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Integrated Financial Management System and Financial Reporting In Selected Commercial Banks in Bujumbura, Burundi

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Abstract

The quality and standard of financial reporting among Burundian commercial banks do not match the international standard of reporting in the banking sector of more developed countries. lack of clarity on the extent to which integrated financial management system influences financial reporting will therefore continue to inhibit common understanding and explanation which might deter financial reporting improvement in selected commercial banks in Bujumbura, Burundi.

The study analyzed the relationship between integrated financial management system and financial reporting in selected commercial banks in Bujumbura, Burundi and it was hypothesized that. Commercial banks have come under spotlight for cases of poor financial reporting standards. Lack of empirical studies to assess the impact of integrated financial management system on the financial reporting of commercial banks in Burundi is the motivation behind this study. Therefore, this study is important not only because it fills the gap, but also it set out to address this evident knowledge gap

The study adopted phenomenological, epistemology and quantitative-qualitative methodology dimension with cross sectional and correlation designs. the unit of analysis was selected commercial banks, and employees were the units of inquiry. Hierarchical regression, linear regression analysis were used to test the predictive power of the variables and indicate precisely what happens to the model as different predictor variables are introduced in the model fit

The study revealed that cash management significantly affect the financial reporting of commercial banks (Adjusted R^2=0.562, p=0.000). Furthermore, the study revealed that budgeting significantly affect the financial reporting of commercial banks Adjusted R^2=0.439, p=0.000).In addition, the study found that accounting system significantly affect the financial reporting of commercial banks (Adjusted R^2=0.612, p=0.000). The study concluded that IFMS influences financial reporting. The study recommended that the management of the banking industry should involve all the stakeholders in the development of cash management framework that is used in the planning, implementation, auditing, supervision, monitoring and maintenance of the IFMS to streamline all roles and responsibilities of all the users of the system so that no cash is mismanaged. Furthermore, the study recommended that the management of the banking industry should promote efficient and clear budgeting by incorporating it with the IFMS. In addition, the study recommended that commercial banks should adhere to strict IFMS guidelines such as payment terms, credit limit, and automatic voucher number. Similarly, the study recommended that the management of the banking industry should ensure that IFMS easily adapts to the changes in cash management, budgeting and accounting system practices without complete overhaul of the system so as to ensure efficient and timely financial reporting. The current study added to the body of knowledge that IFMS in terms of cash

management, budgeting and accounting system are synonymous in ensuring clear and quality financial report.

Key Words: Integrated financial management system, financial reporting, commercial Banks

Introduction

Governments in developing countries are increasingly exploring methods and systems to modernize and improve public financial management (Hendriks, 2018). For example, over the years, there has been an introduction of the Integrated Financial Management System (IFMS) 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 an IFMS varies across sub-Saharan countries, but normally it represents an enormous, complex, strategic reform process (Chêne 2017). In South Africa, the sheer size and complexity of an IFMS is posing a significant challenge and a number of risks to the implementation process that goes far beyond the mere technological risk of failure and deficient functionality. Hove and Wynne (2018) posit that challenges and obstacles can have a devastating effect on the success of the implementation and management of the IFMS and should not be underestimated.

In Kenya the national treasury introduced the integrated financial management information system in 2003 aimed at automating and streamlining Governments financial management processes and procedures (Brar, 2018). However, the implementation of such a project proved to be a very demanding undertaking and has not been met with resounding success. The following processes have been linked and integrated with the IFMS system: planning and budgeting, procurement, accounting, electronic funds transfer, auditing asset management and financial reporting (Njoroge, 2015).

In Uganda, the Integrated Financial Management System (IFMS) was officially introduced in 2003/4 Financial year as a result of the various Public Financial Management Reforms (PFMR) which were initiated by government to improve on Budget preparations, accounting, reporting and auditing procedures. Before introduction of the IFMS, the country was using Financial Management Systems which were characterized with largely manually managed data, no uniform chart of accounts, inaccurate and unreconciled statements and unaudited financial records (MFPED, 2015). All this made the processes of inspection, auditing, financial reporting, budgeting, and compliance with the required International Public Sector Accounting Standards too difficult as there were no proper and timely financial and nonfinancial records on which to base and prepare a set of financial statement that can be audited by the Auditor General at the end of the financial year (MFPED, 2015).

In Burundi, IFMS forms part of the broader financial management reforms of the Burundian government which started in 2005.The IFMS implementation project in Burundi was a priority initiative led by the National Treasury to review and upgrade the government’s information technology (IT) systems. The objective of this project was to enhance the integrity and effectiveness of expenditure management and performance reporting in order to ensure effective service delivery (National Treasury, 2017). The Burundian government currently owns and operates a large compendium of systems including: the Financial Management System (FMS), the Basic Accounting System which is cash accounting systems, the Personnel and Salaries Management System (PERSAL), which can be described as a payroll system and the Police Financial Management System (POLFIN), which is a department specific cash management system (Baloyi, 2019).

Although in the past few years, many developed and developing countries have adopted Integrated Financial Management System (IFMS) as their basis for financial reporting .The European Union(EU) took the lead when it mandated all listed companies in the European Union to start theadoption and implementation of the IFRS in their financial reporting since 2005. In fact the year2005 to 2009 was regarded by the IASB to provide a stable platform for EU companies that started implementation in 2005. Presently over 120 countries are reported to have adopted orconverged with IFRS (Osman, 2017).

In Africa, several countries have over the years adopted international financial reporting standards. In Nigeria, steps were taken in 2010 to align all corporate reports to the International Financial Reporting Standards (IFRSs) as a means of enhancing full disclosure and strengthening stakeholder confidence. The Nigerian Stock Exchange (NSE) directed all companies that are listed on the exchange to adopt the IFRSs by December 2011 while the Central Bank of Nigeria also directed Nigerian banks to adopt the IFRSs by December 2010 (Adeuja, 2019). In Kenya,besides the government's readiness, the Kenyan Accounting Standards Board (KASB) now theFinancial Reporting Council (FRC), Kenyan Stock Exchange, (KSE) and Central Bank of Kenya(CBK) were among the major agents for IFRS adoption in 2012 (Naghshbandi&Ombati, 2018).

In 1985, Burundi adopted a national accounting plan. The plan contained significant differences from the International Financial Reporting Standards (IFRSs) and applied to all entities in Burundi, with different requirements based on the size of the enterprise. However, the adoption of IFRS in 2011 is perhaps the most important accounting regulatory change in recent years. The use of IFRSs as a universal financial reporting language is gaining momentum in Burundi and more commercial banks are adopting IFRS or converging their local standards with it (Siaga, 2012).

This study was guided by the enterprise theory by Suojanen (1954). Enterprise theory sees the large listed corporation as an institution with social responsibilities. Companies' actions affect many different stakeholders such as stockholders, creditors, customers, employees, the government as a taxing and regulatory authority and the public at large. Hendriksen and Van (1992); Kam (1990) trace this institutionalization of the large enterprise to the separation of management and ownership leading to increasingly large proportions of income being retained within the company to reduce the corporation's dependence on external financing. Large corporations may decide to pay only 'conventionally adequate dividends' because this ties in with their survival and growth objectives (Suojanen, 1958: 56-7).

This theory relates to this study in that it emphases that enterprises (in our case banks) as social institutions should prepare financial statements that adhere to IFRS. According to IFRS, the objective of financial reporting is to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions about providing resources to the entity. Those decisions involve buying, selling, or holding equity and debt instruments, and providing or settling loans and other forms of credit. IFRS also states that these decisions depend on the user's expectations of the risk, amount, and timing of future net cash inflows of the reporting entity

The banking sector of Burundi is comprised of 10 commercial banks and are all located in Bujumbura, Burundi. The banking sector is highly concentrated with the two mature banks, the Banque de Crédit de Bujumbura (BCB) and the Banque Commerciale du Burundi (BANCOBU) accounting for a commanding share of the market. In 2011, these two banks accounted for 43% of deposits, 42% of total assets, and 42% of credit allocated. Together with the Interbank Burundi (IBB) created in

1993, the three largest banks represented 76% of total assets, 74% of credit, and 79% of deposits in 2011 (Nkurunziza et al., 2012).Burundi adopted IFRS in 2011and required that all Public Listed Companies apply IFRS for the presentation of their financial statement by January 2012. Other Public interest entities were required to adopt IFRS by January 2013 while Small and medium sized entities were expected to adopt IFRS by January 2014.

It is also believed that Burundian commercial banks that prepare IFRS compliant financial statements have more advantage over others in their business dealings with other related banks, multinational firms and international investors (Moyo et al., 2014). However, there has also been some opposition to the adoption of IFRS arguing that Burundi still has weak institutions, unpredictable economic and political environments which may undermine the successful implementation of IFRS (Moyo, et al., 2014).

According to Constâncio (2012) for commercial entities, financial reporting is meant to give a "true and fair view" of their financial situation and performance that helps economic agents to make informed investment decisions. This is because commercial banks play a pivotal role in the distribution of financial resources to the real economy. Problems in the banking sector can thus have detrimental effects on the economy as a whole, if financial reporting standards are not adequately adhered to.

A report by Rutumwako and Kaneza(2018)revealed that the quality and standard of financial reporting among Burundian commercial banks do not match the international standard of reporting in the banking sector of more developed countries (Rutumwako & Kaneza, 2018).As a result of this, Burundian banking industry in 2003 underwent a major financial reform, however, this reform ended up affecting the financial performance of several commercial banks as their net income margin fell from 4.6% to 6.0% in 2011 (World Development Indicators, 2013). This led to the consolidation of most of the banks and the adoption of integrated management systems. According to National Bank of Burundi (2018), more than 78% of the commercial banks do not provide information about joint arrangements in their financial reporting while only 49% provide disclosure of interest in other entities and 62% provide information regarding consolidated financial statements. This implies that there is still a wide gap in the adherence of financial institutions to the international financial reporting standards.

In addition, several studies have been done over the years by Kahari et al., (2019); Njonde and Kimanzi (2018); Perafán (2017); Adeuja (2019); Hendriks (2018) in the subject of integrated financial management system, and financial reporting standards in countries like Kenya, Nigeria, and the United Kingdom. However, none of the above studies were done in Burundi thus presenting gap that, caused the need for a scientific investigation

This study therefore investigated to establish the effect of integrated financial management system on the financial reporting of commercial banks in Burundi.

Literature Review

Integrated financial management system (IFMS) is an information system that tracks financial events and summarizes financial information (Hendriks, 2018). It supports adequate management reporting, policy decisions, fiduciary responsibilities and the preparation of auditable financial statements. In its basic form, an IFMS is little more than an accounting system configured to operate according to the needs and specifications of the environment in which it is installed (Kahari et al., 2019). In general terms, it refers to the automating of financial operations. In the sphere of government operations, IFMS 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 (Lianzuala & Khawlhring 2008). An IFMS is an information system that tracks financial events and summarizes financial information. In the private sector, such systems provide critical support for management and budget decisions, fiduciary responsibilities, and the preparation of financial reports and statements (Dener, & Young, 2013). An integrated financial management system (IFMS) is an IT-based budgeting and accounting system that manages spending, payment processing, budgeting and reporting for governments and other entities (Selfano et al., 2014). In this study, IFMS was operationalized in terms of cash management, budgeting, and accounting system.

Financial reporting is defined by Sunder (2016) as the financial results of an organization that are released to the public.On the other hand, the Australian Accounting Standards Board (AASB) (2013) defined financial reporting as the periodic process of providing information in financial statements (including the notes thereto) about the financial position and performance of a reporting entity to parties (users) external to that entity to assist them in making informed decisions about allocating scarce resources. In addition, Lai et al., (2017) defined financial reporting as a formal record of the financial activities and position of a business, person, or other entity. According to McConville and Cordery (2018), financial reporting is the process of producing statements that disclose an organization's financial status to management, investors and the government.

According to Wainaina and Makori (2019), one of the basic features of the IFMS is the ability to interface with a number of existing and planned automated systems such as the Integrated Personnel Payroll Data (IPPD) and Government Payments Solution (G-pay).

The objective of implementing an IFMS system is to increase the effectiveness and efficiency of state financial management and facilitate the adoption of modern public expenditure management practices in keeping withInternational Public Sector Accounting Standards (IPSAS). The benefits of an IFMS include: better fiscal management, more optimal resource allocation, improved management of resources (value for money), reduced fraud and corruption, improved transparency and accountability, lower transaction costs (Njonde & Kimanzi, 2018).

Wamuyu (2013) further explains that an IFMS provides decision-makers and public-sector managers with the information they need to perform their managerial functions. Rodin-Brown (2008) states that an IFMS provides timely, accurate and consistent data for management and budget decision-making. By computerizing the budget management and accounting system for a government, an IFMS 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 (Maake, 2012). An IFMS allows users anywhere within the IFMS 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 (Opiyo, 2017).

According to Hove and Wynne (2018), an IFMS assists management in ensuring accountability for the deployment and use of public resources and in improving the effectiveness and efficiency of public expenditure programmes. By tracking financial events through an automated financial system, management is able to exercise improved control over expenditure and to improve transparency and accountability in the budget cycle as a whole. Opar and Omondi (2016) argue further that, as a management tool, an IFMS should support the management of change. As such, it should be viewed as part of the broader financial reforms of government, such as budget reforms. As a management tool, IFMS also enables management to do the following (Odoyo, 2014): Control aggregate spending and the deficit. Prioritize expenditure across policies, programmes and projects to achieve efficiency and equity in the allocation of resources, andmake better use of budgeted resources, namely, to achieve outcomes and produce outputs at the lowest possible cost.

According to Ogachi and Muturi (2016), the scope and functionality of an IFMS can vary from a basic general ledger accounting application to a comprehensive system covering budgeting, accounts receivable or payable, cash management, commitment control, debt, assets and liability management, procurement and purchasing, revenue management, human resource management and payroll (Rozner 2008). Its role is to connect, accumulate, process and then provide information to all parties in the budget system on a continuous basis (Ondimu, 2013). It is therefore imperative that the system should be able to provide the required information timely and accurately, because if it does not it will not be used and cease to fulfil its central function as a system.

Omokonga (2014) argues that an IFMS can improve public financial management in a number of ways, but generally seeks to enhance confidence and credibility of the budget through greater comprehensiveness and transparency of information. The purpose of using an IFMS is to improve budget planning and execution by providing timely and accurate data for budget management and decision-making (Omondi, 2016). A more standardized and realistic budget formulation process is allowed for and improved control over budget execution is affected through the full integration of budget execution data.

Hypothesied Framework

Integrated Financial Management System

- Cash management [efficient collection and disbursement of cash within the bank]
- Budgeting [A financial plan]
- Accounting system [a technology that allows a bank to track all financial transactions]

→

Financial Reporting Presentation

[*Using* international financial reporting standards (IFRS)]

- IFRS 10: Consolidated Financial statements
- IFRS 11: Joint arrangements
- IFRS 12: Disclosure of interest in other entities.

Source: Literature Hendriks (2018), Njonde and Kimanzi (2018), Kahari et al., (2019), IFRS (2011a, 2011b, 2011c)

From the Hypothesized framework, financial reporting (FR) was predicted by integrated financial management system (IFMS) 'Y = α + βX'.

$FR = \alpha + \beta IFMS + \varepsilon$………………………………………………. (I)

$FR = \alpha + \beta CM + \varepsilon$………………………………………………. (II)

$FR = \alpha + \beta BG + \varepsilon$………………………………………………. (III).

$FR = \alpha + \beta AS + \varepsilon$………………………………………………. (IV)

FR = α + IFMS (β1CM + β2BG + β3AS) + ε ………………… (V)

Where **FR**=financial reporting.**CM**=cash management; **BG**=budgeting; **AS**=accounting system.

Methodology

The study adopted a quantitative and qualitative paradigm with cross sectional and correlation designs. Correlation design was used to establish relationships between intergrated financial Management system and financial reporting of selected commercial banks. Logical quantitative designs were applied in data collection, analysis and presentation which also helped to test hypothetical deductive generalizations. The study population consisted of all registered commercial banks from where the sample size were determined which was consistent with the sample size guidelines of Ntoumanis (2001) and Field (2006). Ntoumanis (2001) and Field (2006), multistage, simple rondom sampling and purposive techniques were used. Primary and secondary data sources were used in the study. Cronbach's alpha was used to test the reliability of the instruments and the instruments were found to be reliable at 0.78. Content validity of the two instruments was ensured through use of valid concepts which measure the study variables . Content validity was used to ensure that the questionnaire was content valid. The content validity results were obtained and for all the constructs were above 0.7 as recommended by Sakaran (2000). The study used Means and standard deviations in order to summarize the results. The means were used because they show a summary of data and standard deviation clearly shows how well the means represent the data (Field, 2009).

Findings and Discussion

Integrated Financial Management System

Integrate Financial Management System	**Mean**	**Std. Deviation**
Cash management	3.90	0.930
Budgeting	3.92	0.975
Accounting system	3.69	1.152
Overall Average Mean	**3.84**	**1.019**

Source: Primary data, 2019

The findings revealed that, integrated financial management system was assessed by the respondents as satisfactory (overall average mean=3.84, Std=1.019). This was attributed to the fact that elements that were used for measuring IFMS were all assessed by the respondents as satisfactory. That is to say, cash management, budgeting and accounting system were all assessed as satisfactory. This implies that IFMS is very instrumental in the banking sector in promoting better financial reporting through the use of better cash management system, proper budgeting and adoption of relevant accounting system

Financial Reporting

Financial Reporting	**Mean**	**Std. Deviation**
Consolidated Financial Statements	3.64	1.166
Joint Arrangements	3.91	0.965
Disclosure of Interest in other Entities	3.73	1.039
General Average Mean	**3.76**	**1.057**

Source: Primary data, 2019

The results revealed that financial reporting by the commercial banks was assessed by the respondents as satisfactory (overall average mean=3.72, Std=1.067). This is attributed to the fact that the banks satisfactorily use consolidated financial statements, joint arrangements, and disclosure of interest in other entities in their financial reporting

The Effect of Cash Management on the Financial Reporting of Selected Commercial Banks in Bujumbura, Burundi

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.753[a]	.567	.562	.33722	.567	125.669	1	96	.000

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.290	1	14.290	125.669	.000[b]
	Residual	10.917	96	.114		
	Total	25.207	97			

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta (β)		
1 (Constant)	1.409	.213		6.602	.000
Cash Management	.605	.054	.753	11.210	.000

Source: Primary data, 2019

The results revealed that cash management significantly affect the financial reporting of commercial banks by a variance of 56.2% (Adjusted R^2=0.562, p=0.000). This was

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attributed to the fact that IFMS allows proper cash management through processing and printing of cheques, handling of multi-currency bank accounts and transactions, and preparing bank accounts reconciliation statements which later can make financial reporting much more easier and elaborate. This therefore implies that the null hypothesis that there is no significant effect of cash management on the financial reporting of selected commercial banks in Bujumbura, Burundi was rejected and the alternative hypothesis that there is a significant effect of cash management on the financial reporting of selected commercial banks in Bujumbura, Burundi was accepted. Furthermore, the study found that the regression model was the best fit for predicting the effect of cash management on financial reporting (F=125.669, *p*=0.000). Similarly, the study revealed that every unit change in cash management will significantly affect the variance in financial reporting by 75.3% (Beta=0.753, *p*=0.000).

The Effect of Budgeting on the Financial Reporting of Selected Commercial Banks in Bujumbura, Burundi

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.667[a]	.445	.439	.38173	.445	76.985	1	96	.000

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.218	1	11.218	76.985	.000[b]
	Residual	13.989	96	.146		
	Total	25.207	97			

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta (β)	T	Sig.
1	(Constant)	1.530	.258		5.926	.000
	Budgeting	.571	.065	.667	8.774	.000

Source: Primary data, 2019

The results revealed that budgeting significantly affect the financial reporting of commercial banks by a variance of 43.9% (Adjusted R^2=0.439, *p*=0.000). This was because the use of IFMS in budgeting enables copying old budgets to build new budget balances, maintaining details of every account, and maintaining multiple budgets for one period thus making it easier to account for it in a financial reporting. This therefore implies that the null hypothesis that there is no significant effect of budgeting on the financial reporting of selected commercial banks in Bujumbura, Burundi was rejected and the alternative hypothesis that there is a significant effect of budgeting on the financial reporting of selected commercial banks in Bujumbura, Burundi was accepted. Likewise, the study found that the regression model was the best fit for predicting the effect of budgeting on financial reporting (F=76.985, *p*=0.000). Similarly, the study revealed that every unit change in budgeting will significantly affect the variance in financial reporting by 66.7% (Beta=0.667, *p*=0.000).

The Effect of Accounting System on the Financial Reporting of Selected Commercial Banks in Bujumbura, Burundi

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.785[a]	.616	.612	.31757	.616	153.935	1	96	.000

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.525	1	15.525	153.935	.000[b]
	Residual	9.682	96	.101		
	Total	25.207	97			

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta (β)		
1	(Constant)	1.863	.157		11.855	.000
	Accounting System	.518	.042	.785	12.407	.000

Source: Primary data, 2019

The results revealed that accounting system significantly affect the financial reporting of commercial banks by a variance of 61.2% (Adjusted R^2=0.612, p=0.000). This was due to the fact that IFMS permits the use of accounting system in financial reporting because it supports the payment terms by the customer, accepts manually entered voucher numbers, and enforces control on customer credit limit. This therefore implies that the null hypothesis that there is no significant effect of accounting system on the financial reporting of selected commercial banks in Bujumbura, Burundi was rejected and the alternative hypothesis that there is a significant effect of accounting system on the financial reporting of selected commercial banks in Bujumbura, Burundi was accepted. Additionally, the study found that the regression model was the best fit for predicting the effect of accounting system on financial reporting (F=153.935, p=0.000). Similarly, the study revealed that every unit change in accounting system will significantly affect the variance in financial reporting by 78.5% (Beta=0.785, p=0.000).

Analysis on the Effect of Integrated Financial Management System on Financial Reporting in Selected Commercial Banks in Bujumbura, Burundi

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.821[a]	.673	.663	.29592	.673	64.617	3	94	.000

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.975	3	5.658	64.617	.000[b]

Residual	8.231	94	.088		
Total	25.207	97			

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.349	.213		6.329	.000
Cash Management	.286	.079	.355	3.640	.000
Budgeting	.033	.083	.038	.390	.000
Accounting System	.320	.068	.485	4.719	.000

Source: Primary data, 2019

The results revealed that a combination of cash management, budgeting and accounting system significantly affect the financial reporting of commercial banks by a variance of 66.3% (Adjusted R^2=0.663, p=0.000). In addition, the study found that the regression model was the best fit for predicting the effect of IFMS combination on financial reporting (F=64.617, p=0.000). Similarly, the study revealed that accounting system (48.5%) was the highest predictor of financial reporting (Beta=0.485, p=0.000), followed by cash management (35.5%) and lastly budgeting predicted 3.8% (Beta=0.038, p=0.000). This therefore implies that policy makers and management within the commercial banks should re-emphasize the use of better accounting systems so as to enhance proper financial reporting.

Recommendations

The study found that cash management significantly influences financial reporting of commercial banks in Burundi. Therefore, the study recommends that the management of the banking industry should involve all the stakeholders in the development of cash management framework that is used in the planning, implementation, auditing, supervision, monitoring and maintenance of the IFMS to streamline all roles and responsibilities of all the users of the system so that no cash is mismanaged.

The Study further revealed that budgeting significantly influences financial reporting of commercial banks in Burundi. Therefore, the study recommends that the management of the banking industry should promote efficient and clear budgeting by incorporating it with the IFMS. This will enable the banks to meet their budget objectives and goals, thus promoting the quality of financial reports.

From the findings, it was revealed that accounting system significantly influences financial reporting of commercial banks in Burundi. Therefore, the study recommends that commercial banks should adhere to strict IFMS guidelines such as payment terms, credit limit, and automatic voucher number. This will help to check on the relevance, verifiability, and comparability of financial reports.

Therefore in conclusion,the study recommends that the management of the banking industry should ensure that IFMS easily adapts to the changes in cash management, budgeting and accounting system practices without complete overhaul of the system so as to ensure efficient and timely financial reporting.

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