Variable: Public expenditures in the Nakuru County Government

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	9.059	1	9.059	22.671	.000[b]
	Residual	20.378	51	.400		
	Total	29.437	52			

a. Dependent Variable: Public expenditures in the Nakuru County Government
b. Predictors: (Constant), IFMIS re-engineering reforms

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	1.451	.420		3.454	.001
	IFMIS re-engineering reforms	.563	.118	.555	4.761	.000

a. Dependent Variable: Public expenditures in the Nakuru County Government

From the Table 4.0, the value of R^2 is 0.308 reveals that up to 30.8% of change in public expenditures in the Nakuru County Government is accounted for by IFMIS re-engineering reforms. From the ANOVA table, the significance of the model has a value F (1, 52) =22.671, P=0.000. This postulates that IFMIS re-engineering reforms is a significant predictor of public expenditures in the Nakuru County Government (P<0.01). The results are in agreement with Mensah (2013) who examined IFMIS re-engineering reforms with adoption of IFRS in Ghana and quality of financial statement disclosures. The study concluded that adoption of IFRS generally reinforce accounting disclosure quality that matches company expenditures. In Kenya, Gaitho (2018) found weak IFMIS financial reporting as decried in the Auditor General's reports since the county governments became operational in 2013. It emerged that the counties kept incomplete financial reports which did not reflect the true financial positions and expenditures by the counties. The simple linear regression equation is as shown below

Public expenditures (Y) = 1.451+0.563(X_1) IFMIS re-engineering reforms

The unstandardized regression coefficient value of IFMIS re-engineering reforms is 0.563 and significance level of p=0.000. This implies that a percentage increase in IFMIS re-engineering reforms would result to significant increase in public expenditures in the Nakuru County Government by 56.3% (P<0.01). Therefore, there exists a positive and significant influence of IFMIS re-engineering reforms on public expenditures in the Nakuru County Government. IFMIS can help counties manage their budgets more efficiently, improve resource accountability, decrease fraud, and improve financial reporting and public service delivery. The study finds that when the system is solid, it strengthens financial controls, allows for a complete and up-to-date view of commitments and expenditures, and improves policy execution connections between county and national governments. Furthermore, it was discovered that IFMIS can be useful for resource allocation and quick decision-making based on easily available financial data. These findings concurred with Rangira and Mulyungi (2017) who indicated that using IFMIS financial reporting has significant financial performance government institutions in Rwanda. Lamba (2018) also revealed that a well working IFMIS platform has the ability to monitor transactions on real time basis, a fact that influence government performance. The results are supported by Oyinlola, Folaji, and Oladosu (2017) who established that there was a relationship between IFMIS in public finance and internal control as 72.4% of the effectiveness of IFMIS was accounted for by the study independent variables.

V. Conclusion and Recommendations

The study established that IFMIS re-engineering reforms have significant influence on public expenditures in the Nakuru County Government. Linear regression analysis revealed changes in the public expenditures in the Nakuru County Government is significantly accounted for by IFMIS re-engineering reforms. Therefore, IFMIS re-engineering reforms are significant predictor of public expenditures in the Nakuru County Government. Unstandardized beta coefficients showed that IFMIS re-engineering reforms has significant positive influence on public expenditures in the Nakuru County Government. Basing on the values of B and P, there was adequate evident to reject null hypothesis as IFMIS re-engineering reforms has significant influence on public expenditures in the Nakuru County Government. IFMIS re-engineering is perceivably an important innovation meant to enhance accountability, eliminate fraud, facilitate accurate recording and processing of financial information besides other pros, it has not lived to its expectations considering a number of the shortcomings pointed out by the respondents. The study recommended that the government should develop and improve IFMIS in order to generate accurate and timely financial report for decision making. This will enable the officers to monitor the budget execution. Considering that despite IFMIS Re-engineering efforts in two phases following its adoption in Kenya in 2003, this study recommends a complete decentralization of the integrated financial management information system operations and maintenance to county governments to enable the users have additional rights to operate it, but with stronger controls and strict monitoring.

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