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GLOBALISATION AND THE EMERGENCE OF GOVERNMENT INTEGRATED FINANCIAL MANAGEMENT INFORMATION SYSTEM (GIFMIS): THE NIGERIA'S EXPERIENCE.

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ABSTRACT

The survival of domestic and international economic system relies basically on proper financial management for it to continue. Failure to have such financial management, institutions will be bankrupt, corruption will be the order of the day, and the system may collapse as a result of inadequate financial discipline, monitoring and accountability. This paper tries to look at the contribution of globalization in making all members of the world community shift from the hitherto manual financial management system, by accepting and embracing the new government integrated financial management information system. The paper adopts both primary and secondary methodology to see how effective GIFMIS is in Nigeria's financial management. The paper discovers that, GIFMIS is a befitting financial management system not only for Nigeria, but for the whole world in the 21st century, for it ensures accountability. But despite the application of this system, corruption still persists, and government finances suffer from gross mismanagement, therefore the system is not flawless. The paper concludes that, except proper monitoring of government spending is carried out in all government institutions and strong punitive measure applied against corrupt officers, that GIFMIS will come to stay in Nigeria. The paper recommends monthly financial accountability in all government institutions among other things.

KEYWORDS: Financial, government, information, integrated, management, system.

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INTRODUCTION

In recent years, developing and emerging post – grand countries have vigorously engaged in the transition from manual to more computerized modus operandi in government activities, predominantly in the area of public fund management. Most renowned among them is the effort at introducing the integrated financial information system that helps in the computerization of key areas of budget execution and accounting operations across government parastatals and other establishments. Government Integrated Financial Management Information System (GIFMIS) can enable prompt and efficient access to reliable financial data and help strengthen government financial controls, improving the provision of government services, raising the budget process to higher levels of transparency and accountability, and expediting government operations [1].

An Integrated Financial Management Information System (IFMIS) stores, organizes and makes access to financial information easy. It not only stores all the financial information relating to current and past years' spending, but also stores the approved budgets for these years, details on inflows and outflows of funds, as well as completes inventories of financial assets (e.g., equipment, land and buildings) and liabilities (debt).

The scale and scope of an 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.

By recording information into an integrated system that uses common values, IFMIS users can access the system and extract the specific information they require to carry out different functions and tasks. All manner of reports can be generated: balance sheets, sources and uses of funds, cost reports, returns on investment, aging of receivables and payables, cash flow projections, budget variances, and performance reports of all types. Some systems have libraries consisting of hundreds of standard reports. Managers can use this information for a variety of purposes: to plan and formulate budgets; examine results against budgets and plans; manage cash balances; track the status of debts and receivables; monitor the use of fixed assets; monitor the performance of specific departments or units; and make revisions and adjustments as necessary, to name a few. Reports can also be tailored to meet the reporting requirements set by external agencies and international institutions like the IMF [2].

HYPOTHESIS

The hypotheses used in this research work are as stated below:

HP I: Do you think the government integrated financial management information system (GIFMIS) has certain peculiar shortfalls?

HP II: The government integrated financial management information system is flawless.

HP III: The government integrated financial management information system can ensure accountability and transparency in government public fund management.

MATERIAL AND METHOD

The material used for this research is documented literatures as well as explanations from experts in the field through questionnaire. The methodology adopted for the research is both primary and secondary methodology. The primary method strictly corresponds to responses obtained from a questionnaire designed. Two hundred

(200) questionnaires were administered to respondents. The type of questionnaire distributed is a structured one which expected the respondent to choose yes or no. After administration and recollection, all 200 questionnaires were returned. The returned questionnaires represented 100 per cent. Therefore, the analysis is based on two hundred completed questionnaires, which were at the disposal of the researcher. While the secondary method is a result of library literature from books, journals, periodicals, newspapers and reports.

THEORETICAL FRAMEWORK

The theoretical framework adopted in this research work is the country-circumstantial theory of public finance management. Polidano argues that "most reforms fail not because of the contents or technical aspects of the reform programmes, but because of the way they were implemented." [3].

Most observers now agree that policies and procedures cannot be transferred, without taking into account individual country circumstances [4]. Indeed there is consideration of the importation of 'best practices, a dangerous term without hardnosed consideration of local realities. All reforms take place within a specific historical, political, cultural and social environment. Colonial history has often established the foundations of the PFM system [5].

According to Bouley, the treasury systems of sub-Saharan francophone African countries are still based on the French treasury system of the sixties, and characterized by the unique structure of their expenditure process and the centralization of public funds [6]

OECD also stresses that programme design and sequencing should be country specific, e.g. the urgency of payroll reform in post-conflict Sierra Leone, where non-execution represented a significant security risk. In Bangladesh, the decision was made to "start off with the more technical types of issues before endeavouring to change areas that would create strong bureaucratic resistance" [7].

The relevance of the theory to this research is that, the nature and features of Nigeria's economy are considered as well as the behaviour of government officials, accountants and other financial managers vis-a-vis GIFMIS. The major challenge discovered is corruption and mismanagement.

LITERATURE REVIEW

Basic Features of IFMIS in the Globalizing World and in financial management information systems are implemented and used successfully almost all the time in the commercial world. When they fail, so do the companies they support. This is the fundamental difference between the commercial and the government environment. Commercial organizations can and do fail. On the flipside, governments can and do end up in severe financial straits, but rarely are financial collapse the end of the road for a sovereign state.

The major advantage in a commercial environment, however, is that there is a clear objective—be it improving efficiency or improving productivity and a clear decision making process. If the decision is made to put into place a new financial management information system, then once the needs have been assessed, the organization shops around for the most appropriate product, purchases it, and deploys the necessary resources to complete the job [8].

Government decision-making and action is not as efficient, or clearly directed, as it is in most commercial institutions. Governments do not have simple line-oriented chains of command. They generally have complex administrative structures, and especially in developing and post-conflict settings, they tend to lack the required competencies and knowledge at most levels to choose or implement the solution. Moreover, the political will to replace old systems, processes and structures with new ones and introduce new ways of operating is often not there. Even when the political will is there, maintaining it can be quite problematic when one considers that the timeline for most IFMIS implementations is longer than most finance ministers' term in office.

The design and functionality of government IFMIS is also critically different from that of private enterprise systems. Because governments are not driven by profit but rather by measures of accountability, financial management information systems for government must be designed to ensure compliance with budget laws, other public finance rules and restrictions, and an entirely different set of accounting rules and reporting requirements. Moreover, they must also be designed to support a multitude of distinctly public sector-oriented functions and organizational arrangements. Governments big and small undertake a vast number of transactions on an on-going basis, requiring powerful, resilient, dependable systems to handle the information flows. These systems must be able to handle and communicate all the financial movements for the complex structure made up of line ministries, spending agencies, regional and local governments as well as other government clients.

Aside from the above considerations, introducing a government IFMIS is also context-specific and varies greatly from country to country. Indeed, implementing public finance reforms of any kind requires an understanding of the entire public finance system in place in that country. It requires an understanding of the institutional arrangements, the division of authorities and responsibilities, and how these arrangements are carried out across government. Vietnam, with a population over 80 million, has a strong central government, but also has 64 provinces, each with its own full administration and political requirements.

In Kosovo, on the other hand, the international community built the fiscal infrastructure of this territory of 2 million people virtually from scratch, delegating only limited powers to nascent Kosovo institutions in the initial post-conflict period. The scale and the challenges are quite different, and these considerations will influence the strategies and solutions adopted. Clearly, without a critical understanding of the political and administrative structure, the existing systems and processes, and other defining factors, any effort to introduce new systems will ultimately fail, or at the very least meet with costly delays [9].

VARYING TACTIC TO IFMIS OPERATION

Public tendering is a sound, tried and tested, and well-documented process. However, the tender process is best suited to clearly definable items, or turnkey situations. Apart from the hardware, specifications for an integrated financial management information system are not as clearly definable as, say, a specification for equipping a port with tugboats or procuring a vehicle, a computer or a stapler. All these can be defined with clear specifications. An IFMIS seems to be definable, but in reality there are too many interdependent variables that need to be firmed up as the process of implementation evolves.

Implementing an IFMIS requires many different government structures to start to work with common tools. To begin with, for the information to be coherent, all administrative units national as well as regional and local governments, when applicable have to adopt a common "language", in the form of a uniform Chart of Accounts. This may seem a very simple task and in principle it is, but in many countries this process can take years to complete [10]. In Vietnam, more than five years was required to reach an agreement on a common CoA.

In Kosovo, which some have described as a tabula rasa, the process took a little more than four months of negotiation. In Uganda, a software package was installed and a CoA configured, only to find that the CoA was too limited and required additional fields, requiring an extremely costly system migration.

In Slovak Republic, to overcome a stalemate over the design of the new CoA, the government had to devise a workaround to accommodate the needs of a variety of system clients. A centralized chart of accounts was introduced for operation in most major administrative units. Special interfaces were then designed to link into major client systems, such as those operated by the tax and customs administrations. Then, procedures were established for a number of smaller system clients (mostly smaller organizations without the resources to overhaul their systems to accommodate a new CoA) to submit their data monthly with certain key criteria.

Establishing uniformity across all sectors of government can be a long-term process. However, this process need not hold up IFMIS implementation indefinitely. In fact, an IFMIS is so broad in size and scope that it might be better to break down the financing of such systems into defined steps.

Splitting up IFMIS delivery into discrete packages can result in vast improvements in the final product. Adopting a clearly defined, step-by-step approach based on a detailed assessment of existing conditions and needs can not only expedite the process of introducing a sound entry-level IFMIS, but can also help donors and governments alike minimize the risk of project failure [11].

WHY THE TREASURY SINGLE ACCOUNT

Governments need to ensure both efficient implementation of their budgets and good control over their financial resources. Spending agencies must be provided with the funds needed to implement the budget in a timely manner, and the cost of government borrowing must be minimized. Sound management of financial assets and liabilities is also required. This is generally the role of the treasury operations [12].

One of the treasury department's main functions is to keep operating cash balances to a minimum. Centralizing cash balances through a Treasury Single Account (TSA) is an effective way to achieve this. A TSA is an account or set of linked accounts through which the government transacts all payments. The institutional arrangements can vary. In some countries, the treasury department controls all financial transactions and makes payments on behalf of spending agencies. In others, the treasury department may set cash limits for transactions but spending agencies have the power to transact payments directly. Whatever the arrangements, the treasury department maintains central control of cash, sweeping idle balances from spending agencies' accounts and consolidating the government's cash position at the end of each day.

Virtually all major companies and financial institutions use centralized treasury management methods. Unfortunately, few governments have treasury systems that can match the efficiency of commercial treasury systems. A rare exception is the example of the Slovak Republic, which recently installed a new government IFMIS. The Slovak treasury centralizes control of all cash, foreign exchange and debt and applies similar risk management methods to those used in commercial treasury operations [13].

Using one of the best software tools available (TREMA), the treasury is able to calculate the lowest possible risk exposure and take financial decisions accordingly. Grouping financial resources under one centralized account, the finance ministry gained the ability to make more productive use of its cash balances. By placing cash holdings on overnight international markets, the profits in the first year of operation of the new treasury system exceeded 120,000,000 Euros [14].

The Slovak example provides evidence of the benefits of implementing a Treasury Single Account. The TSA paid for the complete Slovak IFMIS system in less than 9 months, in terms of improved control over government accounts. Beyond the control aspects of centralized cash management, the return on investment can potentially be used to extend and upgrade the IFMIS as it expands and additional government sectors are brought into the system. This provides insurance for donors, who generally do not want to shoulder additional IFMIS costs once the system has been installed, and for the governments themselves, who have a powerful tool for raising the funds needed to maintain their systems on their own [15].

RESULTS AND DISCUSSION

The statistical tool used to analyze the data obtained from the 200 questionnaire distributed under primary methodology is chi-square; it can be expressed as follows;

Where X^2 = Chi-square
$\sum$ = Summation
O = Observed Frequency
E = Expected Frequency

Observed frequency is the number of times the event has occurred, while the expected frequency is the number of times an event is expected to occur.

Where the calculated value of chi-square (X^2) at the degree of freedom (V) and 0.05 level of significance is less than the tabulated value of chi-square, then we accept the null hypothesis (Ho) and reject the alternate hypothesis (H1). Also, where the calculated value of chi-square at the appropriate degree of freedom (df) and the same level of significance (0.05), is greater than the tabulated value of chi-square, then we accept the alternate hypothesis (H1) and reject the null hypothesis (Ho). To test the hypotheses responses to the questions that are relevant to the hypotheses will be used.

Hypotheses 1: Do you think the government integrated financial management information system (GIFMIS) has certain peculiar shortfalls?

It is tested using questionnaire data question number I on the, Substantive Issue.

Table 1.1: Do you think the government integrated financial management information system (GIFMIS) has certain peculiar shortfalls?

Responses	Frequency	Percentage
Yes	160	80
No	40	20
Total	200	100%

Source: Survey Research, 2014

CONTINGENCY TABLE

RESPONDENTS

Yes	160	150	
No	40	50	
	200		

	O	**E**	**O-E**	**$O-E^2$**	**$O-E^2/E$**
Yes	160	150	10	100	1.6
No	40	50	-10	100	2.5
					4.1
					Tab Calculated
3.84					

Calculated value
Degree of freedom (df)
df = (r-1) (c-1)
(2-1) (2x1)
1x1 = 1
0.05% df at1 = 3.84

INTERPRETATION

Hence, since X^2 calculated is 4.1 and is greater than the 5% at 1 which is 3.84, we then accept the null hypothesis, so the government integrated financial management information system (GIFMIS) has certain peculiar shortfalls.

Hypothesis II: The government integrated financial management information system is flawless.
It is tested using questionnaire data question number II on the, Li-chart table II.

Table II: The government integrated financial management information system is flawless

Responses	Frequency	Percentage
Agree	97	48.5
Disagree	103	51.5
Undecided	-	-
Total	200	100%

Source: Survey Research, 2014

CONTINGENCY TABLE

RESPONDENTS

Agree	97	98.5
Disagree	103	98.5
	200	

	O	E	O-E	$O-E^2$	$O-E^2/E$
Disagree	100	98.5	1.5	2.25	0.02
Agree	97	98.5	-1.5	2.25	0.02
					0.04
					Tab Calculated
					3.84

Calculated value
Degree of freedom (df)
df = (r-1) (c-1)
(2-1) (2x1)
1x1 = 1
5% df at1 = 3.84

INTERPRETATION

Hence, since X^2calculated is 0.04 and is less than the 5% at 1 which is 3.84, we then accept the alternate hypothesis, so the government integrated financial management information system is not flawless.

Hypothesis III: The government integrated financial management information system can ensure accountability and transparency in government public fund management. It is tested using questionnaire data question number XII on the, Li-chart table XII.

Table III: The government integrated financial management information system can ensure accountability and transparency in government public fund management.

Responses	Frequency	Percentage
Agree	164	82
Disagree	36	18
Undecided	-	-
Total	200	100%

Source: Survey Research, 2014

CONTINGENCY TABLE

RESPONDENTS

Agree	160	150
Disagree	40	50
	200	

	O	E	O-E	$O-E^2$	$O-E^2/E$
Agree	160	150	10	100	1.6
Disagree	40	50	-10	100	2.5
					4.1
					Tab Calculated
3.84					

Calculated value
Degree of freedom (df)
df = (r-1) (c-1)
(2-1) (2x1)
1x1 = 1
0.05% df at1 = 3.84

INTERPRETATION

Hence, since X^2calculated is 4.1 and is greater than the 5% at 1 which is 3.84, we then accept the null hypothesis, so the government integrated financial management information system (GIFMIS) can ensure accountability and transparency in government public fund management.

DISCUSSION

Government Integrated Financial Management Information System (GIFMIS) has assumed global acceptance in the areas of government financial management, budgeting and private sectors in order to ensure efficiency, accountability and stability of financial management system. A country which is not fully applying the system is engrossed with corrupt practices which are too severe compared with those having the system in place.

Based on the findings of this research work, data collected shows that GIFMIS is not unconnected with some shortfalls because if not properly managed miscalculation may be deliberately carried out. The system is not also flawless, as it does not completely eliminate corruption. But even with the above, GIFMIS ensures accountability and financial prudence in all financial operations.

CONCLUSION

With the prevalent nature of corruption in Nigeria and lack of punitive measure against corrupt government officials, GIFMIS, may not work in the right direction and by the end of the day the whole system will be crippled. Except proper monitoring of government spending is carried out in all government institutions and strong punitive measure applied against corrupt officials, that GIFMIS will come to stay in Nigeria.

RECOMMENDATION

In order to have proper financial management information system, the following recommendations are useful for the successes of GIFMIS in Nigeria.

- There should be a strict monthly financial accountability in all government institutions of the federation.
- A drastic punitive measure must be applied against corrupt government officials in federation.
- Those caught trying to manipulate the GIFMIS system in order to misappropriate public fund, should be imprisoned for five years without trials.
- The trained accountants to handle the system must be well trained and continue to undergo special training and upgrade of the system.
- Strong security codes must be provided in order to avoid financial scam and mishandling of the system.

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