

Addis Ababa  
University

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**College of Business and Economics**  
**Department of Accounting & Finance**

**Role of Integrated Financial Management Information System (IFMIS) in Decision Making,  
Planning and Controlling: The case of Addis Ababa University.**

**Alexander Endale Lemma**

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**Role of Integrated Financial Management Information System (IFMIS) in Decision Making,  
Planning and Controlling: The case of Addis Ababa University.**

**By**

**Alexander Endale Lemma**

**A thesis Submitted to Department of Accounting and Finance Addis  
Ababa University in Partial Fulfillment of the Requirements to the  
Degree of Master of Social Science**

**Accounting and Finance**

**College of Business and Economics  
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<b>Department chairperson</b>	<b>Signature</b>
2. _____	_____
<b>Advisor</b>	<b>Signature</b>
3. _____	_____
<b>Internal Examiner</b>	<b>Signature</b>
4. _____	_____
<b>External examiner</b>	<b>Signature</b>

## **Declaration**

I, Alexander Endale, hereby declare that the thesis work entitled “**The role of Integrated financial Management Information System (IFMIS) in decision making, planning and controlling: in the case of Addis Ababa University**”. Submitted by me for the award of the degree of Master of Accounting and Finance of Addis Ababa university at Addis Ababa Ethiopia, is original work and it hasn't been presented for the award of any other Degree, Diploma, Fellowship or other similar titles of any other university or institution.

**Name:** Alexander Endale

**Signature:** \_\_\_\_\_

**Advisor's Name:** Dr. Sewale Abate

**Signature:** \_\_\_\_\_

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## ABBREVIATIONS AND ACRONYMS

AAU	Addis Ababa University
CBE	College of Business and Economics
AAIT	Addis Ababa institute of Technology
CNS	College of Natural Science
BPR	Business Process Reengineering
DSS	Decision Support System
ECM	Enterprise Content Management
EDMS	Electronic Document Management System
ERMS	Electronic Record Management System
ESS	Executive Support System
IBEX	Integrated Budget and Expenditure
ICT	Information Communication Technologies
IFMIS	Integrated Financial Management Information System
FMS	Financial Management System
MIS	Management Information System
SPSS	Statistical Package for the Social Sciences

## Table of Contents

	Pages
Acknowledgements .....	i
Abbreviations and Acronyms.....	ii
Table of Contents .....	iii
Abstract .....	vi
 <b>Chapter one</b>	
1.1. Background of the study .....	1
1.2. Statement of the Problem .....	7
1.3. Objectives of the study .....	8
1.3.1 General Objectives .....	8
1.3.2 Specific Objectives .....	8
1.4 Research Questions .....	8
1.5 Significance of the Study .....	9
1.6 Delimitation of the Study .....	9
1.7 Organization of the study .....	9
 <b>Chapter Two</b>	
2.1 Introduction .....	10
2.2 Theoretical Review .....	10
2.3. Determinants of Decision making, Planning and Controlling .....	11
2.3.1 IFMIS and Financial Reporting .....	11
2.3.2 IFMIS and Budgeting .....	13
2.3.3 IFMIS and Internal control .....	14

2.3.4 IFMIS and Procurement .....	16
2.4. Empirical review .....	18
2.5. Summary of Literature .....	22
2.6. Literature Gap .....	23
 <b>Chapter Three</b>	
3. Research methodology and design .....	24
3.1. Introduction .....	24
3.2. Research Design .....	24
3.3. The Target Population .....	24
3.4. Sampling technique .....	24
3.5. Data collection Instrument .....	25
3.6. Method of data analysis .....	26
 <b>Chapter Four</b>	
4. Data analysis, results and Discussion .....	28
4.1. Introduction .....	28
4.2. Response rate .....	28
4.3. General Information .....	28
4.4. Back ground of Information.....	29
4.5. Role of Financial Report in IFMIS on Decision making, planning and controlling .....	32
4.6. The role of Budgeting process in IFMIS on Decision making, Planning & controlling.....	34
4.7. The role of Internal control in IFMIS on Decision making, Planning & controlling.....	37
4.8. The role of procurement process in IFMIS on Decision making, Planning & controlling.....	39
4.9. The role of IFMIS on Decision making.....	41
4.10. The role of IFMIS on Planning.....	42
4.11. The role of IFMIS on controlling.....	43
4.12. Chapter Summary.....	45



**CHAPTER FIVE**

5. Summary of the findings, Conclusions and Recommendations ..... 47

    5.1. Introduction ..... 47

    5.2. Summary of the Findings ..... 47

    5.3. Conclusion ..... 48

    5.4. Recommendations ..... 49

## **Abstract**

*This research study was based on the purpose of investing integrated financial management system and decision making, planning and controlling process by the Addis Ababa University. The main objective is directed towards determining the role of IFMIS on decision making, planning and controlling in Addis Ababa University. Descriptive research design was considered for adoption in the study. Data collection was a primary data collected directly from respondents through questionnaires. Data analysis was done based on descriptive statistics to compute the percentage of outcomes tables to show the role of IFMIS in Addis Ababa University. The Target population in this study was all management and staff in the number 1450 from AAU four campuses deployed IFMIS. The sample population was 314 individuals who have active user of the system in different ranks and fields in the AAU. 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 non-financial 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.*

*According to Hove and Wynne (2010) An IFMIS assists management in ensuring accountability for the deployment and uses of public resources and in improving the effectiveness and efficiency of public expenditure programs, the study concurs with Hove and Wynne IFMIS system which in turn enhances organizational performance. This study recommended total adoption of IFMIS not only in AAU four campuses but also the colleges all over AAU as it improves the performance of AAU tremendously. The study further recommended that other research conducted in future to in-depth with role of IFMIS those other factors that have not been explained by this study. Therefore, additional and representative studies with more diversified variables are welcomed.*

*Keywords: decision making, planning, controlling, IFMIS.*

## **CHAPTER ONE**

### **1. Introduction**

#### **1.1. Background Of the Study**

##### **1.1.1. 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). An IFMIS is a standardized monitoring and reporting system, which consolidates all the information needs of a government into one information database. It facilitates consistent recording and reporting of information, to enable a government to take macro decisions that affect the country as a whole. IFMIS would integrate across several disciplines. This could include budget, payroll and HR management, procurement, financial reporting and performance information (non-financial reporting on key performance indicators). The level of integration would depend on the needs and maturity of the individual government's PFM system. Monitoring the financial performance of individual government institutions by National Government is a challenge as many intuitions may have their own legacy finance functions and systems in place.

The General Ledger is the key component which organizes the "books" of an IFMIS. All transactions keyed in are posted to the General Ledger, right from the allocation of budget funds through to the commitments to payment (Casals & Associates Inc, 2004; Hendriks, 2012; Rodin-Brown, 2008). The Cash Management component predicts and monitors cash flows and financing needs, and does reconciliation between IFMIS records and bank accounts. The Commitment control component ensures that before a purchase is committed to, there is sufficient cash allocated for the expense and the allocation matches the appropriated budget (Hendriks, 2012). The Accounts payable component processes and generates payments, with built in checks to ensure invoices match approved commitments. The Accounts receivable module produces bills and processes and records receipts (Diamond & Khemani, 2005).

According to Diamond and Khemani (2006) and Chêne (2009), a well-designed IFMIS contains the good quality characteristics, which include a managing tool, provision of a wide range of non-financial and financial information and a system that impacts on corruption .Thus, a well-designed IFMIS can provide a number of features that may help detect excessive payments, fraud and theft. These include automated identification of exceptions to normal operations, patterns of

suspicious activities, automated cross-referencing of personal identification numbers for fraud, cross-reference of asset inventories with equipment purchase to detect theft, automated cash disbursement rules, identification of ghost workers, etc.(Cheen, 2009).On the other hand, the establishment of an IFMIS has consequently become an important benchmark for the country's budget reform agenda, often regarded as a precondition for achieving effective management of the budgetary resources.

Although it is not a panacea, the benefits of an IFMIS could be argued to be profound. First, the improved recording and processing of government financial transactions also allows prompt and efficient access to reliable financial data. This supports enhanced transparency and accountability of the executive to parliament, the general public, and other external agencies. Second, an IFMIS strengthens financial controls, facilitating a full and updated picture of commitments and expenditure on a continuous basis. Once a commitment is made, the system should be able to trace all the stages of the transaction processing from budget releases, commitment, purchase, payment request, reconciliation of bank statements, and accounting of expenditure. This allows a comprehensive picture of budget execution. Third, it provides the information to ensure improved efficiency and effectiveness of government financial management. Generally, increased availability of comprehensive financial information on current and past performance assists budgetary control and improved economic forecasting, planning, and budgeting.

### **1.1.2. IFMIS IN ETHIOPIA**

The IFMIS in Ethiopia has been part of a larger **transformation of its PFM** to international standards, because the change aligned with the four known drivers of public sector reform: context, ownership, purpose, and strategy (Peterson, 2011). The Government of Ethiopia has asked that the United States provide technical and financial assistance for their Ministry of Finance and Economic Development (MoFED) Integrated Financial Management Information System (IFMIS) Oracle implementation. Through this system implementation Ethiopia's 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.

According to the information obtained from MoFED, the Ministry of Education, the Ministry of Health, Ethiopian Revenue and Customs Authority, and Ethiopian Roads Authority are among the federal government entities that are included in the pilot tests. Some Woredas in the Southern Nations, Nationalities and People’s Regional State are also part of the pilot project. The system that was started to be developed in 2010 is expected to be implemented across the country. It is designed to make use of modern information and communication technologies. The IFMIS implemented by Federal Government of Ethiopia (FGE) is the latest version of Oracle E-Business Suite (EBS) comprising the following 9 modules.

<b>Oracle E- Business Suite</b>		
<b>IFMIS</b>		<b>HRMS</b>
<b>Financials</b>	<b>Supply Chain Mgt.</b>	
✓ Budget (PSB)	✓ Procurement	✓ Payroll
✓ General Ledger	✓ Inventory	
✓ Cash Management		
✓ Accounts Payable		
✓ Fixed Asset		
✓ Account Receivable		

**Figure 1. Oracle E-Business Suite**

### **1.1.3. IFMIS and Decision Making, Planning and Controlling**

*Decision making is the process of making a choice between a numbers of options and committing to a future course of actions.*

Making decisions is part of our every day’s lives and it is often one of the main functions of management. Indeed, management and decision-making are often considered as an integrated tasks and management usually makes the major decisions of the organization (Young, 1982). Decision making process involves the selection of the best course of actions (Emmanuel et al.,

1990). In order to decide on the best option, management has to judge the effectiveness of various alternatives based on some data (Bierman et al., 1986). For this reason, they often depend on financial and economic information gathered by IFMIS. Management information system is indispensable tool for decision making process in today's turbulent world. Today, organizations are advised to invest on information technology tools as it improves their efficiency, effectiveness and their overall performance. In addition, accounting information system (AIS) plays the key role in management decision making in today business world. Nowadays, organizations try to have efficient AIS in our business activities.

*Planning is the process by which an individual or organization decides in advance on some future course of action (Oman, 2002, p. 68)*

*Planning is the process of determining how the organization can get where it wants to go (Cetro, 2000, p. 126)*

*Controlling is a process which measures and directs the actual performance against the planned goals of the organization.*

*Control is the process of guiding a set of variables to attain a preconceived goal or objective. It is a broad concept applicable to people, things, situations, and organizations. (Anthony, Dearden, and Bedford, 1989)*

According to Pandey, (2004) financial management is that managerial activity that deals with the planning and controlling of the firm's financial resources. Financial management information systems are implemented and used successfully almost in all time in the commercial world (Hashim, 2001). The IFMIS system control ensures that before a purchase is committed to, there is sufficient cash allocated for the expense and the allocation matches the appropriate budget. To ensure proper expenditure control, sector agencies and government ministries are required to institute a system of committee planning and control to ensure that expenditure does not exceed the sum approved by parliament for specific purposes and expenditure is within the warrant amounts. The later elements of expenditure control are often used by the ministry of finance to ensure that expenditures do not exceed accrual resources which may be less than estimated in the budget (Walsham, 1988). According to Government of Ethiopia (GOE), over the last decade the Government of Ethiopia has undertaken a number of PFM reforms aimed at enhancing accountability and transparency. These reforms have targeted the core PFM systems of budget formulation and execution, public procurement, revenue collection, internal and external audit, parliamentary oversight, payroll and pensions, public debt and guarantees, accounting and

reporting, the macro-fiscal framework and cash management. Managing finances is a critical function of management in any organization; similarly public finance management is an essential part of the governance process. A strong Public Financial Management (PFM) system is a catalyst for economic growth and development (Ajayi & Omirin, 2007).

#### **1.1.4. Background of the organization**

Addis Ababa University (AAU), which was established in 1950 as the University College of Addis Ababa (UCAA), is the oldest and the largest higher learning and research institution in Ethiopia. Since its inception, the University has been the leading center in teaching-learning, research and community services. Beginning with enrollment capacity of 33 students in 1950, AAU now has 48,673 students (33,940 undergraduate, 13,000 Master's and 1733 PhD students) and 6043 staff (2,408 academics and 3,635 support staff). In its 14 campuses, the University runs 70 undergraduate and 293 graduate programs (72 PhD and 221 Masters), and various specializations in Health Sciences. Over 222,000 students have graduated from AAU since its establishment. The University is led by a President who is assisted by four Vice Presidents and one Executive Director: Academic Vice President, Vice President for Research and Technology Transfer, Vice President for Administration and Student Services, Vice President for Institutional Development and the Executive Director of the College of Health Sciences (with the rank of Vice President).

In recent years, the University has been undertaking various reform schemes in order to cope with and respond to the fast-changing national and international educational dynamics. At present the University has 10 colleges, 4 institutes that run both teaching and research, and 6 research institutes that predominantly conduct research. Within these academic units, there are 55 departments, 12 centers, 12 schools and 2 teaching hospitals. Addis Ababa University is the oldest and largest university in the country. Currently it includes sixteen autonomous budget units. The academic services given in these budget units including the main campus do have direct implication on budget planning and utilization, generation of other revenues, payments to be made for activities in each unit and how and when the transactions are accounted for in the books of records of the University.

In Addis Ababa University, budget execution and accounting processes except few budget units were/are either manual or supported by old and inadequately maintained software applications.

This has had deleterious effects on the functioning of their public expenditure management (PEM) systems that are often not adequately appreciated. The consequent lack of reliable and timely revenue and expenditure data for budget planning, monitoring, expenditure control, and reporting has negatively impacted budget management. The results have been a poorly controlled commitment of government resources, often resulting in a large buildup of Account Receivable and Account Payables; excessive Budget request; and misallocation of resources, undermining the effectiveness and efficiency of service delivery. Diamond and Khemani (2005)

#### **1.1.5. IFMIS IN AAU**

Thus, as one can see, AAU is a giant institution with several academic units consisting of many financial and administrative centers. In addition, there are many national and international projects related to education and research that are executed by AAU. This implies that the Administration of AAU is complex as the Central Administration is should supervise (oversee) the activities of various colleges and research institutes. This, of course, warrants for the introduction of advanced technologies such as IFMIS that greatly improve the performance of the AAU. According to 2013/2014 FY and before that Audit report, in Addis Ababa University /AAU/. There were a problem of Decision making; Planning and Controlling /They are given Disclaimer Opinion/. So, the Management of AAU eliminate that problem initiated the implementation of the Integrated Financial Management System (IFMS) in the FY 2014/2015 (that is 2007 Ethiopian budget year beginning). Presently, the Addis Ababa University is implementing IFMIS in its four major budget units including the main campus which administers not less than 65% of the overall budget allocated to the University by the government every budget year. The IFMS aimed at the promotion of efficiency, effectiveness, accountability, transparency and comprehensive financial reporting. It ensures the Management of Addis Ababa University and its Finance and Budget Directorate raise, manage, and spend public resources in an efficient and transparent way with the aim of improving service delivery.

Addis Ababa University aspires to be ranked among the top ten pre-eminent African graduate and research universities in 2025. To attain this Vision and improve service delivery to the citizens, the Management is tasked to ensure: availability of resources to implement the planned programs; increased efficiency in the allocation and use of resources; elimination of corruption and wasteful spending. Effective implementation of the IFMS makes a major contribution in achieving these strategic objectives of the University.



## 1.2. Statement of the Problem

According to (Hendric,2012) 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. Various factors determine the success of IFMIS development and implementation in developing countries.

Integrated Financial Management Information System /IFMIS/ is one of the primary informational sources of Management for decision making, planning and controlling in organizations. The success of organization depends primarily upon the skill and abilities of management which skills can vary widely among different managers. The organization is not completely at the mercy of external forces.

There is a broad agreement that a fully functioning IFMIS can improve accountability by providing real-time financial information that managers can use to administer programs effectively, formulate budgets, and manage resources (Marie Chene). In Ethiopia, the Integrated Financial Management Information System /IFMIS/ is a recent phenomenon which has replaced the Manual and locally developed system so, Governments have found it difficult to provide an accurate, complete, and transparent account of their financial position to parliament or to other interested parties, including donors and the general public. This lack of information has hindered transparency and the enforcement of accountability in government, and has only contributed to the perceived governance problems in many of these countries. Government of Ethiopia has introduced IFMIS in the year 2010 in six pilot organizations and then expanded to the other six including Addis Ababa University.

Therefore, in one way or the other, all these organizations are implementing IFMIS since the date the deployment was started at their specific premises. However, given well-developed infrastructure and human capacity requirement of the system in one hand, culture, digital readiness and management commitment of our governmental entities in the other, it will not be difficult to imagine the various challenges the implementation could have posed on those organizations while implementing the system. Therefore, if this system is to settle and continue as the solution to the Decision making, planning and controlling problems of implementing entities, the challenges must be studied and addressed properly in line with the context of the hosting organization and the country. So far no studies have been made in this regard and the role of

IFMIS is not identified in the context of Ethiopian Governmental organization. Therefore, this study is intended to fill this gap and planned to investigate the changes of Decision making, planning and controlling process in Ethiopia taking the case in AAU.

### **1.3. Objectives of the Study**

#### **1.3.1. General Objective**

The general objective of this study is to assess the Role of Integrated Financial Management Information System (IFMIS) in Decision Making, Planning and Controlling: The case of Addis Ababa University.

#### **1.3.2. Specific Objective**

The study will try to address more specific objectives as follows:

- i. To analyses the effectiveness of Budgeting process in IFMIS on decision making, planning and controlling.
- ii. To assess how internal control systems in IFMIS affected decision making, planning and controlling.
- iii. To analyses the effectiveness of procurement process in IFMIS on decision making, planning and controlling.

### **1.4. Research Questions**

1. What is the role of financial reporting systems in IFMIS on decision making, planning and controlling in Addis Ababa University?
2. How Budgeting process in IFMIS influence on decision making, planning and controlling in Addis Ababa University?
3. What is the role of internal control systems in IFMIS on decision making, planning and controlling in Addis Ababa University?
4. What is the role of procurement process in IFMIS on decision making, planning and controlling in Addis Ababa University?

### **1.5. Significance of the Study**

The study would inform the role of IFMIS. The research was providing insights from a single case study which would provide a benchmark with which continuous improvement can be made in other budget units and other pilot projects. The study was identifying the role of an IFMIS. Thereafter, the study was forward the appropriate recommendations to solve the challenges and difficulties identified. This study was also generating baseline scientific information for researchers and students, which would help them to plan further researches on IFMIS and its implementation in Ethiopia. Finally, academic researchers can now carry out further research in this area of an integrated financial system in government as suggested in the concluding statements of the study.

### **1.6. Delimitation of the Study**

In Addis Ababa there are different Federal Government entities began implement IFMIS; out of these Federal Government entities the researcher selected Addis Ababa University. Besides, it was not be possible to conduct a research on all Federal Government entities within a short period of time and due to limited financial resource owned by student researcher. Addis Ababa University has 16 budget units out of this budget unit only four major budget units that are Main Campus, CBE, AAIT and CNS implement integrated financial management information system. These budget units consume about 65% of total budget of the university. Hence the focuses of this study will be “The Role of Integrating Financial Management Information System (IFMIS) in Decision Making, Planning and Controlling: The case of Addis Ababa University”.

### **1.7. Organization of the Study**

The study was organized into five chapters. The first chapter deals with background of the study, background of the organization, statement of the problem, objective of the study, research questions, significance of the study, delimitation of the study. The second chapter presents the review of related literature. The third chapter presents the research design and methodology. Chapter fourth deals with presentation, analysis and interpretation of the data. The last chapter consists of summary, conclusion and recommendations of the study.

## **CHAPTER 2**

### **2. Literature Review**

#### **2.1. Introduction**

This chapter seeks to review the literature that forms the basis of this study and compares and Contrasts the findings from previous researchers. Both independent and dependent variables are also explained in this chapter and finally the summary of the chapter.

#### **2.2. Theoretical Review**

According to Henry Fayol, “To manage is to forecast and plan, to organize, to command, & to control”. Whereas Luther Gullick has given a keyword 'POSDCORB' where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting & B for Budgeting. But the most widely accepted are functions of management given by KOONTZ and O'DONNEL i.e. Planning, Organizing, Staffing, Directing and Controlling.

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 & Khawlhiring (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. It is supports adequate management reporting, policy decisions, fiduciary responsibilities and the preparation of auditable financial statements. The introductions of an IFMIS need to be accompanied by strong commitments, sufficient manpower and financial resources, widespread internal support and an agenda for effective change management (World Bank, 1994).

Kotze (2012) argues that implementation of the IFMIS has the effect that existing knowledge and expertise that was created over a lengthy period of time no longer exists.

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 (Indeje and Zheng, 2010; Kotze, 2012).

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 MOFEC, enhance financial discipline and control operating costs by reducing administrative tasks and civil servants' workload.

IFMIS provides an integrated computerized financial package to enhance the effectiveness and transparency of public resource management by computerizing the budget management and accounting system for a government. It consists of several core sub-systems which plan, process and report on the use of public resources, Rodin and Edwin (2008).

The scope and functionality of IFMIS can vary across countries, but sub-systems normally include accounting, budgeting, cash management, debt management and related core treasury systems. In addition to these core sub-systems, some countries have chosen to expand their IFMIS with non-core sub-systems such as tax administration, procurement management, asset management, human resource and pay roll systems, pension and social security systems and other possible areas seen as supporting the core modules, Brown (2008).

## **2.3. Determinants of Decision making, Planning and Controlling**

### **2.3.1. IFMIS and Financial Reporting**

The AAU is responsible provide financial reports for Ministry of Finance and Economic Cooperation (MOFEC). Within AAU central finance prepares the Monthly, quarterly, semi annually and annually reports for ministry and stakeholders.

Financial reports retrospectively describe the results of an organization's financial transactions and events in terms of its financial position and performance. According 20 to Simson, Sharma and Aziz (2011), financial reports aim to improve budget compliance. They provide a means for internal or external actors to assess government performance. Thurakam (2007) posit that in order to serve its objectives meaningfully, financial reports must be relevant, accurate, prompt and authentic. The financial statements must be pertinent for the purpose for which they are meant for. Irrelevant and unwanted information should be avoided but at the same time material facts must necessarily be disclosed (Thurakam, 2007). According to Rupanagunta (2006), transactions data captured in the right formats classified appropriately and presented in simple, easy to use formats can be used as valuable decision support systems. For instance, capturing the specific function performed or service rendered and the nature of the expenditure of each financial transaction undertaken by the government can be used to understand the true cost of service delivery by activity. Simson et al (2011) elucidate that financial reporting entails extracting and presenting data from the accounting system in ways that facilitate analysis. Governments produce a range of reports for internal and external consumption. Typical reports include daily reports on hard cash flows, monthly reports on financial plan execution, revenue reports, mid-year reports and annual financial statements or fiscal reports. There are internationally recognized minimum requirements for annual fiscal reporting. These reports form the basis for the audit general's review of government performance.

The adoption and subsequent use of Chart of Accounts (COA) allows for the continuation of cash basis reporting – a necessary element of accrual system which serves as the logical step in improving the data basis of the treasury system. The government must specify reporting requirements and objectives in two areas; external reporting to provide information for the legislature and the public as well as other countries, international organizations, overseas investors and financial market and internal management reporting for government policy makers and managers. In general the broad requirements for external reporting are specified in the budget regulations and detailed requirements are given in regulations, instructions and administrative practices (e.g. reports format) actually in use in Kenya and other developing countries (Mark

2007). Mark further noted that from the point of view of resource allocation, increasing emphasis has been given in recent years to improve reporting standards by linking financial and performance information and giving a clearer perspective on resource use by using accrual-based reports in addition to the usual cash-based government accounts. Development of such report formats is in general accruing mainly in industrialized market economies. Technological business requires highly skilled staff to ensure operations move smoothly and breakdowns handled with a record recovery period (Ferdinand, 2006). An IFMIS allows users anywhere within the IFMIS network to access the system and extract the specific information they need. A variety of reports can be generated to address different budgeting, funding, treasury, cash flow, accounting, audit and day to day management concerns (Rozner 2008:1)

IFMIS also seeks 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, Junghun Cho (2003).

Development of such report formats is in general accruing mainly in industrialized market economies. Technological business requires highly skilled staff to ensure operations move smoothly and breakdowns handled with a record recovery period (Ferdinand, 2006).

### **2.3.2. IFMIS and Budgeting**

The functional process of budgeting can be categorized as those carried out by the central agencies and those carried out by the spending ministries and agencies. Those of the former group are most directly linked to the control framework—indeed one of the main functions of the central agencies (particularly the ministry of finance) is to ensure that the control framework is properly applied through government ministries. This functional process covers two interrelated areas; macro fiscal forecasting, budget preparation and approval, and budget execution, cash management and accounting. The first set of processes supports the objectives of setting fiscal policy and strategic priorities. The second set supports the objective of optimizing the use of budgeted resources and ensuring accountability (Allan, 1999).

An IFMIS provides decision-makers and public sector managers with the information they need to perform their managerial functions. Rodin-Brown (2008:3) states that an IFMIS provides

timely, accurate and consistent data for management and budget decision making. By computerizing the budget management and accounting system for a government, an IFMIS aims at improving the quality and availability of information necessary at various stages of public financial management, such as budgeting, treasury management, accounting and auditing (Dorotinsky& Matsuda 2001:3).

At the start of the budget cycle, the central agencies generally the ministry of finance send the sector agencies a budget circular indicating economic prospects and broad policy objectives (in some cases based on the formal micro economic framework), and giving the parameters within which the budget for each ministry is to be prepared. The circular may give specific ceilings for expenditure by each agency and program. The sector agencies respond with their budget proposals (World Bank, 2004). Since budget requests generally exceeds, negotiating at the technical level between central and sector agency staff are required to review costing for existing discussions and are often required to set inter sectarian priorities and priorities among the program and project proposals to ensure that the selected proposals can be funded within the macroeconomic framework. The report indicated further that, after preparation of the draft document, by the executive, the legislature reviews the estimates and approves the budget. This approved budget becomes the legal basis of the Public Sector Work Program (PSWP) to be executed by the sectarian ministries. It gives estimates of expected revenues and borrowing and the amount of expenditure authorized to be spent on approved programs. Once the budget is approved, the ministry of finance has the task of controlling the release of funds, mounting progress on budget implementation and managing the cash resources of the government. Warrants authorized by the ministry of finance are sent to the treasury that is the custodian of the consolidated fund to make payments out of the consolidated fund or make money available for payment by the responsible accounting officers.

### **2.3.3. IFMIS and Internal Control**

One of the major benefits of an IFMIS is the impact that it can have on corruption, by increasing the risk of detection. According to Chene (2009:2), a well-designed IFMIS can provide a number of features that may help detect excessive payments, fraud and theft. These include, for example, automated identification of exceptions to normal operations, patterns of suspicious activities, automated cross-referencing of personal identification numbers for fraud, cross referencing of



asset inventories with equipment purchase to detect theft, automated cash disbursement rules and identification of ghost workers.

Internal control systems are the policies and procedures put in place by the management of a government agency in order to ensure the agency achieves its objectives and complies with external laws and regulations. Such policies and procedures tend to cover monetary book-keeping and reporting, performance monitoring, asset management and procurement (Simson et al., 2011). As a management tool IFMIS also enables management to do the following: control aggregate spending and the deficit, prioritize expenditure across policies, programs and projects to achieve efficiency and equity in the allocation of resources, make better use of budgeted resources, namely, to achieve outcomes and produce outputs at the lowest possible cost (Hendricks, 2012). In other words, the benefits anticipated in implementing IFMIS are: enhanced governance, reduced fraud, transparency and accountability, and better monitoring and evaluation.

According to Oz (2006), the goal of financial managers, including controllers and treasurers, is to manage an organization's money as efficiently as possible. They achieve this goal by collecting payables as soon as possible, making payments at the latest time allowed by contract or law, ensuring that sufficient funds are available for day-to-day operations and taking advantage of opportunities to accrue the highest yield on funds not used for current activities. Simson et al (2011) pointed out that in order to effectively manage the government's cash flow and prevent debts from accumulating, it is important to monitor the pipeline of future payments. In addition, procurement is a common source of corruption and therefore procurement systems tend to include controls aimed to detect and deter corruption via IFMIS.

According to Allan (1999), when a receipt shortfall occurs, it is essential that the treasury be aware of the commitments for which cash is needed during the year. Tax revenues from custom duties, income and land taxes are managed by the revenue collection agencies. These revenues are deposited in local commercial banks and remitted to the government central account in the central bank. The central bank then sends a daily report to the treasury on inflows to this central account. Non tax revenue from fees, administrative charges and product sales are also managed by the collection agencies and transferred to the consolidated fund. The accounting function entails maintaining records of spending authorizations at the appropriation and funds release levels, processing expenditure and receipt transactions, maintaining ledger accounts to monitor and control actual spending and receipts against budget and warrant controls and reporting details.

The lack of management information systems for one organization seriously detracts from this organizational capacity. It is our premise that developing and adopting IFMIS will contribute to AAU's capacity by providing information so citizens can make more informed decisions and by providing a control mechanism that assures that the AAU operates to produce selected services efficiently and effectively.

#### **2.3.4. IFMIS and Procurement**

IFMIS practices if effectively implemented may result in a number of benefits in the public procurement performance such as enhanced transparency and compliance, increased performance and quality, and economic development (Mutui, 2014). The improved transparency of the public sector operation will itself will lead to improved efficiency of financial controls and other expenditure management procedures, rapid expedition of many transactions at once, rapid compilation of data from many sources for improved financial analysis and decision making and improved consistency of information and improved checks and balances.

Performance provides the basis for an organization to assess how well it is progressing towards its predetermined objectives, identifies areas of strengths and weaknesses and decides on future initiatives with the goal of how to initiate performance improvements (Deasy, Gareth, Scott, and Ringwald, 2014). The primary goal of performance evaluation is to increase organizational effectiveness and efficiency to improve the ability of the organization to deliver goods and /or services (Sababu, 2001).

Procurement performance evaluation may be defined as the quantitative or the qualitative assessment over a given time towards the achievement of corporate and operational goals and objectives relating to purchasing economies, efficiency and effectiveness. Quantitative objectives are measurable using such measures as number of orders placed, reduction in lead times, price savings and reduced administrative costs and will tend to be used when purchasing is regarded mainly as a clerical and transactional activity (Knusden, 1999). Lysons et al, (2006) defines purchasing procurement performance evaluation as the quantitative or qualitative assessment over a period of time towards the achievement of corporate or operational goals and objectives relating to purchasing economies, efficiency and effectiveness. Procurement performance is considered to be the result of two elements: purchasing effectiveness and purchasing efficiency (Chene, and Hodess, 2009). This means that procurement performance is not an end in itself but a means to effective and efficient control and monitoring of the purchasing function (Deasy, etal, 2014).

There are a number of ways used to determine the performance of procurement performance some of which include procurement time, cost of procurement and the accuracy with which procurement function is carried out. Christopher (1992) notes that to evaluate performance based on time, one would seek to know the timing of suppliers' actual delivery performance against promised, time taken to process requisitions and time taken up with remedial action while cost evaluation will determine the amount saved by the company in procurement function. Major setbacks in public procurement include poor procurement planning and management of the procurement process, needs that are not well identified and estimated, unrealistic budgets and inadequacy of skills of procurement staff responsible for procurement (Mbae, 2014).

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 (Indeje and Zheng, 2010; Kotze, 2012).

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, 1994).

#### **2.4. Empirical Review**

Governments in developing countries are increasingly exploring methods and systems to modernize and improve public financial management. For example, over the years, there has been

an introduction of the 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. The scope and functionality of IFMIS varies across countries, but normally it represents an enormous, complex, strategic reform process (Chene 2009).

Integrated financial management information system is an information system that tracks financial events and summarizes financial information. Several studies have been conducted to establish the relationship between IFMIS and management performance. Managers are responsible for the performance of an organization. They control financial reports, direct investment activities, and develop strategies and plans for the long-term financial goals of their organization.

The other study established that the effect of integrated financial management information systems on the financial management of public sector in Kenya: a case of the Kenyan ministries. The study focused on 42 government Ministries in Kenya where 30 accountants involved in the use of Integrated Financial Management Information Systems were surveyed and Data was analyzed 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. Muigai (2012)

The findings of a 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, Musee (2011) demonstrated that there was significant influence of lack of top management commitment on the effective use of IFMIS. In his study, Musee (2011) 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.

Is the process initiated for the purchase of goods and services? Specific to the subject research it implies the planning, sourcing, acquisition and utilization of goods and services by a public entity within the laid down regulations. (Miheso, 2013) it is a plan that enhances the reporting

capabilities to support budget planning, the process should be able to, process planning, requisition procurement of goods & services and payment of suppliers and may include a basic procurement process such as purchase, requisition, receipt matched to invoices when delivered, then payment. It may also entail complex cycle such as use of different sourcing rules to determine suppliers shipping notification (Ipwin, 2006), creation of invoices from the inspection process and payment into the supplier bank account.

This study also done in Kenya by C. K. Kahari et.al (2015) asserted that capacity and skills of IFMIS users had a positive effect on the implementation of IFMIS. In addition these authors recorded that the relationship between staff resistance and IFMIS implementation was strong, negative and statistically significant. C. K. Kahari et.al(2015) concluded that in order to enhance the implementation of the system, the County Government should ensure that the staff resistance is addressed and they figure out that further improving the capacity and skills of IFMIS users would enhance the implementation of IFMIS.

This is the process of producing reports or statements that disclose an organizations financial status to management, investors and the government. It encompasses the preparation and submission of financial returns. Financial reporting is one of the most important modules in IFMIS. (Selfano, Peninah, & Sarah. 2014) the reports generated by the module are; bank reconciliation statements, financial accounts, trial balance, imp rest register, asset registers, and monthly returns among others. The adoption and subsequent use of Chart of Accounts allows for the continuation of cash basis reporting - a necessary element of accrual system which serves as the logical step in improving the data base of the treasury system as far as financial reporting is concerned. The government must specify reporting requirements and objectives in two areas; external reporting to provide information for audit purposes and internal reporting for policy makers.

Budgeting module ensures the distribution and control at the level of planned data, revenues, expenses/expenditures and liabilities (commitments). Budget module provides for the procedures of budget data maintenance, accounting and control through integration of medium term expenditure framework (MTEF) (Government of Kenya, 2003). The budget appropriations can be registered in the system in the form of structured budget plan, presented as listing of budget items by organizational units. The structured budget plan has a hierarchical structure, which provides a basis for budget data input into the system and is formed within the limits of a financial year. The

application of such mechanism allows tracking of all amendments introduced into the budget data. The module has control functions for commitments and payments amounts in order not to exceed the planned data.

Ponemon and Nagida, (1990) also asserts that the main reason for which accounting information is generated is to facilitate decision making. However, for financial reporting to be effective, among other requirements, it is relevant, complete and reliable. These qualitative characteristics require that the information must not be unfair nor has predisposition of favoring one party over the others. Accounting information should give a decision maker the capacity to predict future actions. It should also increase the knowledge of the users to identify similarities and differences in two type of information (Bolon, 1998).

The study by Dener and Young (2013) attempted to explore the effects of IFMIS on publishing open budget data and identify potential improvements in budget transparency, and provide some guidance on the effective use of IFMIS platforms to publish open budget data. The study identified 20 key and 20 informative indicators drawn from the public finance websites of 198 economies to assess the status of government websites for publishing open budget data from IFMIS. The study established that despite the widespread availability of 176 IFMIS platforms used by 198 governments around the world, good practices in presenting open budget data from reliable IFMIS solutions are highly visible in only 24 countries (12%).

Barry (2001) investigated the guidelines for public expenditure management in the government ministries. The study established that the level of complexity of IFMIS is 24 much higher than other ICT-based government reforms due to inherent complication of public financial management system. It involves not only ministry of finance but also all line ministries and other multiple spending units. However, integrated public financial management system is quite a challenging task and requires multiple conditions to be satisfied for successful implementations of long term sustainability. The study recommended that the introduction of IFMIS system should not just be seen as a technology fix, since simply automating tasks that did not need to be carried out in the first place rather IFMIS implementation should be seen as a public financial reform that affects how things are done across government ministries and parastatals.

In a research conducted by Mobegi (2009), he found out that 61% of the ministry staff believed that implementation of IFMIS was way behind schedule while 33% believed that it was on course. 3% believed that IFMIS was successful while 11% believed that it was not successful.

52% believed that transparency had been achieved while 62% believed that IFMIS had improved economic governance. 47% believed that it had reduced corruption while 78% believed that IFMIS provided sufficient information for decision making.

Another study conducted in Kenya by Karanja and Ng'ang'a (2014) asserted that there was significant relationship between cost and IFMIS implementation in Kenyan government ministries. On top of this, these authors recorded that there was a strong association between organizational commitment and IFMIS implementation in government ministries in Kenya. Moreover, Karanja and Ng'ang'a (2014) reported that there was significant relationship between Management support and IFMIS implementation in government ministries in Kenya.

In addition, another study conducted by Casals (2009) notes that generally, the term "IFMIS" refers to the use of information and communications technology in financial operations to support management and budget decisions, fiduciary responsibilities, and the preparation of financial reports and statements. In the government realm, IFMIS refers more specifically to the computerization of public financial management (PFM) processes, 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 (GOK, 2011).

Various studies having been conducted both internationally and locally on Implementation of IFMIS. Nyabuto (2009) undertook a Survey of the Extent of Implementation of Integrated Financial Management Information System as a tool for sustainable financial management in government. The study revealed that there was resistance in the Ministries for the use of IFMIS. Kakwezi and Nyeko (2010) conducted a study on procurement processes and performance: Efficiency and effectiveness of the procurement function in Uganda and found out that other than financial measures, non-financial measures also contribute significantly in the procurement process and performance. Kimwele, (2011) conducted a study on the factors that have hampered effective implementation of the Integrated Financial Management Information System in Kenya public sector.

The IFMIS in Ethiopia has been part of a larger transformation of its PFM to international standards, because the change aligned with the four known drivers of public sector reform: context, ownership, purpose, and strategy (Peterson, 2011). Peterson (2011) argues that PFM reform in Ethiopia succeeded because it built a stable and sustainable „plateau“ that is appropriate

to local context, instead of aiming for a risky and irrelevant „summit“ of international best practice. To support of rapid government decentralization, the reform successfully adopted a strategy of „recognize, improve, sustain“.

## **2.5. Summary of Literature**

From the literature reviewed in this chapter, various scholars have addressed the role of IFMIS in management performance. Since the launch of IFMIS in Ethiopia, most of the government agencies have had to adapt to the system. The success of it can only be achieved through efficient financial management. Thus this section will provide a review of empirical studies on the influence of IFMIS through financial reporting, budgeting, internal control and procurement on management performance.

The study reviewed that IFMIS seeks to enhance confidence and credibility of the budget through greater comprehensiveness and transparency of information and 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. The study also reviewed that financial reports aim to improve budget compliance and that IFMIS provide a means for internal or external actors to assess government performance. IFMIS role is to connect, amass, process, and then provide financial information to all parties in the budget system on a continuous basis. It was also reviewed that IFMIS also enables management to do the following: control aggregate spending and the deficit, prioritize expenditure across policies, programs and projects to achieve efficiency and equity in the allocation of resources, make better use of budgeted resources, namely, to achieve outcomes and produce outputs at the lowest possible cost and finally it was reviewed that IFMIS assists management in ensuring accountability for the deployment and use of public resources and in improving the effectiveness and efficiency of public expenditure programs.

Many of the studies appreciate that effective organization management is critical regardless the stage of organization’s decision-making planning and controlling functions. There however remain unraveled challenges on the full implementation of IFMIS inhibiting efficient utilization of organizations’ resources as well as effective management. A critical review of the literature show that several conceptual and contextual research gaps exist in the role of IFMIS on the



organizations performance and the effects of IFMIS implementation on the effective management at the governments particularly in the developing countries.

## **2.6. Literature Gap**

Many of the studies appreciate that effective organization management is critical regardless the stage of organization's decision-making planning and controlling functions. There however remain unraveled challenges on the full implementation of IFMIS inhibiting efficient utilization of organizations' resources as well as effective management. A critical review of the literature show that several conceptual and contextual research gaps exist in the role of IFMIS on the organizations performance and the effects of IFMIS implementation on the effective management at the governments particularly in the developing countries.

However, empirical studies have been conducted according to the study have addressed other aspects for example cash management, public finance management and performance implementation of IFMIS in Ethiopia and others countries but on this title the role of IFMIS on decision making planning and controlling there is no previous study therefore the researcher will preciously to discuss it in order to fill this gap.

## **Chapter Three**

### **3. Research Methodology and Design**

### **3.1. Introduction**

This chapter gives a detailed outline of how the study was carried out. It 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 used a descriptive survey study research design which aims at examining the role of IFMIS on decision making, planning and controlling in AAU. A descriptive survey is usually concerned with describing a population with respect to important variables with the major emphasis being establishing the relationship between the variables. The advantage of this type of research design is that it is easy to understand as recommended by (Kothari, 2005). This design attempts to collect data from members of the population and describes existing phenomenon.

This is the research design that was used to establish the role of integrated financial management information system on decision making, controlling and planning of Addis Ababa University.

### **3.3. The target population**

The target population in this study was all management and staff in the number 1450 from AAU four Campuses deployed IFMIS in president and vice president offices, Budget & Finance Directorate that includes in front office, back office /financial report prepares/, office of budget, and at Procurement & Property Administration Directorate, internal audit, and planning department where the IFMIS are in use the researcher more focused on Budget & Finance Directorate and at Procurement & Property Administration Directorate as a source of data

### **3.4. Sampling technique**

The sample size in this study was 314 respondents drawn from the target population uses the Yamane's (1967) formula  $n = N / 1 + N(e)^2$ . These comprising users of the IFMIS selected from the president and vice president offices, Budget & Finance Directorate that include; in front office, back office /financial report prepares/, office of budget, and at Procurement & Property Administration Directorate, internal audit and planning department. This aimed at achieving comprehensive and reliable data. A sampling technique is a method of choosing a subset of units from target population for the purpose of collecting data (Cooper & Schindler, 2003). There are

different sampling techniques like simple random sampling, cluster, and quota, stratified among others. Simple random sampling technique was used for this study. As it is impossible to collect from the all population (when the numbers are not manageable) the required data was collected from the sample respondent. According to Kothari (2004), at least 30 percent of the target population is a recommended size to study the population.

<b>Category</b>	<b>Population</b>	<b>Sample size</b>	<b>Percentage</b>
Main Campus	587	128	21.80579
CBE	198	42	21.21212
A.A.I.T.	381	81	21.25984
Natural science	284	63	22.1831

**Table 3. Sample size**

### **3.5. Data Collection Instrument**

Data collection methods are ways of gathering information on targeted variables in a systematic fashion that enables answering of relevant questions and evaluate out comes. Examples of data collection methods include questionnaires, surveys, and interviews.

First of all, the student researcher proposed questionnaire. Then, the questionnaire was given to experts working by IFMIS so as to assess and forward their comments on how well the items in the questionnaire covered the content area and make necessary amendments. Second, for further examination and constructive adjustment, the questionnaire was submitted to the academic advisor.

Next, prior to conducting the actual research, pilot test was conducted in one Ministry office implement IFMIS that was not included in the sample study so as to assess the validity and reliability of the instruments and check whether the items included in the instruments enable the student researcher to gather relevant data/information or not. Accordingly, ten experts using simple random sampling and one director & Coordinator purposively selected for the pilot study and filled the questionnaire. All of them replied the questionnaire and suggested that the proposed questionnaire was helpful so as to collect information about the issue raised in the study. Besides, they noticed that orientation should be given to respondents prior to distributing the actual questionnaire. This assisted the student researcher to gather relevant information. Following this

orientation was rendered to respondents on the objectives of the study & on how the questionnaire was to be filled.

The data collection instrument in this study was questionnaires. The research questions were both open-ended and closed loop. A survey questionnaire is designed to apply to a heterogeneous sample selected from the large population of respondents (Burns, 2000). A questionnaire is defined as a formalized schedule or form, which contains an assembly of carefully, formulated questions for information gathering (Wong, 1999). Partially Open-ended and closed loop questions allow easy data analysis, interpretation, and tabulation. The questionnaire was used to collect data from the AAU Management and staffs.

The Questionnaire was divided into eight sections. The first section outlined the required demographic information, the second to fifth sections represented each variable related to the specific objectives and the six to eight represented the main objective which is decision making, planning and controlling. The variables of the study were measured in interval scale on a five-point Likert scale to determine respondents' opinion on the role of IFMIS on decision making, planning and controlling.

### **3.6. Method of Data Analysis**

Data analysis is the collecting and organizing of data so that a researcher can come to a conclusion. Data analysis allows one to answer questions, solve problems, and derive important information (Orodho, 2009). The collected data was organized to draw meaningful conclusions and information. The collected data was entered into the Statistical Package for the Social Sciences (SPSS) software for analysis.

The data was analyzed quantitatively. This is because quantitative analysis enables the user statistics to give a better understanding of data collected. The qualitative analysis which entails answers from the open-ended questions was carried out by organizing data into similar themes and tallying the number into similar responses.

Descriptive analysis begins with summaries of continuous variables in form of means for the continuous variables. Tables of frequencies (percentages) were created for the categorical variables and presentation using graphs or charts as appropriate.

Data presentation is the method by which people summarize, organize and communicate information using a variety of tools, such as diagrams, distribution charts, histograms, and graphs.

The methods used to present mathematical data vary widely. Common presentation modes including coding data, data analysis, drawing diagrams, box plots tables, pie charts and histograms (Kothari, 1999). In this study, the results and conclusions are presented using graphs, charts, and tables for easy reading.

## **CHAPTER FOUR:**

### **4. DATA ANALYSIS, RESULTS AND DISCUSSION**

#### 4.1 Introduction

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

#### 4.2. Response Rate

The study targeted 314 users of IFMIS at the AAU. Out of the 314 questionnaires distributed only 283 questionnaires were filled and returned. This gave a response rate of 90%. According to Mugenda and Mugenda (2003) a statistically significant response rate should be at least 50%. The results are shown in the table below in Table 4.1:

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<b>Response rate</b>	<b>Frequency</b>	<b>Percentage %</b>
<b>Response</b>	<b>283</b>	<b>90%</b>
<b>Non response</b>	<b>31</b>	<b>10%</b>
<b>Total</b>	<b>314</b>	<b>100%</b>

---

**Table 4.1 Response Rate**

#### 4.3. General Information

The study targeted a sample size of 314 from the president and vice president offices, Budget & Finance Directorate that include; in front office, back office /financial report prepares/, office of budget, and at Procurement & Property Administration Directorate, internal audit and planning department in the target institutions respondents from which 283 filled in and returned the questionnaires making a response rate of 90%. The response rate was representative as according

to (Mugenda, 1999), a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. Based on the assertion, the response rate was considered to be excellent and satisfactory to make conclusions for the study.

The findings confirmed that majority (61%) was male and 39% were female. This implies that even though most of the responses emanated from males there was gender balance.

#### 4.3.1. AAU Staff of Four Campuses

No.	Campuses	Academic staff			Administrative staff		
		Male %	Female %	Total in No.	Male %	Female %	Total in No.
1	Main campus	88%	12%	84	45%	55%	409
2	F.B.E.	94%	6%	56	17.50%	82.50%	97
3	AAIT	88%	12%	161	40%	60%	307
4	Natural Science	89%	11%	143	32%	68%	193

**Table 4.2.AAU Staff of Four Campuses**

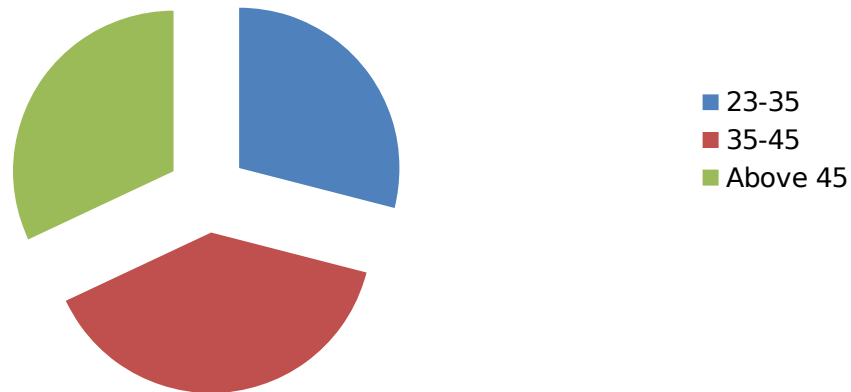
#### 4.4. Background Information

This section presents the background information of the study. It presents the characteristics of the respondents who provided information for this study.

##### 4.4.2 Age of the Respondents

Figure 4.2 shows that majority of the respondents (29%) were of the age bracket 23-35 years representing a group of senior youth. while 39% of the respondents were aged between 35-45 years. Approximately 32% of the represents were above the age of 45 years.

## Ages of the respondents



**Figure 4.2. Age of the respondents**

### 4.4.3 4.4.3 Division of the Respondents

Table 4.3 shows the division of the respondents who took part in this study. The main categories targeted by the study were AAU staff members (87%) administrative such as accountants, directors, procurement staffs and internal auditors (13%) and staff from the academic working with IFMIS like departments heads. A close examination of the results shows that administrative staff of AAU in relations to IFMIS. This shows that the study majority of the respondents worked in administrative wing in different departments and could provide reliable answers based on their experiences and day to day activities.

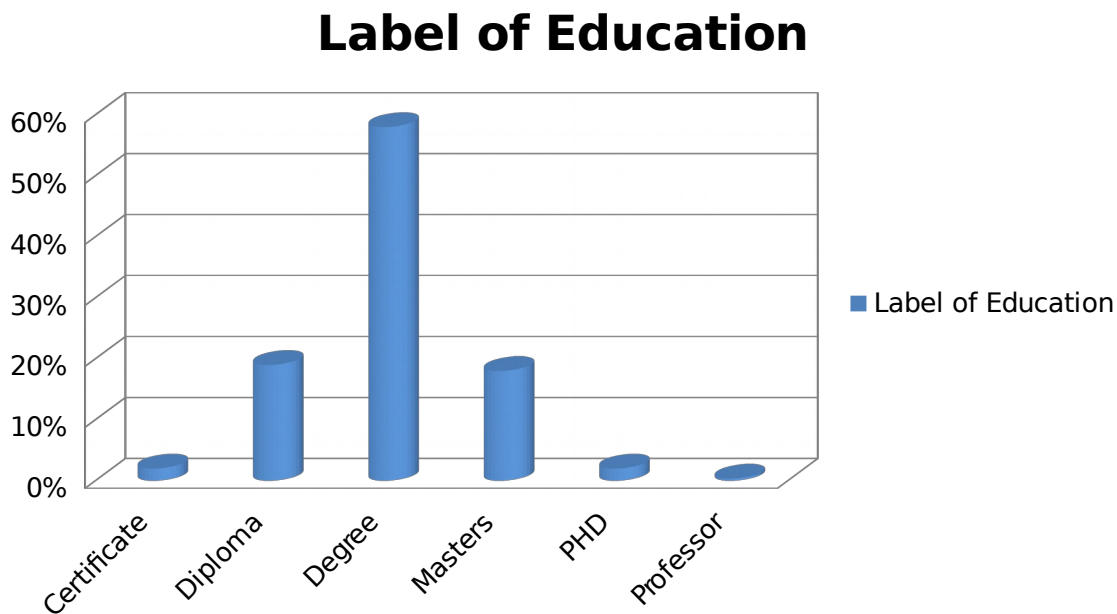
Main category	Sub categories	Percent
Administrative staff	Directors	29
	Finance (Accountants & AP approvers)	34
	Procurement	13
	Internal auditors	11
	<b>Percentage of Administrative staff</b>	<b>87</b>
Academic staff	Department heads	13
	<b>Percentage of Academic staff</b>	<b>13</b>
<b>Total</b>		<b>100</b>

**Table 4.3. Division of the respondents**

### 4.4.4 Highest level of Education



The education level of a person may determine a person’s judgment and perception and even understanding. Figure 4.4 show that 2% of the sample population had certificate, 19 % had Diploma, 58% of the sample population had first degrees followed by 18% who had masters and 2% had PHD while the least proportion of the sample population had Professor qualifications only 1 person.

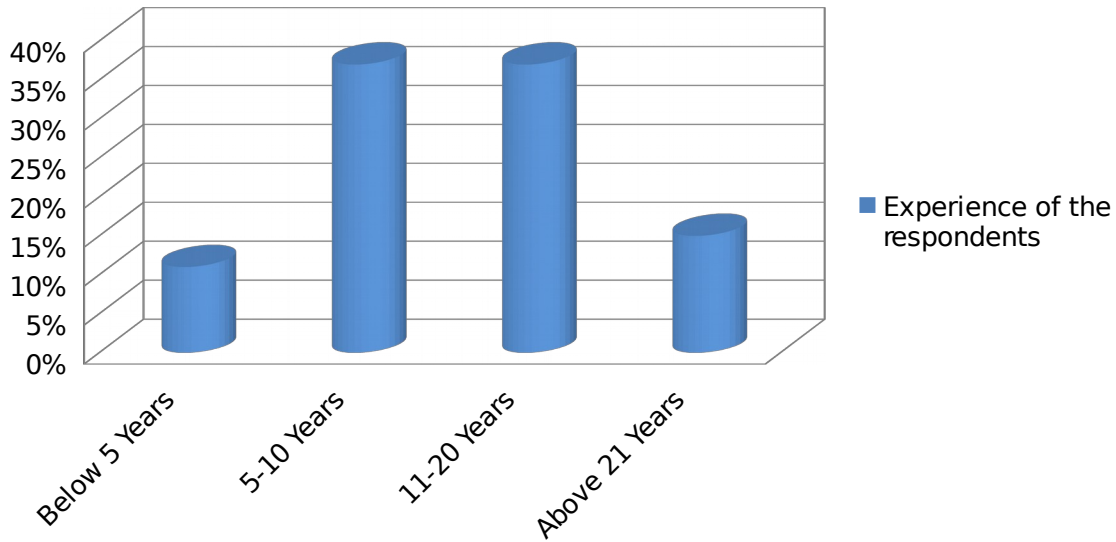


**Figure 4.4. Label of Education**

#### 4.4.5 Experience of the Respondents

Experience is an accumulated knowledge of something which a person interacts or does on a regular basis. It is premised that with time, the person becomes more aware of the activity and increases his efficiency of working through learning. People with a lot of experience are considered more able and better than those without. Figure 4.5 shows that 74% of the respondents were of the age bracket 5-10 and 11-20 years, followed by 15% who had experience of above 20 years while the least proportion of 11% represented those who had less than 5 years’ experience. This implies that majority had more than 5 years’ experience in their respective departments and had adequate knowledge of how IFMIS works and had influenced their operations given that IFMIS was introduced recently.

## Experience of the respondents



**Figure 4.5. Experience of the respondents**

### 4.5. Role of Financial Report in IFMIS on Decision making, Planning and Controlling

The first objective of the study focused on Role of Financial Report in IFMIS on Decision making, Planning and Controlling in AAU. This section therefore, provides findings on the Role of Financial Report in IFMIS on Decision making, Planning and Controlling in AAU.

#### 4.5.1. Descriptive Statistics of Financial report in IFMIS

This section discusses the descriptive statistics of the financial report in IFMIS in the AAU. The data was captured using five–point likert scales of 1-5 points. The researcher used the respondents’ percentage, mean and standard deviation. The descriptive tests undertaken are shown in table 4.3.

**Table 4. 3 Descriptive statistics- Financial report in IFMIS**

#### Descriptive Statistics

Statements	SD	D	M	A	SA	N	Mean	Std. Deviation
I get sufficient information from Financial report in IFMIS to Decision compare with former software	7.42%	8.2%	16.80%	36 %	31.58%	255	3.78	1.170
I get sufficient information from Financial report in IFMIS to planning compare with former software	6.91%	4.47%	25.61%	34.15%	28.86%	246	3.74	1.132
I get sufficient information from Financial report in IFMIS to controlling function compare with former software	5.45%	7.64%	26.91%	35 %	25 %	275	3.67	1.099
I can easily extract and present data from IFMIS in ways that facilitate analysis	5.49%	13.92%	32.91%	29.11%	18.57%	237	3.41	1.108
I can access IFMIS to derive the specific information I require to carry out my work	9.89%	15.59%	33.08%	30.04%	11.41%	263	3.17	1.132
Through IFMIS, I am able to reconcile transactions data in real-time	10.48%	21.77%	26.21%	30.65%	10.89%	248	3.10	1.173
IFMIS accurately discloses the financial position to the public	6.36%	3.89%	29.33%	23.16%	28.27%	283	3.72	1.109
The IFMIS system enables me to generate custom reports for internal and external use	6.71%	6.71%	33.22%	29.68%	23.67%	283	3.57	1.123
I can easily access non-financial information from IFMIS such as employee number ...	16.25%	8.13%	27.56%	31.45%	16.61%	283	3.24	1.288
IFMIS offers real-time financial information that enhance my decision making abilities	12.86%	9.13%	30.71%	32.78%	14.52%	241	3.27	1.203

Table 4.3 displays the results on Financial Reporting in IFMIS affect Decision making, Planning and controlling in AAU. The study shows that most (36%) of the respondents get sufficient information from financial report in IFMIS to Decision compare with former software and (31.58%) strongly agreed that get sufficient information from financial report in IFMIS to Decision compare with former software. Most of the respondents (34.15%) agreed get sufficient information from financial report in IFMIS to planning compare with former software and (35%)

of the respondents get sufficient information from financial report in IFMIS to controlling function compare with former software.

When asked whether the easily extract and present data from IFMIS in ways that facilitate analysis, most (29.11%) agreed. Further, most of the respondents (30.04%) I can access IFMIS to derive the specific information I require to carry out my work. However, the respondents (33.08%) Moderate or average indicating that there was wide dispersion of the responses. This in turn showed lack of consensus implying that some of the respondents believed that I can't access IFMIS to derive the specific information I require to carry out my work as well.

From the findings, majority of the respondents (30.65%) agreed that Through IFMIS, I am able to reconcile transactions data in real-time. Majority of the respondents (29.33%) IFMIS accurately discloses the financial position to the public Moderate or average. A proportion of (28.27%) strongly agreed that IFMIS accurately discloses the financial position to the public. Approximately, (29.68%) of the respondents agreed and (33.22%) Moderate and (23.67%) strongly agreed The IFMIS system enables me to generate custom reports for internal and external use. This shows that while most of the people enable to generate reports from IFMIS, there were an insignificant number of others who disable generate reports.

The role of the system was associated with other positive aspects. For example, the results show that majority of the respondents (31.45%) agreed that easily access non financial information from IFMIS. Lastly, (32.78%) respondents agreed the system offers real time financial information that enhances decision making abilities.

When asked on how Financial report in IFMIS had role on decision making, planning and controlling, most of the respondents cited that it get real time report, enhanced retrieval of information, and easy access to information to support for decision making, planning and controlling.

#### **4.6. The role of Budgeting process in IFMIS on Decision making, Planning & controlling.**

The second objective of the study focused on the role of budgeting process in IFMIS on decision making planning and controlling of AAU. Thus this section presents tests on the budgeting process in IFMIS and how those Budgeting process in IFMIS influence the decision making planning and controlling process.

##### **4.6.1. Descriptive Statistics of Budgeting process in IFMIS**

This section discusses the descriptive statistics which were tested on the data collected on budgeting process in the IFMIS system. The data was collected on a five point likert scale and analysed using percentage, mean and standard deviation. The results are shown in table 4.4

**Table 4.4. Descriptive Statistics of Budgeting process in IFMIS**

<b>Descriptive Statistics</b>								
<b>Statements</b>	<b>SD</b>	<b>D</b>	<b>M</b>	<b>A</b>	<b>SA</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
I get sufficient information from budgeting process in IFMIS to Decision compare with former software	6%	10%	31%	29%	24%	217	3.53	1.143
I get sufficient information from budgeting process in IFMIS to planning compare with former software	4%	8%	30%	32%	26%	253	3.68	1.056
I get sufficient information from budgeting process in IFMIS to controlling function compare with former software	7%	12%	32%	30%	19%	227	3.42	1.135
Maintains Budget Distributed and Budget Committed	8%	16%	29%	28%	19%	275	3.33	1.188
The Implementation of IFMIS there is enhance confidence and capability of the AAU Budget	16%	13%	30%	25%	16%	275	3.11	1.275
I get Approved budget, executed budget and remaining budget report from IFMIS	3%	6%	28%	37%	26%	256	3.78	.994
I get Detail budget report by each program and each budget code.	5%	11%	31%	32%	21%	270	3.53	1.082
After implementation an IFMIS in AAU Increases Utilized budget in my office	4%	8%	31%	37%	20%	261	3.62	1.006
After implementation of IFMIS in AAU reduced over budget uses	6%	9%	30%	29%	26%	270	3.61	1.134
Valid N (list wise)						92		

Table 4.4 displays the results on Budgeting process in IFMIS affect Decision making, Planning and controlling in AAU. The study shows that (31%) of the respondents moderate or average get sufficient information from budgeting process in IFMIS to Decision compare with former software and (29%) agreed that get sufficient information from budgeting process in IFMIS to Decision compare with former software. Most of the respondents (32%) agreed get sufficient information from budgeting process in IFMIS to planning compare with former software and

(32%) of the respondents get sufficient information from budgeting process in IFMIS to controlling function compare with former software.

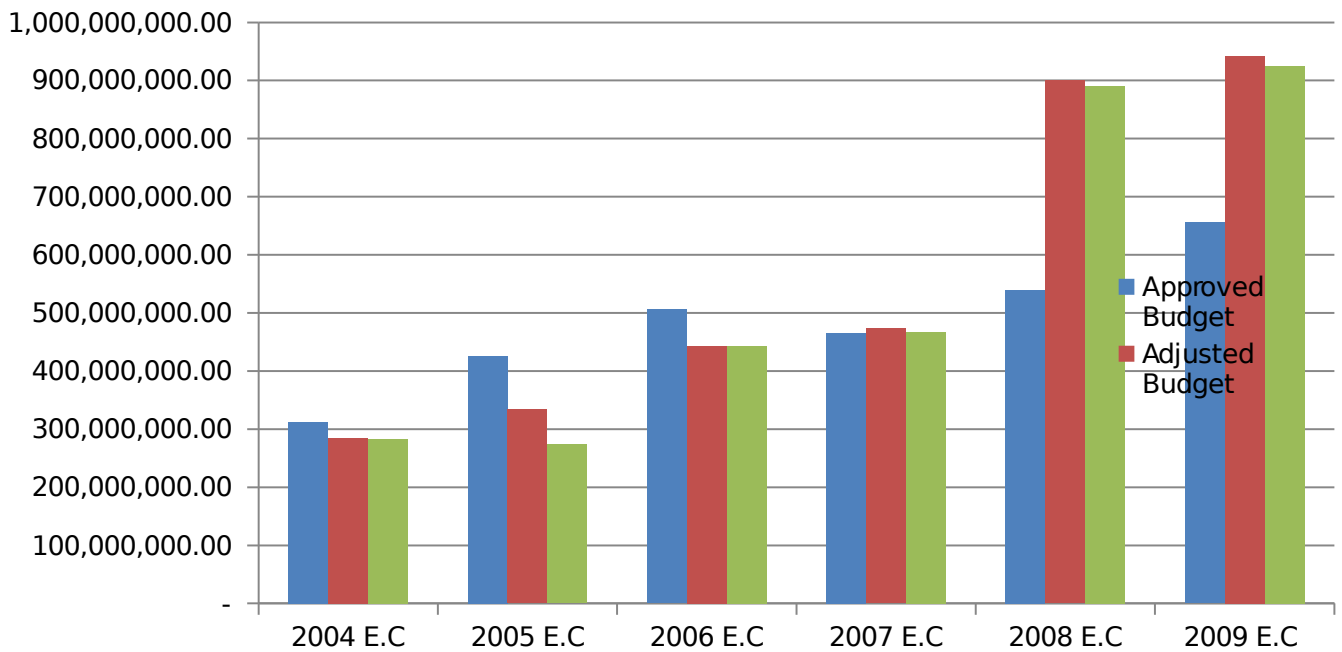
When asked whether maintains budget distributed and budget committed (28 %) agreed. Further, most of the respondents (30 %) moderate the implementation of IFMIS there is enhance confidence and capability of the AAU budget. However, the respondents (25%) agreed. From the findings, majority of the respondents (37 %) agreed that I get approved budget, executed budget and remaining budget report from IFMIS. Majority of the respondents (32 %) agreed that I get detail budget report by each program and each budget code. A proportion of (31 %) moderate that I get detail budget report by each program and each budget code. Approximately, (37 %) of the respondents agreed and (31 %) Moderate after implementation an IFMIS in AAU increases utilized budget in my office. Lastly, (30 %) respondents moderate and (29%) agreed after implementation IFMIS in AAU reduced over budget uses.

When asked on how Budgeting process in IFMIS had role on decision making, planning and controlling, most of the respondents cited that it get real budget report and detail budget performance report from the system these support for decision making, planning and controlling.

**Table 4.5. AAU Capital Budget Performance**

<b>Budget Year E.C</b>	<b>Approved Budget</b>	<b>Adjusted Budget</b>	<b>Expense</b>	<b>Percentage %</b>
2004	312,732,000.00	284,083,248.93	283,253,978.34	90.57
2005	426,013,969.66	333,841,800.00	273,452,511.36	64.19
2006	505,658,300.00	442,484,797.80	442,484,797.80	87.51
2007	465,000,000.00	473,306,666.66	466,917,445.66	100.41
2008	540,014,000.00	899,858,489.21	890,395,408.93	164.88
2009	655,561,000.00	942,107,095.68	924,828,210.01	141.07

**From:- Addis Ababa University Construction Project Finance 2017 report**



**N.B.** The average achievement of the first three years /2004-2006/ is 80.76% (333,063,762.47 Birr) and for the average achievement of the last three years /2007 & 2009/ after implementation of IFMIS 135.45% (760,713,688.20 Birr) the difference increase by 54.69% this is one implication of improved AAU decision making, planning and controlling process by deployed of IFMIS.

#### **4.7. The role of Internal control in IFMIS on Decision making, Planning & controlling.**

The third objective of the study was on the role of internal control in IFMIS on decision making planning and controlling of AAU. This section covers the findings on objective three of the study on the internal control in IFMIS and its role on decision making planning and controlling process. The results are shown and discussed the following table.

##### **4.7.1. Descriptive Statistics of Internal control in IFMIS**

This section discusses the descriptive statistics which were tested on the data collected on internal controls in the IFMIS system. The data was collected on a five point likertscale and analysed using percentage, mean and standard deviation. The results are shown in table 4.6

**Table 4.6 Descriptive Statistics of Internal Control in IFMIS**

Descriptive Statistics								
	SD	D	M	A	SA	N	Mean	Std. Deviation
I get sufficient information from Internal control process in IFMIS to Decision compare with former software	10%	15%	29%	33%	13%	257	3.23	1.158
I get sufficient information from Internal control process in IFMIS to planning compare with former software	8%	14%	30%	31%	17%	254	3.34	1.161
I get sufficient information from Internal control process in IFMIS to controlling function compare with former software	8%	15%	23%	29%	25%	227	3.48	1.231
The system monitors unsettled prepayments	5%	9%	29%	35%	22%	251	3.63	1.060
IFMIS can trace all the stages of a transaction process hence enhancing transparency and accountability of the process	12%	7%	32%	30%	19%	253	3.36	1.216
I can follow payment of goods & service rendered in IFMIS	9%	16%	26%	27%	22%	265	3.38	1.237
We use passwords to access IFMIS	--	---	---	---	100%	283	5.00	.000
IFMIS provides auditable financial statements from the AAU	--	2	---	75%	23%	283	4.19	.532
I acquire detail information about Account receivable & Account payable of AAU.	1%	--	2%	57%	40%	270	4.35	.632
IFMIS has segregated duties to different individuals	--	--	--	31%	68%	278	4.67	.516
Valid N (list wise)						111		

Table 4.6 shows the results on descriptive tests done on data collected on internal controls. From the results, 33% of the respondents agreed that they get sufficient information from internal control in IFMIS to decision compare with former software. Most of the respondents (31%) agreed get sufficient information from internal control process in IFMIS to planning compare with former software and (39%) of the respondents get sufficient information from internal control process in IFMIS to controlling function compare with former software. Another control established was the system monitors unsettled prepayment of suppliers as indicated by 57% of the



respondents (35% agreed and 22% strongly agreed). Approximately, 49% of the respondents (30% agreed and 19% strongly agreed) agreed that the system can trace all the stages of a transaction process hence enhancing transparency and accountability of the process and the most respondents (27%) agreed that they can follow payment of goods and service renders through the system.

From the results, a proportion of 100 % of the respondents strongly agreed that they used a password to access IFMIS. The mean was 5 indicating that generally the respondents strongly agreed. Thus, one of the controls which IFMIS had were passwords to access the system meaning that only the recognized and authorized persons could access and use the system. Approximately, 98% of the respondents (75%agreed and 23% strongly agreed) agreed that the system provide auditable financial statements. 57% and 40% respondents respectively agreed and strongly agreed that they acquire detail information about account receivable and account payable of AAU. Lastly, the results were further affirmed by the fact that IFMIS had segregated the duties to different persons as indicated by 99% of the respondents (31 % agreed and 68 %strongly agreed). It can thus be deduced that, IFMIS had split the roles and duties as an internal control so that no single individual could carry out all the activities in IFMIs system.

These results prompted the supposition that the use of the IFMIS internal controls promoted decision making, planning and controlling process.

Further, the respondents also indicated other effects and benefits on how internal control had role on decision making, planning and controlling process. These include enhancing accountability and transparency, ease in monitoring and regulation of the process, improving information security (no unauthorized access),made the processes faster (less time consuming) and general improvement in service delivery.

#### **4.8. The role of procurement process in IFMIS on Decision making, Planning & controlling.**

The fourth objective of the study was on the role of internal control in IFMIS on decision making planning and controlling of AAU. This section covers the findings on objective four of the study on the procurement process in IFMIS and its role on decision making, planning and controlling process.

##### **4.8.1. Descriptive Statistics of procurement process in IFMIS**

This section discusses the descriptive statistics which were tested on the data collected on procurement process in the IFMIS system. The data was collected on a five point likertscale and analysed using percentage, mean and standard deviation. The results are shown in table 4.7

**Table 4.7 Descriptive Statistics of Procurement in IFMIS**

Statements	Descriptive Statistics					N	Mean	Std. Deviation
	SD	D	M	A	SA			
I get sufficient information from procurement process in IFMIS to Decision compare with former software	12%	3%	16%	42%	27%	248	3.67	1.252
I get sufficient information from procurement process in IFMIS to planning compare with former software	0	11%	0	66%	23%	243	4.02	.813
I get sufficient information from procurement process in IFMIS to controlling function compare with former software	0	3%	10%	69%	18%	265	4.00	.671
I can directly or by my assistant request Purchase in IFMIS	0	0	0	7%	93%	283	4.93	.251
I knows about my purchase requisition status in IFMIS	0	0	0	7%	93%	283	4.93	.251
Procurement process in a system reduce the administrative costs	0	0	0	38%	62%	283	4.62	.487
The system is reduced Procurement cycle	0	2%	4%	44%	50%	273	4.41	.665
Valid N (list wise)						186		

Table 4.7 shows that most of the respondents (42%) agreed that they get sufficient information from procurement process in IFMIS to decision compare with former software. The corresponding value of mean was 3.67 and the standard deviation was 1.25. This shows that the central position of the respondents on the statement was that it gets sufficient information from procurement process in IFMIS to decision compare with former software but some held different opinions. Most of the respondents (66%) agreed get sufficient information from procurement process in IFMIS to planning compare with former software and (69%) of the respondents get

sufficient information from procurement process in IFMIS to controlling function compare with former software.

Further, a proportion of 93% of the respondents strongly agreed that they can directly or by them assistant request purchase in IFMIS. When asked whether they could purchase requisition status through the system, most of the respondents (93%) strongly agreed that they could follow.

According to 62% of the respondents, strongly agreed the system reduced administrative cost of procurement process and 50% of the respondents strongly agreed the system is reduced procurement cycle.

#### 4.9. The role of IFMIS on Decision making.

The other objective of the study was on the role of IFMIS on decision of AAU. This section covers the findings the role of IFMIS on decision making process. The results are shown and discussed the following table.

##### 4.9.1. Descriptive Statistics on Decision making in IFMIS

This section discusses the descriptive statistics which were tested on the data collected on decision making in the IFMIS system. The data was collected on a five point likert scale and analysed using percentage, mean and standard deviation. The results are shown in table 4.8

**Table 4.8 Descriptive Statistics on Decision making in IFMIS**

statements	Descriptive Statistics					N	Mean	Std. Devi.
	SD	D	M	A	SA			
Financial report in IFMIS increases my decision making capability	0	0	9%	56%	35%	283	4.00	.000
Budgeting process in IFMIS increases my decision making capability	0	0	0	77%	23%	263	4.22	.467
Internal control process in IFMIS increases my decision making capability	6%	16%	29%	35%	14%	263	3.34	1.096
procurement process in IFMIS increases my decision making capability	6%	2%	25%	41%	26%	253	3.77	1.059
I can easily access different information from the system it helps to Decision	6%	0	0	67%	27%	243	4.09	.883
Valid N (listwise)						173		

#### 4.10. The role of IFMIS on Planning.

The other objective of the study was on the role of IFMIS on planning of AAU. This section covers the findings the role of IFMIS on planning process. The results are shown and discussed the following table.

#### 4.10.1. Descriptive Statistics on planning in IFMIS

This section discusses the descriptive statistics which were tested on the data collected on planning in the IFMIS system. The data was collected on a five point likert scale and analysed using percentage, mean and standard deviation. The results are shown in table 4.9

**Table 4.9 Descriptive Statistics on planning in IFMIS**

Statements	Descriptive Statistics					N	Mean	Std. Deviation
	SD	D	M	A	SA			
Financial report in IFMIS increases my planning capability	5%	2%	27%	51%	15%	243	3.70	.911
Budgeting process in IFMIS increases my planning capability	0	9%	7%	72%	12%	233	3.87	.734
Internal control process in IFMIS increases my planning capability	13%	15%	25%	33%	14%	217	3.19	1.247
procurement process in IFMIS increases my planning capability	25%	29%	16%	18%	12%	223	2.61	1.337
I can generate different years reports from the system it helps to Planning	3%	5%	11%	56%	25%	243	3.96	.892
Valid N (listwise)						48		

A significant percentage 66% of the respondents (51% agreed and 15% strongly agreed) indicated that the financial report in IFMIS increases them planning capability. In connection to that, majority of the respondents (72%) agreed that Budgeting process in IFMIS increases them Planning capability. Most of the respondents (33%) agreed internal control process in IFMIS increases them planning capability. Approximately 29% of the respondents indicated that procurement process in IFMIS not improve them planning capability. From the system gets different years reports it helps to planning as indicated by 81% of the respondents (56% agreed and 25% who strongly agreed).

#### 4.11. The role of IFMIS on controlling.

The other objective of the study was on the role of IFMIS on controlling of AAU. This section covers the findings the role of IFMIS on controlling process. The results are shown and discussed the following table.

#### 4.11.1. Descriptive Statistics on controlling in IFMIS

This section discusses the descriptive statistics which were tested on the data collected on controlling in the IFMIS system. The data was collected on a five point likert scale and analysed using percentage, mean and standard deviation. The results are shown in table 4.10

**Table 4.10 Descriptive Statistics on controlling in IFMIS**

<b>Descriptive Statistics</b>								
<b>Statements</b>	<b>SD</b>	<b>D</b>	<b>M</b>	<b>A</b>	<b>SA</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Financial report in IFMIS increases my controlling capability	6%	17%	30%	32%	15%	253	3.34	1.099
Budgeting process in IFMIS increases my controlling capability	0	2%	19%	62%	17%	273	3.94	.658
I can control bank account in IFMIS	0	10%	18%	53%	19%	264	3.80	.873
procurement process in IFMIS increases my controlling capability	0	7%	28%	40%	25%	233	3.83	.887
Records in IFMIS cannot be lost	0	6%	16%	57%	20%	263	3.92	.777
Only authorized individuals can modify documents	3%	8%	21%	35%	33%	262	3.88	1.043
Valid N (list wise)						155		

A significant percentage 32% of the respondents agreed that the financial report in IFMIS increases them controlling capability. In connection to that, majority of the respondents (62%) agreed that Budgeting process in IFMIS increases them controlling capability. Most of the respondents (53%) agreed could control bank account in IFMIS. Approximately 40% of the respondents indicated that procurement process in IFMIS increases them controlling capability. Further, most of the respondents (57%) felt that information stored with IFMIS could not be lost and 20% strongly agreed that it could not get lost.

Further, thirty three percent (33%) strongly agreed and thirty five percent (35%) agreed that only authorized individuals could modify documents in the system. The mean value of the statement was 3.88 indicating that respondents generally agreed that only few and authorized individuals

could modify documents in the system. This further, implied that the system had some degree of controls and security.

In the following section, the data secured through open ended question of the questionnaire were thematically organized in themes and analyzed in the form of narration. Respondents were asked to answer or give their suggestion for the following open ended question. The open ended questions were:

1. In your view how can IFMIS are improved to achieve Decision making, Planning and Controlling Process?
2. Please give any other comments you deem would be helpful in relation to this research exercise.

With regard to question number one all the answers given by the respondents were organized with the same them as follows:

*.....for the decision timely report is important so, for we can easily generate different reports from the system. For ex. Detail receivable and payable report, available cash report, report of disbursed & undisbursed amount by MOFEC. This all reports are supports for all labels decision.....*

*.....one of the main components of planning process is known of the status of budget. Hereof we can get detail budget report from the IFMIS.....*

*.....controlling is important function for one institute. Its importance becomes apparent when we find that it is needed in all the functions of institute so, before procurement process we can check the stock by the system, we can control where extended delays of payment so it is easy to evaluate of employees, we can identify who is unsettled prepayment and also in this system we cannot paid unless otherwise is there sufficient budget and cash. Hence IFMIS has positive impact on decision-making, planning and controlling process of AAU.....*

Similarly with regard to question number two all the answers given by the respondents were organized with the same them as follows:

*.....the majority of respondents indicated that there were we aren't prepared timely and clear auditable report for MOFEC, management and auditors by the former exists software but now we can generate auditable report for concerned bodies.....*

In a similar fashion respondents were forwarded the above needy issues as a major challenge and suggested all the concerned bodies and stakeholders of the IFMIS need to work hand in hand in order to bring about both users satisfaction and the most wanted quality of decision-making, planning and controlling process of governments institutions.

*.....the approval hierarchies in IFMIS not recognize the structure of the university different with other government institutions. Hence the university has both capital budget and project finance they were approval right but, in this system the approval hierarchy is remain centralized because of this to be the cause of payment process delays.....*

*....for each program approved budget by MOFEC to AAU although any users of this system allows purchase request and prepares the payment from out of the approve program.....*

In relation to this, as World Bank (1994). 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 because it has positive roles on management performance.

#### **4.12. Chapter Summary**

This chapter has presented the interpretation of the data. The study presented descriptive study which was carried out to analyse the data. The study found that role of IFMIS on decision making, planning and controlling. The financial report in the IFMIS, budgeting process in IFMIS, internal controls in the IFMIS and procurement process in the system were also found to positively impact on decision making, planning and controlling process this means that the IFMIS contributed positive to the performance of the AAU. Lastly, this positive contribution make IFMIS a reliable system in terms of Decision making, Planning and controlling process of AAU. Chapter five will provide a discussion of the findings, conclusion and recommendations of the study. Decision making Planning

and controlling are part of essential management tasks. Effective decision making is informed decision making.

A big part of management is decision making. It is involved in almost anything managers do. A classical list of managerial tasks includes planning, organizing, staffing, delegating or directing, coordinating or controlling, reporting, and budgeting (note the acronym POSDCORB). Some of these tasks are a direct application of decision making, such as planning and delegating or directing. Other tasks usually result in decisions. So majority of the respondents agreed the financial report in IFMIS, budgeting process in IFMIS, internal controls in the IFMIS and procurement process in the system to get sufficient information from the system for decision, planning and controlling process IFMIS help decision-makers, planners and directors understand the implications of their decisions. The systems collate raw data into reports in a format that enables decision-makers to quickly identify patterns and trends that would not have been obvious in the raw data. Decision-makers can also use IFMIS to understand the potential effect of change. A Finance Manager, for example, can make predictions about the effect of a budget deficit for the coming period on the next organization activities by running budget report within the system.

## **CHAPTER FIVE**

### **5. Summary of the Findings, Conclusions and Recommendations**



## **5.1. Introduction**

This chapter deals with the summary of the findings and conclusions driven from the questionnaires and data analysis of the study; and forwards the recommendations on the basis of the findings of the study.

## **5.2. Summary of the Findings**

The study found out that IFMIS was being used in the AAU including; purchase ordering, general ledger (GL), accounts receivable, accounts payable, budgeting, procurement management, cash management, pay roll systems, human resource, asset management respectively.

The study established that financial report in IFMIS, Budgeting process in IFMIS, Internal control in IFMIS Procurement process in IFMIS positively influences decision making, planning and controlling of AAU. Decision making, planning and controlling Performance to relate on sufficient and accurate information.

In general, financial report in IFMIS positively influences decision making, planning and controlling performance mainly by supporting accurate and auditable financial reports. In addition, the study revealed that budgeting process in IFMIS has a positive influence on decision making, planning and controlling performance through the budgeting process particularly with regard to supporting budget utilization performance of AAU significantly increases this implication 57% respondents strongly agreed and agreed. Internal control in IFMIS was found to have a positive influence on decision making, planning and controlling performance particularly the main problem of long time in AAU is there huge amount of receivable and payable, beside of these are not detail known, but after deploy the IFMIS the system is given information or warning unsettled prepayment before made any payment that implied by most (57%) of respondents strongly agreed and agreed. Procurement process in IFMIS was found to have a positive influence on decision making, planning and controlling performance particularly purchase ordering process most efficient and effective. The study also established that IFMIS has significant role on decision making, planning and controlling process of AAU. The most challenges are bureaucracy, complexity of the system, legal framework in place, type of systems that will be implemented (off-the-shelf or custom-built), allowed uses any approved program budget in AAU, the system it could be more centralized.

The decision making planning and controlling performance through the use of IFMIS as per the descriptive analysis gives a majority of the respondents agreed the system to support the decision

making planning and controlling process compare with the former different systems in deployed AAU . Therefore IFMIS has caused the organizational performance increase by a financial reporting in IFMIS, budgeting process in IFMIS, internal control in IFMIS and procurement process in IFMIS. This shows that the system contribute positively to decision making planning and controlling process which assist in AAU performance, this positive contribution make IFMIS a reliable system in terms of performance.

### **5.3. Conclusion**

The study concludes that the various components of IFMIS have been adopted in the government ministries. They include; purchase ordering, general ledger (GL), accounts receivable, accounts payable, budgeting, procurement management, cash management, pay roll systems, human resource, asset management respectively.

The study found that internal controls positively improved within IFMIS in the AAU. For instance one of the long- time problems of AAU was huge amount of receivable. According to the majority of the respondents, the system reminds unsettled prepayment at the time of payment preparation for suppliers. This is, therefore; the system is avoiding accumulate receivable so, and the best solution of this problem is complete the implementation of IFMIS throughout the university.

The study also concludes that financial report in IFMIS, Budgeting process on IFMIS, Internal control in IFMIS and Procurement process in IFMIS all have a positive and significant role on decision making, planning and controlling process in AAU.

The study finally concludes that procurement process not fully applied in AAU one challenge of decision making, planning and controlling process of IFMIS. The most limitations of the system are allowed uses any approved program budget in AAU, this to be the cause of violet the concept of program budget, the system it could be more centralized.

The foregoing research demonstrated that various IFMIS modules assist in organizational performance. Given that effective Financial report preparation, budgeting, internal control and procurement process had more effect on organizational performance in AAU, Financial report preparation, budgeting, internal control and procurement process as tool of management can measure performance of individual implementer and the organizational performance and therefore decision, planning and controlling involves at the above process from the initial stage and implementation is carried out through out to the end.

### **5.4. Recommendations**

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

- ❖ The study found that IFMIS has role on decision making, planning and controlling. However the respondents not agreed 100% and most of the open-ended questionnaires respondents agreed on there were some weaknesses in the system. The system was not very effective in Program Budget control. This so, IFMIS department need to introduce other new and advanced features that prevent not to use others' budget. Unless otherwise it has negative impact on the decision-making, planning and controlling process.
- ❖ According to the most respondents, the approval hierarchy in the IFMIS depended on only the amount and the budget unit in so far as they believed this not recognize the AAU different characters from the other government offices because of this the system has limitation. The study recommends regardless of this problem the responsible bodies added some features recognize the fulfillment of this different approval hierarchy.
- ❖ The implementation of an IFMIS fully covered AAU is important to the success of the AAU Performance.
- ❖ IFMIS help to create quality financial reports so, the existing old system has to replace by IFMIS may solve problems like absence of the financial report.
- ❖ The use of IFMIS in purchasing process of the AAU for only Purchase requisition and Purchase ordering process. The system facilitated easy operation of procurement processes, ordering of goods and services, invoicing and processing of payments. It is recommended that the same practice be decentralized to each department of the AAU and adds new features to support bidding process and others related to suppliers communication. It supports for the decision making, planning and controlling process.

The last but the least, this study were the first of its kind in Ethiopia and were a preliminary as it was limited to a few and major variables in one Institution because of time and logistic constraints. Therefore, additional and representative studies with more diversified variables are welcomed.

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## **APPENDICES**

## **Appendix I: Introduction Letter**

Date \_\_\_\_\_

Dear Sir,

This is an academic Research Project, My name is Alexander Endale

I am MSc student at the Addis Ababa University, I wish to conduct a research entitled **“Role of Integrating Financial Management Information System (IFMIS) in Decision Making, Planning and Controlling: The case of Addis Ababa University”**. A questionnaire has been designed and was used to gather relevant information to address the research objectives of the study. The purpose of the questionnaires is to assess IFMIS in terms of Decision Making, Planning and Controlling. From randomly selected Directors of AAU.

Please note that the study will be conducted as an academic research and the information provided will be treated in strict confidence. Ethical principles will be observed to ensure confidentiality and the study out comes besides, reports will not include reference to any individuals.

Your acceptance will be highly appreciated.

Yours Sincerely

Alexander Endale Lemma

## **Appendix II: Questionnaire**



This questionnaire has statements regarding role of IFMIS in the Addis Ababa University. Kindly take few minutes to complete the questionnaire as guided.

## **SECTION A: DEMOGRAPHIC CHARACTERISTICS**

1. Highest Level of Education attained:  
a. Certificate [ ]    b. Diploma [ ]    c. Bachelor Degree [ ]    d. Masters [ ]    e. PHD [ ]
2. Gender:  
a. Female [ ]    b. Male [ ]
3. Age in years:  
a. 23-35 years [ ]    b. 35-45 years [ ]    c. Above 45 years [ ]
4. How many years have you worked in this University?  
a. Below 5 years [ ]    b. 5-10 years [ ]    c. 11-20 years [ ]    d. Above 21 years [ ]
5. How many years have you used IFMIS system?  
a. 1-2 years [ ]    b. 2-5 years [ ]    c. Above 5 years [ ]

## **Questionnaire for Directors**

### **SECTION B: Financial Report**

To what extent do the following aspects of Financial Reporting in IFMIS affect Decision making, Planning and controlling in AAU? Please indicate to what extent the statement applies using the likert scale.

No.	(On the scale of 1-5, indicate 1-Strongly Disagree; 2- Disagree; 3-moderate; 4-Agree; 5- Strongly Agree)					
	Statements	1	2	3	4	5
1	I get sufficient information from Financial report in IFMIS to Decision compare with former software					
2	I get sufficient information from Financial report in IFMIS to planning compare with former software					
3	I get sufficient information from Financial report in IFMIS to controlling function compare with former software					
4	I can access IFMIS to derive the specific information I require to carry out my work					
5	I can easily access non-financial information from IFMIS such as employee number ...					
6	IFMIS offers real-time financial information that enhance my decision making abilities					

### SECTION C: Budgeting

To what extent do the following aspects of Budgeting systems in IFMIS affect Management performance /Decision making, Planning and controlling/ in AAU? Please indicate to what extent the statement applies using the likert scale.

No.	(On the scale of 1-5, indicate 1-Strongly Disagree; 2- Disagree; 3-moderate; 4-Agree; 5- Strongly Agree)					
	Statements	1	2	3	4	5
1	I get sufficient information from budgeting process in IFMIS to Decision compare with former software					
2	I get sufficient information from budgeting process in IFMIS to planning compare with former software					
3	I get sufficient information from budgeting process in IFMIS to controlling function compare with former software					
4	Maintains Budget Distributed and Budget Committed					
5	The Implementation of IFMIS there is enhance confidence and capability of the AAU Budget					
6	I get Approved budget, executed budget and remaining budget report from IFMIS					
7	I get Detail budget report by each program and each budget code.					
8	After implementation an IFMIS in AAU Increases Utilized budget in my office					

### SECTION D: Internal Control

This section aims at establishing how IFMIS has supported effectiveness of internal control in the Addis Ababa University. Please indicate to what extent the statement applies using the likertscale. To what extent do internal control systems in IFMIS affect financial management in your offices?

No.	(On the scale of 1-5, indicate 1-Strongly Disagree; 2- Disagree; 3-moderate; 4-Agree; 5- Strongly Agree)					
	Statements	1	2	3	4	5
1	I get sufficient information from Internal control process in IFMIS to Decision compare with former software					
2	I get sufficient information from Internal control process in IFMIS to planning compare with former software					
3	I get sufficient information from Internal control process in IFMIS to controlling function compare with former software					
4	IFMIS can trace all the stages of a transaction process hence enhancing transparency and accountability of the process					
5	I can follow payment of goods & service rendered in IFMIS					
6	I use passwords to access IFMIS					
7	IFMIS has segregated duties to different individuals					

### SECTION E: Procurement

This section aims at establishing how IFMIS has supported procurement process in the Addis Ababa University. Please indicate to what extent the statement applies using the likert scale.

	(On the scale of 1-5, indicate 1-Strongly Disagree; 2- Disagree; 3-moderate; 4-Agree; 5- Strongly Agree)					
	Statements	1	2	3	4	5
1	I get sufficient information from procurement process in IFMIS to Decision compare with former software					
2	I get sufficient information from procurement process in IFMIS to planning compare with former software					
3	I get sufficient information from procurement process in IFMIS to controlling function compare with former software					
4	I can directly or by my assistant request Purchase in IFMIS					
5	I knows about my purchase requisition status in IFMIS					

### Section F: Decision making

This section aims at establishing how IFMIS has supported Decision Making process in the Addis Ababa University. Please indicate to what extent the statement applies using the likert scale.

No.	(On the scale of 1-5, indicate 1-Strongly Disagree; 2- Disagree; 3-moderate; 4-Agree; 5- Strongly Agree)

	<b>Statements</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Financial report in IFMIS increases my decision making capability					
2	Budgeting process in IFMIS increases my decision making capability					
3	Internal control process in IFMIS increases my decision making capability					
4	procurement process in IFMIS increases my decision making capability					
5	I can easily access different information from the system it helps to Decision					

### **Section G: Planning**

This section aims at establishing how IFMIS has supported Planning process in the Addis Ababa University. Please indicate to what extent the statement applies using the likert scale.

<b>No.</b>	<b>(On the scale of 1-5, indicate 1-Strongly Disagree; 2- Disagree; 3-moderate; 4-Agree; 5-Strongly Agree)</b>					
	<b>Statements</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Financial report in IFMIS increases my planning capability					
2	Budgeting process in IFMIS increases my planning capability					
3	Internal control process in IFMIS increases my planning capability					
4	procurement process in IFMIS increases my planning capability					
5	I can generate different years reports from the system it helps to Planning					

### **Section H: Controlling**

This section aims at establishing how IFMIS has supported controlling process in the Addis Ababa University. Please indicate to what extent the statement applies using the likert scale.

<b>No.</b>	<b>(On the scale of 1-5, indicate 1-Strongly Disagree; 2- Disagree; 3-moderate; 4-Agree; 5-Strongly Agree)</b>

	Statements	1	2	3	4	5
1	Financial report in IFMIS increases my controlling capability					
2	Budgeting process in IFMIS increases my controlling capability					
3	I can control bank account in IFMIS					
4	Records in IFMIS cannot be lost					
5	Only authorized individuals can modify documents					

6. In your view how can IFMIS are improved to achieve Decision making, Planning and Controlling Process?

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7. Please give any other comments you deem would be helpful in relation to this research exercise.

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**Thank you!**

## **APPENDICES**

### **Appendix I: Introduction Letter**

Date \_\_\_\_\_

Dear Sir,

This is an academic Research Project, My name is Alexander Endale

I am MSc student at the Addis Ababa University, I wish to conduct a research entitled “**Role of Integrating Financial Management Information System (IFMIS) in Decision Making, Planning and Controlling: The case of Addis Ababa University**”. A questionnaire has been designed and was used to gather relevant information to address the research objectives of the study. The purpose of the questionnaires is to assess IFMIS in terms of Decision Making, Planning and Controlling. From randomly selected members of AAU finance staff.

Please note that the study will be conducted as an academic research and the information provided will be treated in strict confidence. Ethical principles will be observed to ensure confidentiality and the study out comes besides, reports will not include reference to any individuals.

Your acceptance will be highly appreciated.

Yours Sincerely

Alexander Endale Lemma

## **Appendix II: Questionnaire**

This questionnaire has statements regarding role of IFMIS in the Addis Ababa University. Kindly take few minutes to complete the questionnaire as guided.

### **SECTION A: DEMOGRAPHIC CHARACTERISTICS**

1. Highest Level of Education attained:  
b. Certificate [ ]    b. Diploma [ ]c. Bachelor Degree [ ]d. Masters [ ]    e. PHD [ ]

2. Gender: a. Female [ ] b. Male [ ]
3. Age in years: b. 23-35 years [ ] b. 35-45 years [ ] c. Above 45 years [ ]
4. How many years have you worked in this University?  
b. Below 5 years [ ] b. 5-10 years [ ] c. 11-20 years [ ] d. Above 21 years [ ]
5. How many years have you used IFMIS system?  
b. 1-2 years [ ] b. 2-5 years [ ] c. Above 5 years [ ]

### Questionnaire for Finance selected staffs

#### SECTION B: Financial Report

To what extent do the following aspects of Financial Reporting in IFMIS affect Decision making, Planning and controlling in AAU? Please indicate to what extent the statement applies using the likert scale.

N o.	(On the scale of 1-5, indicate 1-Strongly Disagree; 2- Disagree; 3-moderate; 4-Agree; 5- Strongly Agree)					
	Statements	1	2	3	4	5
1	I can easily extract and present data from IFMIS in ways that facilitate analysis					
2	I can access IFMIS to derive the specific information I require to carry out my work					
3	Through IFMIS, I am able to reconcile transactions data in real-time					
4	IFMIS accurately discloses the financial position to the public					
5	The IFMIS system enables me to generate custom reports for internal and external use					

#### SECTION C: Budgeting

To what extent do the following aspects of Budgeting systems in IFMIS affect Management performance /Decision making, Planning and controlling/ in AAU? Please indicate to what extent the statement applies using the likert scale.

N o.	(On the scale of 1-5, indicate 1-Strongly Disagree; 2- Disagree; 3-moderate; 4-Agree; 5- Strongly Agree)					
	Statements	1	2	3	4	5
1	Maintains Budget Distributed and Budget Committed					
2	I get Approved budget, executed budget and remaining budget report from IFMIS					
3	I get Detail budget report by each program and each budget code.					
4	After implementation an IFMIS in AAU Increases Utilized budget in my office					
5	After implementation of IFMIS in AAU reduced over budget uses					

#### SECTION D: Internal Control

This section aims at establishing how IFMIS has supported effectiveness of internal control in the Addis Ababa University. Please indicate to what extent the statement applies using the likertscale. To what extent do internal control systems in IFMIS affect financial management in your offices?

No.	(On the scale of 1-5, indicate 1-Strongly Disagree; 2- Disagree; 3-moderate; 4-Agree; 5- Strongly Agree)					
	Statements	1	2	3	4	5
1	The system monitors unsettled prepayments					
2	I can follow payment of goods & service rendered in IFMIS					
3	I use passwords to access IFMIS					
4	IFMIS provides auditable financial statements from the AAU					
5	I acquire detail information about Account receivable & Account payable of AAU.					
6	IFMIS has segregated duties to different individuals					

### SECTION E: Procurement

This section aims at establishing how IFMIS has supported procurement process in the Addis Ababa University. Please indicate to what extent the statement applies using the likert scale.

	(On the scale of 1-5, indicate 1-Strongly Disagree; 2- Disagree; 3-moderate; 4-Agree; 5- Strongly Agree)					
	Statements	1	2	3	4	5
1	I get sufficient information from procurement process in IFMIS to Decision compare with former software					
2	I can directly or by my assistant request Purchase in IFMIS					
3	I knows about my purchase requisition status in IFMIS					

### Section F: Planning

This section aims at establishing how IFMIS has supported Planning process in the Addis Ababa University. Please indicate to what extent the statement applies using the likert scale.

No.	(On the scale of 1-5, indicate 1-Strongly Disagree; 2- Disagree; 3-moderate; 4-Agree; 5- Strongly Agree)					
	Statements	1	2	3	4	5
1	Financial report in IFMIS increases my planning capability					
2	Budgeting process in IFMIS increases my planning capability					
3	procurement process in IFMIS increases my planning capability					
4	I can generate different years reports from the system it helps to Planning					

### Section G: Controlling



This section aims at establishing how IFMIS has supported controlling process in the Addis Ababa University. Please indicate to what extent the statement applies using the likert scale.

No.	(On the scale of 1-5, indicate 1-Strongly Disagree; 2- Disagree; 3-moderate; 4-Agree; 5-Strongly Agree)					
	Statements	1	2	3	4	5
1	Budgeting process in IFMIS increases my controlling capability					
2	I can control bank account in IFMIS					
3	Records in IFMIS cannot be lost					
4	Only authorized individuals can modify documents					

6. In your view how can IFMIS are improved to achieve Decision making, Planning and Controlling Process?

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7. Please give any other comments you deem would be helpful in relation to this research exercise.

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**Thank you!**

## **APPENDICES**

### **Appendix I: Introduction Letter**

Date \_\_\_\_\_

Dear Sir,

This is an academic Research Project, My name is Alexander Endale

I am MSc student at the Addis Ababa University, I wish to conduct a research entitled **“Role of Integrating Financial Management Information System (IFMIS) in Decision Making, Planning and Controlling: The case of Addis Ababa University”**. A questionnaire has been designed and was used to gather relevant information to address the research objectives of the study. The purpose of the questionnaires is to assess IFMIS in terms of Decision Making, Planning and Controlling. From randomly selected members of AAU Procurement staff.

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Please note that the study will be conducted as an academic research and the information provided will be treated in strict confidence. Ethical principles will be observed to ensure confidentiality and the study out comes besides, reports will not include reference to any individuals.

Your acceptance will be highly appreciated.

Yours Sincerely

Alexander Endale Lemma

## **Appendix II: Questionnaire**

This questionnaire has statements regarding role of IFMIS in the Addis Ababa University. Kindly take few minutes to complete the questionnaire as guided.

### **SECTION A: DEMOGRAPHIC CHARACTERISTICS**

1. Highest Level of Education attained:  
c. Certificate [ ]    b. Diploma [ ]    c. Bachelor Degree [ ]    d. Masters [ ]    e. PHD [ ]
2. Gender:  
a. Female [ ]    b. Male [ ]
3. Age in years:  
c. 23-35 years [ ]    b. 35-45 years [ ]    c. Above 45 years [ ]
4. How many years have you worked in this University?  
c. Below 5 years [ ]    b. 5-10 years [ ]    c. 11-20 years [ ]    d. Above 21 years [ ]
5. How many years have you used IFMIS system?  
c. 1-2 years [ ]    b. 2-5 years [ ]    c. Above 5 years [ ]

## Questionnaire for Procurement selected staffs

### SECTION B: Budgeting

To what extent do the following aspects of Budgeting systems in IFMIS affect Management performance /Decision making, Planning and controlling/ in AAU? Please indicate to what extent the statement applies using the likert scale.

N o.	(On the scale of 1-5, indicate 1-Strongly Disagree; 2- Disagree; 3-moderate; 4-Agree; 5- Strongly Agree)					
	Statements	1	2	3	4	5
1	I get Approved budget, executed budget and remaining budget report from IFMIS					
2	I get Detail budget report by each program and each budget code.					
3	After implementation an IFMIS in AAU Increases Utilized budget in my office					

### SECTION C: Internal Control

This section aims at establishing how IFMIS has supported effectiveness of internal control in the Addis Ababa University. Please indicate to what extent the statement applies using the likertscale.To what extent do internal control systems in IFMIS affect financial management in your offices?

N o.	(On the scale of 1-5, indicate 1-Strongly Disagree; 2- Disagree; 3-moderate; 4-Agree; 5- Strongly Agree)					
	Statements	1	2	3	4	5
1	The system monitors unsettled prepayments					
2	IFMIS can trace all the stages of a transaction process hence enhancing transparency and accountability of the process					

3	I can follow payment of goods & service rendered in IFMIS					
4	I use passwords to access IFMIS					
5	IFMIS has segregated duties to different individuals					

**SECTION D: Procurement**

This section aims at establishing how IFMIS has supported procurement process in the Addis Ababa University. Please indicate to what extent the statement applies using the likert scale.

<b>(On the scale of 1-5, indicate 1-Strongly Disagree; 2- Disagree; 3-moderate; 4-Agree; 5- Strongly Agree)</b>						
<b>Statements</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	I get sufficient information from procurement process in IFMIS to Decision compare with former software					
2	I get sufficient information from procurement process in IFMIS to planning compare with former software					
3	I get sufficient information from procurement process in IFMIS to controlling function compare with former software					
4	I can directly or by my assistant request Purchase in IFMIS					
5	I knows about my purchase requisition status in IFMIS					

**Section F: Planning**

This section aims at establishing how IFMIS has supported Planning process in the Addis Ababa University. Please indicate to what extent the statement applies using the likert scale.

<b>No.</b>	<b>(On the scale of 1-5, indicate 1-Strongly Disagree; 2- Disagree; 3-moderate; 4-Agree; 5- Strongly Agree)</b>					
	<b>Statements</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Financial report in IFMIS increases my planning capability					
2	Budgeting process in IFMIS increases my planning capability					
3	Internal control process in IFMIS increases my planning capability					
4	procurement process in IFMIS increases my planning capability					
5	I can generate different years reports from the system it helps to Planning					

**Section G: Controlling**

This section aims at establishing how IFMIS has supported controlling process in the Addis Ababa University. Please indicate to what extent the statement applies using the likert scale.

<b>No.</b>	<b>(On the scale of 1-5, indicate 1-Strongly Disagree; 2- Disagree; 3-moderate; 4-Agree; 5- Strongly Agree)</b>					
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	Statements	1	2	3	4	5
1	Financial report in IFMIS increases my controlling capability					
2	Budgeting process in IFMIS increases my controlling capability					
3	procurement process in IFMIS increases my controlling capability					
4	Records in IFMIS cannot be lost					
5	Only authorized individuals can modify documents					

6. In your view how can IFMIS are improved to achieve Decision making, Planning and Controlling Process?

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7. Please give any other comments you deem would be helpful in relation to this research exercise.

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**Thank you!**

## APPENDICES

### Appendix I: Introduction Letter

Date \_\_\_\_\_

Dear Sir,

This is an academic Research Project, My name is Alexander Endale

I am MSc student at the Addis Ababa University, I wish to conduct a research entitled **“Role of Integrating Financial Management Information System (IFMIS) in Decision Making, Planning and Controlling: The case of Addis Ababa University”**. A questionnaire has been designed and was used to gather relevant information to address the research objectives of the study. The purpose of the questionnaires is to assess IFMIS in terms of Decision Making, Planning and Controlling. From randomly selected members of AAU Internal audit staff.

Please note that the study will be conducted as an academic research and the information provided will be treated in strict confidence. Ethical principles will be observed to ensure confidentiality and the study out comes besides, reports will not include reference to any individuals.

Your acceptance will be highly appreciated.

Yours Sincerely

Alexander Endale Lemma

## **Appendix II: Questionnaire**

This questionnaire has statements regarding role of IFMIS in the Addis Ababa University. Kindly take few minutes to complete the questionnaire as guided.

### **SECTION A: DEMOGRAPHIC CHARACTERISTICS**

1. Highest Level of Education attained:  
d. Certificate [ ]    b. Diploma [ ]    c. Bachelor Degree [ ]    d. Masters [ ]    e. PHD [ ]
2. Gender:  
a. Female [ ]    b. Male [ ]
3. Age in years:  
d. 23-35 years [ ]    b. 35-45 years [ ]    c. Above 45 years [ ]
4. How many years have you worked in this University?  
d. Below 5 years [ ]    b. 5-10 years [ ]    c. 11-20 years [ ]    d. Above 21 years [ ]
5. How many years have you used IFMIS system?  
d. 1-2 years [ ]    b. 2-5 years [ ]    c. Above 5 years [ ]



## Questionnaire for Internal auditors selected staffs

### SECTION B: Financial Report

To what extent do the following aspects of Financial Reporting in IFMIS affect Decision making, Planning and controlling in AAU? Please indicate to what extent the statement applies using the likert scale.

N o.	(On the scale of 1-5, indicate 1-Strongly Disagree; 2- Disagree; 3-moderate; 4-Agree; 5- Strongly Agree)					
	Statements	1	2	3	4	5
1	I get sufficient information from Financial report in IFMIS to Decision compare with former software					
2	I get sufficient information from Financial report in IFMIS to controlling function compare with former software					
3	I can access IFMIS to derive the specific information I require to carry out my work					
4	I can easily access non-financial information from IFMIS such as employee number ...					

### SECTION C: Budgeting

To what extent do the following aspects of Budgeting systems in IFMIS affect Management performance /Decision making, Planning and controlling/ in AAU? Please indicate to what extent the statement applies using the likert scale.

N o.	(On the scale of 1-5, indicate 1-Strongly Disagree; 2- Disagree; 3-moderate; 4-Agree; 5- Strongly Agree)					
	Statements	1	2	3	4	5
1	I get sufficient information from budgeting process in IFMIS to Decision compare with former software					
2	I get sufficient information from budgeting process in IFMIS to controlling function compare with former software					
3	I get Approved budget, executed budget and remaining budget report from IFMIS					
4	I get Detail budget report by each program and each budget code.					
5	After implementation of IFMIS in AAU reduced over budget uses					

**SECTION D: Internal Control**

This section aims at establishing how IFMIS has supported effectiveness of internal control in the Addis Ababa University. Please indicate to what extent the statement applies using the likertscale. To what extent do internal control systems in IFMIS affect financial management in your offices?

No.	(On the scale of 1-5, indicate 1-Strongly Disagree; 2- Disagree; 3-moderate; 4-Agree; 5- Strongly Agree)					
	Statements	1	2	3	4	5
1	I get sufficient information from Internal control process in IFMIS to controlling function compare with former software					
2	I use passwords to access IFMIS					
3	IFMIS provides auditable financial statements from the AAU					
4	I acquire detail information about Account receivable & Account payable of AAU.					
5	IFMIS has segregated duties to different individuals					

**SECTION E: Procurement**

This section aims at establishing how IFMIS has supported procurement process in the Addis Ababa University. Please indicate to what extent the statement applies using the likert scale.

	(On the scale of 1-5, indicate 1-Strongly Disagree; 2- Disagree; 3-moderate; 4-Agree; 5- Strongly Agree)					
	Statements	1	2	3	4	5
1	I get sufficient information from procurement process in IFMIS to controlling function compare with former software					

**Section F: Controlling**

This section aims at establishing how IFMIS has supported controlling process in the Addis Ababa University. Please indicate to what extent the statement applies using the likert scale.

No.	(On the scale of 1-5, indicate 1-Strongly Disagree; 2- Disagree; 3-moderate; 4-Agree; 5- Strongly Agree)					
	Statements	1	2	3	4	5

1	Financial report in IFMIS increases my controlling capability					
2	Budgeting process in IFMIS increases my controlling capability					
4	procurement process in IFMIS increases my controlling capability					
5	Records in IFMIS cannot be lost					
6	Only authorized individuals can modify documents					

6. In your view how can IFMIS are improved to achieve Decision making, Planning and Controlling Process?

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7. Please give any other comments you deem would be helpful in relation to this research exercise.

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**Thank you!**

## APPENDICES

### Appendix I: Introduction Letter

Date \_\_\_\_\_

Dear Sir,

This is an academic Research Project, My name is Alexander Endale

I am MSc student at the Addis Ababa University, I wish to conduct a research entitled **“Role of Integrating Financial Management Information System (IFMIS) in Decision Making, Planning and Controlling: The case of Addis Ababa University”**. A questionnaire has been designed and was used to gather relevant information to address the research objectives of the study. The purpose of the questionnaires is to assess IFMIS in terms of Decision Making, Planning and Controlling. From randomly selected members of AAU Department Head.

Please note that the study will be conducted as an academic research and the information provided will be treated in strict confidence. Ethical principles will be observed to ensure confidentiality and the study out comes besides, reports will not include reference to any individuals.

Your acceptance will be highly appreciated.

Yours Sincerely

Alexander Endale Lemma

## Appendix II: Questionnaire

This questionnaire has statements regarding role of IFMIS in the Addis Ababa University. Kindly take few minutes to complete the questionnaire as guided.

### SECTION A: DEMOGRAPHIC CHARACTERISTICS

1. Highest Level of Education attained:  
e. Certificate [ ]    b. Diploma [ ]    c. Bachelor Degree [ ]    d. Masters [ ]    e. PHD [ ]
2. Gender:  
a. Female [ ]    b. Male [ ]
3. Age in years:  
e. 23-35 years [ ]    b. 35-45 years [ ]    c. Above 45 years [ ]
4. How many years have you worked in this University?  
e. Below 5 years [ ]    b. 5-10 years [ ]    c. 11-20 years [ ]    d. Above 21 years [ ]
5. How many years have you used IFMIS system?  
e. 1-2 years [ ]    b. 2-5 years [ ]    c. Above 5 years [ ]

## Questionnaire for selected department heads staff

### SECTION B: Financial Report

To what extent do the following aspects of Financial Reporting in IFMIS affect Decision making, Planning and controlling in AAU? Please indicate to what extent the statement applies using the likert scale.

N o.	(On the scale of 1-5, indicate 1-Strongly Disagree; 2- Disagree; 3-moderate; 4-Agree; 5- Strongly Agree)					
	Statements	1	2	3	4	5
5	I can access IFMIS to derive the specific information I require to carry out my work					

### SECTION C: Budgeting

To what extent do the following aspects of Budgeting systems in IFMIS affect Management performance /Decision making, Planning and controlling/ in AAU? Please indicate to what extent the statement applies using the likert scale.

N o.	(On the scale of 1-5, indicate 1-Strongly Disagree; 2- Disagree; 3-moderate; 4-Agree; 5- Strongly Agree)					
	Statements	1	2	3	4	5
6	I get Approved budget, executed budget and remaining budget report from IFMIS					
7	I get Detail budget report by each program and each budget code.					
8	After implementation an IFMIS in AAU Increases Utilized budget in my office					

### SECTION D: Internal Control

This section aims at establishing how IFMIS has supported effectiveness of internal control in the Addis Ababa University. Please indicate to what extent the statement applies using the likertscale.To what extent do internal control systems in IFMIS affect financial management in your offices?

N o.	(On the scale of 1-5, indicate 1-Strongly Disagree; 2- Disagree; 3-moderate; 4-Agree; 5- Strongly Agree)					
	Statements	1	2	3	4	5
5	IFMIS can trace all the stages of a transaction process hence enhancing transparency and accountability of the process					
6	I can follow payment of goods & service rendered in IFMIS					
7	I use passwords to access IFMIS					
10	IFMIS has segregated duties to different individuals					

**SECTION E: Procurement**

This section aims at establishing how IFMIS has supported procurement process in the Addis Ababa University. Please indicate to what extent the statement applies using the likert scale.

<b>(On the scale of 1-5, indicate 1-Strongly Disagree; 2- Disagree; 3-moderate; 4-Agree; 5- Strongly Agree)</b>						
	<b>Statements</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
4	I can directly or by my assistant request Purchase in IFMIS					
5	I knows about my purchase requisition status in IFMIS					

**Section G: Planning**

This section aims at establishing how IFMIS has supported Planning process in the Addis Ababa University. Please indicate to what extent the statement applies using the likert scale.

<b>(On the scale of 1-5, indicate 1-Strongly Disagree; 2- Disagree; 3-moderate; 4-Agree; 5- Strongly Agree)</b>						
<b>No.</b>	<b>Statements</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Financial report in IFMIS increases my planning capability					
2	Budgeting process in IFMIS increases my planning capability					
4	procurement process in IFMIS increases my planning capability					

**Section H: Controlling**

This section aims at establishing how IFMIS has supported controlling process in the Addis Ababa University. Please indicate to what extent the statement applies using the likert scale.

<b>(On the scale of 1-5, indicate 1-Strongly Disagree; 2- Disagree; 3-moderate; 4-Agree; 5- Strongly Agree)</b>						
<b>No.</b>	<b>Statements</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
2	Budgeting process in IFMIS increases my controlling capability					
5	Records in IFMIS cannot be lost					
6	Only authorized individuals can modify documents					

6. In your view how can IFMIS are improved to achieve Decision making, Planning and Controlling Process?

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7. Please give any other comments you deem would be helpful in relation to this research exercise.

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**Thank you!**