



**IFMIS
RE-ENGINEERING**

From Roll Out to Sustainability



Towards More Inclusive Development

“An assessment of IFMIS adoption and Utilization by County Governments”

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What is Ifmis



- Integrated Financial Management Information System
- It is an integrated system used for financial management at the National and County levels

- Development of IFMIS started in 1998 and the deployment of the system to ministries started in 2003.
- Only a few modules were launched that included GL,AP,AR and budgeting. These were not integrated.
- In February 28th 2011, the IFMIS Re-engineering Strategic Plan (2011-2013) was launched.



Journey cnt'd



- IFMIS Re-engineering moved from modules loosely linked to the General Ledger to a full cycle end-to-end integrated approach.
- The re-engineered IFMIS comprised of six components
 - Plan to Budget
 - Procure to Pay
 - Revenue to Cash
 - Record to Report
 - ICT to Support
 - Communicate to Change

- Article 226(1)(a) of the Constitution
 - An act of Parliament shall provide for the keeping of financial records and the auditing of accounts of all governments and other public entities, and prescribe other measures for securing efficient and transparent fiscal management



- Section 12(1)(e) of the PFM Act, 2012
 - The National Treasury shall design and prescribe an efficient financial management system for the national and county governments to ensure transparent financial management and standard financial reporting as contemplated by Article 226 of the Constitution



Objectives of Ifmis



- Ensure IFMIS is fully aligned with the Government structure and public financial management policies and regulations.
- Ensure IFMIS is interfaced appropriately with key agencies, including the CBK and the KRA.
- Ensure timely and accurate reports
- Ensure that the system is secure and stable



Ifmis Adoption



1. Single chart of account
 - Establishes real time linkage between Hyperion and the IFMIS
 - Unifies the codes and classifications of both budgets and chart of accounts at a central level.
 - Complies with the standard framework recommended by international development partners.

- Budget commitment ceilings that determine the expenditure limits are recorded in the budgeting system, hence centrally controlled.
- Itemized budgets are drawn from these ceilings and item ceilings cannot be exceeded.
- Development book, recurrent and supplementary books have been maintained in the budgeting system for any ongoing financial year.

- Procurement processes have been automated e.g.
 - Electronic Purchase requisitions and approvals
 - Creation of purchase orders
 - Funds availability checks
 - Recording of inspection and acceptance
 - Recording of receipts details
 - Creation, validation and approvals of invoices
 - Electronic transmission of funds

- Integration of the IFMIS system with CBK for disbursing payments to suppliers and employees.
- Payments processed through IFMIS have linkage with IB for effecting the EFT payments.
- Integration of IFMIS with KRA where;
 - 6% withholding VAT, 3% and 5% withholding income taxes and 10% rental income automatically generate withholding certificates upon payment.
 - Supplier information is validated before getting in the database.

- Hierarchies have led to segregation of duties.
- A transaction has to be approved by multiple parties at different stages e.g.
 - A requisition is approved by the AIE Holder
 - A purchase order approved by the CFO and HSCM
 - Invoices approved by AIE Holder and HAU

- Ifmis is to a large extent being utilized by all county governments.
- The utilization of IFMIS has contributed to the improvement on the quality of financial reports being submitted for audit.
- Since 2013 when counties started using Ifmis great improvement is visible.



Trend of Audit opinions for County Executive



Audit opinion	FY 2017/18	FY2016/17	FY 2015/16	FY 2014/15	FY 2013/14
Unqualified	2	0	0	0	0
Qualified	36	22	8	5	15
Adverse	4	12	12	17	17
Disclaimer	5	13	27	25	15
	47	47	47	47	47



Trend of Audit opinions for County Assemblies



Audit opinion	FY 2017/18	FY 2016/17	FY 2015/16
Unqualified	1	0	0
Qualified	30	23	15
Adverse	11	18	17
Disclaimer	3	6	15
	45	47	47

- Audit opinion for Machakos and Narok County Assemblies not available as of date of presentation



- For counties showing improvement the following factors are common;
 - The leadership have a commitment to financial reporting, they have set the right tone at the top.
 - They have taken advantage of capacity building opportunities by the National Treasury.
 - They have been keen in responding to audit queries and draft audit report issues from the auditor.

- High staff turnover at the counties
 - Accounting and procurement staff are frequently transferred diminishing the capacity already built when new staff are brought and have to be re trained.
- Lack of good internet connectivity in some counties



How has IFMIS led to inclusive development



- Financial data on projects undertaken by the counties is readily available.
- Auditing for equity and fairness in resource distribution is possible – the geographic segment in SCOA.
- E- procurement has ensured everybody has an opportunity to bid and participate in Gok tenders.



THANK YOU

