Integrated Financial Management Information System Project Implementation in Ghana Government Ministries

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ABSTRACT

This study investigates the factors impeding successful implementation of integrated financial management information system (IFMIS) project in Ghana. When successfully implemented, IFMIS can bring about a reform in the country’s financial management by reduce corruption and financial mismanagement. The study uses stratified and purposeful sampling methods and a questionnaire to collect from 346 employees in selected government departments. The study employs descriptive statistics to both assess IFMIS effectiveness and the effect of information and communications technology (ICT) competency in IFMIS implementation. Moreover, multiple regression analysis is used to determine the extent of top management support on IFMIS implementation success. The findings reveal that IFMIS is an effective tool in public financial management; however, the lack of ICT competency and top management support systems are the major factors required for a successful implementation of IFMIS. Recommendations are made to reduce the challenges associated with IFMIS implementation.

KEYWORDS


INTRODUCTION

Although the aim of financial management among state institutions is to prevent wasteful spending, loss of resources through fraud, irregularities, and improper spending with the aim of reducing cost (Simon et al., 2012), the public institutions in the low-income countries are characterized with poor financial management systems design (Zeng et al., 2010). These systems lack critical functionalities, including automated bank reconciliation, audit trails, systems documentation, data checks, and internal controls (Diamond & Khemani, 2006). Poor financial management systems have poor response time, limited ability to generate reports, and weak access security controls, which can lead to low financial management performance (Zeng et al., 2010). But the use of integrated financial management
information systems can improve processes (Zeng et al., 2011) and productivity (Sampaio et al., 2012) in public institutions.

Countries around the world are modernizing and enhancing public financial management (PFM) systems (Joshi, 2010). This comes as a result of the desire on the part of international donors and financial organizations to institutionalize financial transparency and auditability (Asif et al., 2010) with the goal of fostering responsible governance. Since 1984 the World Bank has promoted integrated financial management information system (IFMIS) as the core component of reforming PFM in low-income countries (Combaz, 2015). The Bank has financed 121 PFM projects, including 86 completed and 35 on-going projects, spending over 3.5 billion USD (World Bank, 2015). An integrated financial management information system is an integrated technical package that computerizes budget management and accounting system for governments (World Bank, 2015). Unlike non-integrated systems that are characterized with high levels of complexities, inconsistencies, and excessive bureaucracy in internal financial management (Sampaio et al., 2012; Zeng et al., 2010), a fully functioning IFMIS can improve public financial management. An integrated financial management information system can provide real-time financial information that managers can use to formulate budgets, manage resources, and administer programs effectively, comprehensively, transparently, and securely (Almeida et al., 2014; Combaz, 2015). IFMIS solutions can significantly improve the efficiency and equity of government operations. It offers a great potential for increasing participation, transparency and accountability (World Bank, 2015), which in turn leads to reducing corruption by increasing the risks of detection (Chêne, 2009).

The government of Ghana has been much concerned over the persistent poor performance in financial management due to lack of reliable and timely information for decision making. The government has been continually striving to improve financial management systems through various public financial sector reform programs, with the aim of increasing transparency, accountability, responsiveness of public financial resources to enhance the quantity and quality of public service delivery to meet its developing priorities (CAGD, 2009). Accordingly, the government introduced integrated financial management information systems in 2009 (CAGD, 2009). The project was dubbed Ghana integrated financial management information systems (GIFMIS), with a pooled fund of US$ 60.26 million to be rolled out in all the government ministries within a period of 5 years (GIFMIS, 2013).

The objectives of GIFMIS program are to promote efficiency, transparency and accountability in public financial management; promote timely dissemination of information for financial management (Lee & Rhim, 2014); improve the efficiency and effectiveness of revenue collection; and maximize payment and commitment control (GIFMIS, 2013). However, in spite of these benefits and the government effort to modernize, develop, and enhance public financial management, the successful implementation of IFMIS remains a challenge. According to Combaz (2015), IFMIS is an expensive system which often fails to realize the promised benefits due to implementation challenges. Recent studies indicate that many organizations fail to realize significant returns on investments in IT projects (Kofahi & Alryalat, 2017). Bolat (2017) notes that about 50% of information technology projects do not meet user requirements and 25% of them fail. However, only a handful of previous studies on IFMIS implementation challenges were focused on low-income countries, except Ethiopia and Uganda apparently having some research conducted in this area (Combaz, 2015). There is therefore the need to undertake a study to investigate the challenges impeding IFMIS implementation in Ghana. Indeed, implementation of integrated systems such as IFMIS is a complex task requiring coordination of work among different departments of the organization (Mendoza et al., 2006). It can be faced with several challenges, including lack of resources for integration, organizational internal difficulties, difficulties with the people working on the project (Simon et al., 2012), communication challenges among all levels of management (Stevenson & Starkweather, 2017), and lack of user involvement (Procte & Businge, 2013).
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