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IMPLEMENTATION CHALLENGES OF INTEGRATED FINANCIAL MANAGEMENET INFORMATION SYSTEM IN MINISTRY OF FINANCE

BY
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IMPLEMENTATION CHALLENGES OF INTEGRATED FINANCIAL MANAGEMENET INFORMATION SYSTEM: CASE STUDY OF MINISTRY OF FINANCE

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APPROVAL SHEET

ST. MARY'S UNIVERSITY

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Ass.Pro.Abraham G/Giorgis. All sources of material used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institutions for the purpose of earning any degree.

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Name Signature

St. Mary's University, Addis Ababa June, 2021

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Business for examination with my approval as a university advisor.

_____ _____

Advisor Signature

St. Mary's University, Addis Ababa June, 2021

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List of Acronyms

AAU: Addis Ababa University

CIPD: Computer Industry Potential Development

COTS: Commercial off the shelf

COVID: Corona Virus Diseases

EMA: Ethiopian Mapping Agency

ERA: Ethiopian Road Authority

ERCA: Ethiopian Revenue and Custom Authority

ERP: Enterprise Resource Planning

GTP: Growth and Transformation Plan

HOF: House of Federation

HOPR: House of Peoples' Representatives

IBEX: Integrated Budget Expenditure System

ICT: Information Communication Technology

IFMIS: Integrated Financial Management Information System

MOCS: Ministry of Civil Service

MOE: Ministry of Education

MOF: Ministry of Finance

MOFED: Ministry of Finance and Economic Development

MOH: Ministry of Health

PFM: Public Financial Management

PPPAA: Public Procurement and Property Administration Agency

PPPDS: Public Procurement and Property Disposal Services

USAID: United States Agency for International Development

ABSTRACT

Integrated Financial Management Information System (IFMIS) as one of the most common financial management reform practices, aimed at the promotion of efficiency, effectiveness, accountability, transparency, security of data management and comprehensive financial reporting. IFMIS supports adequate management reporting, policy decisions, fiduciary responsibilities, the preparation of auditable financial statements. Implementation process of IFMIS has its own obstacles concerned with the organization performance status, collecting and organizing start up data converting and migrating data to IFMIS standard, train end users. So, this study aims to assess the implementation of integrated financial management information system in MOF. A Purposive sampling so as to select the targeted directorates and Random sampling from each directorates with total of the 88 employees who use IFMIS in each directorates was done. Primary and secondary data was collected by means of document review, observation, questionnaire & interview and was analyzed using descriptive statistics using SPSS version 17 and excel. And the analysis shows the current IFMIS implementation of the organizations negatively influenced by all these factors. The study was employed a descriptive research design and adopted both Qualitative and Quantitative research approach. Non probability sampling technique, specifically purposive sampling was used., Recognizing benefits of IFMIS, intention of improving outcomes of financial management. The benefits of adoption of IFMIS are contribution in improving financial management, transparency, accountability and responsiveness of public financial resources, strengthening government financial and accounting functions. It is recommended that commitment and support of top management, staff motivation and facilitation, automation system must have to gain a due consideration.

Key words: IFMIS, *Public financial management, Implementation*

CHAPTER ONE
INTRODUCTION

1. Introduction

Governments in developing countries are progressively adopting ways and systems to modernize and improve public financial chain management due to its significant contribution to the countries' economic growth (Kishor et al., 2013). Globally, governments are investing a great deal of resources to streamline and improve public financial resource management chain and implementing new integrated management information.

1.1. Background of the study

Governments of different countries are progressively exploring methods and systems to modernize and improve public financial management. Among different attempts of improvements, one is an introduction of the Integrated Financial Management Information System. IFMIS is one of the most common financial management reform practices, aimed at the promotion of efficiency, effectiveness, accountability, transparency, security of data management and comprehensive financial reporting. The scope and functionality of an IFMIS varies across countries, but normally it represents an enormous, complex, strategic reform process (Chêne 2009).

IFMIS is a system to support management of public sector budgetary, financial, and accounting maneuvers and endorse better public financial management. PFM with a centralized registry of public sector revenues and expenditures is the predecessor of IFMIS. It also supports the public sector with the necessary information to plan, execute, and monitor public finance. The execution of budget, consistent and systematic accounting recording and assisting the Treasury to meet its commitments and manage payments and debts are some of the functions of the system. IFMIS has implemented to make the public financial system more efficient and effective. As such, under PFM, it will improve the management of public expenditures and strengthen transparency and accountability, as well as macro and micro fiscal policies (Gibson and Nolan, 2003).

In current situation, different African countries in response to the mounting accumulation of information and data that needs to be managed have been urged to reform their expenditure management systems through computerization of the entire sectors. However, the level of the

usage of IFMIS still differs and restricted to the particular institutions at country level like Ministry of Finance. It is supposed to be used as a system that is common through institutions of the government, together with the more determined schemes for local, state and devolved governments (Otieno *et. all*, 2017).

The Federal Government of Ethiopia formerly uses an accounting system which is called IBEX up to 2010 for more than 10 years. Government decided that there was a need to reform the former accounting processes (IBEX) as an integral part of the Civil Service Reform towards the new accounting system which is the IFMIS. This is due to the limitation of the IBEX and to add new standard features of accounting system to decide change of the previous accounting system after 10 years use. This new system is an IFMIS being implemented by Federal Government of Ethiopia (Peterson, USAID, 2011).

Ethiopia has started piloting the implementation of IFMIS in six institutions including Ministry of Revenue , Custom Commission , Ethiopian Road Authority(ERA), Ministry of education (MoE), Ministry of Health (MoH), Ministry of Civil Service (MoCS) and Ministry of Finance and Economic Development (MoFED). Observing the progress in those six organizations, the Government decided to expand IFMIS implementation in six additional institutions like Addis Ababa University (AAU), House of Federation (HF), House of Peoples' Representatives (HPR), Public Procurement and Property Administration Agency (PPPAA), Public Procurement and Property Disposal Services (PPPDS) and Ethiopian Mapping Agency (EMA). Then after the government decides and implement IFMIS in full scale(USAID, 2011).

Based on this reason, the current study intends to be conducted on assessment of implementation of IFMIS in Ethiopia the case of Ministry of Finance.

1.2. Statement of the Problem

Through time, IFMIS investment in organizations has grown considerably in the past three and four decades. By 1998, in the developed world, IFMIS accounted for more than 50% of organizations annual capital investments and was expected to account for 5% of revenues by 2011 (Odolo & Gekara, 2015).

The foremost motivating force behind this large-scale IFMIS investment is the promise of increased competitive advantage as IFMIS is regarded as a strategic weapon that can positively affect organizational change (Gregoret, 2006). Countries have been classified by the United Nations according to their Computer Industry Potential Development (CIPD) as advanced or less developed. Advanced includes, the United States, Canada, West European countries and Japan. According to the World Bank report (2011) 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.

There is a general agreement that a fully functioning IFMIS can improve governance by providing real-time financial information that managers can use to administer programs effectively, formulate budgets, and manage resources. The importance of implementing IFMIS in public institutions cannot be underscored due to its role in creating efficiency and ensuring PFM. Implementation of IFMIS ensures accountability and transparency as well as effective management of resources and corruption eradication and minimization of fraud. However, implementation of IFMIS may be influenced by a number of factors like lack of management goodwill, poor ICT infrastructure, inadequate resources allocation, hasty implementation and poor monitoring and evaluation mechanisms (Hendricks, 2012).

Contextually, the government of Ethiopia has initiated various reforms in the public sector in a bid to ensure efficient service delivery as well as motivated civil service which will be more productive and enthusiastic to serve the citizens. The IFMIS in Ethiopia has been part of a larger renovation of its PFM to international standards, because the change aligned with the four known drivers of public sector reform: context, ownership, purpose, and strategy**.** The Government of Ethiopia has asked the United States to provide technical and financial assistance for the Ministry of Finance and Economic Development (MoFED) in IFMIS Oracle implementation. Through this system implementation Ethiopian governments 'stated goal is to "support public bodies and regions to generate accurate, accessible, and timely government-wide financial information and reports which contribute to the improved quality of the nation's financial decision making". IFMIS will replace the locally developed legacy Integrated Budget

Expenditure System (IBEX) with a commercial off the shelf (COTS) solution, Oracle E-Business Suite(Peterson,2010).

More or less the IFMIS deployment needs to poses different stages and phases to make an organization self-contained user of the IFMIS. Implementation process of IFMIS has its own obstacles concerned with the organization performance status, collecting and organizing start up data converting and migrating data to IFMIS standard, train end users. Most studies about IFMIS effectiveness noted that, IFMIS has post implementation process that investigating IFMIS implementation. On the other hand, the Oracle team has not been able to make much progress in this area because of lack of clear specifications on the government reporting requirements. The complex nature of the system has encountered significant design and implementation problems and delays. The capacity and know-how of the government staff has always been and is still the major issue, and the government still relies on the assistance of consultants. Consequently, several significant issues need to be addressed before IFMIS can effectively be used. In general, the implementation phase has not progressed well, primarily because of clearly limited involvement and some neglect of the system by the main players. With the aforesaid in mind, effective use of IFMIS may be at stake in spite of the massive amount invested in this project as the government tries to roll out this system to computerize fully its operations (Ministry of Finance & Economic cooperation, GTP Plan 2011-2015).Based on the above evidences conducting a study on how the implementation of IFMIS is to be effective, what factors must to gain a due consideration and indicating how to overcome challenges is needed. Therefore, this study assesses the implementation of Integrated Financial Management Information System in Ethiopia taking the case in Ministry of Finance.

1.3. Research Question

The research assesses the implementation of IFMIS and addresses the following questions: -

- What are the driving forces towards the implementation of IFMIS in MOF?
- What are the benefits of implementing IFMIS in MOF?
- How the implementation of IFMIS is effective in MOF?

1.4. Objectives of the study

1.4.1 General Objective

The General objective of this study is to assess implementation challenges of integrated financial management information system in MOF.

1.4.2 Specific Objective

The specific objectives of the study are: -

- To assess the potential towards the implementation of IFMIS in MOF.
- To examine the benefits of IFMIS implementation in MOF.
- To assess how implementation of IFMIS becomes effective in MOF.

1.5. Significance of the study

This study aimed on the implementation challenges of IFMIS in the MOF. The research provides insights from a single case study as a benchmark with which continuous improvement will be made in other institutions. The study will identify the implementation of IFMIS and factors related with the implementation process in the study institution. Therefore, the study will forward the appropriate recommendations to solve the challenges and difficulties encountered and benefits generated in implementing IFMIS. This study will also generate information for researchers and students, which would help them to plan further researches on IFMIS and its implementation in Ethiopia. Finally, this study will provide information for government policy makers to address identified shortcomings of the system they are currently using to make it more effective the implementation of IFMIS.

1.6. Scope of the Study

.The scope of the study is to Ministry of Finance departments/directorates that use IFMIS as system of record since all Ministry of Finance play and take a responsibility to make IFMIS implement throughout Ethiopian Public sectors and lead the effective implementation of IFMIS successful and the user of this public sector still have an issue on the system. It covered all the concerned department of MOF. The study will focus on the users of IFMIS in each department/directorate of MOF purposely selected like financial users, planning users, property Admin users, and procurement users, top management users, self-service users, system administrator users and setup users on the implementation of the IFMIS.

1.7. Limitation of the Study

Limitation for the purposes of this study was regarded as any factor that was present from the one set and affected or could have affected the attainment of research objectives .Some of them are limited the scope of the study was unavailability of any organization who effectively implements the system to compare the challenges on effective implementation of this system. Besides, lack of research studies and availability of sufficient current literature on the topic were some of the constraints. Some targeted respondents were reluctant to share sensitive information while others misinterpret the intentions behind the research and refuse to provide accurate information for fear of disclosure besides assurances of confidentiality. However, by discussing the relevance of the study to the respondents it will help to provide the required information.

1.8. Organization of the Study

The study was organized into five chapters. The first chapter deals with background of the study, statement of the problem, objective of the study, research questions, significance of the study, scope of the study, limitation of the study, and organization of the study and definition of key terminologies. The second chapter comprises review of related literature, theoretical, Empirical and conceptual literatures. The third chapter presents the research design and methodology. Chapter fourth deals with presentation, analysis and interpretation of the data. And the last chapter consists of summary, conclusion and recommendations of the study.

CHAPTER TWO
LITERATURE REVIEW

2.1. Introduction

This chapter seeks to review the literature that forms the basis of this study. Here the chapter will comprised into theoretical, Empirical and conceptual literatures.

2.2. Theoretical Review

2.2.1. Public Financial Management

In a business enterprise, effective management of finances aids the achievement of business objectives. Similarly, sound public financial management is critical to the achievement of the aims of the public sector through its role in improving the quality of public service outcomes; operational and strategic decision-making, long term sustainability of public services, building public trust in the performance of the sector and ensuring the efficient and effective use of public funds. Optimal public financial management would additionally display flexibility that allows the targeted sectors to adjust easily and in the desired manner with the public sector induced changes.

PFM refers to the set of laws, rules, systems and processes used by sovereign nations (and sub-national governments), to mobilize revenue, allocate public funds, undertake public spending, account for funds and audit results. It encompasses a broader set of functions than financial management and is commonly conceived as a cycle, beginning with policy design and ending with external audit and evaluation (Lawson, 2015).

Government accounting has a long history and was practiced even when there were no organized budgets. Diamond and Pokar (2006) said that the efforts in government accounting were primarily oriented to double-entry bookkeeping and there was a lack of a coherent theory. And then was a move from bookkeeping to accounting that involved the measurement and transactions. During the twentieth century further refinements were made in costs and management accounting and the accounting system as a whole developed to meet purposes that were diverse but all related to the decision making requirements of a commercial entity. These approaches have also had their impact on government accounting.

According to Isidore (2012), accounting systems in government do not appear to have received the attention they needed or deserved. Although many reforms have been introduced to recognize problems and solve them, there are still many issues that remain to be resolved. The government accounting is still different from commercial accounting by being motivated by complying with the law and social return from the government expenditure while the commercial accounting is profit motivated. Through time there was a strong need to build Public Finance Management Systems aiming at improving the efficiency of spending of few resources as well as strengthening of governmental institutions, by promoting transparency and enhancing governance. Since then progress was seen in terms of improved Public Financial Management (PFM).

Public Financial Management encompasses the mobilization of revenue and Expenditure. Many PFM topics are highly specialized and include trained experts on issues such as financial management information systems, payroll reform or procurement for public works. But whether one is engaged in the gritty details of cash advance procedures or works on public policy at a broad level, it remains valuable to consider the PFM system as a whole. It is important to understand how various functions fit into a broader system of rules and regulations that govern the management of public resources, and what these functions are ultimately intended to achieve. (Pollitt, 2008).

Strong financial management in the public sector is a tool for achieving political, economic and social goals. Government, long back water compared with the financial sophistication of the private sector, is realizing that many of the same techniques and approaches that allow private sector firms to grow and provide solid returns to shareholders can be adapted to the public sector to increase return on the public dollar. In an era of diminishing resources and increased demand for accountability and transparency in government, the stakeholders/shareholders of the public sector are demanding more effective and efficient use of public resources. Good public sector financial management requires an "entity" rather than a functional, approach to financial management. An entity based, integrated approach to financial management is required to support the goal/performance orientation being demanded of public sector organizations. Combining financial data with other performance measurements can result in a clearer picture of

the degree to which an organization is achieving its goals and objectives (Njonde, &Kimanzi, 2014).

In growing interest in the quality of public sector financial management and to enables Public institutions to record the information related to the use of Public Funds, Integrated Financial Management Information system (IFMIS) introduced to present Government Expenditures and Revenues, Hardware, software, data, people procedures are combined to form an information in this system. IFMIS is one format of financial management information that tracks financial events and summarizes financial information (Edwin, 2008).

2.2.2. What is IFMIS?

According to USAID (2008) report, Integrated Financial Management Information System is an information system that tracks financial events and summarizes financial information. Generally it refers to the use of information and communication technology in financial operations to support management and budget decisions, fiduciary responsibilities and the preparations of financial reports and statements. In the government realm, IFMIS refers more specifically to the computerizations of PFM process from budget preparation and execution to accounting and reporting with the help of an integrated system for financial management of line ministries, spending agencies and other public sector operations. The principal element that "integrates" an IFMIS is a common, single, reliable platform database (or a series of interconnected databases) and from which all data expressed in financial terms flow (Casals, 2004).

According to Lianzuala & Khawlhring (2008), IFMIS refers to the computerization of public financial management processes, from budget preparation and execution to accounting and reporting, with the help of an integrated system for the purpose of financial management. This means IFMIS is filling the gap of the organizations decision, planning and controlling process.

Dorotinsky (2003) argues that there are a number of ways in which IFMIS can improve public finance management, but generally IFMIS seek to enhance confidence and credibility of the budget through greater comprehensiveness and transparency of information. They seek to improve budget planning and execution by providing timely and accurate data for budget management and decision making. IFMIS allow a more standardized and realistic budget

formulation across government, while promoting better control over budget execution through the full integration of budget execution data. They also allow for the decentralization of financial functions and processes under the overall control of the MOF, enhance financial discipline and control operating costs by reducing administrative tasks and civil servants' workload.

Kimwele (2011)stated that modern integrated financial systems rely on transaction-based entries to update all relevant accounts, be they for budgetary control, proprietary accounting objectives, or program management. In these modern, integrated systems, financial data are carried in a common format, and the effects of financial transactions in one application are accurately transmitted to other affected applications. Accordingly, aside from the timeliness in recording transactions, the use of integrated systems largely negates the risk of out-of-balance situations and data entry errors. Thus, agencies can have at their disposal information that can quickly provide year-to-date balances, mitigate the need for extensive reconciliation procedures, and more important, can be used for analysis throughout the year.

2.2.3. Implementing IFMIS

Since the 1980s, several major international aid agencies, such as the World Bank, have promoted integrated financial management information systems (IFMIS) as a core element in reforming public financial management (PFM) in low-income countries (LICs). The expectation is that IFMIS will make information on public finances comprehensive, efficient, secure and transparent (Combaz, 2015).

The introduction of an IFMIS involves more than only the automation of public finance tasks and processes. An IFMIS must be supported by a coherent legal framework governing the overall public finance system (Chene, 2009). Amongst other things there should be clear legal guidance on the roles and responsibilities of all institutions in managing, controlling, and monitoring budget execution; the authorization, commitment and release of funds; the basis of accounting (cash or accrual); reporting requirements, and asset management in public investment and borrowing (Rozner 2008).

Implementing any system in the organization brings about changes in processes, roles policies and functions. With these changes come resistance from some of those affected. Hendricks

(2012) asserts that resistance to change may come from various stakeholders in the organization such as individuals with vested interests who benefited from previous methods, civil servants who see it as a threat to their jobs and people who resist change for the fear of the unknown. Change management is therefore the process of creating, maintaining and systematically evaluating changes that occur in the organization (Barry, 2001). This can be done through clear communication, education, training and other methods that emphasize on the need and benefits of the change. This can be done through various channels such as the media, workshops, seminars or conferences.

Major factors for succession determining success and failure are diverse with some relating to programming IFMIS. IFMIS are complex, high-risk and demanding in staff involvement and resources. They come with significant challenges, such as ensuring high-quality work from contractors. The top risks are the scope, schedule and budget of IFMIS. Coherence between the strategy of public financial reform, its breadth, and the IT solution is essential, but rarely ensured.

Institutional factors are also important, because IFMIS constitute an organizational reform. Some IFMIS have overreached and tried to drive radical PFM changes or implement too much at once, resulting in failure. Many programs have lacked ownership and clear lines of authority. IFMIS may also create new opportunities for corruption (Muigai, 2012).

The role of political factors is debated. Most authors argue that a firm political commitment and its underlying incentives are required. However, in Ethiopia, only mid-level management was committed, and that was enough to enable success, according to Peterson (2006). Change management is widely seen as essential to success.

Getting technical factors right to obtain a robust and flexible system is crucial. Yet many IFMIS have failed to specify the required functionalities from the outset, which is hard to correct later. IFMIS also require hardware and reliable power supply. Ensuring the required staffing and staff capacities (both basic and advanced IT skills) throughout government is often a challenge in many LICs. Capacity building is often needed (Njihia and Makori, 2015).

2.2.4. Challenges of IFMIS implementation

Knowledge and skill of IFMIS are required for its application otherwise if users are not literate to IFMIS, they will be uncertain regarding the functional processes of IFMIS, which may delay the implementation process and lead to mistakes. The fear to make mistakes also leads to resistance towards IFMIS which may impact negatively on its successful implementation. Furthermore, there are still challenges related to the clarity of roles with the implementation of IFMIS in the local sphere where the local treasuries, as important role players, do not have clearly defined roles and responsibilities. The absence of detailed implementation plans at lower levels, where the IFMIS is actually implemented, also influences the implementation process negatively (Kotze, 2012).

A change of management strategy should be developed as soon as an IFMIS project is conceived, taking into consideration the implications of change for diverse stakeholders, that is, from politicians and senior officials to heads of departments, civil servants and the IT personnel who will support the new systems. If this aspect is not addressed early in the project, the project will constantly be faced with resistance and obstacles from elected politicians, executive officials and personnel who will use the systems regularly. The best way to overcome resistance to change will be through clear communication, education and training, as well as through 'quick wins' that demonstrate the benefits of the change (Rozner 2008). An IFMIS generally implies fundamental changes in operating procedures and should be preceded by a detailed functional analysis of processes, procedures, user profiles and requirements that the system will support (Chêne 2009).

The changes associated with the introduction of IFMIS should be communicated to the staff so that the staff also have the same understating and embrace it. Limited involvement and some neglect of the system by the main players including the ministry of finance, accountant general and pilot ministries will negatively affect the implantation of IFMIS. Hence, the introduction of an IFMIS should be accompanied by strong commitments, sufficient manpower and financial resources, widespread internal support and an agenda for effective change management (World Bank, 2014).

In addition to strong commitment of the management, the capacity of the staff in terms of knowledge and skill on IFMIS is fundamental for its implementation. The lack of capacity leads an inhibition to effective implementation of IFMIS. For example, it was observed that lack of capacity was regarded as one of the major causes for the delay in the implementation process of IFMIS. To the contrary, the strengthening of capacity staff via training was observed to be one of the primary contributors to the success of IFMIS (Hendricks, 2013).

Diamond and Khemani (2006) argued that the necessary measures should be taken to reinforce the capacity of the IFMIS project team as well as that of the Attorney General's (AG's) office and the budget office through all the project phases through training. At the same time, these authors noted that it is equally important to develop the necessary skills and capacity of the central IT department to provide strong support to the IFMIS. For the success of the IFMIS project it ought to be ensured that there is continuity of key personnel involved in the system's development and implementation.

The IFMIS is highly complex, sophisticated and expensive. Having chosen this route, it is a necessity to overcome a number of major challenges to fully realize the benefits of the system, while ensuring that security is not compromised (World Bank, 2014). From an accounting and financial reporting perspective, failure to address specific issues relating to the sustainability, functionality and extension of the system are liable to result in higher rather than lower levels of fiduciary risk. In particular there is a need to ensure that either internally or externally there is sufficient capacity to manage the ongoing implementation process funds is available for the maintenance of the system government can retain staff at all levels that have the capacity to utilize the system effectively the coverage of the system is comprehensive, and funding is available to facilitate any future crush (GAO, 2004). According to Diamond and Khemani(1999) careful evaluation of the salaries and packages for the relevant staffing both public and private sector should be done including an assessment of the implications of improved salaries for the broader public sector environment. Such a strategy would aim at striking balance between the need to attract/retain qualified staff.

2.2.5. Benefits of implementing IFMIS

There are a number of ways in which IFMIS can improve public finance management, but generally IFMIS seek to enhance confidence and credibility of the budget through greater comprehensiveness and transparency of information. They seek to improve budget planning and execution by providing timely and accurate data for budget management and decision making. IFMIS allow a more standardized and realistic budget formulation across government, while promoting better control over budget execution through the full integration of budget execution data. They also allow for the decentralization of financial functions and processes under the overall control of the Ministry of Finance, force financial discipline, decrease operating costs by reducing administrative tasks and civil servants' workload(Pollitt, 2008).

In addition, IFMIS also seek to strengthen the efficiency of financial controls by making comprehensive, reliable and timely financial information available to the Auditor General, parliament, investigative and prosecutorial agencies, etc , as they improve accounting, recording and reporting practices through the provision of timely and accurate financial data, a standardized integrated financial management reporting system and an upgraded computerized accounting system. When they work well, they make bank reconciliation automatic and allow a closer monitoring of outstanding bills and cash in bank accounts (Chêne, 2009).

2.2.6. Basic Components of a Government IFMIS

An IFMIS will generally consist of several distinct components or modules that use information to perform different functions. At the core of the system there is the *General Ledger*. The General Ledger constitutes the central "books" of any IFMIS. Every transaction entered into the system posts to the General Ledger, starting with the allocation of budget funds through to the commitments to payment for goods and services. All transactions should simultaneously post to the General Ledger and to all appropriate sub-ledgers/modules following the rules imposed by a standardized chart of accounts. These records remain as a permanent track of the history of all financial transactions, and represent the source from which all reports and financial statements are derived(Conrad, 2013).

In addition to the General Ledger, other core components and their main functions will generally include: (USAID, 2008)

Cash Management – monitors and forecasts cash flows and financing requirements, and performs reconciliation between bank accounts and IFMIS records.

Commitment control – ensures that before a purchase is committed to, there is sufficient cash allocated for the expense and the allocation matches the appropriated budget.

Accounts payable – Processes and generates payments, with built-in checks to ensure invoices match approved commitments.

Accounts receivable – produces bills and processes and records receipts, including all types of inflows received by government units, including nontax revenues and fees.

Beyond these core components, there are myriad other types of information that an IFMIS could conceivably support. Other modules or systems that an IFMIS can support or interface with might include: Budget preparation/planning, Procurement and contracts management, Payroll and human resources, Revenue administration (tax and customs), Debt management, Assets management, Project ledger, Grants management (e.g counterpart funds from international assistance) .

The list of potential add-ons can be very long, depending on the particular needs and the level of sophistication of the government. Moreover, the functions the IFMIS may be called on to perform can vary from producing budgets and reports to managing procurements and grants to processing payments and receipts. On top of this, the system needs to provide security on several levels: Internal system security, User profiles for each type of user; and External security as the system communicates with the outside world: internet, the banking system, citizen interfaces for facilities like taxes, licenses, etc (USAID, 2008).

2.2.7. IFMIS implementation in Ethiopia

Since 2010**,** the government of Ethiopia has decided to buy IFMIS from Oracle Company and adopted the system with the financial regulation of Ethiopian public financial management

system. The customization was done by Transact Computer Technology (TCT**).** After success pilot sites were selected based on the characteristics and financial activity individuality, and other issues like the complexity of the finance system in order to keep inclusion of all features of IFMIS for all federal public bodies of Ethiopia (Chêne, 2009).

Now a day, the IFMIS is implemented in almost all federal public bodies in which the deployment role out is being held by Techno Brain Company. MOF has a great role in administering, controlling and monitoring the deployment activities and the overall acceptance and assessment of implementation on every public body which admits to deploy IFMIS (MOF, 2012).

In Ethiopia, the automation process faced major challenges of resource, capacity, infrastructure, changes in government and dependency on foreign aid policies. Therefore, the reform strategy prioritized a pragmatic sequential approach based on the logic to ensure that the "basics" are in place before moving to more complex systems. A strategic choice was made to drive the automation process from the procedural requirements which were defined by the users, through an incremental and iterative approach, with government staff extensively being involved. Therefore process first focused on bringing existing system up to date through simplification, elimination of backlogs and sequential procedural change before introducing new systems. Constant consideration was given to limit the burden imposed on scarce staff throughout the whole process. This strategy was justified by low level of skills, evolving fiscal decentralization and the general degradation of the financial system that had taken place over the previous years(World Bank, 2014).

2.3. Empirical Review

Various studies having been conducted both internationally and locally on Implementation of IFMIS.

The study conducted by Musee (2011) in Kenya indicated that there were negative effects of resistance on the effective use of IFMIS. It is clear that staff resistance (sabotage) was passive but its effects were frustrating to the use of IFMIS fully. In addition, the study demonstrated that there was significant influence of lack of top management commitment on the effective use of IFMIS. The study concluded that management carelessness in supporting the IFMIS system had

largely affected the effective use of the system by employees and that there was significant influence of the perceived system complexity on effective use of the system.

The study conducted by John and Evato establish factors influencing implementation of intergraded financial management information system in Kenya government ministries. Establishment of an IFMIS has become an important benchmark for the country's budget reform agenda often regarded as a precondition for achieving effective management of budgetary resources. The study was carried out in Ministry of Finance; Meru County. It covered all the management employees' cadres. There are 24 management levels employees in the whole county who includes the district accountants, the internal auditors, and the vote book controllers. The study adopted descriptive research design. The researcher applied correlation analysis to analyze the collected data generated by using SPSS, which provided a correlation coefficient between the variables. Inadequate funding was highlighted as challenge that is impeding the implementation of IFMIS. The study found that the cost of implementation was a challenge. It is therefore recommended that the ministry of finance should increase the budget for IFMIS implementation in order to roll out the program in all government ministries (John and Eva, 214).

Zhang et al. (2005) studied systems implementation success and based on the literature, the researchers classified factors into five categories. Firstly, organizational environments – including top management support, re-engineering business process, effective project management, and company-wide commitment. Secondly, people characteristics – includes education and training, and user involvement both at system requirements definition and project implementation. Thirdly, technical problems such as suitability of software and hardware and data accuracy. Fourthly, vendor commitment, including vendor support and lastly cultural impact. This categorization was based on literature and was not empirically tested.

The study conducted by Welansa (2019) entitled that "Investigating the Determinants of Effective Implementation of IFMIS in Government public Bodies of Ethiopia: A Case of Ministry of Finance" indicate that all explanatory variables were statistically significant and all they are positive relation with the outcome variable. From the regression result, except management commitment all determinant factors show a good progress in supporting the

implementation process, but the study observed that there is a weakness in management commitment.

Gergeya and Brady (2005), using content analysis approach and searching more than 100 articles and books, identified and proposed Working with functionality/Maintained scope, Internal Readiness/Training, Project Team/Management Support/Consultants, Adequate testing and Project Management (Planning, Development and Budgeting) as the possible factors. The foremost motivating force behind IFMIS investment is the promise of increased competitive advantage since IFMIS is regarded as a strategic weapon that can positively affect organizational change.

The study conducted by Evans Kamau on the subject of the effects of Integrated Financial Management Information Systems (IFMIS) on the financial management of public sector. The IFMIS provides a critical financial management solution for countries whose administrative and economic infrastructure is obsolete, or has been destroyed through war and years of conflict. There is broad agreement that a fully functioning IFMIS can improve governance by providing real-time financial information that financial and other managers can use to administer programs effectively, formulate budgets, and manage resources. Sound IFMIS systems, coupled with the adoption of centralized treasury operations, can not only help developing country governments gain effective control over their finances, but also enhance transparency and accountability, reducing political discretion and acting as a deterrent to corruption and fraud. The study covered 42 government Ministries in Kenya where 30 accountants involved in the use of Integrated Financial Management Information Systems were surveyed and data collected using both primary and secondary questionnaires and review of economic survey and statistical abstract. The study found out that IFMIS has greatly contributed to improvement in financial management in Kenya. The study recommended that IFMIS should therefore be rolled out to all public sector departments in the country (Evans, 2012)

The other study conducted by Alexander (2019) on the Role of IFMIS in Decision Making, Planning and Controlling: The case of Addis Ababa University indicate that The IFMIS system helped decision making, planning and controlling process through the following: financial report in IFMIS contributed to decision making, planning and controlling by 52%, while budgeting

process in IFMIS contributed about 53%, internal control process in IFMIS contributed to 70%, and procurement process in IFMIS contributed to 90%. The study also concluded that IFMIS provides a wide range of nonfinancial and financial information, it is effective on budgeting process, it is a management tool for internal control and it is facilitated the procurement process is smooth. Because of these it is had more effect on decision making, planning and controlling in AAU.

The study conducted by Mohammed (2017)"Factors affecting the implementation of IFMIS in Ethiopian Public Sector" and aimed at examining how ICT Infrastructure, Government Policy, Capacity and skills of IFMIS Users, Top Management Commitment, Implementation Strategy, Staff- Resistance and other factors affect the effective implementation of IFMIS in Ethiopian public sectors especially on Ministry of Finance and Economic Cooperation (MOFEC).And the analysis shows the current IFMIS implementation of the organizations negatively influenced by all these factors.

Somers and Nelson (2001) while carrying out implementation of integrated financial systems summarizes the literatures and listed some 22 success factors of ERP implementing and rank these as: Top management support, Project team competence, Interdepartmental cooperation, Clear goals and objectives, Project management, Interdepartmental communication, Management of expectations, Project champion, Vendor support, Careful package selection, Data analysis, Conversion, Dedicated resources, Use of steering committee, User training, Education on new processes, Business Process Reengineering, Minimal customization, Architecture choices, Change management, Vendor Partnership, Vendors' tools use, and Use of consultants. The shortcoming of this finding is that none of 'companies' in the industry surveyed belong to the public sector, thus it is difficult to judge whether findings are relevant to county governments.

2.4. Literature Gap

A critical review of the literatures of conceptual and contextual research shows gaps exist in the implementation of IFMIS in the organizations and the effectiveness of IFMIS implementation. This means most of the literatures not focus on effectiveness of IFMIS implementations.

However, from the empirical studies the researcher has tried to see their objectives and try to reform to fill the gap. The researcher identifies the implementation of IFMIS from the perspective of MOF in Ethiopia and intended to identify how to achieve effectiveness of IFMIS implementation. Since MOF is the initiator and owner of the concept in Ethiopia for all institutions in IFMIS implementation. It is eventual if the implementation of IFMIS is effective in this institution it has the highest probability for others and from different studies conducted analyzing effectiveness is not much concerned so, this study fills this gap. This study assumes the driving force for implementation triggered with different challenges and if these challenges escaped there are intended benefits which indicate its effectiveness.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides a detailed outline of how the study will be carried out. It will describes the research design, the target population, the sample and sampling procedure, research instruments, data collection and data analysis procedure.

3.2 Research Design

Research design provides the frame-work for the collection and analysis of data which aids in answering the research questions. The study was employed a descriptive research design which aims at assessing the implementation of IFMIS in Ethiopia in the case of Ministry of Finance by using mixed research approach. A descriptive research study design is usually concerned with describing a population. The advantage of this type of research design is that it is easy to understand as recommended by(Kothari, 2004).This design was attempting to collect data from members of the population and describes existing phenomenon.

3.3 Population of the Study

A study population encompasses the entire groups of individuals, objects, items, cases, articles, or things with common characteristics existing in space at a particular point of time. The population of the study comprises of 88 employees working in the IFMIS, finance and procurement departments and different directorates in ministry of finance.

3.4 Sampling Technique and Sample size

The study used non probability sampling technique which is purposive sampling technique. Ministry of Finance is purposely selected from other public sector since formerly responsible and owner of IFMIS rollout through public sectors and the first pilot site selected by government to implement IFMIS. As an initiator MOF can record and assess the factors affecting the implementation of IFMIS in governmental organizations more than other organizations due to its role and responsibility for the Implementation of IFMIS.

Accordingly, in MOF directorates those primarily use IFMIS System in their daily activity was selected. Therefore, Finance and Procurement directorate, Property Admin directorate, Information technology directorate to get System Administrator and Setup Users, is selected

from all directorates working in MOF who use the system and participate in the implementation of IFMIS.

3.5 Source of Data and Collection Techniques

The study used primary data through questionnaire designed to gather information regarding the issues intended to be addressed in the study.. The questionnaire had both open and close ended questions. In the closed ended questions respondents were requested to fill according to their level of agreement with the statements. The questionnaire is developed from the literature and categorized in to four parts. The first part focus on general background of respondents, the second part focus on the driving forces toward implementation of IFMIS, the third part focus on the challenges of IFMIS implementation, the fourth part focus on the benefits gained in the adoption of IFMIS and the last part was considered on the Qualitative data was also collected from open ended questionnaires. Other than general background of respondents 5 type likert scale question was employed (1= strongly agree, 2= agree, 3= neutral , 4=disagree and 5= strongly disagree. In addition secondary data were collected from document analysis and website of an institution like reports, plans and magazines.

3.6 Method of Data Analysis

Data analysis allows one to answer questions, solve problems, and derive important information. The collected data organized to draw meaningful conclusions and recommendation. The collected data were entered into the Statistical Package for the Social Sciences (SPSS) software for analysis. Data collected were descriptively analyzed through frequencies (percentages), mean and median. Also data was presented through diagrams and tables and also open ended questionnaires and document analysis were presented qualitatively through narration.

3.7 Reliability of data Analysis

Data analysis allows one to answer questions, solve problems, and derive important information. The collected data organized to draw meaningful conclusions and recommendation. The collected data were entered into the Statistical Package for the Social Sciences (SPSS) software for analysis. Data collected were descriptively analyzed through frequencies (percentages)

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1 Introduction

This chapter provides the details of data analysis and presentation of the study findings as set out in the research objective and research methodology. The study hunted to establish the extent to which IFMIS been adopted in MOF and its role on decision making planning and controlling in MOF of Ethiopia. The primary data was gathered from the questionnaire as the research instrument, the study used Likert scale and open ended questions in collecting and analyzing the data whereby scale of 5 points were used in computing the means and standard deviations.

4.2 General information of the respondents

As depicted in the following table 4.1 the issues considered were general information of respondents like Gender, Age, Educational background, Job level, frequency of IFMIS usage of respondents and years of service in IFMIS were analyzed.

Accordingly, concerning the gender of respondents majority of them are male accounting 51.1%. The rest 48.9% of respondents were female. This indicates that there is no such a significant difference was considered in gender proportion.

The other issue given a due consideration as backgrounds of respondents were age, and majority of the respondents 60.2% is between 26-35 age group while list amount were below 18.2% and the age between 26-35 accounts 41%. This indicates that respondents are mature enough to respond for the given questions majority of age group is between 26-45 years.

There is also an attempt in identifying educational background of respondents and there is only 3.4% diploma while majority of the respondents 53.4% were Bachelor Degree holders. Around 43.4% of respondents were Masters and above holders. Form this it is identified that almost all respondents have the capacity of understanding and filling the given questionnaires afforded for them.

Table 4.1 Background of the respondents

Variables	Measurements	Frequency	Percent
Gender of respondents	Male	45	51.1
	Female	43	48.9
	Total	88	100.0
Age of Respondents		**Frequency**	**Percent**
	25 and Below	10	11.3
	Between 26-35	36	41
	Between 36-45	29	33
	46 and Above	13	14.8
	Total	88	100.0
Education level of Respondents		**Frequency**	**Percent**
	Diploma or Below	3	3.4
	Bachelor's Degree	47	53.4
	Masters Degree and above	38	43.2
	Total	88	100.0
Job level of the respondents		**Frequency**	**Percent**
	Top Management	2	2.3
	Middle level	6	6.8
	Supervisor	9	10.2
	Operational	71	80.7
	Total	88	100.0
How frequently you use IFMIS?		**Frequency**	**Percent**
	Sometimes	1	1.1
	Usually	4	4.5
	Frequently	79	89.8
	Often	4	4.5
	Total	88	100.0
Years of service in the system of IFMIS		**Frequency**	**Percent**
	Below 2 Years	14	15.9
	2-4 years	33	37.5
	4-8 years	41	46.6
	Total	88	100.0

Source: Questionnaire result (2021)

Concerning the job level of respondents, only 2.3% of the respondents were Top management, 6.8% were Middle level managers while 10.2% were supervisors. But, the majority of respondents, 80.7% were at the position of different operational level. This indicates that since the implementation of IFMIS is more measured at operational level the information gathered here have an accuracy of measuring actual implementation status.

In relation with frequency of IFMIS usage among respondents the majority of them 89.8% use IFMIS frequently in their daily operation. Only 1 individual accounting 1.1% use IFMIS sometimes. Around 4.5% of the respondents reply as they are using IFMIS usually and often

respectively. So, majority of the respondents use IFMIS frequently in their daily activity and they experience a lot in its implementation.

The last issue considered here in background of respondents' information is to know how much year respondents are familiar with IFMIS. Experience is an accumulated knowledge of something which a person interacts or does on a regular basis. Accordingly, around 15.9% of respondents have using IFMIS for less than 2 years. While 37.5% of respondents are familiar with IFMIS in between 2-4years, the majority of respondents 46.6% were using IFMIS system for more than 4 years. This indicates that majority of the respondents have experienced more and they are familiar with IFMIS implementation and have the capacity of defining and explaining of every sphere of implementation.

4.3 The driving forces towards the implementation of IFMIS

This section presents factors those enforce government to implement IFMIS system. The following table provides different factors and analyzed from the perspective view of respondents in Ethiopian Ministry of Finance. The table presents in likert scale from strongly Agree to the other corner of strongly disagree to the given premises and also mean and standard deviation was employed to measure the respondent's perspective.

As depicted in the following table 4.2 the first issue considered as a factor that drive the implementation of IFMIS is challenge that government experience to framework in financial management and majority of respondents 43.2% were agree. Around 36.4% were strongly agreed while the rest 20.5% neutral to the given statement. The mean score of the given premises is 1.8409 and standard deviation is 0.74102. This indicates that challenge that government faced in effective and efficient improvement of public financial management framework is the driving force for the implementation of IFMIS.

The other issue seen whether to drive implementation of IFMIS or not is inefficiency IBEX and other previously utilized public financial management system completely facilitate implementation of IFMIS and majority of respondents 54.5% were strongly agree while the list amount of respondents 3.4% were Neutral to this statement. The rest of respondents 42.0% reply as they are agreeing to the given variable. When we see the mean score and standard deviation in terms of respondents response, it was recorded as 2.4886 and .56719 respectively.

Table 4.2 driving forces towards implementation of IFMIS

No.	Variable	Measurement	Frequency	Percent	Mean	Std. Deviation
1.	Government Experience challenges of framework to great extents in financial system of implementing IFMIS	Strongly Agree	32	36.4	1.8409	.74102
		Agree	38	43.2		
		Neutral	18	20.5		
		Disagree	-	-		
		Strongly Disagree	-	-		
		Total	**88**	**100**		
2.	Inefficiency of IBEX and other previously utilized system completely facilitate implementation of IFMIS	Strongly Agree	48	54.5	1.4886	.56719
		Agree	37	42.0		
		Neutral	3	3.4		
		Disagree	-	-		
		Strongly Disagree	-	-		
		Total	**88**	**100**		
3.	Advance benefits of IFMIS are the major cause that considers as preferred system by MOF	Strongly Agree	45	51.1	1.5114	.54655
		Agree	41	46.6		
		Neutral	2	2.3		
		Disagree	-	-		
		Strongly Disagree	-	-		
		Total	**88**	**100**		
4.	Improving outcomes in financial management processes is the major goal of IFMIS implementation	Strongly Agree	49	55.7	1.4432	.49961
		Agree	39	44.3		
		Neutral	-	-		
		Disagree	-	-		
		Strongly Disagree	-	-		
		Total	**88**	**100**		
5.	To make provision of government financial services efficient is the driving for IFMIS implementation	Strongly Agree	44	50.0	1.5000	.50287
		Agree	44	50.0		
		Neutral	-	-		
		Disagree	-	-		
		Strongly Disagree	-	-		
		Total	**88**	**100**		

Sources: Questionnaire result (2021)

In an intention to know whether the perceived benefits of IFMIS are the major driver of its implementation and only 2.3% are neutral. While all respondents are agree. Separately 51.1% and 46.6% were strongly agreed and agree respectively. There is also 1.5114 and .54655 a mean score and standard deviation for the given premises. This indicates that understanding the benefit of IFMIS in advance is one of the factors that initiate and facilitate its implementation in governmental institution in Ethiopia.

The other issue considered as a driving force is an intention of improving outcomes in financial management processes is the major goal of IFMIS implementation and all of the respondents reply as they are agree. Around 55.7% are strongly Agree and 44.3% were agree. The mean

score is 1.4432 and the standard deviation is .49961. From this statement it is concluded that intention of improving outcomes of financial management process is the major driving force in the implementation of IFMIS as seen from the respondent's response.

The last issue seen as the driving force of IFMIS implementation is to make provision of government financial services efficient and proportionally the same amount of respondents 50.0% were equally reply as they are agree and strongly disagree. In the same sense from the table it is seen that the mean and standard deviation is 1.5000 and .50287 respectively. Seemly it is concluded that intention of making government financial service provision efficient is one driving force of IFMIS implementation.

From the table 4.2 it is seen that challenges of governmental financial administration framework, inefficiency of previously implemented financial administration system, recognized advance benefit of IFMIS, intention of improving financial outcomes and intention of making governmental financial service efficient are the major driving factors in implementation of IFMIS in governmental institutions.

As per conducted open ended questionnaire respondents requested to forward other different driving factors towards implementation of IFMIS and some of them says the ambition of having good financial management system and time saving of the financial system as well as reduction of paper work in financial system. Others respond that IFMIS will create a strong and coherent way of work flow among different work units/departments. So, the will of creating smoothened work flow between departments specially finance, procurement and store.

4.4 Challenges of IFMIS implementation

This section intended to present different factors those may challenge implementation of IFMIS. As usual there are some identified factors from different literatures and premised for respondents to provide their level of agreement. The level of agreement is provided based on the likert scale type strongly agree, agree, neutral, disagree and strongly disagree. The analysis was presented through total number counting, percentage, mean and standard deviation score.

Table 4.3 Challenges of IFMIS implementation

No.	Variable	Measurement	Frequency	Percent	Mean	Std. Deviation
1.	Insufficient Support and commitment of Top management	Strongly Agree	37	42.0	1.7386	.71910
		Agree	37	42.0		
		Neutral	14	16		
		Disagree	-	-		
		Strongly Disagree	-	-		
		Total	**88**	**100**		
2.	unavailability of strong, reliable and modern ICT infrastructure	Strongly Agree	51	58.0	1.4205	.49646
		Agree	37	42.0		
		Neutral	-	-		
		Disagree	-	-		
		Strongly Disagree	-	-		
		Total	**88**	**100**		
3.	Not provision of staff facilitation and motivation	Strongly Agree	43	48.9	1.5114	.50274
		Agree	45	51.1		
		Neutral	-	-		
		Disagree	-	-		
		Strongly Disagree	-	-		
		Total	**88**	**100**		
4.	Unavailability of manual process to IFMIS implementation	Strongly Agree	43	48.9	1.5114	.50274
		Agree	45	51.1		
		Neutral	-	-		
		Disagree	-	-		
		Strongly Disagree	-	-		
		Total	**88**	**100**		
5.	The IFMIS system is very complex in its implementation	Strongly Agree	-	-	3.4659	.60551
		Agree	5	5.7		
		Neutral	37	42.0		
		Disagree	46	52.3		
		Strongly Disagree	-	-		
		Total	**88**	**100**		

Source: Questionnaire result (2021)

As depicted in the above 4.3 table through referring different literatures challenges those affect implementation of IFMIS are identified and respondents are sampled to present their level of agreement.

Accordingly the first premise was whether Support and commitment of Top management affect IFMIS implementation or not? Accordingly, respectively 42% were strongly agree and agree in equal. The rest 16% of respondents reply as they are neutral to the given statement. Also the mean and standard deviation indicate that 1.7386 and .71910 respectively. It is obvious that in governmental institution any change is not effective without support and commitment of top

management. Since IFMIS as a project is an alarming issue especially in governmental institution, failure of the top management level is difficult to sustain at bottom level. Failure at the top will escalate failures at the bottom. Here also in this study it is concluded that majority of the respondents reply as they are agree that support and commitment of top management may positively or negatively affect implementation of IFMIS.

In addition respondents are asked their level of agreement as availability of strong, reliable and modern ICT infrastructure is a challenge of IFMIS implementation. The majority of respondents 58% were strongly agree and 42% of respondents agree to the given statement. From the mean score and standard deviation table it was seen that 1.4205 and .49646 respectively. It is known that IFMIS is automating the financial system. So, this in turn needs strong, reliable, and modern ICT which means without such kind of infrastructure it is difficult to implement IFMIS system. Also from the above data collected from respondents it is concluded that unavailability of strong, reliable, and modern ICT infrastructure can challenge implementation of IFMIS. This means that if there is a strong, reliable and modern ICT infrastructure IFMIS may properly be implemented otherwise it is difficult to imagine.

In other case the study was intended to distinguish as unavailability of staff facilitation and motivation can challenge the implementation of IFMIS and all respondents agree to the given parameter. Disjointedly 48.9% and 51.1% strongly agree and agree to this issue. The mean score of this factor is 1.5114 which is strong and the standard deviation is .50274. For any predetermined change to sustain operative of the IFMIS system staff play a great role. In order to sustain IFMIS influence of staff to support the predetermined change positively, facilitation and motivation is unrepresented tool in management skill. So, for successful implementation of IFMIS staff facilitation and motivation can affect positively. A due consideration must have to be given for facilitation and motivation of staff in implementation of IFMIS project.

The other issue concerned that can challenge implementation of IFMIS is unavailability of adoption of manual for IFMIS implementation. Accordingly, all respondents agree to the given statement. 48.9% and 51.1% strongly agree and agree to this issue. The mean score of this factor is 1.5114 which is strong and the standard deviation is .50274. Manual is important for proper

implementation of any change. As it is depicted from the data, adoption of IFMIS manual can support its implementation.

The last factor considered whether it can challenge IFMIS implementation or not is complexity of its implementation and accordingly, 5.7% agree. Around 42% were neutral while 52.3% replies as they are disagree to the given parameter. Respondents with response of disagree justify that if properly implemented IFMIS is not complex rather simple and implementable system for all individuals.

Also respondents are solicited to present if there are other challenges and some respondents are awareness creation among users, equipments like modern computer, working culture and attitude of implementers are essential factors. Also IFMIS implementation process requires adequate resources; it is also complicated with a lot of risks. The major changes demanded by the processes in systems and procedures in an organization. This needs experts, dedicated and committed for advocating for reform.

Also there is an attempt to get data from the institutions report on challenges of effective implementation of IFMIS and accordingly, strictly Roll based End Users, unachieved data collection, cleansing and migration from current/legacy systems to IFMIS, insufficient Knowledge transfer to government staff, difficulties in rollout Sites hardware, WAN and LAN connectivity, infrastructure preparation insufficiency, Revision of strategic plan not enhancing IFMIS security with INSA, low end users support and site operational acceptance, difficulty in conducting change management and communication activities, challenges of interfacing and report customization (MOF, 2020).

4.5 Benefits in the adoption of IFMIS

This section presents different benefits generated from implementation of IFMIS. As usual there are some identified factors from different literatures and premised for respondents to provide their level of agreement. The level of agreement is provided based on the likert scale type strongly agree, agree, neutral, disagree and strongly disagree. The analysis was presented through total number counting, percentage, mean and standard deviation score.

As depicted in the following table the respondents are asked whether IFMIS has a contribution in improvements of financial management and 55.7% were strongly agree and 38.6% reply as they are agree. The list amounts of respondents 5.7% were neutral. From the mean score there is 1.5000 mean and .60648 of standard deviation. From this data it is concluded that majority of the respondents are agree to the given statement which means institution are benefited improvements in financial management by implementing IFMIS.

Table: 4.4 benefits of implementing IFMIS

No.	Variable	Measurement	Frequency	Percent	Mean	Std. Deviation
1.	IFMIS has a contribution in improvements of financial management	Strongly Agree	49	55.7	1.5000	.60648
		Agree	34	38.6		
		Neutral	5	5.7		
		Disagree	-	-		
		Strongly Disagree	-	-		
		Total	**88**	**100**		
2.	Financial programmers those use IFMIS achieved their goals	Strongly Agree	24	27.3	1.9205	.68181
		Agree	47	53.4		
		Neutral	17	19.3		
		Disagree	-	-		
		Strongly Disagree	-	-		
		Total	**88**	**100**		
3.	IFMIS achieved transparency, accountability, responsiveness of public financial resources	Strongly Agree	-	-	2.82955	.730636
		Agree	32	36.4		
		Neutral	39	44.3		
		Disagree	17	19.3		
		Strongly Disagree	-	-		
		Total	**88**	**100**		
4.	Implementation of IFMIS has strengthening government financial and accounting functions	Strongly Agree	-	-	3.1932	.70886
		Agree	15	17.0		
		Neutral	41	46.6		
		Disagree	32	36.4		
		Strongly Disagree	-	-		
		Total	**88**	**100**		
5.	Implementation of IFMIS affects cost saving, SCM efficiency and SCM performance functionality and increased quality	Strongly Agree	-	-	2.3182	.46844
		Agree	60	68.2		
		Neutral	28	31.8		
		Disagree	-	-		
		Strongly Disagree	-	-		
		Total	**88**	**100**		

Source: Own survey (2021)

The next benefit gained in implementation of IFMIS examined were financial programmers achieved their goal through implementing it and accordingly 27.3% strongly agree while 53.4%

were agree while only 19.3% were neutral. The parameter gained a mean score of 1.9205 and standard deviation of .68181. Here it is concluded that majority of the respondents were agree to the given statement which means proper implementation of IFMIS can benefit organizations to achieve their financial goal. So, to achieve their financial goal institution can be implement IFMIS properly.

Additionally, respondents were requested to imply their level of agreement on IFMIS can achieve transparency, accountability and responsiveness of public financial resources. Around 36.4% agree to the given statement. In other perspective majority of respondents 44.3% reply as they are neutral to the given statement while 19.3% were disagree to the same case. From the mean and standard deviation table it was seen that the mean is 2.82955 and .730636 of standard deviation. From this we concluded that majority of the respondents are not sure or disagree. Specifically respondents are requested to respond why they have no full confidence to this statement and some of them reply that achieving financial transparency, accountability and responsiveness is not a simple task since individuals may create other way of thrashing from such kind. Intentionally individuals may create escaping side of responsibility. So, system by itself is not enough creating awareness is the major and loin share activity.

The other benefit of IFMIS implementation given a due consideration here in this study and assessed for agreement of respondents was it strengthen government financial and accounting function and accordingly the majority of respondents 46.6% were neutral while the least amount 17.0% reply as they are agree. The rest 36.4% were disagree. The mean score and mean deviation table indicate that 3.1932 and .70886 respectively. From this response it is concluded that respondents refrain to strongly agree to the given statement.

The last issue of benefit of implementing IFMIS is it is cost saving, SCM efficiency and SCM performance functionality and increase quality majority of respondents 68.2% were agree while only 31.8% were neutral. Also the scored mean is 2.3182 and .46844 standard deviation was recorded. From this it is concluded that implementation of IFMIS affect cost saving, SCM efficiency and SCM performance functionality and quality can be achieved.

Also respondents are requested their opinion to list out different benefits of IFMIS implementation accordingly better fiscal management, more optimal resource allocation,

improved management of resources (value for money), reduced fraud and corruption, improved transparency and accountability, lower transaction costs are among benefits of IFMIS.

As of secondary data the other benefits of implementing IFMIS in MOF includes integration system to provide information as a single source of truth for quick accesses on data to avoid any delay in decision making, Advanced application architecture with multiple ledgers for data security but still within the same server to have required access consolidation, Integration within/between modules to prepare required information without data entry multiple times, Unified Chart of Accounts across Federal, Regions, Zones and Woredas consideration of international standards (GFS-2001 and COFOG), Facilitation towards Program Based Budgeting, Standardization of processes across all Jurisdictions and Public Bodies, Support full annual budget preparation processes from budget call till parliament approval, final notification and budget administration, Automated Cash Flow Preparation, Approval, Fund Request, Disbursement and Zero Balance Limit Setting, Full system support from procure to pay processes, Provide clear solution for donor funds management, Interfaces with Banks, DMFAS and Customs and Revenue Systems, Bringing in standard Item codification, Clear solution towards Property (Inventory and fixed asset) Administration, Swift Consolidation mechanism for the entire Nation, meanwhile tighten data security and independence by each Public Body (MOF, 2020).

4.1. Effectiveness of IFMIS implementation

In this section this study presents effectiveness of implementation of IFMIS. As usual there are some identified factors from different literatures and premised for respondents to provide their level of agreement. The level of agreement is provided based on the likert scale type strongly agree, agree, neutral, disagree and strongly disagree. The analysis was presented through total number counting, percentage, mean and standard deviation score.

Table: 4.5 effectiveness of IFMIS implementation

No.	Variable	Measurement	Frequency	Percent	Mean	Std. Deviation
1.	IFMIS support staff are committed to fix functional issues within reasonable time .	Strongly Agree	-		3.2159	.65124
		Agree	-			
		Neutral	11	12.5		
		Disagree	47	53.4		
		Strongly Disagree	30	34.1		
		Total	**88**	**100**		
2.	IFMIS support staffs are awarded to inform users about issues and given solutions	Strongly Agree	19	21.6	2.0795	.714473
		Agree	43	48.9		
		Neutral	26	29.5		
		Disagree	-	-		
		Strongly Disagree	-	-		
		Total	**88**	**100**		
3.	Issue logging and communication system with IFMIS support is automated	Strongly Agree	45	51.1	1.4886	.50274
		Agree	43	48.9		
		Neutral	-	-		
		Disagree	-	-		
		Strongly Disagree	-	-		
		Total	**88**	**100**		
4.	There is inadequate numbers of IFMIS support staff to cover all support issue	Strongly Agree	-	-	3.9318	.81361
		Agree	3	3.4		
		Neutral	23	26.1		
		Disagree	39	44.3		
		Strongly Disagree	23	26.1		
		Total	**88**	**100**		
5.	IFMIS support staffs are available at any work time	Strongly Agree	-	-	4.3182	.57825
		Agree	-	-		
		Neutral	5	5.7		
		Disagree	50	56.8		
		Strongly Disagree	33	37.5		
		Total	**88**	**100**		

Source: Own survey (2021)

As it was seen in the above table the respondents are asked whether IFMIS support staff are committed to fix functional issues within reasonable time and 34.1% were strongly disagree and 53.4% reply as they are disagree. The rest respondents 12.5% were neutral. From the mean score there is 2.2159 mean and .65124 of standard deviation. From this data it is concluded that majority of the respondents are agree to the given statement which means IFMIS support staff are committed to fix functional issues within reasonable time.

The other issue that determine effectiveness implementation of and premised for agreement of respondents is whether IFMIS support staff are awarded 21.6% respondents are strongly agree,

majority of respondents 48.9% agree while majority of respondents 29.5% were neutral to the given statement. This indicates that effective implementation of IFMIS is determined or depend on the support staff awarded.

Additionally, respondents were requested to imply their level of agreement on issues logging and communication system with IFMIS support is automated and 51.1% strongly agree and 48.9% were agree. The mean and standard deviation was 1.4886 and .50274 respectively. Form this it is concluded IFMIS is automated but it is not such much functional and difficult to say it is always functioning.

To determine effective implementation of IFMIS adequate number of support staff to cover all support issue and accordingly majority of respondents 44.3% were disagree while the least amount of respondents 3.4% were agree. Seemingly, 26.1% of respondents were neutral and strongly disagree to the given premises. The mean and standard deviation were 3.9318 and .81361 respectively. From this statement it is concluded that number of support staff is not such adequate to cover all functional issues.

Finally, the premises forwarded for respondents to measure their level of agreement in effectiveness of IFMIS implementation is support staff are available at any work time and majority of respondents 56.8% were disagree, 37.5% were strongly disagree and the least amount respondents 5.7% neutral to the given statement. The mean table depicts that 4.3182 and .57825 mean and standard deviation. This implies that availability of IFMIS support staff at any work time is not enough. This may affect effectiveness of IFMIS implementation.

The implementation of IFMIS will be more effective if it follows the following steps or procedures as respondents list down on the open ended questions. The preparation of the initial need assessment, requirement gathering and delivery of system specifications, the design and delivery of a uniform chart of accounts across the public service, the preparation and delivery of accepted rules and procedures for the new system, system integration, testing and implementation.

CHAPTER FIVE

SUMMARYOF FINDING, CONCLUSION AND RECOMMENDATION

5.1. Introduction

This part of the study tries to summarize and conclude the key findings which arose out of the study and forward possible recommendations as remedies to alleviate the existing and observable potential hurdles in the implementation of IFMIS.

5.2. Summary of finding

This section of the study tries to summarize the key findings in the study. The main objective of the study is to assess the implementation of integrated financial management information system in Ethiopian Ministry of Finance. To collect data the researcher distributed 88 questionnaires to respondents to assess the implementations of IFMIS in Ethiopian Ministry of Finance. Thus, from the questionnaires' distributed to respondents, the researcher collect all and analyzed with descriptive statics using SPSS version 20. Therefore, on the basis of data obtained from the respondents through questionnaires interpretation analyses of data were made and summarized below.

In relation with sex of respondents 51.1% were male while 48.9% was Female respondents. The majority of age group of respondents 60.2% falls in between 26-35. Concerning educational level of respondents majority of respondents 53.4% were Bachelor degree holders. Majority of respondents 80.7% included in the study are individuals engaged in different operational level. In relation with frequency IFMIS usage majority of respondents 89.8% were use IFMIS frequently and majority of respondents 46.6% are familiar with IFMIS for a total of 4-8 years.

Concerning to driving forces towards the implementation of IFMIS majority of respondents 79.6% are aggregately agree to challenge that government experience in to develop financial management framework is one driving force of IFMIS implementation. Also, majority of respondents 96.5% generally agree that the other driving force of IFMIS implementation is inefficiency of IBEX and other previously utilized public financial management. Recognizing advance benefits of IFMIS are the major cause of its implementation gets a great level agreement 97.7% of respondents. All respondents were generally agreed to intention of improving outcomes

of financial management is one driving force of IFMIS implementation in governmental institution. All in all respondents agreed intention to make provision of government financial services efficient is the other driving forces behind installing IFMIS system.

In relation with factors those affect implementation of IFMIS majority of respondents 84% agreed that support and commitment of top management is the first and foremost factors that positively or negatively affect IFMIS implementation. The other factor all respondents agreed to as factors that affect IFMIS implementation is availability of strong, reliable and modern ICT infrastructure. Seemingly all respondents agree to the staff facilitation and motivation as well as adoption of IFMIS manual also affects implementation of IFMIS positively or negatively. In other way majority of respondents 52.3% disagree to the complexity of IFMIS can affect its implementation.

In other sense concerning to benefits of adoption of IFMIS majority of respondents 94.3% agreed to IFMIS has a contribution in improvements of financial management. Apparently, majority of respondents 80.7% also agree to financial programmers achieved their goal. IFMIS also achieve transparency, accountability and responsiveness of public financial resources and majority of respondents 39% are neutral. Implementation of IFMIS has strengthening government financial and accounting functions is one benefit of and majority of respondents 46.6% are neutral. Majority of respondents 68.2% are agree to the other benefit of implementation of IFMIS is cost saving, SCM efficiency and SCM performance functionality and increase quality.

Concerning to the effective implementation of IFMIS support staff are committed to fix functional issues within reasonable time and majority of respondents 87.5% were aggregately disagree. IFMIS support staffs are awarded to sustain IFMIS and majority of respondents 51.1% were agreed. In relation with issue logging and communication system all respondents were agree in definite. In other case majority of respondents 70.4% were disagree to availability of IFMIS support staff to cover all support issue. The last issue in effective implementation of IFMIS is whether support staff is available at any work time and majority of the respondents 94.3% were disagree.

5.3. Conclusion

From the above summary of finding and based on the objective of the study the following points were concluded:-

- Government experiences in challenge to framework financial system, inefficiency of IBEX and previously utilized financial system, observation of advance benefits of IFMIS, intention of improving outcomes in financial management process and intension to make provision of government financial service efficient are the recognized driving forces towards the implementation of IFMIS in MOF. So, the implementation of IFMIS was intended to solve these aforementioned problems and hurdles.

- In other way factors those affect implementation of IFMIS are unavailability of support and commitment of top management, unavailability of strong, reliable and modern ICT infrastructures, not provision of staff facilitation and motivation, not adoption of manual process for IFMIS implementation. But, it is recognized that complexity of IFMIS system cannot affect its effective implementation rather IFMIS system is simple and familiar with all if properly trained and practiced.

- IFMIS has a contribution in improvements of financial management. As per the study since its implementation in MOF IFMIS cannot achieve transparency, accountability and responsiveness of public financial resource as expected in side of IFMIS benefits. In other sense implementation of IFMIS cannot strengthen government financial and accounting functions as expected. The other benefits of IFMIS implementation includes cost saving, SCM efficiency and SCM performance functionality and quality.

- In other situation effective implementation of IFMIS in MOF support staffs are not such committed to fix functional issues. Even though, IFMIS support staffs are awarded to inform users about logging and communication system is seen automated. But, there is no adequate number of IFMIS support staff and avail at any work time is not satisfactory as expected.

5.4. Recommendation

On the basis the above conclusions, the following recommendations were forwarded:

- The commitment and support of top management is the major and mandatory factor to effectively implement and sustain IFMIS. Because of this the top management of the organization must to committed and continually support.
- The study further recommended that MOFEC project office should focus on reinforcing capacity in the IFMIS project team and ensure continuity of key personnel in the system's development and implementation through upholding the salary structure and the terms of employment to match the private sector and further conducting capacity building to its personnel through training has contribution to reduce the challenges of IFMIS implementation .
- The government must to give a due consideration for IFMIS support staff to fluently and efficiently implement IFMIS. The adequate number of support staff must to have trained awarded and availed at any time needed for help from the implementers. The challenges towards implementation effectiveness can be reduced after implementing such issues.
- Most Responses recommend that IFMIS implementation should re -check according to Government policy and the government policy should re check again according to IFMIS standardization to reduce System customization due to policy rigidity and good implementations strategy have no value unless it used and should be continuously amended based on the progress and performance of implementation.

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APPENDIXES

QUESTIONNAIRE FOR THESIS

FACULTY OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING AND FINANCE

Questionnaire for Ministry of finance employees and leaders

Dear Madam /Sir,

This is to kindly request for your cooperation in responding to this questionnaire prepared for conducting research on the assessment of Integrated Financial Management Information System (IFMIS) implementation in Ethiopia the case of MOF.

I am carrying out the thesis on the Assessment of Implementation of Integrated Financial Management Information System at MOF. This is in partial fulfillment of the requirement of the Master of Accounting and Finance at the St. Mary University.

I have selected MOF for undertaking this study. This research is conducted for academic purpose and therefore, the information that you are providing during the researching process will be used strictly for academic purposes with great diligence and confidentiality. Hence your kind support in this regard is highly appreciated.

Thank you in advance

ALEMAYEHU MECHALE

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PART ONE

General background of the respondents

The following are the respondents background. Hence fill all the information that expresses You.

1. Please mark with a tick "√"your response

1.1 PERSONAL INFORMATION

1. **Sex:**☐Male☐ Female
2. **Age Group (In Years):**☐25 or below ☐26-35 ☐36-45 ☐46 or above
3. **Educational level:**☐Diploma or below ☐ Bachelor's degree ☐Master's degree and above
4. **What is your job level?**☐Top Management ☐Middle level ☐ Supervisor☐ operative
5. **How frequently you use IFMIS?** Sometimes ☐usually ☐Frequently ☐often ☐
6. **Years of service/working period on the IFMIS (In Years):**

   ☐Below 2 years ☐2 - 4 years ☐4 - 8 years ☐Over 8 years

Part II: The driving forces towards the implementation of IFMIS

This section provides you questions related with the driving forces for implementation of IFMIS in MOF and please provide your level of agreement to the given statement based on likert scale which represent 1= strongly agree, 2= agree, 3= neutral, 4= disagree and 5= strongly disagree.

No.	Variables	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1.	Government Experience challenges of framework to great extents in financial system of implementing IFMIS					
2.	Inefficiency of IBEX and other previously utilized system completely facilitate implementation of IFMIS					
3.	Advance benefits of IFMIS are the major cause that considers as preferred system by MOF					
4.	Improving outcomes in financial management processes is the major goal of IFMIS implementation					
5.	To make provision of government financial services efficient is the driving for IFMIS implementation					

If you know any other driving force that escalate implementation of IFMIS please provide your response here ----------
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Part III: The Challenges of IFMIS implementation

This section provides you questions related with the challenges of IFMIS implementation in MOF as of your understanding and please provide your level of agreement to the given statement based on likert scale which represent 1= strongly agree, 2= agree, 3= neutral, 4= disagree and 5= strongly disagree.

No.	Variables	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1.	Insufficient Support and commitment of Top management					
2.	unavailability of strong, reliable and modern ICT infrastructure					
3.	Not provision of staff facilitation and motivation					
4.	Unavailability of manual process to IFMIS implementation					

5.	The IFMIS system is very complex in its implementation					

If you experience any other challenges in implementation of IFMIS please provide your response here----------

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Part IV: the Benefits in the adoption of IFMIS

This section provides you questions related with the benefits of IFMIS implementation gained in MOF as of your understanding and please provide your level of agreement to the given statement based on likert scale which represent 1= strongly agree, 2= agree, 3= neutral, 4= disagree and 5= strongly disagree.

No	Variables	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1.	IFMIS has a contribution in improvements of financial management					
2.	Financial programmers those use IFMIS achieved their goals					
3.	IFMIS achieved transparency, accountability, responsiveness of public financial resources					
4.	Implementation of IFMIS has strengthening government financial and accounting functions					
5.	Implementation of IFMIS affects cost saving, SCM efficiency and SCM performance functionality and increased quality					

If there is any other benefits gained in implementation of IFMIS please provide your response here----------

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Part IV: Effectiveness of IFMIS implementation

This section provides you questions related with the effectiveness of IFMIS implementation in MOF as of your understanding and please provide your level of agreement to the given statement based on likert scale which represent 1= strongly agree, 2= agree, 3= neutral, 4= disagree and 5= strongly disagree.

No.	Variables	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1.	IFMIS support staff are committed to fix functional issues within reasonable time					
2.	IFMIS support staffs are awarded to inform users about issues and given solutions					
3.	Issue logging and communication system with IFMIS support is automated					
4.	There is inadequate numbers of IFMIS support staff to cover all support issue					
5.	IFMIS support staffs are available at any work time					

If there is any other issues in effectiveness of implementation of IFMIS please provide your response here----------

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Thank you for collaboration !