

Role of Integrated Financial Management Information System (IFMIS) in Financial Reporting

Stanley Kamanguya
Director, IFMIS
National Treasury

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Outline

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2. IFMIS Legal Mandate
3. IFMIS Vision & Components
4. IFMIS Business Processes
5. Key Successes
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What is IFMIS

- The Government of Kenya Integrated Financial Management Information System (IFMIS) is an Enterprise Resource Planning (ERP) Software.
- Oracle platform - Web based
- Initial implementation began in 2003. However, this was limited to only 3 modules (AP, GL & PO) which were not fully integrated with other financial management processes remaining manual.
- Re-engineered in 2011 to adopt a more integrated approach.



IFMIS Legal Mandate

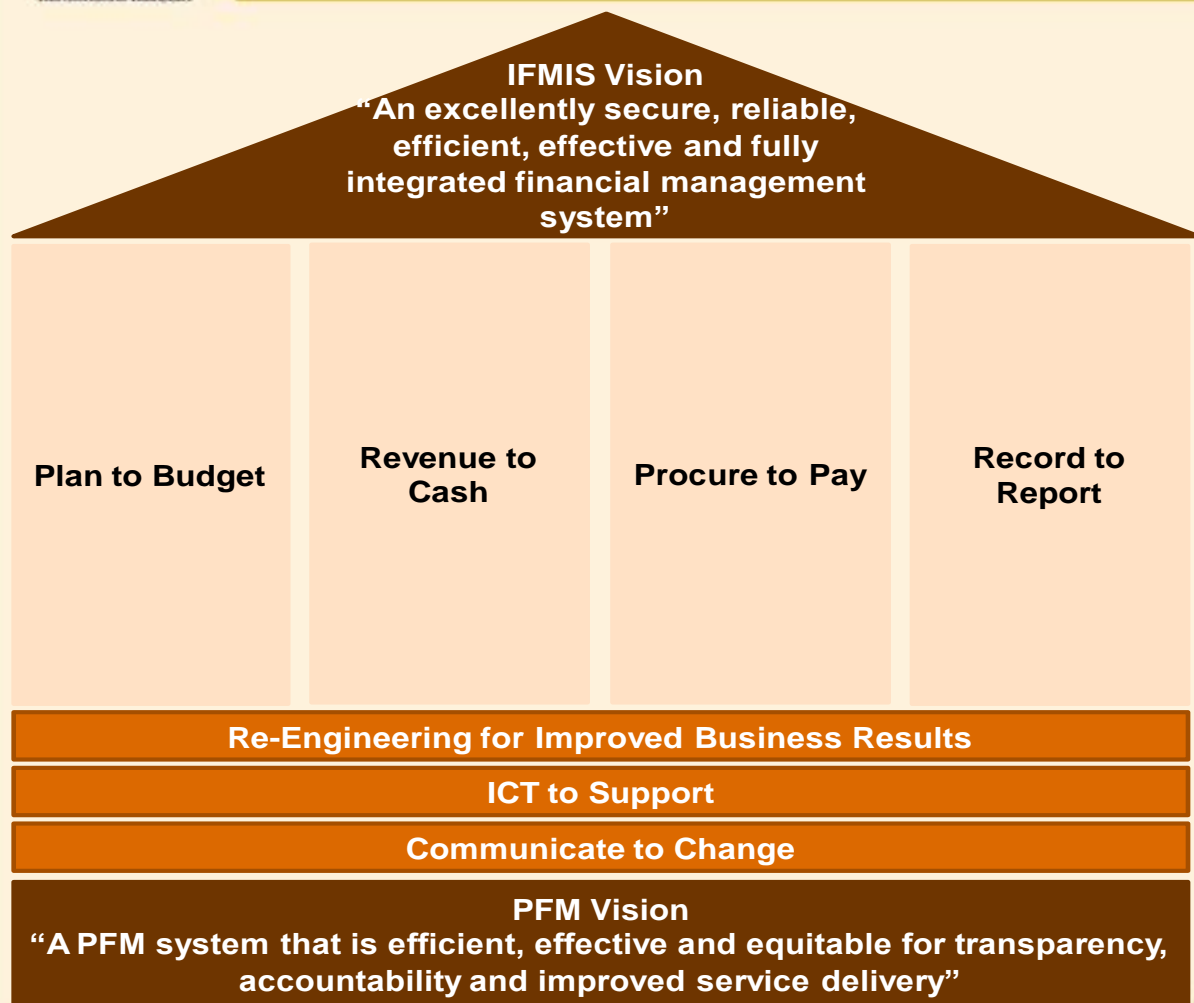
Constitution of Kenya, 2010

Article 226(1)(a) *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*

Public Finance Management (PFM) Act, 2012

Section 12 (1) (e) *Subject to the constitution and this Act, 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'*

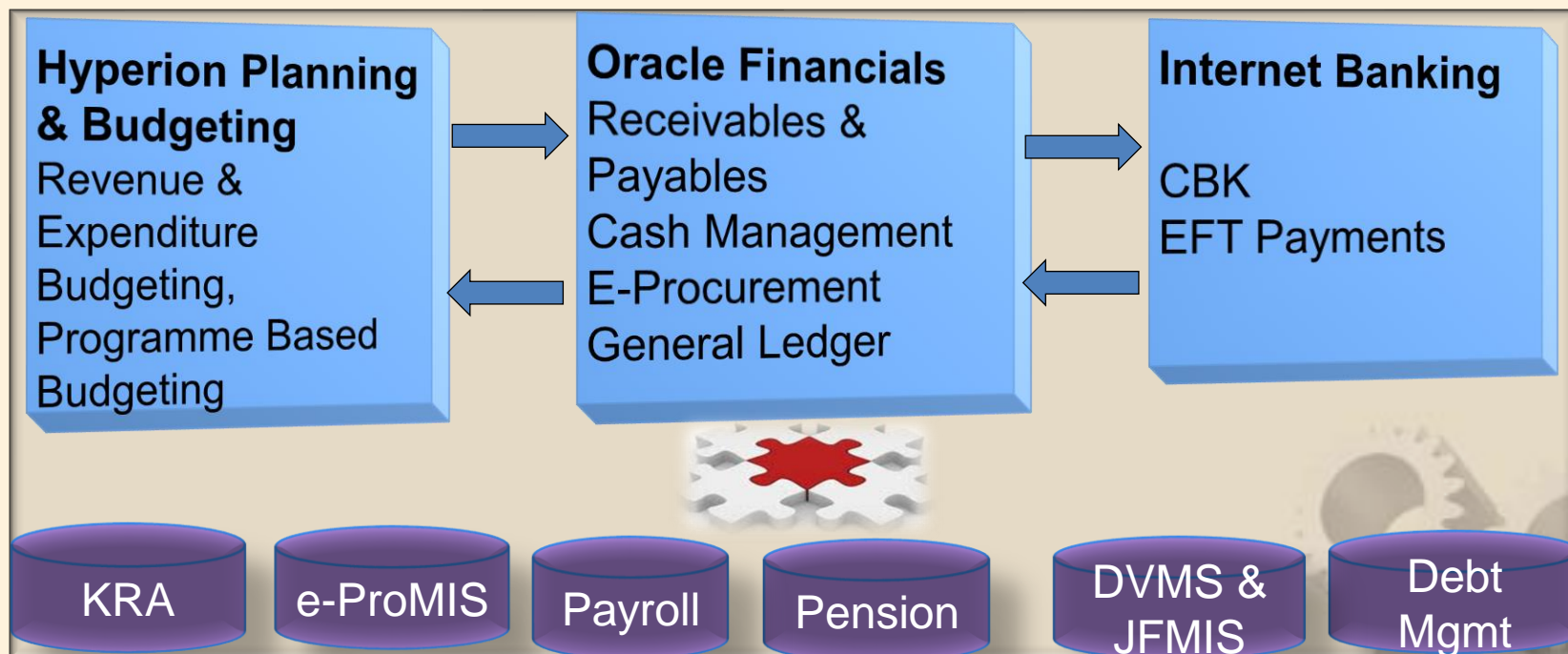
IFMIS Vision & Components



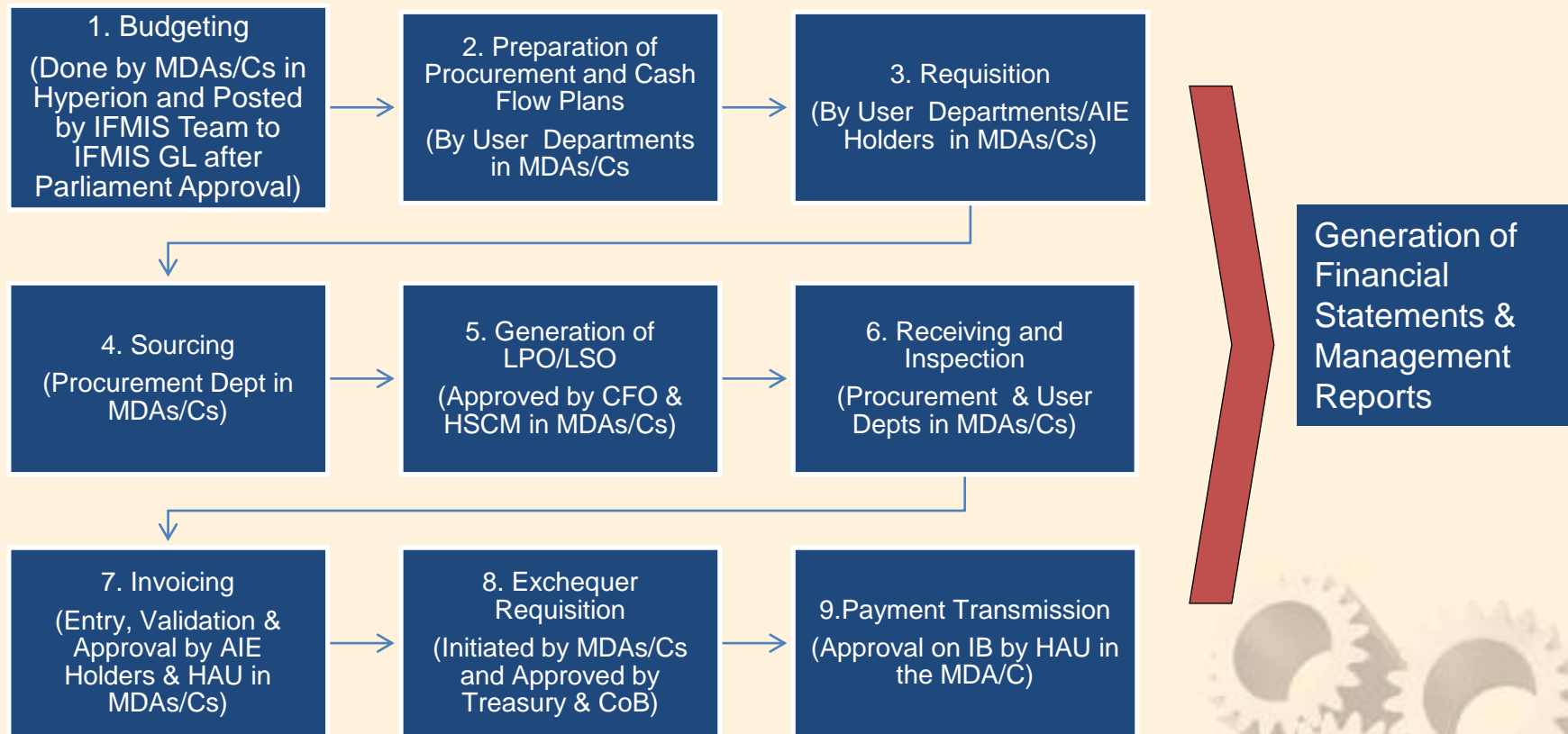
- Structured into **7 components** to support the key PFM Processes (Planning & Budgeting, Budget execution, Reporting & Audit)
- The Components support the roles of Accounting Offices

IFMIS Integrated Platform

- **I**ntegrated **F**inancial **M**anagement **I**nformation **S**ystem (IFMIS) is the automated system used by GoK for public financial management ,interlinking planning, budgeting, expenditure management , control, accounting, audit and reporting & integrated with other PFM systems.



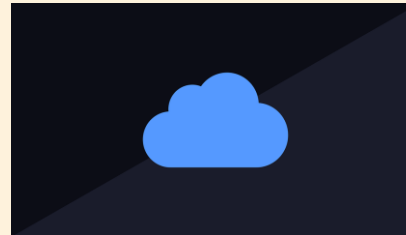
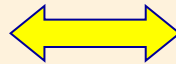
IFMIS Business Processes



IFMIS IT Secure Architecture



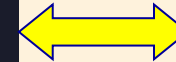
Database & Application Servers



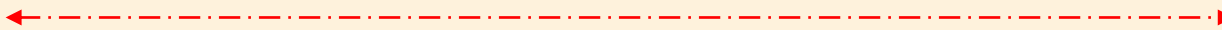
Virtual Private
Network

Point to Point

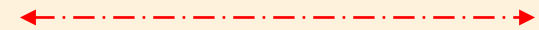
Modems



User Terminals



Primary and Disaster Recovery System Center
(Managed by IFMIS Dept)



IFMIS Users
(in MDAs & Cs)

Key Successes

**IMPLEMENTATION OF BUSINESS
INTELLIGENCE MODULE**

IFMIS CALL CENTRE AND HELPDESK PORTAL

**IFMIS DISASTER RECOVERY SITE & REVAMPED
SYSTEM SECURITY**

**IFMIS APPROVAL HIERARCHY &
SEGREGATION OF DUTIES**

SYSTEM GENERATED FINANCIAL STATEMENTS

**LAUNCH OF E-PROCUREMENT MODULE &
ONLINE SUPPLIER REGISTRATION**

**IFMIS ACADEMY TRAINING USERS IN
NATIONAL AND COUNTY GOVERNMENTS**

**BUDGETS ESTIMATES THROUGH
PLAN TO BUDGET MODULE**

**IFMIS ROLL OUT TO
MDAS & 47 COUNTIES**

Financial Reporting – Legal Requirement

- **Sections 163-168 of PFM Act, 2012- Financial Reporting**
 - County Treasury shall prepare a **consolidated annual financial statement** in formats to be prescribed by the Accounting Standards Board and submit to Auditor-General with copies to CoB, CRA and NT not later than 4 months after end of financial year.
 - Accounting officer to prepare an **annual financial statement** of CG entity and submit to the Auditor-General with copies to CoB, CRA and CT not later than 3 months after the end of the financial year.
 - Not later than 15 days after the end of each quarter, accounting officer for a CG entity will prepare a **quarterly report** and submit to the County Treasury.
 - Not later than 3 months after the end of the financial year, a receiver of revenue shall submit a **annual report of revenue received and collected** in that financial year and submit to the Auditor-General with copies to NT, CT, CoB and CRA.
 - Not later than 2 months after the end of each financial year, Receiver of Revenue shall submit to the county assembly a **report of waivers and variations in taxes, fees and charges**.
 - Separate reporting requirements by **County Corporations** (sections 184 and 185)

IFMIS Financial Reporting - Objectives

- Accountability of public funds
 - Increase openness and transparency, hence boost public trust
 - Guide decision making on policy & operations
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- IFMIS provides a standard platform for National and County Governments to generate their financial & management reports



*Improved Service
Delivery*

IFMIS Financial Reporting - Evolution

Story Telling & Predictive

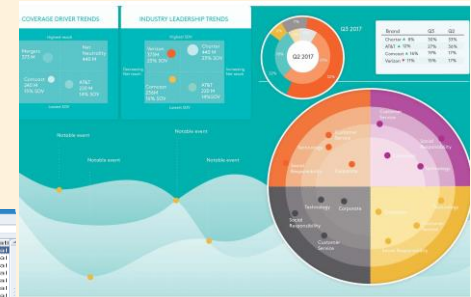
System generated

Excel Based

Manual Docs



Name	Applicable
IFMIS: IFMIS Expenditure By Head/Item	General
IFMIS: IFMIS ALERT OCCURRENCE OF NEGATIVE BALANCE	General
IFMIS: IFMIS Alert For Outstanding Transaction Summary	General
IFMIS: IFMIS Appropriation Accounts (Sub-Item)	General
IFMIS: IFMIS Appropriation Accounts Summary (Admin)	General
IFMIS: IFMIS Appropriation Accounts on Summary Item by Sub head	General
IFMIS: IFMIS Budget Analysis By Vote	General
IFMIS: IFMIS Budget Analysis By Vote/Coc and Conors	General
IFMIS: IFMIS Budget Execution by Heads and Programmes	General
IFMIS: IFMIS Budget Execution by Programme and Economic Classification	General
IFMIS: IFMIS Budget Execution by Programmes and Sub-Programmes	General
IFMIS: IFMIS Consolidated Balance For Loan Payment	General
IFMIS: IFMIS Consolidated Balance	General
IFMIS: IFMIS Consolidated Statement of Receipts and Payments	General
IFMIS: IFMIS Consolidated Statement of Receipts and Payments by Head	General
IFMIS: IFMIS Consolidated Vote Book Summary by Head (Without AS)	General
IFMIS: IFMIS Consolidated Vote Book Summary with AS	General
IFMIS: IFMIS Consolidated Vote Book Summary (Without Out AS)	General
IFMIS: IFMIS Current Vs Previous Year Statement of Receipts and payments	General
IFMIS: IFMIS Detailed Head/Subsystem Analysis	General
IFMIS: IFMIS Expenditure By Item	General
IFMIS: IFMIS Expenditure By Sub Item	General
IFMIS: IFMIS General Ledger	General
IFMIS: IFMIS Hierarchical Consolidated Vote Book Summary	General
IFMIS: IFMIS Hierarchical Consolidated Vote Book Summary By Head	General
IFMIS: IFMIS Hierarchical Vote Book	General
IFMIS: IFMIS Hierarchical Vote Book By District	General
IFMIS: IFMIS Hierarchical Vote Book Summary By Head	General
IFMIS: IFMIS Notes To The Financial Statements	General



IFMIS as an Enabler for Financial Reporting

- Standard Chart of Accounts – ensures comparability of budget and expenditure
- Streamlining and automating processes – increase efficiency and minimizes interactions and reduce intermediaries
- Configuration of reporting PSASB reporting templates- enable generation of reports through the system
- Automation of bank reconciliation processes and some accounting procedures to enhance period-end closing
- Internal controls - implemented to reduce discretion of officers
- Audit trails- transactions can be tracked by actors and by time
- Secure financial data processing – end-to-end data encryption
- Accurate reporting on Tax Compliance through integration with KRA
- Support of oversight bodies to reduce information asymmetry

IFMIS as an Enabler for Financial Reporting

IFMIS General Ledger: Keeping of financial and accounting records

- Maintain Chart of Account Values
- Calendar and Period Maintenance
- Definition of Journal Source and Category
- Import Sub Ledger Journals
- Period & Year End Operations
- Consolidation & Financial Statement Generator Report Design
- Currency and Exchange Rate Maintenance

Centralized reporting-Visibility of financial transactions across the entire Government. Single source of truth to access transactions across both levels of government

IFMIS Financial Sample Reports

Statutory Reports

- GOK IFMIS Receipts and Payments Statements
- GOK IFMIS Statements of Cash Flow
- GOK IFMIS Summary Statement of Appropriation
- GOK IFMIS Statement of Assets and Liabilities
- GOK IFMIS Notes To The Financial Statements
- GOK IFMIS Budget Execution by Program and Sub-Programmes

Management Reports

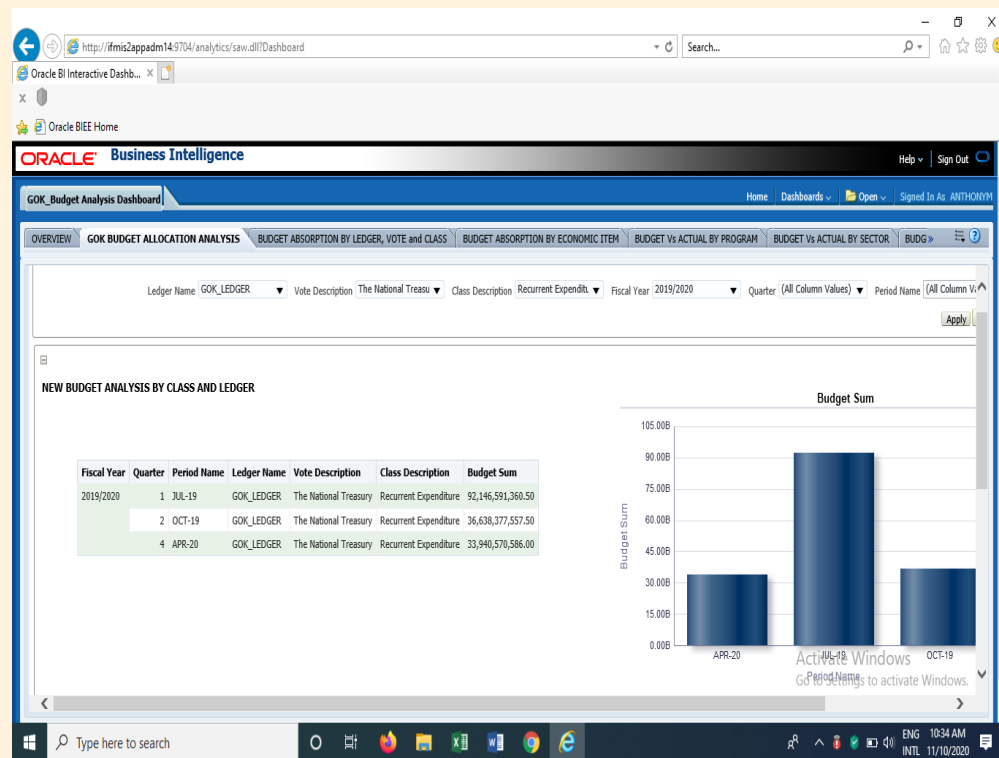
- GOK Trial Balance
- GOK Vote Book
- Account Analysis
- GOK Cash Book
- GOK Consolidated Vote Book Summary
- GOK General Ledger



IFMIS Business Intelligence Dashboard

We have implemented a BI solution covering a number of analytics:-

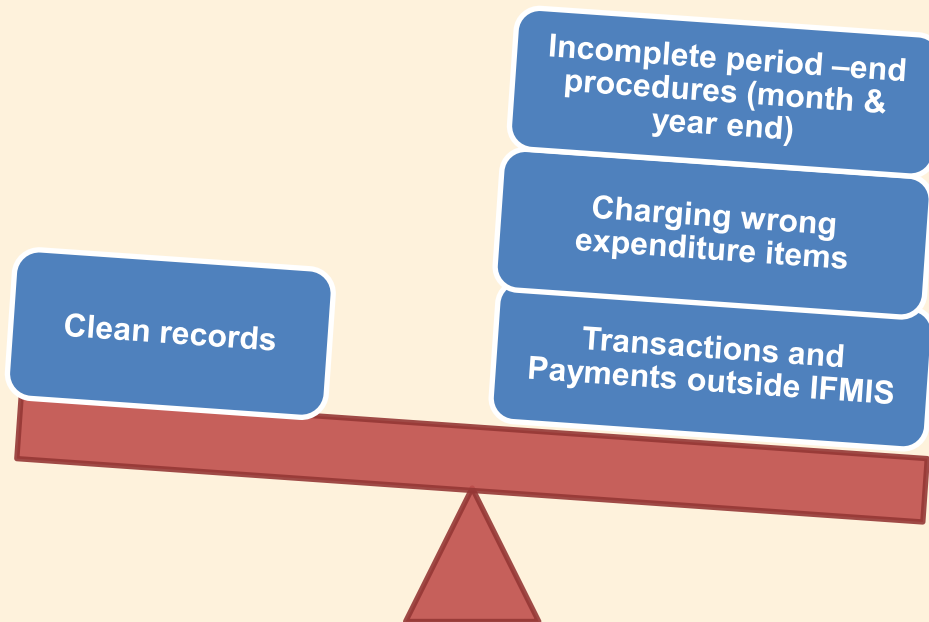
- Financial Analytics
- Budget Performance Analysis
- Procurement & Spend Analytics
- Supplier Performance
- PO & AP Transactions



IFMIS Financial Reporting Challenges

Accurate
Reports

Inaccurate
Reports



These issues lead to variances in Financial Reports generated from the system

IFMIS Financial Reporting Way Forward

It will take a collective effort to tilt the scale....

National Treasury

- Continuous enhancement & Automation of accounting procedures
- Implementation of reporting & analytics tools
- Capacity building on Accounting Standards
- Capacity building on IFMIS functionalities



Counties & NG Entities

- Use of the system for all transactions
- Enforcement of accounting procedures
- Strengthen Internal audit
- Capacity building



Oversight Bodies

- Timely audits reviews
- Capacity building



