

**Integrated Financial Management System (IFMS) And Financial Reporting In Local Governments In
Uganda: A Case Of Kanungu District Local Government**

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Abstract

The study was about integrated financial management system and financial reporting in local governments in Uganda focusing on Kanungu District Local Government. The study was guided by the following objectives: 1) To examine how IFMS has ensured accountability in handling and use of public resources in Kanungu District Local Government, 2) To establish how IFMS has ensured automation of financial reporting in Kanungu District Local Government, and 3) To analyze how IFMS has ensured value for money in service delivery in Kanungu District Local Government. The study used a cross-sectional research design. The researcher embraced both positivism- phenomenological approaches called combination approach, using hypothesis testing and explaining, also using both quantitative and qualitative information. The study population was 108 people with a sample of 85 respondents. The study revealed that 68(85%) of the respondents generally agreed that there is improved recording of government financial transactions. 65(81.3%) generally agreed that the processing of government financial transactions has improved in Kanungu District Local Government. Results obtained also indicated that majority of the respondents 53(66.3%) generally agreed that processing through IFMS is done on real time. 63(78.8%) generally agreed that IFMS automatically updates accounting and financial records of Kanungu District Local Government when required. The study further revealed that majority of the respondents 55(68.8%) generally agreed that IFMS has helped departments in Kanungu District Local Government to achieve their objectives. 36(45%) however, said that IFMS does not ensure compliance with internal laws and regulations of Kanungu District Local Government. 44(55%) said that IFMS has not ensured proper asset management in Kanungu District Local Government. The study recommended that there is need to improve on control over expenditure in the budget cycle as a whole to ensure accountability in the handling and use of public resources in Kanungu District Local Government. The District management should empower citizens to hold their leaders accountable as regards service delivery and provide information to the citizens about decisions made and how public money is being spent. The management of the District should ensure that there is strict compliance with internal laws and regulations of Kanungu District Local Government.

Keywords: Integrated Financial Management System (Ifms), Financial Reporting and Local Governments

Background to the study

The pursuit of transparency, accountability, and efficiency in public financial management (PFM) has been a central theme for governments and international institutions worldwide (Akankwasa et al., 2022). In response to widespread fiscal malfeasance and inefficiency, the late 20th and early 21st centuries saw a global shift towards the digitization

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of government financial operations. Central to this reform agenda is the adoption of Integrated Financial Management Information Systems (IFMIS) (David et al., 2023). An IFMIS is an automated, comprehensive system designed to integrate budget formulation, execution, accounting, and reporting functions into a single platform. The World Bank and the International Monetary Fund (IMF) have been pivotal in promoting IFMIS as a critical tool for enhancing the credibility of public budgets, improving cash management, and strengthening financial reporting, thereby reducing opportunities for corruption and misappropriation of funds (World Bank, 2022). Globally, the success of such systems, as seen in countries like South Korea and Chile, has demonstrated that digital integration can lead to more timely and reliable financial data, which is the bedrock of sound fiscal policy and trustworthy financial reporting (Racheal et al., 2023). However, global experiences also reveal common challenges, including high implementation costs, resistance to change from civil servants, and technical issues related to system design and infrastructure, which can impede the realization of the full benefits of an IFMIS (Diamond & Khemani, 2020).

Across Africa, the adoption of IFMIS has been a cornerstone of public sector reform programs, often driven by donor conditionality and the need to curb pervasive corruption and improve governance. The African Union's Agenda 2063 emphasizes the importance of good governance and sound financial management as prerequisites for sustainable development (Sarah & Audrey, 2024). Countries like Ghana, Kenya, and Tanzania have implemented various forms of IFMIS with varying degrees of success. For instance, Kenya's IFMIS has been credited with improving the tracking of expenditures and reducing the time for budget preparation. However, the African experience is often marred by significant hurdles (Paul et al., 2023). These include inadequate technical capacity, insufficient and unreliable internet connectivity, political interference, and a mismatch between the standardized system and the unique, complex procedures of individual government entities (Bofondi & Giorgiantonio, 2021). Consequently, while the goal of IFMIS is to produce accurate and timely financial reports for decision-making, many African governments still struggle with delays, data inconsistencies, and a failure to fully integrate the system across all departments, limiting its effectiveness in enhancing financial accountability (Promise et al., 2024).

Uganda, like its African peers, embarked on a major PFM reform program, with the implementation of a government-wide IFMS (note the local acronym IFMS, dropping "Information") being a flagship initiative. Rolled out in phases since 2003, the Ugandan IFMS was designed to automate and integrate key processes including budget execution, accounting, treasury management, and payroll across all central and local governments (T. Christopher, 2022). The primary objectives were to improve fiscal discipline, strengthen financial control, and ensure the production of timely and reliable financial reports as mandated by the Public Finance Management Act (PFMA), 2015. The government, with support from development partners, invested significantly in this system to address previously rampant issues of ghost workers, cash leakage, and unreliable financial data. According to the Office of the Auditor General (OAG), the

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implementation of IFMS has contributed to a reduction in payroll fraud and improved the audit trail for government transactions (Auditor General's Report, 2022). However, national audits consistently reveal persistent challenges at the local government level. The OAG's report for the Financial Year 2021/2022 highlighted issues such as failure to submit auditable financial statements on time, reconciliation discrepancies within the IFMS, and instances of unauthorized access, all of which compromise the quality and reliability of financial reporting (Sarah & Audrey, 2024). This suggests that the mere presence of the technology has not fully translated into the desired outcomes of accountability and transparency at the sub-national level.

Kanungu District Local Government, located in South-Western Uganda, operates within this national framework and is mandated to use the centralized IFMS for all its financial operations. As a local government, it is responsible for delivering essential services like primary healthcare, basic education, and road maintenance, funded primarily through central government transfers and local revenues (Promise et al., 2024) . The effective functioning of the IFMS in Kanungu is therefore critical for ensuring that funds are properly accounted for and that financial reports accurately reflect the district's financial performance and position. This is vital for both internal management and for maintaining the trust of citizens and development partners. However, preliminary inquiries and anecdotal evidence from the district suggest significant operational challenges (Polycarp et al., 2023). These include frequent system downtime due to network issues, a lack of adequately trained staff to troubleshoot and fully utilize the system's modules, and difficulties in reconciling data between the district's internal records and the central IFMS server. These operational hiccups have a direct and negative bearing on financial reporting (Sarah & Audrey, 2024). They can lead to delays in the compilation of quarterly and annual accounts, increase the risk of errors in financial statements, and create opportunities for data manipulation. Consequently, despite the national rollout of IFMS, Kanungu District, like many other local governments, may not be realizing the anticipated benefits of improved financial reporting. This study, therefore, seeks to investigate the specific relationship between the implementation of the IFMS and the quality of financial reporting in Kanungu District Local Government, with the aim of identifying the precise bottlenecks and proposing context-specific solutions to enhance PFM at the local level.

Problem statement

Despite the significant investment in the Integrated Financial Management System (IFMS) as a cornerstone of Uganda's Public Financial Management (PFM) reforms, local governments continue to exhibit significant deficiencies in the quality and timeliness of their financial reporting (F. Christopher, Moses, et al., 2022). The IFMS was designed to automate processes and integrate data to ensure the production of reliable and timely financial statements, thereby enhancing transparency and accountability (World Bank, 2022). However, this intended outcome remains elusive at the sub-national level. The Office of the Auditor General's reports consistently highlight persistent issues, including

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failure to submit auditable financial statements on time, reconciliation discrepancies within the IFMS, and poor record-keeping among local governments (Auditor General's Report, 2022).

Kanungu District Local Government, mandated to use the centralized IFMS, epitomizes this challenge. Operational hurdles such as frequent system downtime, inadequate technical staff capacity, and poor network connectivity impede the effective utilization of the system (Ntirandekura et al., 2022). These technical and human capacity constraints directly undermine the system's potential to improve financial reporting (Sarah & Audrey, 2024). Consequently, there is a critical disconnect between the technological presence of the IFMS and the actual improvement in financial reporting outcomes in the district. This gap hinders accountability, obscures fiscal performance, and ultimately compromises service delivery (F. Christopher, Komunda, et al., 2022). Therefore, this study seeks to investigate the specific impact of the IFMS on the quality of financial reporting in Kanungu District, identifying the key implementation bottlenecks that prevent the system from achieving its core objective of generating timely and reliable financial information.

Specific Objectives

1. To examine the level of integrated financial management system in Kanungu District Local Government.
2. To establish the levels of financial reporting in Kanungu District Local Government.
3. To analyze the relationship between integrated financial management system and of financial reporting in Kanungu District Local Government.

Methodology

The study adopted a descriptive survey research design, which, according to Creswell (2012), provides the fundamental plan that guides the data collection and analysis phases of a research project. This design was selected because it allowed for a comprehensive investigation of the current state of the Integrated Financial Management System (IFMS) and its relationship with financial reporting outcomes within Kanungu District Local Government (Rasheed et al., 2022). A mixed-methods approach was employed, integrating both qualitative and quantitative research paradigms (Lanlege et al., 2013). The qualitative approach was instrumental in gathering rich, non-numerical data that provided an in-depth analysis and descriptions of the experiences, challenges, and perceptions of the staff. Concurrently, the quantitative approach was used to capture numerical data on trends, frequencies, and relationships, which were essential for quantifying the prevalence of various issues and establishing statistical patterns.

The research was conducted within Kanungu District Local Government in Uganda. The study population comprised 44 employees from key departments involved in financial management, as identified in the district's Human Resource Audit report. These departments included the Chief Administrative Officer's (CAO) Office, Finance, Internal Audit, Planning, Health, Education, and included political and opinion leaders (Olanrewaju et al., 2021). A sample size of

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33 respondents was determined from this population using the established sampling table by Morgan and Krejcie (1970). To ensure both representativeness and access to key informants, a combination of sampling techniques was utilized. Simple random sampling was applied to select respondents from departments like Health, Education, and among political leaders, giving every member an equal chance of selection and thereby minimizing selection bias (Winny et al., 2023). Conversely, purposive sampling was employed to select participants from strategic offices such as the CAO, Town Clerk, and Finance, as these individuals were judged to possess specific, in-depth knowledge and expertise critical to the IFMS and financial reporting processes.

Primary data was collected using two main instruments: structured, self-administered questionnaires and a semi-structured interview guide for focus group discussions (J & M, 2019). The questionnaires were predominantly close-ended and designed on a five-point Likert scale (from 1-Strongly Disagree to 5-Strongly Agree) to facilitate quantitative data collection. They were personally distributed and collected by the researcher, allowing respondents to complete them at their convenience. The interview guide was used to conduct focus group discussions with managers, enabling the collection of detailed qualitative insights and allowing for probing questions to explore complex issues in depth. To ensure the robustness of these instruments, they were subjected to rigorous validity and reliability testing. Content validity was assessed through expert scrutiny by the research supervisor, and a Content Validity Index (CVI) was calculated to confirm the instruments measured the intended constructs. Reliability was established using Cronbach's Alpha coefficient to test for internal consistency. The analysis, performed using SPSS, yielded reliability coefficients of 0.82, 0.71, and 0.72 for the different study objectives, resulting in an overall acceptable average coefficient of 0.75.

For data analysis, a comprehensive process was undertaken utilizing both SPSS and STATA software to handle the quantitative data, while thematic analysis was applied to the qualitative data. The quantitative data from the questionnaires were first coded and cleaned in Microsoft Excel before being imported into SPSS (Nelson et al., 2022). Within SPSS, descriptive statistical analyses were conducted, which involved generating frequencies, percentages, means, and standard deviations to summarize the demographic characteristics of the respondents and their responses to the Likert-scale questions. These results were presented in the form of tables and figures to provide a clear descriptive profile of the data. Following this, the data was exported to STATA for more advanced inferential statistical analysis. In STATA, tests such as correlation analysis and regression analysis were run to investigate the relationships between key variables, for instance, to determine the strength and significance of the relationship between specific IFMS implementation challenges and the quality of financial reporting (Nelson et al., 2023). The qualitative data gathered from the focus group discussions were analyzed using thematic analysis. This process involved transcribing the responses, identifying recurring themes and patterns, and coding the data to draw meaningful

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conclusions that complemented and enriched the quantitative findings. This integrated approach to data analysis ensured a holistic understanding of the research problem.

Results

Table 1: Respondent’s view on the levels of IFMS in KDLG

		SA	A	N	D	SD
IFMS enables Kanungu District local government to understand the true cost of service delivered by the district per activity	%	15.5%	59.2%	15.5%	8.5%	1.4%
	F	4	16	4	2	
Budgeting makes it easily to extract and present data from information systems in ways that facilitate analysis	%	35.2%	52.1%	5.6%	7.0%	0.0%
	F	10	15	1	2	
Budgeting allows easy access of to derive the specific information required by individuals to carry out their work	%	38.0%	49.3%	7.0%	5.6%	0.0%
	F	11	14	2	1	
IFMS provide analytical tools within budgeting systems that enables trend analysis of various elements of fiscal operations at the district of Kanungu local government	%	28.2%	49.3%	19.7%	2.8%	0.0%
	F	8	14	6	9	
Through budgeting, officers are able to reconcile transactions data in real time	%	31.0%	46.5%	16.9%	5.6%	0.0%
	F	9	13	5	1	
Budgeting accurately discloses the financial position of the district local government	%	36.6%	40.8%	16.9%	5.6%	0.0%
	F	10	11	5	1	
The budgeting information system enables me to generate custom reports for internal and external use	%	42.3%	40.8%	11.3%	5.6%	0.0%
	F	12	11	3	2	
non-financial information such as employee number and cards is accessed through the use of IFMS	%	16.9%	29.6%	26.8%	23.9%	2.8%
	F	5	8	7	7	

Source: primary data, 2024

The study sought to determine the respondents' views on whether IFMS enabled them to understand the true cost of service delivered by the district per activity. Table 1 shows that 16 (59.2%) of the respondents agreed and further 4 (15.5%) strongly agreed. However, 4 (15.5%) of the respondents were neutral whereas 8.5% of the respondents disagreed and 1.4% strongly disagreed that budgeting systems enabled them to truly understand the true cost of service delivered at the district local government. Therefore, majority of the respondents 21 (74.7%) of the respondents were of the view that budgeting enabled them to understand the true cost of service delivered by the district. The study sought to establish whether respondents could easily extract and present data from budgeting in ways that facilitate analysis. Table 1 shows that 15 (52.1%) of the respondents agreed and 10 (35.2%) of the respondents strongly agreed. On the other hand, 2 (5.6%) of the respondents disagreed whereas another 2 (5.6%) of the respondents were neutral. Therefore, the majority 24 (87.3%) of the respondents agreed that it easy to extract and present data in ways that facilitated analysis. The study sought to ascertain whether respondents could access budgeting information system to derive the specific information they required to carry out their work. Table 4.9 shows that 14 (49.3%) of the

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respondents agreed and 11 (38.0%) of the respondents strongly agreed. Seven percent 2 (7%) of the respondents were neutral whereas those who disagreed were 2 (5.6%). Therefore, majority 25 (87.7%) of the respondents agreed that they could access budgeting information system to derive the specific information they required to carry out their work. The study sought to establish whether there were inbuilt analytical tools within IFMS that made it possible to do trend analysis. The results showed that 14 (49.3%) and 8 (28.2%) of the respondents agree and strongly agreed respectively, that there were inbuilt analytical tools that made it possible to do trend analysis. However, there were 6(19.7%) of the respondents who were neutral while 1 (2.8%) of the respondents disagreed. Therefore, majority 22 (77.5%) of the respondents agreed that there were inbuilt analytical tools with budgeting information that enabled trend analysis. Respondents were asked whether the software made it possible to reconcile transaction data in real time. Table 4.6 below shows that 13 (46.5%) of the respondents agreed and 9 (31%) of the respondents strongly agreed that budgeting made it possible to reconcile data in real time. However, 2 (5.6%) of the respondents disagreed while 5 (16.9%) of the respondents were neutral. Therefore, majority 22 (77.5%) of the respondents agreed that through following the budgeting system, the respondents were able to reconcile transactions data in real time. The views of respondents were sought as to whether the budgeting accurately disclosed the financial position of the district local government. Table 4.6 shows that 40.8% of the respondents agreed and 36.6% of the respondent strongly agreed. The table however shows that 5.6% of the respondents disagreed that the software accurately disclosed the financial position of the district local government while 16.9% of the respondents were neutral. Therefore, the majority 21 (75.4%) of the respondents agreed that budgeting system accurately disclosed the financial position of the district local government. The study sought to establish whether budgeting system enabled the respondents to generate custom reports for external and internal use. As shown in table 4.9, 11 (40.8%) and 12 (42.3%) of the respondents agreed and strongly agreed, respectively. The table however shows that 3 (11.3%) of the respondents were neutral and 2 (5.6%) of the respondents disagreed. Therefore, the majority 23(83.1%) of the respondents agreed that budgeting system enabled them to generate custom reports for internal and external use. The study sought to establish whether budgeting systems enabled the respondents to easily access non-financial information. Table 4.9 showed that 5 (16.9%) of the respondents strongly agreed that they were able to easily access non-financial information while 8 (29.6%) of the 39 respondents agreed compared to 7 (23.9%) of the respondents who disagreed and 8 (2.8%) of the respondents who strongly disagreed. The study also showed that 8 (26.8%) of the respondents were neutral. Therefore, on aggregate, majority 13 (46.5%) of the respondents agreed that budgeting enabled them to easily access non-financial information such as number of employees. Respondents were asked whether budgeting provided periodic balances which could be used for analysis throughout the year. Table 1 shows that 13 (47.9%) and 6 (21.1%) of the respondents agreed and strongly agreed, respectively that the software provided periodic information for analysis throughout the year. However, 3 (11.3%) of the respondents disagreed and 6 (19.7%) of the respondents were neutral. Therefore, the

majority 19 (68%) of the respondents agreed that budgeting system provided periodic balances which could be used for analysis throughout the year.

Table 2 The levels of financial reporting in Kanungu District Local Government

Statements on nature of financial statements	SA (5)	A (4)	UD (3)	D (2)	SD (1)
Financial records prepared in this business are supported by facts about my transaction	39%	45%	7%	3%	6%
Financial records prepared in this business are supported by assumption on thing that will happen or has happened	21%	47%	19%	10%	3%
All transactions in this business are recorded at particular dates	30%	53%	7%	4%	6%
All costs in this business are recorded at the cost paid for assets and expenses	28%	49%	15%	5%	3%
All costs are recorded when cash is paid or when there is need to any cash	26%	55%	10%	4%	4%
All income or sales in this business are recorded when received or when there is need to receive income	28%	52%	13%	4%	3%
This business records all transactions that if omitted will negatively affect business decision	23%	48%	18%	4%	7%
We exercise personal judgment when preparing financial records for this business	14%	45%	22%	13%	6%

Source: primary data, 2024

Inasmuch as majority of the respondents in Table: 2 above show 84%, agreed that financial records prepared in their business were supported by facts about their transaction, 7%, respondents were undecided and 9%, respondents disagreed. Additionally, FGD with members of respondents considers prices, quantities sold, dates of transaction and costs amongst others as facts that must be included in their financial records. It is therefore concluded that items included in the financial records must be supported by facts about that business transaction as far as possible in order for stakeholders to make realistic decision making using the record. Similarly, 68%, respondents agreed that financial records prepared in their businesses were supported by assumption on things that would happen or had happened however 19%, 18 respondents were undecided and 13%, 13 respondents disagreed. Furthermore, members of the FGD

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from the respondents assumed that prices recorded and charged to customers sometime depend on the bargaining powers of the customers. Subsequently, higher prices are recorded and charged on customers with lower bargaining power than customers with higher bargaining power as stated by the groups. Following these information, a good assumption improves the nature of financial statement and its impact on the relationship between financial record keeping and business decision making. Furthermore, 83%, respondents agreed that all transactions in their businesses were recorded at particular dates while 7%, respondents were undecided and 10%, respondents disagreed. The result suggests that financial records by nature must be recorded at specific date of transaction when cash are received or receivable. Transactions recorded at a specific date facilitate timely decision making, comparisons of performance within different periods, projecting future planning and performance. Additionally, 77% of respondents agreed that all costs in their business were recorded at the cost paid for assets and expenses however 15%, respondents were undecided and 8%, 8 disagreed. This implied that most financial statements are accurately recording their costs although a few of them do not accurately records their costs as they are either not sure or disagreed whether items are recorded at the cost paid. This affect the items included in financial statement by nature and its impact on the relationship between financial record keeping and business decision making processes of IFMIS on financial reporting in public sector organizations. Similarly, 82% of respondents agreed that all costs were recorded when cash was paid or when there was need to pay cash, 10% were undecided and 8%, 8 disagreed. Subsequently, these suggest that majority of public sector organizations records their costs when cash is paid or payable. These inform investment decision for owners of capital which affects the future profitability and expansion of business in terms of customers and channel of distribution that may require cash to support working capital. Further still, more respondents 71% agreed that all income or sales in their business were recorded when received or when there was need to receive income however 13% of respondents were undecided and 7% of respondents disagreed. Inasmuch as the findings suggests that most public sector organizations accurately recorded credit and cash sales, a few of them do not accurately prepare the records. These lead to understatement of the income for some SMEs.

In line with the above, 71%, 68 respondents agreed that public sector organizations. recorded all transactions that if omitted would negatively affect business decisions made however, 18%, of respondents were undecided and 11% of respondents disagreed to the statement. These suggest that majority of the public sector organizations comply with materiality principle and record all transactions that if omitted would negatively affect decision taken on the basis of such record. Lastly, respondents were asked whether they exercised personal judgment when preparing financial records for the public sector organizations. Majority of 60% of respondents agreed while 22% of respondents were undecided and 19% of respondents disagreed. These suggest that personal judgments are very important in determining items that should be included in their financial statements that affect the nature of financial statement and the financial records therein.

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Table 3: the relationship between integrated financial management system and of financial reporting in Kanungu District Local Government.

		Strongly agree	Agree	Neutral	Disagree	Strongly disagree
All district transactions, both receipts and payments are processed through IFMS	%	35.2%	42.3%	14.2%	8.5%	0.0%
	F	10	12	4	2	0
IFMS has led to significant reductions in wasteful expenses and irregular expenditure	%	18.3%	36.6%	26.8%	12.7%	5.6%
	F	5	10	7	4	2
IFMS has streamlined procedures and significantly reduced opportunity for corruption	%	16.9%	50.7%	16.9%	9.9%	5.6%
	F	5	14	5	3	2
IFMS has ensured that the district local government budget is executed in accordance with the rules to prevent overspending	%	28.2%	45.1%	9.9%	12.7%	4.2%
	F	8	13	3	4	1
IFMS has automated procedures and internal controls which promotes accountability	%	25.4%	52.1%	14.2%	8.5%	0.0%
	F	11	15	4	2	0
IFMS enables me to trace all stages of transaction processing in the district local government	F	38.0%	42.3%	12.7%	7.0%	0.0%
	%	11	12	4	2	0
Using IFMS financial information is made available in reliable and timely manner	F	28.2%	56.3%	12.7%	2.8%	0.0%
	%	8	16	4	2	0
IFMS makes my interaction with the public friendly and convenient	F	5.6%	38.0%	36.6%	18.3%	1.4%
	%	2	11	10	5	1
Since the implementation of IFMS, stakeholder confidence with the district has improved a lot	F	16.9%	45.1%	28.2%	8.5%	1.4%
	%	5	12	8	2	1

Source: primary data, 2024

The research sought to establish whether all district local government transactions were processed through internal controls. The findings are presented in table 3. The table shows that 42.3% and 35.2% of the respondents agreed and

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strongly agreed, respectively. However, there were 8.5% of the respondents who disagreed while 14.2% of the respondents were neutral. Therefore, the majority (77.5%) of the respondents agreed that the all district local government's transactions were processed through the correct internal controls. Respondents were asked whether internal controls have led to significant reductions in wasteful expenses and irregular expenditure. Table 3 shows that 36.6% of the respondents agreed and a further 18.3% of the respondents strongly agreed. However, 26.8% of the respondents were neutral, whereas 12.7% and 5.6% disagreed and strongly disagreed, respectively. Therefore, majority (54.3%) of the respondents agreed that internal controls have helped curb wasteful expenses and irregular payments. The perceptions of the respondents were sought as to whether internal controls streamlined procedures and reduced opportunity for corruption. The findings showed that 50.6% of the respondents agreed and another 16.9% strongly agreed. On the other hand, 16.9% of the respondents were neutral whereas 9.9% of the respondents disagreed and 5.6% of the respondents strongly disagreed. Therefore, majority of the respondents agreed that the software helped in streamlining procedures and helped in reducing opportunity for corruption. The study sought to establish whether internal controls ensured that the district budget was executed in accordance with the rules. Table 4.8 shows that 45.1% of the respondents agreed and 25.4% of the respondents strongly disagreed. Nevertheless, there were 12.7% of the respondents who disagreed that the software helped in ensuring that the district budget was executed according to the established rules and a further 4.2% of the respondents who strongly disagreed. On aggregate, majority (70.5%) of the respondents agreed that internal controls ensure that the District budget was implemented according to the rules. The question sought to determine whether internal controls automated procedures and internal controls which promoted accountability. Table 3 shows that 52.1% and 25.4% of the respondents agreed and strongly agreed, respectively. Even so, some 8.5% of the respondents disagreed while 14.2% of the respondents were neutral. Therefore, majority (77.5%) of the respondents agreed that internal controls automated procedures and internal controls which promoted accountability. The opinion of the respondents was sought as to whether internal controls helped to trace all stages of transaction processing in the district local government. Table 3 shows that 42.3% of the respondents agreed and another 38.0% of the respondents strongly agreed that the software helped in tracing all the stages of transaction processing in the district local government. Seven percent (7.0%) of the study sought to establish whether IFMS made bank reconciliation automatic thus allowing a closer monitoring of outstanding bill and cash in bank. Table 4.8 shows that 39.4% and 23.9% of the respondents agreed and strongly agreed, respectively. Twenty-eight percent (28.2%) of the respondents were neutral whereas 7% of the respondents disagreed and 1.4% of the respondents strongly disagreed. Therefore, majority (63.3%) of the respondents agreed that internal controls made bank reconciliation automatic thereby allowing for a closer monitoring of outstanding bills and cash in bank. Respondents were asked whether internal controls made interaction with the public friendly and convenient. Thirty-eight percent (38.0%) of the respondents agreed and 5.6% of the respondents strongly agreed. On the other hand, 36.6% of the respondents were neutral, while 18.3% and 1.4% of the respondents disagreed and strongly disagreed,

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respectively. On aggregate, majority (43.6%) of the respondents agreed that internal controls made interaction with the public possible. Respondents were also asked whether stakeholder confidence with the district local government improved with the implementation of internal controls. Forty-five percent (45.1%) of the respondents agreed and 16.9% of the respondents strongly agreed. However, 28.2% of the respondents were neutral whereas 8.5% of the respondents disagreed and another 1.4% of the respondents strongly disagreed. Therefore, majority (62.0%) of the respondents agreed that internal controls improved stakeholder confidence with the district.

Conclusion

The levels of integrated financial management system in Kanungu District Local Government

IFMIS has many advantages in the government domain including prompt and efficient access to reliable financial data, helping to strengthen a government's financial controls, improving the provision of government services, raising the budget process to higher levels of transparency and accountability, and expediting government operations. The scale and scope of IFMIS can vary from simple general ledger system to a comprehensive system addressing budget, revenue, expenditure control, debt, resource management, human resources, payroll, accounting, financial reporting, and auditing processes across central government or even including local government and other public sector and quasi-governmental agencies and operations.

The levels of financial reporting in Kanungu District Local Government

There is an information system that tracks financial events and summarizes financial information. It supports adequate management reporting, policy decisions, fiduciary responsibilities and the preparation of auditable financial statements. In its basic form, an IFMIS is little more than an accounting system configured to operate according to the needs and specifications of the environment in which it is installed. In general terms, it refers to the automating of financial operations.

The relationship between integrated financial management system and of financial reporting in Kanungu District Local Government

In conclusion, as a management tool IFMIS enables management to do the following: control aggregate spending and the deficit, priorities expenditure across policies, programmes 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. 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.

Recommendations

The levels of integrated financial management system in Kanungu District Local Government

In order to help achieve the objective of realizing the full benefits of a fully integrated end-to-end financial management information system, the District local government Local Government should both appeal to and support the adoption of the system within the local government. This may require advocacy and capacity building by the national government to influence policy development that embraces the system at the county level.

The levels of Financial reporting in Kanungu District Local Government

Public sector organizations such as the Local Government should leverage on the efficiency and effectiveness gains of the system to consolidate stakeholder confidence through more awareness and publicity of the achievements.

SMEs Public sector organizations such as the Local Government should ensure that all expenses both small and big amounts are properly recorded and included in their records. Small expenses that when aggregated would materially affect decisions making processes should not be omitted from the financial records. These ensure records are complete and owners of the business can rely on for decision making.

The relationship between integrated financial management system and of financial reporting in Kanungu District Local Government

In order to enhance financial control and governance in public sector organizations, the government should integrate non-financial information into the system so that other functions within the organizations can also benefit from the advantages of IFMS. Such functions include information technology, security and maintenance, human resource and other peripheral functions. **References**

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