INFLUENCE OF INTERNAL CONTROL SYSTEM IN INTEGRATED FINANCIAL MANAGEMENT INFORMATION SYSTEM ON PERFORMANCE OF COUNTY GOVERNMENT OF KAKAMEGA

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INFLUENCE OF INTERNAL CONTROL SYSTEM IN INTEGRATED FINANCIAL MANAGEMENT INFORMATION SYSTEM ON PERFORMANCE OF COUNTY GOVERNMENT OF KAKAMEGA

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ABSTRACT

This study sought to examine the influence of internal control systems in Integrated Financial Management Information System on performance of The County Government of Kakamega. The study was guided by Accountability Theory. Descriptive research design was used in this study. Seventy-nine respondents from county government of Kakamega, Treasury department were targeted. The sampling frame comprised of procurement officers, internal auditors, accountants, finance officers and revenue officers. The study used census sampling technique. Primary data was collected using a well-designed questionnaire. Piloting was conducted to determine validity via content and construct validity as well as reliability using Cronbach alpha. Quantitative data was analyzed using descriptive and inferential statistics. Descriptive analysis summarized data in form of central tendency as well as dispersion and inferential analysis was used to test hypothesis. Descriptive analysis included; frequencies, Mean, maximum, minimum, standard error, Standard deviation and percentage while inferential analysis involved correlation analysis. The data was presented in form of tables and models. The study established that IFMIS internal control had significant positive influence on performance of County government of Kakamega. The study therefore recommended that the county governments should increase the frequency of using IFMIS in internal control as well as increase the expenditure towards improvement of internal control IFMIS systems since it would lead to an improvement in performance of the county.

Key Words: *IFMIS, Internal Control Systems*

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INTRODUCTION

The aims of public financial management are the provision of services to citizens and optimum and sustainable use of public resources through aggregate fiscal discipline, allocative efficiency, equity, redistribution of wealth and value for money in a transparent and accountable way (Cheruiyot, 2018). Effective institutions and systems of public financial management play a critical role in the implementation of government policies and sound economic management. A good Public Finance Management (PFM) is the linchpin that ties together available resources, delivery of services, and achievement of government's policy objectives.

The ultimate goal of IFMIS is to enhance the quality of public service delivery by providing timely and accurate financial and accounting information across both the National and County Governments (Olali, 2015). IFMIS enable prompt and efficient access to reliable financial data and help strengthen government financial controls, improving the provision of government services, raising the budget process to higher levels of transparency and accountability, and expediting government operations (Lundu & Shale, 2015).

Integrated financial management information system (IFMIS) has been incorporated in the U.S. Department of Homeland Security (DHS) as the official accounting and financial management system to track all financial transactions (Reddick, 2010).). According to the World bank (2011) FMIS Database Latin America and Caribbean region of the World Bank stands out with the largest number of completed (25) and active (4) IFMIS projects. The Africa region follows with 13 completed and 12 active IFMIS projects. For all countries, use of ICTs for government reinvention is increasing not only in investment but also in terms of visibility with a number of high-profile initiatives having been launched during the 1990s (Hawo, 2015).

According to Gcora and Chigona (2019) IFMIS in South Africa forms part of the broader financial management reforms of the South African government, which started in 1994 with the institutionalization of democracy in South Africa. The objective of the project was to enhance the integrity and effectiveness of expenditure management and performance reporting in order to ensure effective service delivery. In Ghana, Aminatu (2015) looked at the impact of GIFMIS on Ghana's economic development by looking at gross domestic product (GDP), economic growth, and resource allocation to major sectors of the economy. She noted from the analysis that some sectors of the economy contribute immensely to GDP growth whereas other sectors have an adverse effect.

The Kenyan Government implemented the Integrated Financial Management Information System (IFMIS) since the year 2005 as its sole accounting system. This system was implemented as a result of the several benefits envisaged from its effective use. The Public Financial Reform Management (PFMR) Strategy Paper 2001-2006 recommended automation as well as integration of key government functions such as human resources payroll, accounting, procurement and budgeting citing transparency, better financial management and reporting as some of the benefits (Mambo, Ombui & Kagiri, 2015).

The Government of Kenya's IFMIS is Enterprise Resource Planning (ERP) Software that integrates all data and processes of an organization into a unified system housed in a centralized database which is accessed through a secure network. This not only plays an important role in streamlining the efficiency and effectiveness in the management of public financial resources, but further contributes to fighting corruption through the promotion of greater comprehensiveness and transparency of information across government institutions. (Mbaka, 2017)

Within the National Treasury, there is an IFMIS Department which has the mandate of designing, spearheading and managing the Integrated Financial Management Information System. The Integrated Financial Management Information System (IFMIS) was developed in 1998 while its deployment to ministries started in 2003. The deployment to the counties started in 2012. At present the intended users of the IFMIS system at the counties are being trained on the same as outlined in the Strategic Plan for GoK IFMIS (2011-2015) (Cheruiyot, 2018).

The goals of implementing any IFMIS for Kenya included effectiveness, efficiency and improved outcomes in financial management processes. Specifically, IFMIS was geared towards achieving better fiscal management, more optimal resource allocation, improved management of resources, reduced fraud and corruption, improved transparency and accountability, lower transaction costs (Ministry of Finance, 2003). The Kenyan government has embraced the use of IFMIS to execute effective financial management in the various government ministries and public institutions (Kioko, 2017).

Statement of the Problem

Despite the strong legislative and institutional frameworks for PFM in the last six years, Kenyan public finance management arena continues to experience myriad challenges that are not in tandem with the principles of public finance. For instance, since the beginning of devolved systems of government in 2013, every annual Auditor General's and Controller of Budget's Report has been indicating that some devolved units spend in total disregard to the PFM Act of 2012, the PPAD Act of 2015 and other fiscal responsibility principles (CoB, 2017).

Report of the Auditor General on financial statements of county governments for the year ended 30th June, 2018 indicated there were variances between IFMIS records and disclosure of financial statements, mismatch of accounts payables and bank statements for deposits account, variance of financial figures on pending bills and the schedules accompanying the notes, variances between cash and cash equivalents and accompanying bank balances, non-verification of huge outstanding imprests; thus revealing appropriateness of IFMIS in highlighting financial misappropriations in county governments (GoK, 2018). Lack of proper accounting systems and weak controls at the county level have continuously facilitated misuse of the allocated public funds, slowing down service delivery and overall performance of the county governments (Owuor, 2018).

IFMIS on public financial management has attracted the attention of scholars and researchers on different aspect of IFMIS and different level of government with mixed outcome. Positive results were revealed by Mburu and Ngahu (2016) in County Government of Nakuru and Njonde and Kimanzi (2014) on County Government of Nairobi. However, Odoyo, Adero and Chumba (2014) that the implementation of IFMIS has not been a success. Osano and Ngugi (2018) found that IFMIS had negatively affected performance in the public sector in Kenya. Similar results were obtained by Nurwin (2018) who found that IFMIS exhibited a negative and insignificant relationship with the implementation of preference regulations. It is against this backdrop that the current study sought to establish the influence of IFMIS on Public Financial Management in County Government of Kakamega.

Objectives of the Study

The objective of this study was to establish the influence of internal control system in Integrated Financial Management Information System on performance of County Government of Kakamega.

The study was guided by the following research hypothesis;

- H_0: There is no significant influence of internal control system in Integrated Financial Management Information System on performance of County Government of Kakamega

LITERATURE REVIEW

Accountability Theory

This theory was suggested by Tetlock and Lerner (1999). Accountability theory defines how the

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superficial need to shield one's actions to another party makes one to reflect and feel blamable for the process by which decisions and judgments have been reached. In turn, this apparent need to account for a decision-making process and outcome escalates the likelihood that one will reason intensely and systematically about one's routine manners (Tetlock & Lenner, 1999).

The former also puts forward that a worthwhile way to comprehend answerability is to distinguish between its two most prevalent uses as a virtue and as a mechanism. As a benefit, liability is seen as a quality in which a person shows readiness to accept responsibility, a desired trait in public officers, government agencies, or firms; it is therefore a helpful feature of an entity. As machinery, itis seen as a process in which a person takes a potential commitment to clarify his or her actions to another party who has the right to pass verdict on the actions as well as to question the person to latent penalties for his or her actions.

They suggest that a number of devices may upturn liability perceptions these include; the presence of another person, identifiability, and expectation of evaluation. Recent research has shown that information technology design artifacts of systems can influence the four core components of accountability theory; identifiability, the expectation of evaluation, awareness of monitoring, and social presence. This improves employee's accountability toward organizational system security without disruptive interventions or training (Trevor, Anderson & Didier, 2016).

Identifiability is a person understands that his outputs could be linked to him and thus reveals his/her true identity. The expectation of assessment is the belief that one's performance will be assessed by another person according to some normative ground rules and with some implicit consequences. Awareness of monitoring is a user's state of active cognition that his/her system-related work is monitored. Social presence is the awareness of other users in the system (Wainaina, 2011).

Accountability theory is relevant to this study since it assisted in understanding ways through which accountability can be enhanced through IFMIS internal controls system. The benefits of an IFMIS include improved management of resources (value for money), reduced fraud and corruption, improved transparency and accountability, lower transaction costs which can be achieved through internal controls system. Therefore, An IFMIS assists management in ensuring accountability for the deployment and uses of public resources and in improving the effectiveness and efficiency of public expenditure programs.

Internal Control System
- Fraud prevention, detection and control
- Monitoring and evaluation
- Policies and procedures
- Risk Assessment

→

Performance
- Absorption rate
- Development Index
- Attainment of own source revenue targets

Independent variables **Dependent Variable**

Figure 1: Conceptual Framework

Internal Control System and Performance

Internal control systems are the policies and procedures put in place by the management of a government agency in order to ensure the agency achieves its objectives and complies with external laws and regulations. Such policies and procedures tend to cover monetary book-keeping and reporting, performance monitoring, asset management and procurement (Ndegwa & Mungai, 2019). As a management tool IFMIS also enables management to do the following: control aggregate spending and deficit, prioritize expenditure across policies, programmes and projects to achieve efficiency and equity in the allocation of resources, make better use of budgeted resources, namely, to achieve outcomes and produce outputs at the lowest possible cost (Hendricks, 2012). In other words, the benefits anticipated in implementing IFMIS are: enhanced governance, reduced fraud, transparency and accountability, and better monitoring and evaluation.

According to Kioko (2017), the goal of financial managers, including controllers and treasurers, is to manage an organization's money as efficiently as possible. They achieve this goal by collecting payables as soon as possible, making payments at the latest time allowed by contract or law, ensuring that sufficient funds are available for day-to-day operations and taking advantage of opportunities to accrue the highest yield on funds not used for current activities. Ndegwa and Mungai (2019) pointed out that in order to effectively manage the government's cash flow and prevent debts from accumulating, it is important to monitor the pipeline of future payments. In addition, procurement is a common source of corruption and therefore procurement systems tend to include controls aimed to detect and deter corruption via IFMIS.

Hendricks (2012) submits that a well-designed IFMIS can provide a number of features that may help detect excessive payments, fraud and theft. These include, for example, automated identification of exceptions to normal operations, patterns of suspicious activities, automated cross-referencing of personal identification numbers for fraud, cross-referencing of asset inventories with equipment purchase to detect theft, automated cash disbursement rules and identification of ghost workers.

Oyinlola, Folaji, and Oladosu (2017) analysed the effectiveness of Integrated Financial Management Information System (IFMIS) on performance of public sector in Nigeria. The study concluded 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. Kimani, Nyang'au and Ngacho (2018) evaluated the effectiveness of integrated computerized accounting systems on internal controls of supermarkets in Kisii County, Kenya. The study used descriptive survey designs that were conducted among 21 out of the 24 targeted branch managers, supervisors and accountants of the supermarkets in Kisii County. The findings of the study showed that integrated financial operations and computerized integrated accounting are positively significant on strengthening the internal controls while segment information and consolidated financial reporting transactions are negatively significant on strengthening the internal control system.

Wangari and Jagongo (2015) sought to determine the effect of integrated financial management information system on credit scoring among SACCOS in Nyeri. This study found that internal control mechanism facilitated by IFMIS affects credit scoring among SACCOs in Nyeri to a great extent. Njonde and Kimanzi (2014) sought to analyze the effectiveness of Integrated Financial Management Information System (IFMIS) on performance of public sector in Kenya. The sample size was drawn from the sections of finance department that includes, budgeting, procurement and internal audits, and at public works department where the financial systems are applied. The study concluded that there was a relationship between IFMIS in public finance and internal control. The Nairobi County Government should consider prioritizing on improvement of internal controls module of the system as this presents and manages all other finance management functions.

Mbaka (2017) sought to determine the influence of Integrated Financial Management Information System on Supply Chain Effectiveness in Kirinyaga County Government. Internal controls influenced the effectiveness of the supply chain activities in the County government of Kirinyaga. The Internal controls only authorized individuals with permissions to access IFMIS and ensured that different tasks were done by specific individuals as well as segregating duties to increase the security

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level. According to Beschel and Ahern (2012), integrated financial management information systems (IFMIS) can facilitate timely and accurate reporting; allow internal controls to be exercised through the IFMIS, and therefore support more consistent compliance; and allow central agencies to oversee budget execution by line ministries, therefore facilitating the devolution of responsibilities to front line managers while retaining information at the center.

Performance of County Government

According to Lebans and Euske (2006) performance is defined as a set of financial and non-financial indicators which offer information on the degree of achievement of objectives and expected results. Organizations measure their performance to sustain their growth. According to Santa, Bretherton and Hyland (2010) improving operational effectiveness involves determining key performance objectives and establishing bench marks. Benchmarking as an efficiency tool is based on the principle of measuring the performance of one organization against a standard whether absolute or relative to other organizations. This can be used to; assess performance objectively, expose areas where improvement is needed to identify organizations with processes resulting in superior performance with a view to their adoption and to test whether improvement programmes have been successful. Organizations which appreciate the value of performance measurement are able to identify operating strengths and weakness and recognize improvements when they occur for prudent and efficient service delivery (Ammons, 2007).

According to the theory of Performance (ToP), to perform is to produce valid and measurable results and a performer in that instance can be an individual or an organizations or a group of people engaged in a collaborative effort. This theory further emphasizes that the performance of a system depends on the components of the system and on the interactions between the components of the system. Equally, the level of performance of an individual or an organization depends on the component parts. The significance of this theory is helping in understanding the concept of performance in relations to viability and sustainability of performance and service delivery.

Performance or general Service delivery in many African countries is confronted with many challenges, which constrain its ability to perform, exist and offer services to its citizens. The perennial problem has always been the issue of funding for the operations and equally the management of the same in ensuring consistent service delivery. The issue of Governance and erosion of ethics and accountability in the management of public affairs has continued to bedevil County Governments in delivering public services to the people effectively.

According to Saavedra (2010), any form of decentralization, be it financial, political or social is aimed at bringing decision-making closer to people and their needs. He further argues that Local decision-makers have access to better information on local conditions than central authorities; this knowledge allows them to better tailor services and public spending patterns to local needs and preferences; this in turn, is expected to improve efficiency and quality of services for local constituents.

In Kenya, Service delivery under previous regimes of governance was centralized, with the central Government delegating some functions to provincial level and local authorities and their regions. Policies were implemented and functions performed on behalf of the central Government and therefore performance measurement was equally for Central Government. The Kenyan Constitution (2010), ushered a new governance framework with the introduction of County Governments that has decentralized operations and service delivery to County Governments with funding from both national government and also from revenues generated by the Counties and this has continued to define and hamper their performance of county Governments

According to Transparency International Survey conducted in 2014 on County Governments Performance in Kenya clearly indicated that 41% of the Kenya populations from the 47 were unsatisfied with the performance of their Counties. Majority of the population measured performance of their County Governments based on; Success for effective and efficient use of County revenue on development projects including infrastructure, health, education, trade and corporate social responsibility. Wagana, Nzulwa & Kihoro (2017) studied public participation and operational performance of counties in western Kenya and reported low institutional trust, service delivery, skewed distribution of projects and sluggish implementation.

Wamae (2015) surveyed the performance of devolution and revealed that the absorption rate for all counties was 15% of total revenue transferred to counties in 2014/15. He attributed low uptake to poor budgeting and low human resource capacity to utilise development funds. The Office of the Controller of Budget (2015) reported on revenue collection that all counties in western Kenya performed dismally. Vihiga County for instance had local revenue projection of Kshs 204,274,739 and only managed to collect Kshs 36,459,858 within the financial year under review. This translates to a performance of 17.8 per cent, Busia performed at 22%, Bungoma at 19% and Kakamega at 24% against the national average of 47%. It is therefore evident that most counties in Kenya do not realize their performance targets.

Empirical Review

Njonde and Kimanzi (2014) analyzed the effectiveness of Integrated Financial Management Information System (IFMIS) on performance of public sector in Kenya. The study used descriptive research design to collect data. The target population of the study was 150 employees from Nairobi County Government. The sample size was drawn from the sections of finance department that includes, budgeting, procurement and internal audits, and at public works department where the financial systems are applied. The study revealed that there was a positive relationship between the effectiveness of IFMIS on public financial management and the independent variables; financial reporting, budgeting, internal controls and projects as was revealed in the regression analysis.

Wangari and Jagongo (2015) sought determine the effect of integrated financial management information system on credit scoring among SACCOS in Nyeri. The study adopted a descriptive survey research. The population for this study comprised 30 respondents who included the manager and the head of IT department in each of the 15 deposit taking SACCOs in Nyeri County. Data involved primary data and secondary data which were collected by use of questionnaires that were self-administered. This study found that internal control mechanism facilitated by IFMIS affects credit scoring among SACCOs in Nyeri to a great extent. The study also concludes that information processing, information gathering, timeliness of information, verification of the accuracy and completeness of transactions and transparency of information affect the credit scoring among SACCOs in Nyeri County.

Hawo (2015) sought to analyze the effectiveness of cash management and budgeting systems; financial reporting systems in IFMIS; internal control systems in IFMIS; and the effectiveness of organizational accountability systems in IFMIS on financial management in public sector in Kenya. The study adopted a descriptive research in this study with a targeted population of 18 National Government Ministries in Kenya. The primary data was collected using questionnaire. Secondary data involved past reports such as annual budget data, progress reports and internal audits reports. The study used both quantitative and qualitative method of data analysis. The study found that organizational accountability systems, cash management and budgeting systems, internal control systems and financial reporting systems positively and significantly influenced the financial management in the public sector.

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METHODOLOGY

This study adopted a descriptive survey design. A descriptive survey is usually concerned with describing a population with respect to important variables with the major emphasis being establishing the relationship between the variables (Essendi, 2013). The population of this study was 79 employees comprising of all accountants and finance related employees in Treasury Department in the County Government of Kakamega. This comprised of 14 Internal Auditors, 22 Accountants, 24 Finance officers, 13 Procurement Officers and 6 Revenue Officers from the Treasury department, all of whom are users of IFMIS (County Government of Kakamega, 2018). A total of 79 respondents were used as the sample size using census sampling technique. Primary data was used in this study. The primary data was collected using structured questionnaire. Data was collected by use of self-administered questionnaires under the researcher's guidance. The procedure encompassed grouping of questionnaires, editing and coding of responses and then running the processed data using the Statistical Package for Social Sciences (SPSS) tool.

FINDINGS

Descriptive statistics

Descriptive analysis for this section used percentages, frequencies, means and standard deviation to show the response from the respondents as shown in the table below. The respondents were required to state their level of agreement on various statements on each variable. The level of agreement ranged from 1-strongly disagree, 2-disagree, 3-fairly agreed, 4-agree and 5-strongly agree. The results were as follows.

IFMIS Internal Control

The sampled respondents were provided with 8 statements related to internal control. The relevant results were as shown in Table 1.

Table 1: Internal control

Statements	1	2	3	4	5	Mean
IFMIS has enhanced performance by minimizing Vulnerability of systems	4 (5.9)	8 (11.8)	21 (30.9)	31 (45.6)	4 (5.9)	3.34
IFMIS can trace all the stages of a transaction process hence enhancing transparency and accountability of the process due to proper networking	1 (1.5)	6 (8.8)	23 (33.8)	16 (23.5)	22 (32.4)	3.76
IFMIS has provided auditable financial statements from the ministry due to authentication of the systems	0 (0)	9 (13.2)	21 (30.9)	23 (33.8)	15 (22.1)	3.65
IFMIS has reduced fraudulent transactions in accounts sector and has improved quality of the accounting system in the County.	0 (0)	20 (29.4)	20 (29.4)	24 (35.3)	4 (5.9)	3.18
The system has enabled the management to detect suspicious transactions and take action in time before it escalates to higher level.	1 (1.5)	13 (19.1)	22 (32.4)	28 (41.2)	4 (5.9)	3.31
Internal controls in IFMIS promote accountability	0 (0)	6 (8.8)	15 (22.1)	30 (44.1)	17 (25)	3.85
Internal controls in IFMIS enable us to detect collusion	0 (0)	12 (17.6)	21 (30.9)	27 (39.7)	8 (11.8)	3.46
Use of IFMIS has greatly enhanced security of information which minimizes risk of corruption and improve reliability of the system	0 (0)	7 (10.3)	21 (30.9)	30 (44.1)	10 (14.7)	3.63

From Table 1, the results revealed that 45.6% of the sampled respondents agreed that IFMIS had enhanced performance by minimizing Vulnerability of systems although 30.9% were undecided. On the other hand, 32.4% of the sampled respondents agreed that IFMIS can trace all the stages of a transaction process hence enhancing transparency and accountability of the process due to proper networking while on the other hand 33.38% were undecided. The study also established that 33.8% of the sampled respondents agreed that IFMIS has provided auditable financial statements from the ministry due to authentication of the systems and further 22.1% strongly agreed.

The results further revealed that 29.4% and 35.3% of the respondents were undecided and agreed respectively that IFMIS has reduced fraudulent transactions in accounts sector and has improved quality of the accounting system in the County. In addition, 41.2% and 5.9 of the sampled respondents agreed and strongly agree that the system has enabled the management to detect suspicious transactions and take action in time before it escalates to higher level.

The study further established that 44.1% of the sampled respondents agreed that internal controls in IFMIS promote accountability while 25.0% of them strongly agreed. Similarly, 39.7% of the respondents agreed that internal controls in IFMIS enable them to detect collusion while 11.8% strongly agreed on the same. Lastly, 44.1% and 14.7% of the sampled respondents agreed and strongly agreed that use of IFMIS has greatly enhanced security of information which minimizes risk of corruption and improve reliability of the system.

Performance

The sampled respondents were provided with 8 statements related to performance of county government. The relevant results were as shown in Table 2.

Table 2: Performance

Statements	1	2	3	4	5	Mean
IFMIS has improved the absorption rate in the county by ensuring compliance with the budget thus enhancing financial performance	6 (8.8)	6 (8.8)	21 (30.9)	23 (33.8)	12 (17.6)	3.43
IFMIS has enhanced the attainment of own source revenue targets in the county	7 (10.3)	21 (30.9)	22 (32.4)	14 (20.6)	4 (5.9)	2.81
IFMIS modules have promoted transparency, accountability and efficiency of county government collections hence improved revenue collection.	4 (5.9)	13 (19.1)	17 (25)	30 (44.1)	4 (5.9)	3.25
IFMIS modules have improved on the financial management of allocations and public expenditure management in the County.	1 (1.5)	11 (16.2)	13 (19.1)	33 (48.5)	10 (14.7)	3.59
IFMIS has enhanced financial performance in the County through efficient allocation of funds for development expenditure	1 (1.5)	13 (19.1)	14 (20.6)	28 (41.2)	12 (17.6)	3.54
The system has assisted in allocating the adequate resources on the county government projects without biased opinions.	3 (4.4)	14 (20.6)	25 (36.8)	22 (32.4)	4 (5.9)	3.15
Linked IFMIS modules have reduced misappropriation of public funds in the County through un-approved expenditures.	3 (4.4)	9 (13.2)	21 (30.9)	21 (30.9)	14 (20.6)	3.50
Generally, there is improved efficiency and effectiveness at the county since IFMIS was introduced	0 (0)	2 (2.9)	10 (14.7)	40 (58.8)	16 (23.5)	4.03

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From Table 2, 33.8% of the respondents agreed that the IFMIS had improved the absorption rate in the county by ensuring compliance with the budget thus enhancing financial performance while 17.6% strongly agreed with a mean of 3.43 and standard deviation of 1.15. The results also revealed that 20.6% and 5.9% of the respondents agreed and strongly agreed respectively that IFMIS had enhanced the attainment of own source revenue targets in the county. Slight majority of the respondents agreed that IFMIS modules have promoted transparency, accountability and efficiency of county government collections hence improved revenue collection as shown by 44.1%. Similarly, 48.5% of the respondents agreed that IFMIS modules have improved on the financial management of allocations and public expenditure management in the County.

The results also revealed that 41.2% of the respondents agreed that IFMIS has enhanced financial performance in the County through efficient allocation of funds for development expenditure. Only 5.9% of the respondents agreed and further 32.4% strongly agreed that the system has assisted in allocating the adequate resources on the county government projects without biased opinions. The results further revealed that 30.9% of the respondents agreed that linked IFMIS modules have reduced misappropriation of public funds in the County through un-approved expenditures. Lastly, majority of the respondents (58.8%) agreed that there is improved efficiency and effectiveness at the county since IFMIS was introduced.

Inferential Analyses

Influence of internal control on performance of county government of Kakamega in Kenya

The objective of the study was to establish the influence of internal control system in Integrated Financial Management Information System on performance of County Government of Kakamega. This objective sought to test the null hypothesis which posited H_0: There is no significant influence of internal control system in Integrated Financial Management Information System on performance of County Government of Kakamega. Regression analysis was conducted to find the proportion in the dependent variable (performance) which predicted from the independent variable (internal control). Table 3 showed the analysis results.

Table 3: Regression Results of Internal control and Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.656[a]	.431	.422	.564705

a. Predictors: (Constant), Internal control

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.924	1	15.924	49.935	.000[b]
	Residual	21.047	66	.319		
	Total	36.971	67			

a. Dependent Variable: Performance

b. Predictors: (Constant), Internal control

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.675	.393		1.716	.091
	Internal control	.794	.112	.656	7.066	.000

a. Dependent Variable: Performance

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From the table 3 above the value of R square was 0.431 this showed that internal control explained 43.1% of variance in performance of county government of Kakamega in Kenya. The results were 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.

From the ANOVA table significance of the model had a value F (1,67) =49.935, P<0.01 this showed that it's significant at 99% confidence level hence the model is feasible. This implies that internal control is a useful predictor of performance of County Government of Kakamega. These results were in agreement with Wangari and Jagongo (2015) who found that internal control mechanism facilitated by IFMIS affects performance of SACCOs in Nyeri to a great extent.

The simple linear regression equation was as shown below

Y_{pf}=0.675+0.794 Internal control

The unstandardized regression coefficient value of internal control was 0.794 and significance level of p<.001. This indicated that a unit change in internal control would result to significant change in performance by 0.794. Kimani, Nyang'au and Ngacho (2018) showed that integrated financial operations and computerized integrated accounting are positively significant on strengthening the internal controls while segment information and consolidated financial reporting transactions are negatively significant on strengthening the internal control system.

Hypothesis testing

The study hypothesis (H_0) stated there is no significant influence of internal control system in Integrated Financial Management Information System on performance of County Government of Kakamega. Multiple regression results indicated that IFMIS internal control has significant influence on performance of County Government of Kakamega (β = 0.307 (0.131) at *p<0.05*). The hypothesis was therefore rejected. The results indicated that a single improvement in IFMIS internal control will lead to 0.307 unit improvement in performance of County Government of Kakamega.

CONCLUSIONS AND RECOMMENDATIONS

The objective of the study was to establish the influence of internal control system in Integrated Financial Management Information System on performance of County Government of Kakamega. Descriptive statistics revealed that IFMIS can trace all the stages of a transaction process hence enhancing transparency and accountability of the process due to proper networking. Further, internal controls in IFMIS promote accountability which improves transparency.

Pearson Correlation results revealed a moderate relationship between internal control and performance of County Government of Kakamega in Kakamega. Linear regression analysis revealed that internal control significantly accounts for variance in performance of county government of Kakamega in Kenya. Multiple regression analysis revealed that when other variables are controlled in the model, a unit change in internal control would results to a significant change in performance by in the same direction. Hence, internal control is a significant predicator of performance of county government of Kakamega in Kenya. Therefore, the null hypothesis was rejected.

From the results, the study concluded that IFMIS internal control has significant effect on performance of county government of Kakamega in Kenya. An increase in internal control would results to significant increase in performance of county government of Kakamega in Kenya. Therefore, internal control is a significant predicator of performance of county government of Kakamega in Kenya.

The study recommended that the county governments should increase the frequency of using IFMIS in internal control as well as increase the expenditure towards improvement of internal control IFMIS systems since it will lead to an improvement in performance of the county.

Suggestion for Further Studies

This study examined IFMIS internal control and its influence on performance of County Government of Kakamega. Other factors such as government policy, standard and principles of financial reporting, organizational resources may have mediated, moderating or intervening effect on the relationship between IFMIS internal control and performance, therefore, further studies should focus on these factors to examine how they influence the relationship between IFMIS internal control and county government performance.

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