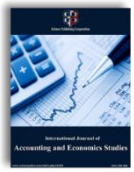
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Research paper



Challenges in The Implementation of The Integrated Financial Management System: An Approach Based on Governance And Institutional Capacity in Local Governments

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Abstract

The Integrated Financial Management System (IFMS) was created by the International Monetary Fund (IMF) and was designed for use by government entities; however, over time, a lack of information for its effective management in local governments has been observed. The objective of this study is to identify the challenges in implementing the IFMS, considering a governance and institutional capacity approach in local governments. A systematic review of the scientific literature was conducted, following the PRISMA guidelines. The search process identified 671 documents from Scopus, 229 from Refseek, and 294 from Google Scholar. Twenty-five articles were then selected for the final analysis. The results show that the processes and practices carried out by local public institutions to make and regulate decisions, automation, digitization, internal control, and staff training are seen as challenges for the implementation of an IFMIS. Likewise, the lack of strategies, the use of analytical tools, regulations for financial management and collaborative work, corruption, territorial and psycho-social factors also limit the implementation of the IFMS. Consequently, improvised staff training, poor internal control, a lack of effective knowledge in the use of ICTs and electronic systems, and a lack of investment in digitalization become the main challenges for local governments in implementing this system.

Keywords: *Financial Management; Governance; Integrated System; Institutional Capacity; Local Governments.*

1. Introduction

Worldwide, the management of public works finance has been influenced by administrative principles, which play an important role in the control of the processes involved (Wang & Ran, 2021). In this regard, it is necessary to recognize that the usefulness and effectiveness of each administrative activity require compliance with a series of essential rules that allow administrative personnel to know the steps to follow when faced with a given problem. These fundamental rules are known as "administrative principles" or "principles of management." (Okoline & Emoghene, 2021).

These principles are part of the guidelines immersed in financial administration, a discipline oriented to the study of public funds paid by citizens as taxes, as well as charges on the profits of productive organizations (Cifuentes-Faura et al., 2023; Yan & Haroon, 2023). In this context, we find taxation and finance, as well as the departments and agencies at the state level that are responsible for various associated functions. These range from budgeting, tax collection, administrative and disbursement systems, accounting, debt, loans, administration, and auditing (Jiang et al., 2022; Syafira et al., 2023; Su et al., 2023).

The management of public policies is programmed with the support of budget allocations to meet the established goals (Mauro et al., 2021). In perspective, the State allocates an initial institutional budget (IIB) to all sectors, budget units, and implementing units at the national, regional, and local levels to expedite work operations (Cuadro-Ballesteros & Bisogno, 2022; Bravo et al., 2024; Mukhlis et al., 2024). Here, those responsible for these actions are the mayors, directors, managers, chiefs, and other officials, who manage these resources under the protection of legal guidelines and frameworks (Inocente, 2021). However, due to the multiple functions of these agencies, a public financial structure has emerged, with specific activities, functions and regulations, known as the Integrated Financial Management System (IFMS) (Molina et al., 2023) or Integrated Financial Management Information System (IFMIS), which acts as an applied tool, mostly in local governments (Jensem et al., 2023).

The IFMS was created by the International Monetary Fund for use by all government entities, with regulations designed for its application. To this end, the International Public Sector Accounting Standards (IPSAS) are available, which consist of a series of high-quality accounting standards aimed at governments and public entities, issued by the International Public Sector Accounting Standards Board (IPSASB), to improve the transparency and comparability of financial reports worldwide (Schmidthuber et al., 2020). It is based on the accrual or cash

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model, which facilitates accountability and better public financial management, similar to IFRS in the private sector (Imhanzenobe et al., 2022).

From a micro perspective, since the IFMS is a tool that allows for the integration of budgetary, accounting, and treasury aspects, the management of physical cash flow or cash accounting must be recorded in the system through petty cash and minor transactions. These must then be reconciled with accrual accounting (Mayta-Huiza et al., 2023). However, there have been some issues with how it's been implemented and developed, like not having enough info for local governments to use it effectively. Initially, this tool was intended to provide significant support for budgetary and financial information to local governments, given the various emerging situations that arose in Latin American countries such as Brazil, Argentina, Ecuador, Peru, and Colombia, as well as in other nations worldwide. Similarly, there appears to be a lack of understanding of its functions, which should be geared towards periodically evaluating performance in information preparation as a basis for decision-making (Espinal-Carrillo & Toaza-Tipantasiq, 2024).

Generally, the Integrated Financial Management System (IFMS) is associated with the application of information and communication technologies (ICTs) in business processes to manage budget planning, the preparation of reports and financial statements, and fiduciary responsibilities(Mayta-Huiza et al., 2023). However, due to known or emerging factors and approaches, the implementation of this system faces technical, economic, social, technological, and other challenges that hinder the achievement of the established objectives, such as financial inclusion and poverty reduction (Polloni-Silva et al., 2021).

It is important to highlight two complementary strategic areas that are crucial to the development of an IFMS: governance and institutional capacity. Addressing each of these areas is expected to maximize benefits for citizens and ensure the controlled consumption of resources. (Pavan et al., 2022). The first pillar is associated with the processes, institutions, and practices through which decisions affecting communities are made and regulated, including the interaction between government, civil society, and the private sector (Murigi and Musau, 2023).

Institutional capacity encompasses the resources, structures, and skills that provide the evidence presented by the organization to respond to the demands of communities (Cronert and Hadenius, 2020). From both perspectives, institutional reorganization and functional and procedural monitoring (audits) are crucial mitigating factors in preventing and addressing regional problems and, therefore, demonstrating local development (El Kezazy and Hilmi, 2023; Yan and Lyu, 2023).

The objective of this study is to learn about the challenges in the implementation of the Integrated Financial Management System, considering an approach based on governance and institutional capacity in local governments. To that end, the research is developed based on the following question: What are the challenges for the implementation of an IFMS in terms of governance and institutional capacity in local governments? The importance of this study resides in obtaining updated information on the level of support received by local governments in different contexts, for the effective management of budgetary and financial information, based on the management they perform in relation to governance and institutional capacity. In addition, it is perceived that there is no relationship between the IFMS and other minor procedures, such as taxes and contributions, aspects that directly affect the administrative management of financial resources.

2. Research Methodology

The study was developed following the methodology of a systematic review of the scientific literature (Sarkis-Onofre & Catalá-López, 2021). To this end, the general guidelines of the Prisma protocol were taken into consideration (Caputo & Kargina, 2022). The search process provided a total of 1194 documents that were extracted from selected databases, according to criteria based on their level of quality and reliability (Campbell et al., 2023). A total of 671 documents were obtained from Scopus, 229 from Refseek, and 294 from Google Scholar. Likewise, selection criteria were considered, which were sectioned into inclusion and exclusion criteria (Carrera-Rivera et al., 2022). All this information is shown in Table 1.

Table 1: Selection Criteria

Inclusion	Exclusion
Peer-reviewed academic papers.	Documents lack a peer review process.
Academic documents such as review articles, research papers, or book chapters indexed in Scopus.	Documents such as editorial letters, degrees, master's, doctoral theses, and monographs.
Documents published in the 2015-2025 period.	Documents published before 2015.
Documents with a minimum structure composed of an abstract, introduction, methodology, results, discussion, and conclusions.	Incomplete documents.
Abstract with three to five keywords.	Documents with missing or incomplete keywords.
Publications in the English language.	Publications in languages other than English.

The search equation was structured with Boolean operators AND and OR, using the keywords selected from the title: “Integrated system”, “Financial management”, ‘Governance’, “Institutional capacity”, “Local governments”, “Integrated Financial Management System”, and “IFMS”. The equation was formed in the following way: ((“Integrated system” AND “Financial management” AND “Governance” AND “Institutional capacity” AND “Local governments”) OR (“Integrated Financial Management System” AND “Governance” AND “Institutional capacity”)) Title. Figure 1 shows the flowchart for the articles section of the review.

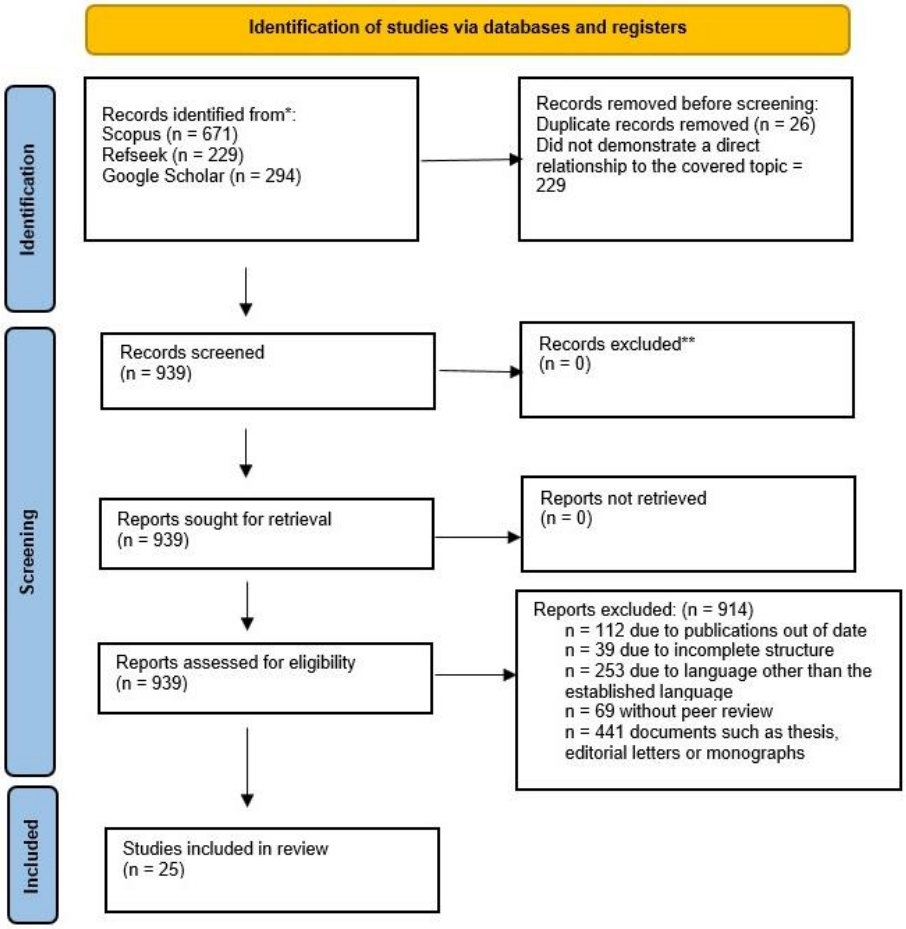


Fig. 1: Prisma Flowchart.

3. Results

In order to provide answers to the research question, each of the 25 selected articles was reviewed in detail. In consequence, Table 2 presents the highlights, including author(s) and year of publication, the type of study, the journal and country of origin, and finally, the associated finding, with which the discussion of the results proceeds concretely.

Table 2: Articles Selected for Analysis

Author(s)/year	Title	Journal/country of origin	Finding
Salvador & Sancho (2021)	The Role of Local Government in the Drive for Sustainable Development: Public Policies. An Analytical Framework Based on Institutional Capacities	Sustainability/Suiza	The Barcelona City Council case study highlights the importance of the combined action of strategic capacity, analytical capacity, management capacity, and collaborative capacity as prerequisites for the articulation of public policies for sustainable development in local governments. This suggests that a lack of coordination of these capabilities affects the sustainable development of the IFMS. In summary, strategic capacity is fundamental to align governmental action of any nature.
Domorenok et al. (2021)	Introduction: Policy Integration and institutional capacity: theoretical, conceptual, and empirical challenges	Policy and Society/Reino Unido	There are limitations and challenges associated with territorial perspectives that are reflected in barriers at the national, regional, and subregional levels. These findings focus primarily on the organizational level, revealing the shift in the local institutional balance, specifically within the political and administrative sphere. This highlights the need to establish mechanisms for intersectoral collaboration.
Sofyani et al. (2020)	Improving service quality, accountability, and transparency of local government: The intervening role of information technology governance	Cogent Business & Management/Reino Unido	The result implies that high-level telecommunications management is essential for the successful development of e-government in Indonesian local governments. Consequently, the use of ICTs in government processes is imperative to improve efficiency, effectiveness, transparency, and accountability in public administration.
Lacuzzi (2022)	An appraisal of financial indicators for local government: a structured literature review	Journal of Public Budgeting, Accounting & Financial Management/Reino Unido	The study highlights how the financial management practices used by local governments have been reformed. Among these reforms is the fragmentation of indicators, exacerbated by the scarcity of assessment tools for widespread crises across all countries and sectors. However, a system of indicators does not necessarily address the root causes of a problematic situation, nor does it provide a single index to explain a financial situation. This becomes a limitation in the implementation of an IFMS.
Guarini et al. (2022)	Localizing the Sustainable Development Goals: a managerial perspective	Journal of Public Budgeting, Accounting & Financial Management/Reino Unido	Local government managers should support the political decision-making process by using performance indicators and gap analysis. This will allow them to prioritize economic, social, and environmental aspects. By doing so, they can adapt and revise current strategies to improve

			outcomes and integrate efforts to implement actions focused on sustainable development. Therefore, the use of performance indicators should demonstrate the improvements achieved, enabling the monitoring of progress in local strategies. Setting objectives and targets at this level, along with greater accountability, demonstrates a political commitment to sustainability.
Feng et al. (2022)	Environmental decentralization, digital finance, and green technology innovation	Structural Change and Economic Dynamics/Países Bajos	Digital finance significantly fosters innovation in green technology, as well as in small businesses. Furthermore, digital financial development has the potential to enhance green technology innovation in certain regions with high levels of pollution, where the local government has stronger governance structures.
Cuadrado-Ballesteros et al. (2021)	Public-Sector Financial Management and e-Government: The Role Played by Accounting Systems	International Journal of Public Administration/Reino Unido	A holistic approach is needed that equally values technological elements, the quality and integrity of information, its international comparability, and the socioeconomic context. Furthermore, social and technical aspects must be considered when adopting e-government.
Palomino (2024)	Integrated Financial Management System: Its importance in administrative management in local governments in Peru-2023	Intern. Journal of Profess. Bus. Review/Brasil	It is suggested that continuous monitoring mechanisms be created for the Integrated Financial Management System (IFMS), with an emphasis on periodic updates to adapt to evolving administrative, budgetary, and financial requirements. Furthermore, promoting comprehensive programs to develop the capacities and training of municipal employees is crucial to improving their competence in the effective use of IFMS. It is expected that empowering stakeholders will optimize the system's benefits and foster efficiency in local governments.
Pasape & Godson (2022)	Challenges Affecting the Effective Implementation of Financial Management Information Systems in Local Government Authorities in Tanzania as Part of the Digital Ecosystem	Journal of Financial Risk Management/China	The implementation of the Integrated Financial Management System (IFMS) faces technical, user, and organizational challenges. It requires a reliable electricity supply in each district council, the provision of new computers, excellent organizational management, and ongoing staff incentives. It is recommended to engage qualified private-sector companies and consultants to support the successful implementation of change management.
Lazia & Moses (2023)	Integrated Financial Management System on financial reporting of local government in Uganda, a case study of Mukono District Local Government	Metropolitan Journal of Science and Technology/Uganda	Among the challenges is the corruption of local governments. In addition, a lack of personnel skills has slowed success, and transparency in the management of public finances has not been fully achieved.
Muwema & Phiri (2020)	The Impact of Integrated Financial Management Information Systems on the Procurement Process in the Public Sector in Developing Countries: A Case of Zambia	Open Journal of Business and Management/China	It is recommended that citizens and suppliers be given access to the system, thereby making processes more transparent. Furthermore, it was recommended that the system's code be restructured to make it more proactive, with the aim of improving budget compliance and reducing misappropriation of funds. In conclusion, the study also recommended that contracting processes be performed only in the system and that duplication of paperwork be eliminated.
Tum & Ondabu (2023).	An Integrated Financial Management Information System and the Quality of Financial Reports Among Government Institutions in Kenya	International Journal of Finance Research/Indonesia	The quality of financial reporting by Kenyan government institutions has improved as a result of the implementation of electronic budgeting and automated cash management. It was determined that automated financial reporting and electronic procurement significantly impact the quality of these institutions' financial reports.
Kashero et al. (2023)	Effects of the Integrated Financial Management System on the Financial Performance of County Governments of Kilifi	International Journal For Research In Business, Management And Accounting/Australia	The implementation of the Integrated Financial Management System (IFMS) impacted the timely submission of expenditure reports, procurement efficiency, cash management, and budgeting. Ultimately, it is concluded that strengthening the integration of IFMS in the county will improve financial performance by more than 60%.
Yaokumah & Biney (2023)	Integrated Financial Management Information System Project Implementation in Ghana Government Ministries	International Journal of Information Technology and Management/Singapore	The SIGF is an excellent tool for public financial management. However, successful implementation requires the support of senior management and ICT expertise.
Baina & Manyange (2020)	Accounting Information Systems and Financial Accountability in Bushenyi District Local Government in Western Uganda	Research Journal of Finance and Accounting/Pakistán	The implementation of a SIG is affected or limited by various factors. In the case of Uganda, the main cause is financial accountability levels. Another cause is the low capacity of the employees in the use of computerized systems and the staff's decision-making skills in financial situations.
Rocha de Acevedo et al. (2020).	Financial Management Information Systems and accounting policies retention in Brazil	International Journal of Public Sector Management/Reino Unido	Among the limitations for the implementation of GIS are the lack of coherence with the various computer subsystems, routines for storing and retrieving data, protocols that allow data integration, templates and interfaces, and human support capabilities (including from providers). This is directly associated with governance and institutional capacity, a requirement that must be met by the institution's management, with an investment of time and money.
Noor (2022).	Factors Influencing the Implementation of Integrated Financial Management Information Systems: A Study Focused on Bangladesh	South Asian Journal of Social Sciences & Humanities/India	The study showed that staff capacities and skills in ICT management and administrative principles have an impact on the effective implementation of IFMS. Potentially, staff turnover and the inattention of the salary structure may affect the progress of activities.
Fitri et al. (2019)	Factors influencing the information quality of local government financial statements and financial accountability	Management Science Letters/Reino Unido	Once again, the human resources' competencies in the implementation of information and communication techniques are the causes that affect the efficient implementation of an IFMS. Likewise, the quality of the information available is questionable, due to deficiencies in internal control.

Antlöv et al. (2016)	Village Governance, Community Life, and the 2014 Village Law in Indonesia	Bulletin of Indonesian Economic Studies/Reino Unido	To claim that the Villages Act alone provides a suitable basis for regulating the effective financial management of villages is not a valid argument. This limits the effective implementation of an Integrated Financial Management System (IFMS). Therefore, it must be accompanied by the strengthening of other accountability and governance mechanisms, including the supervision and coordination of village activities, the auditing of their budgets, and the design of a simple and effective budget management and reporting system. All of this should be carried out by the districts. However, upward accountability and formal reporting are rarely enforced and are generally ineffective, as evidenced by the large number of regents, mayors, and members of the Regional Assembly of People's Representatives imprisoned for corruption.
Bosco (2017)	Impact of Integrated Financial Management Information System on Performance of Public Institutions in Rwanda	Enterprise Risk Management/EE. UU.	The verification and testing of hypotheses in this study allows inferring that the implementation of an IFMS can be affected by variables such as the internal control system, the budgeting system, cash management, financial information, and personnel capacity. These aspects are directly and indirectly related to governance and institutional capacity.
Osano y Ngugi (2018)	Factors affecting the implementation of the integrated financial management information system in the public sector in Kenya.	International Academic Journal of Economics and Finance/EE. UU.	One of the key factors for the implementation of IFMS is to have a level of security for the management of financial information. One of the key factors for the implementation of IFMS is to have a level of security for the management of financial information.
Mohamud (2018).	Factors Influencing Implementation of Integrated Financial Management Information System (IFMIS) In Puntland's Public Institutions: A Case of Garowe City	IOSR Journal of Business and Management (IOSR-JBM)/India	In the public sector, the implementation of the SIIGF began in 2015, and its configuration has been slow, except for the hiring of technical staff in some key areas. Other weaknesses have been top management commitment and project funding.
Majer et al. (2021)	The roles and Adaptation of the Integrated Financial Management Information System (IFMIS) Free Balance on public finance management and service delivery in South Sudan	International Journal of Science and Business/EE. UU.	Policies without the previous application of interventions appropriate to the current processes are not effective for the implementation of the IFMS. The Government of South Sudan is recommended to work on staff competence, starting with the recruitment of qualified individuals and progressing to the adoption of job training related to IFMS operations.
Kumar et al. (2023)	World Journal of Management and Economics: Exploring the use of an integrated financial management information system (IFMIS) in the local government institutions	Journal of Business and Management (IOSR-JBM)/India	Despite the various benefits of using this technology, the research revealed that the main drivers of IFMIS success were legal, environmental, and organizational challenges. This is even though adopting this technology has many advantages. Furthermore, it was essential to explore how the IFMS is used in local government institutions, to recognize the importance of technological variables and sociocultural factors that represented the main barriers to the implementation of the IFMS.
Muragi & Musau (2023)	Financial Management Practices and Quality of Financial Governance of Nairobi City County Government, Kenya	Journal of Finance and Accounting / Kenya	Results revealed that revenue mobilization strategy, budgetary techniques, financial reporting, and an integrated financial management system had a positive and significant influence on the quality of financial governance.

The frequency trend in publications during the study period showed an increased interest in the topic between 2019 and 2023, from one to a maximum value of six. Previously, between 2015 and 2018, there was a fluctuation between zero and two, but in 2024 and 2025, the trend was a total fall. Figure 2 shows this behavior graphically.

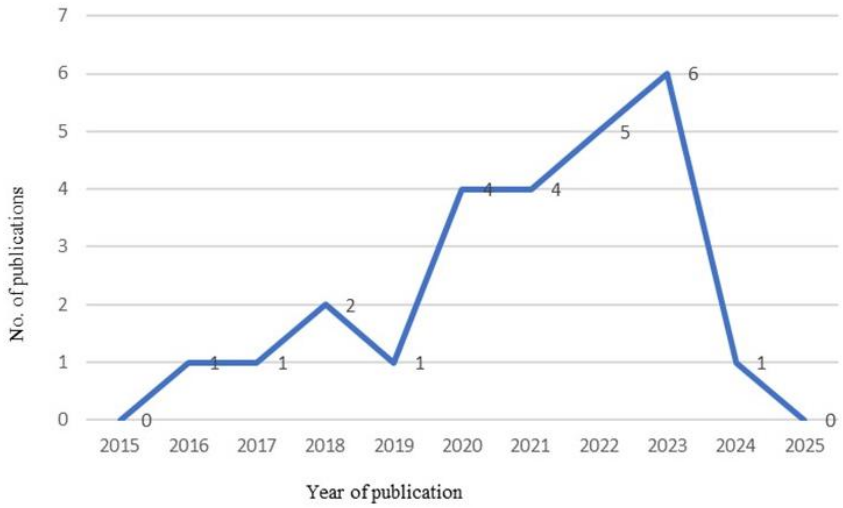


Fig. 2: Trend in the Number of Publications between 2015 and 2025.

A relevant fact is the country of origin of the journal where each study analyzed is published. Twelve countries in Europe, Asia, and the Americas stand out. The ranking is led by the UK (n = 8, 32 %), followed by India (n = 3, 12 %) and the USA (n = 3, 12 %), and in third place by China (n = 2, 8 %) and Australia (n = 2, 8 %). Notably, the only Latin American country that appears in this section is Brazil, with only one (1) publication. Other related countries are Switzerland, the Netherlands, Uganda, Indonesia, Singapore, and Pakistan, with one (1) publication each. Table 3 shows the details of this information:

Table 3: Ranking

Country	Frequency	Percentage
United Kingdom	8	32 %
India	3	12 %
USA	3	12 %
China	2	8 %
Australia	2	8 %
Switzerland	1	4 %
Netherlands	1	4 %
Brazil	1	4 %
Uganda	1	4 %
Indonesia	1	4 %
Singapore	1	4 %
Pakistan	1	4 %
Total	25	100 %

In relation to the regions in which specific case studies were addressed, there is the city of Barcelona in Spain; one specific case of a local government in Peru, Tanzania, Zambia, Ghana, Bangladesh, Rwanda, Somalia (Garowe), and South Sudan, as well as two in Indonesia, two in Uganda, and three in Kenya. Once again, it should be noted that most of the investigations have been developed on the African continent, which seems to suggest that this region has faced the greatest number of setbacks in the implementation of the IFMS. Figure 3 shows graphically the information collected.

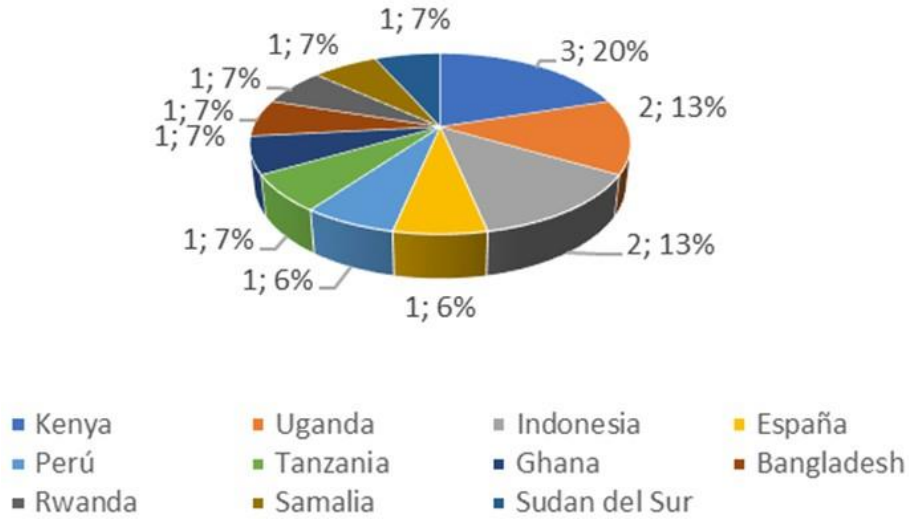


Fig. 3: Case Studies Reviewed.

The findings have revealed the intrinsic relationship between governance and the institutional capacity of local governments, since solid institutional capacity, provided by the availability of resources, structure, and functionality, affects governance in terms of public management and decision-making. The interrelated aspects of these sub-dimensions of the IFMS are highlighted below.

3.1. From the perspective of governance to institutional capacity

Returning to the approach presented by Pavan et al. (2022), governance is defined as the set of processes, institutions, and practices required to make and regulate decisions in favor of communities, based on the interaction between the government, civil society, and the private sector. In this regard, Correa-Rivera et al. (2022) expressed the importance of the combined action of strategic capacity, analytical capacity, management capacity, and collaborative capacity as prerequisites for the articulation of public policies for sustainable development in local governments.

For their part, Domorenok et al. (2021) emphasized that the use of ICT in government processes is imperative to improve efficiency, effectiveness, transparency, and accountability in public administration. Feng et al. (2022) discussed the establishment of continuous monitoring mechanisms for the IFMS, with an emphasis on periodic updates to adapt to evolving administrative, budgetary, and financial requirements.

In the same vein, Fitri et al. (2019) recognized that the available legal regulations (Village Law) alone do not provide an adequate basis for regulating effective financial management in villages. This limits the effective implementation of an IFMS, while Antlöv et al. (2016) observed that the implementation of an IFMS can be affected by variables such as the internal control system, the budgeting system, cash management, financial information, and staff capacity. However, Bosco (2019) pointed out that policies without the prior application of appropriate interventions to current processes are not effective for the implementation of IFMS.

On the other hand, Majer et al. (2021) agree that despite the various benefits of using this technology, the main drivers of GIFMIS' success were legal, environmental, and organizational challenges. However, Kumar et al. (2023) noted that persistent poor performance in financial management is associated with a lack of reliable and timely information for decision-making, conditions that undoubtedly affect the implementation of the IFMS.

The aspects discussed are related to the contributions previously made by Mayta-Huiza et al. (2023), Polloni-Silva et al. (2021), and Pavan et al. (2022). First, the deficiencies noted may be associated with poverty levels or economic constraints, as well as political controversies in the regions identified in this study. This is in comparison with countries classified as developed, which, from this perspective, supports the difficulties shown in implementing this type of system.

Similarly, citizens' quality of life and the level of corruption were associated with the level of governance. In this regard, it can be inferred that, with poor governance, the functioning of an IFMS will be called into question and, therefore, cannot contribute to improving the

quality of life of users. Finally, it should be noted that poor financial governance cannot promote the use of a reliable IFMS. Therefore, it is urgent to have reliable revenue mobilization, budgetary processes, and financial reporting, as well as the correct use of the IFMS to achieve the objectives set by the public administration of local governments.

Referring to Schmidthuber et al. (2020), in contrast to IPSAS 33, which is based on accrual, the limitations and effects that prevent the implementation of IFMS reveal that public institutions may be engaging in poor financial management. As a result, the level of confidence in their management is not as high as expected, and therefore, their governance needs to be strengthened with new and better strategies. In this regard, it is pertinent to review the methods of application of the legal system, capacity building, and the implementation of actions adapted to the country's political situation to facilitate the implementation of the IFMS.

3.2. From the perspective of institutional capacity directed at governance

In this regard, Salvador and Sancho (2021) considered that there are limitations and challenges associated with territorial conditions. These mainly focus on the organizational level, which leads to changes in the local institutional balance between the political and administrative spheres. For their part, Sofyani et al. (2020) argued that recent financial management reforms for local government, with the increasing fragmentation of indicators, are related to very specific political, economic, and cultural events in each country. From Lacuzzi's (2022) perspective, local government directors should support the political decision-making process by using performance indicators and gap analysis to ensure that economic, social, and environmental issues are given equal consideration and priority, thereby promoting the implementation of the IFMS.

In the same vein, Guarini et al. (2022) argued that digital financial development has a greater positive effect on green technology innovation in small businesses, which means that the implementation of the IFMS may be affected if there are no profiles for green operations. For his part, Palomino (2024) argues that the implementation of the IFMS may face technical, user, and organizational challenges if there is not a constant supply of electricity in all government structures. Similarly, it is necessary to have state-of-the-art computer equipment, efficient organizational management, and sustained staff motivation.

On a more critical note, Pasape and Godson (2022) and Lazia and Ntirandekura (2023) present their findings that among the most complicated challenges are the growing corruption of local governments and the low capacity to combat it. In addition, the lack of staff skills counteracts the achievement of the expected success. Alarmingly, transparency in financial management cannot be maintained. Therefore, allowing citizens and suppliers free access to the IFMS improves transparency. Similarly, applying dynamic coding to the system makes it much more proactive, thus ensuring budget compliance and reducing the risk of embezzlement.

In the context of Nuwema and Phiri (2020) and Tum and Ondabu (2023), they recognize that electronic budgeting and automated cash management, included in the IFMS, have a positive and significant influence on the quality of financial reporting by government institutions. In the same context, they added that the results suggest that the implementation of IFMS had an impact on the timely submission of expenditure reports, procurement efficiency, cash management, and budgeting.

On the other hand, Cheruiyot and Tirimba (2023), Yaokumah and Biney (2020), Baina and Manyange (2020), Rocha de Azevedo et al. (2020), and Noor (2022) agree that a lack of computer skills, inconsistency between various IT and administrative subsystems, ICT management, and a lack of collaboration from senior management support systems are factors that can limit the successful implementation of SIAF and SIIGF.

This also affects staff competencies for decision-making in financial situations. Bosco (2017) added that one of the key factors that can limit implementation is the lack of security for financial information management. Finally, Osano and Ngugi (2018) note that these types of systems have been implemented since 2015, but the configuration phase has not progressed steadily, except for the hiring of technical staff in some key areas. Other weaknesses have been the commitment of senior management and the financing of the project.

These findings contradict the ideal aspects highlighted in the research by Mauro et al. (2021), Bravo et al. (2024), Cuadro-Ballestero and Bisogno (2022), and Mukhlis et al. (2024) on the allocation of a PIA and the budgetary controls required for the effective functioning of government institutions. Similarly, Schmidthuber et al. (2020) and Imhanzenobe et al. (2022) highlight fiduciary responsibilities.

What is apparent is that, due to the limitations noted in each of the cases analyzed, the expected support for the effective management of the budgetary and financial information required by local governments is not being achieved. Therefore, it is necessary for these organizations, and all those responsible for financial management, budget planning, and the preparation of reports and financial statements, to delve deeper into the diagnosis of strategic, analytical, management, and collaborative capacities in favor of the IFMS.

From a functional perspective, as pointed out by Mayta-Huiza et al. (2023), if an IFMS is not available, it can be inferred that accounting activities such as cash flow management, recording, and control are not being administered correctly, and, therefore, there is no monitoring or reconciliation between cash accounting and accrual accounting. This results in a distortion of the organizational reality in terms of the financial situation, which hinders decision-making, makes it difficult to determine payment capacity, and affects transparency and accountability. It is evidence of the organization's poor institutional capacity.

3.3. Considering the weaknesses of governance and institutional capacity in local governments

The review made it possible to identify some areas of concern that are ideal for the implementation of an IFMS and that need to be reinforced in local institutions and governments. Although efforts were made to have staff ready to provide effective responses to users, formal training is limited (Baina and Manyange, 2020; Fitri et al., 2019; Malala et al., 2023). This leads to inefficient bureaucracy that affects the effective management of information, resulting in poor service quality that leaves more expectations than satisfaction (Salvador and Sancho, 2021; Cuadrado-Ballesteros et al., 2022; Rocha de Azevedo et al., 2020).

Similarly, improvised planning prevents the fulfillment of objectives to maintain efficient governance, exposing a failure in responsiveness and delays in decision-making (Guarini et al., 2021; Malala et al., 2023). All these aspects combine to undermine the soundness of governance principles, altering the institutional image and thus creating a gap of mistrust in public management and the transparency of local governments, as a result of not having an IFMS (Cheruivot and Tirimba, 2023; Antlöv et al., 2016).

4. Conclusion

We have been able to analyze some of the challenges that have arisen in various parts of the world in implementing an IFMS, from governance and institutional capacity in local governments. In the area of institutional governance, the processes and practices carried out

by public institutions in local governments to make and regulate decisions, automation, digitization, and internal control are seen as both functional and structural gaps for the implementation and sustainability of an IFMS.

From an institutional capacity perspective, the lack of commitment from senior management in institutions, the lack of consistency in the systems and subsystems used, the lack of transparency, and ignorance of the effects of non-compliance with IPSAS contribute to delays in the implementation of the IFMS. Consequently, short-term solutions are needed related to the implementation and maintenance of ongoing training programs on the use of ICT and electronic systems, as well as the acquisition and implementation of state-of-the-art software.

These must operate on digital platforms that facilitate the interface between auxiliary systems for purchasing, personnel payments, asset control, warehouses, investments, tax administration, among others, to facilitate the sustainability of internal control. Similarly, ICT resources should be used to the fullest to establish an interactive online system between the institution and the community, in order to promote greater transparency in public management (open government).

In terms of long-term reforms, strategies should be implemented to progressively eradicate cases of administrative corruption through citizen oversight and participation, thereby promoting a culture of public ethics and clear accountability processes. Similarly, the digital transformation of processes for the collection and administration of economic resources and the processing of financial information is necessary. These aspects are among the main challenges facing local governments in the effective and efficient implementation of IFMS.

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