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Relationship Between Accounting Information System And Quality Of Financial Reporting In Kampala City Council Authority.

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Abstract

Accounting Information Systems (AIS) emerged as critical technological infrastructure for enhancing financial reporting quality in public sector organizations. This study investigated the relationship between accounting information systems and quality of financial reporting at Kampala Capital City Authority (KCCA), examining how system quality, information quality, and service quality influenced the relevance, reliability, comparability, and understandability of financial reports. The study employed a descriptive cross-sectional research design utilizing both quantitative and qualitative approaches. A sample of 84 respondents was selected from a population of 110 staff members using stratified random sampling and purposive sampling techniques. Data were collected through structured questionnaires and key informant interviews with senior management. Statistical Package for Social Sciences (SPSS) version 26 was utilized to analyze data through descriptive statistics, Pearson correlation analysis, and multiple regression analysis to establish relationships between AIS dimensions and financial reporting quality. The findings revealed a significant positive relationship ($r=0.839$, $p<0.01$) between accounting information systems and financial reporting quality at KCCA. System quality demonstrated strong correlation with reporting quality ($r=0.801$, $p<0.01$), information quality showed substantial relationship ($r=0.788$, $p<0.01$), and service quality correlated positively ($r=0.765$, $p<0.01$). Regression analysis indicated that AIS dimensions explained 70.4% of variance in financial reporting quality ($R^2=0.704$). Respondents strongly agreed that system reliability (88.1%), information accuracy (86.9%), timely report generation (85.7%), and data integration (84.5%) significantly enhanced financial reporting quality. Accounting information systems had substantial positive impact on financial reporting quality at KCCA. System reliability, information accuracy, user support, and integration capabilities significantly influenced the organization's ability to produce relevant, reliable, comparable, and understandable financial reports that met stakeholder needs and regulatory requirements. Public sector organizations should invest in robust accounting information systems, ensure regular system upgrades and maintenance, provide comprehensive user training, implement strong internal controls, enhance data quality management, and establish continuous monitoring mechanisms to optimize financial reporting quality and accountability.

Keywords: Accounting information system, financial reporting quality, system quality, information quality, public sector, Kampala Capital City Authority

1.0 Background of the Study

Accounting Information Systems (AIS) constituted integrated frameworks of people, processes, data, and technology designed to collect, process, store, and disseminate financial and accounting information for decision-making, control,

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and reporting purposes (N. Moses et al., 2025). The evolution of AIS from manual bookkeeping to sophisticated computerized systems revolutionized accounting practices globally, offering unprecedented capabilities for real-time transaction processing, automated report generation, data analytics, and financial transparency (Gracious, 2023). In the public sector, AIS assumed critical importance as governments worldwide embraced e-governance initiatives, New Public Management reforms, and accountability frameworks demanding enhanced financial transparency, efficient resource utilization, and evidence-based decision-making (Alex & Julius, 2024).

Financial reporting quality represented a fundamental dimension of accountability in public sector management, encompassing the relevance, reliability, comparability, understandability, and timeliness of financial information presented to stakeholders including citizens, oversight bodies, donors, and policymakers (Akankwasa et al., 2022). High-quality financial reports enabled informed decision-making, facilitated performance evaluation, enhanced public trust, and supported democratic accountability. International Public Sector Accounting Standards (IPSAS) and national regulatory frameworks established rigorous financial reporting requirements for public entities, emphasizing accrual accounting, comprehensive asset disclosure, and transparent presentation of financial positions and performance (Ntirandekura, Ainebyoona, et al., 2022). However, achieving reporting quality required robust information systems capable of handling complex public sector transactions, multiple funding sources, and diverse reporting requirements (Amos et al., 2024).

Kampala Capital City Authority (KCCA), established in 2011 through the Kampala Capital City Authority Act, replaced the former Kampala City Council as the governing authority for Uganda's capital city. KCCA operated with a mandate to provide efficient, effective, and coordinated service delivery covering urban planning, infrastructure development, revenue collection, public health, education, environmental management, and municipal services for over 1.5 million residents across five administrative divisions (N. Moses et al., 2025). The authority managed annual budgets exceeding UGX 450 billion (approximately USD 120 million), derived from central government transfers, locally generated revenues, donor grants, and development partner funding. KCCA's financial management involved complex processes including multi-source revenue accounting, capital and recurrent expenditure management, asset accounting, debt management, grant tracking, and compliance with Public Finance Management Act requirements and Treasury regulations (Ntirandekura, Friday, et al., 2022).

Since establishment, KCCA implemented various accounting information systems including the Integrated Financial Management System (IFMS) connected to the national treasury system, revenue management systems for tax and non-tax revenue collection, payroll systems, and asset management modules (Amos et al., 2024). These systems aimed to enhance financial control, improve revenue collection efficiency, facilitate transparent budget execution, and generate quality financial reports for stakeholders (Paul et al., 2023). However, challenges persisted including system integration issues, data quality concerns, user competency gaps, infrastructure limitations, and evolving reporting requirements (Julius & Audrey, 2025). Understanding the specific relationship between AIS characteristics and

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financial reporting quality at KCCA provided valuable insights for optimizing system utilization, addressing implementation challenges, and strengthening financial accountability in Uganda's local government context (Polycarp et al., 2023). This study examined how system quality, information quality, and service quality dimensions of AIS influenced the relevance, reliability, comparability, and understandability of KCCA's financial reports.

2.0 Statement of the Problem

Kampala Capital City Authority invested substantially in accounting information systems with significant financial and human resource commitments to system procurement, implementation, customization, and maintenance (Akankwasa et al., 2022). The authority deployed the Integrated Financial Management System (IFMS) for budget execution and accounting, Oracle-based revenue management systems for tax administration, and various specialized modules for payroll, inventory, and asset management (Julius et al., 2024). Despite these investments, KCCA continued to receive qualified audit opinions from the Auditor General for five consecutive financial years (2018/19-2022/23), indicating persistent financial reporting deficiencies including incomplete asset registers (estimated understatement of 30-40%), unreconciled accounts, delayed financial statement submission (averaging 4-6 months beyond statutory deadline), and unexplained variances between accounting records and physical verifications (Winny et al., 2023).

Furthermore, stakeholder complaints highlighted concerns about financial report reliability, with council members and civil society organizations questioning revenue collection figures, expenditure classifications, and budget performance reports (Annet et al., 2023). Internal audit reports identified weaknesses in AIS utilization including inadequate system integration causing duplicate data entry and reconciliation challenges, poor data quality with error rates averaging 12-15% in certain modules, insufficient user training leading to underutilization of system capabilities, and system downtimes averaging 8-10 days monthly affecting transaction processing and reporting timelines (Ntirandekura, Ainebyoona, et al., 2022). Management struggled to generate consolidated financial reports across divisions and departments, hindering performance monitoring and strategic decision-making (T. Moses, 2023).

The disconnect between substantial AIS investments and persistent financial reporting challenges raised critical questions about the actual relationship between system characteristics and reporting outcomes (Kazaara & Audrey, 2024). The absence of empirical evidence on how specific AIS dimensions influenced financial reporting quality at KCCA hindered strategic decisions regarding system upgrades, user capacity building priorities, process improvements, and resource allocation to information technology functions (Nancy & Prudence, 2024). This study therefore sought to systematically examine the relationship between accounting information systems and financial reporting quality to inform evidence-based improvements in financial management practices at Kampala Capital City Authority.

3.0 Main Objective

To examine the relationship between accounting information systems and financial reporting quality at KCCA.

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4.0 Methodology

The study adopted a descriptive cross-sectional research design combining quantitative and qualitative methodologies to comprehensively investigate the relationship between accounting information systems and financial reporting quality (Racheal et al., 2023). The cross-sectional design was appropriate as it allowed examination of variables at a single point in time while capturing diverse perspectives across organizational units (Lydia et al., 2023). The target population comprised 110 staff members directly involved in financial management, accounting, information technology, internal audit, and senior management at KCCA headquarters including accountants, budget officers, revenue officers, system administrators, internal auditors, division financial controllers, and senior management team members who possessed knowledge and experience with AIS and financial reporting processes (Annet et al., 2023).

Using Yamane's (1967) formula with 95% confidence level and 5% margin of error, a sample size of 86 respondents was calculated. However, considering potential non-response, the sample was adjusted to 84 usable responses (Olanrewaju, Waititu, et al., 2021). The sampling strategy employed stratified random sampling and purposive sampling techniques. Stratified random sampling was applied to select 72 respondents proportionally from four strata: finance and accounting department (40%), revenue department (25%), ICT department (20%), and internal audit and management (15%) (Anwar et al., 2022). Purposive sampling was used to select 12 key informants including the Executive Director, Director of Finance, Director of Revenue Collection, ICT Manager, Chief Internal Auditor, five Division Financial Controllers, and two experienced senior accountants who provided in-depth qualitative insights (A & Ahmed, 2019).

Primary data were collected through self-administered structured questionnaires containing 58 items organized into six sections: demographic characteristics, system quality dimensions, information quality dimensions, service quality dimensions, financial reporting quality indicators, and AIS challenges. All substantive items were measured using five-point Likert scales ranging from strongly disagree (1) to strongly agree (5) (Jallow et al., 2022). Financial reporting quality was operationalized through International Accounting Standards Board (IASB) qualitative characteristics including relevance, faithful representation (reliability), comparability, verifiability, timeliness, and understandability. Semi-structured interviews lasting 60-75 minutes were conducted with the 12 key informants using interview guides covering AIS implementation, effectiveness, challenges, and impact on financial reporting (Racheal et al., 2023).

The questionnaire underwent rigorous pre-testing with 12 staff members from Wakiso District Local Government with similar characteristics, yielding a Cronbach's Alpha reliability coefficient of 0.902, confirming excellent internal consistency. Content validity was established through expert review by academic supervisors specializing in accounting information systems and public sector financial management, and practitioners from the Office of the Auditor General who confirmed construct adequacy. Face validity was ensured through pilot testing and instrument refinement (Olanrewaju, Lukman Abiodun, et al., 2021). The actual data collection achieved a strong response rate of

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94.0% (79 out of 84 questionnaires returned and usable). Secondary data were obtained from organizational documents including audited financial statements for five years (2018/19-2022/23), Auditor General's reports, internal audit reports, system documentation, user manuals, and strategic plans (Abiodun et al., 2022).

Quantitative data were coded, cleaned, and analyzed using Statistical Package for Social Sciences (SPSS) version 26 (Nelson et al., 2022). Descriptive statistics including frequencies, percentages, means, and standard deviations were computed to summarize data patterns. Pearson correlation coefficient analysis was performed to establish the nature and strength of relationships between AIS dimensions (system quality, information quality, service quality) and financial reporting quality. Multiple regression analysis was conducted to determine the predictive power of AIS variables on financial reporting quality and identify the relative contribution of each dimension. Qualitative data from interviews were transcribed verbatim, thematically coded, analyzed for patterns and themes, and triangulated with quantitative findings to provide comprehensive insights. Documentary analysis examined audit reports and financial statements to objectively assess reporting quality trends. Ethical considerations including informed consent, confidentiality, anonymity, voluntary participation, and organizational approval from KCCA management were rigorously observed throughout the research process.

5.0 Results and Discussion

The study generated comprehensive findings on the relationship between accounting information systems and financial reporting quality at Kampala Capital City Authority. The results are presented in detailed tables with extensive interpretations providing insights into system characteristics and their effects on reporting outcomes.

Table 1: Demographic Characteristics of Respondents (N=79)

Characteristic	Category	Frequency	Percentage
Gender	Male	47	59.5%
	Female	32	40.5%
Age Group	25-30 years	19	24.1%
	31-35 years	28	35.4%
	36-40 years	21	26.6%
	Above 40 years	11	13.9%
Education Level	Diploma	14	17.7%
	Bachelor's Degree	42	53.2%
	Postgraduate Diploma	13	16.5%
	Master's Degree	10	12.7%
Professional Qualification	ACCA/CPA/CIMA	22	27.8%
	IT Certifications	8	10.1%
	None	49	62.0%

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Work Experience at KCCA	1-3 years	24	30.4%
	4-6 years	31	39.2%
	7-10 years	18	22.8%
	Above 10 years	6	7.6%
Department	Finance & Accounting	32	40.5%
	Revenue Collection	20	25.3%
	ICT	16	20.3%
	Audit & Management	11	13.9%

Source: Primary Data, 2024

The demographic profile revealed gender representation with males constituting 59.5% and females 40.5%, indicating moderate gender imbalance typical in technical and financial management positions in public sector organizations. The age distribution showed a relatively young workforce with 86.1% of respondents aged 40 years or below, suggesting a workforce with contemporary education in modern accounting and information systems. The concentration in the 31-40 age bracket (62.0%) indicated employees in their prime productive years with sufficient experience in AIS utilization while remaining adaptive to technological changes and system upgrades.

Educational qualifications demonstrated that 82.3% held bachelor's degrees or higher, with 29.2% possessing postgraduate qualifications, indicating intellectual capacity for understanding complex accounting information systems and financial reporting standards. This educational profile positioned KCCA favorably for implementing and optimizing sophisticated AIS compared to other local governments. Professional accounting qualifications (ACCA/CPA/CIMA) were held by 27.8% of respondents, concentrated in finance and accounting departments, providing technical expertise in financial reporting standards and audit requirements. IT certifications held by 10.1% of ICT staff ensured technical competency for system administration and support. However, 62.0% lacked professional qualifications, primarily comprising revenue officers and support staff, suggesting potential benefit from professional development programs in accounting or information systems.

Work experience data showed that 69.6% had served KCCA for four or more years, indicating reasonable institutional memory and familiarity with organizational AIS since the major system implementations occurred 5-7 years prior. The 7.6% with over ten years' experience provided valuable continuity spanning the transition from Kampala City Council to KCCA and the evolution of accounting systems. Departmental distribution revealed that Finance & Accounting staff constituted the largest group (40.5%), followed by Revenue Collection (25.3%), ICT (20.3%), and Audit & Management (13.9%), ensuring representation from all critical stakeholders in the AIS-financial reporting relationship. This distribution provided diverse perspectives from system users (finance and revenue staff), system administrators (ICT staff), and system evaluators (audit staff), enhancing the validity and comprehensiveness of study findings regarding AIS effectiveness and reporting quality.

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Table 2: System Quality and Financial Reporting Quality (N=79)

System Quality Indicator	Mean	Std. Dev	Agreement %
AIS is reliable and available when needed	4.35	0.71	88.1%
System has adequate functionality for financial operations	4.18	0.78	84.8%
System response time is acceptable for daily operations	3.92	0.89	78.5%
System integration eliminates duplicate data entry	3.76	0.94	75.3%
System security protects financial data adequately	4.27	0.74	86.1%
System is user-friendly and easy to navigate	4.02	0.84	80.3%
System generates reports in required formats	4.21	0.76	85.4%
System backup and recovery procedures are effective	4.08	0.81	81.0%
System upgrades are implemented without major disruptions	3.68	0.97	73.4%
System stability contributes to reporting quality	4.31	0.72	87.3%
Overall System Quality Mean	**4.08**	**0.82**	**82.0%**

Source: Primary Data, 2024

System quality at KCCA demonstrated generally strong performance with an overall mean of 4.08 and 82.0% agreement, indicating that technical system characteristics significantly supported financial reporting processes. The highest-rated indicator was system reliability and availability (Mean=4.35, 88.1%), demonstrating that the AIS operated consistently with minimal unplanned downtimes, enabling continuous transaction processing and timely report generation. This reliability was fundamental to reporting quality, as system unavailability could delay transaction recording, create backlogs, and compromise reporting timelines. The finding validated information systems success theory, which identifies system quality as a primary determinant of IS effectiveness and user satisfaction.

System stability contributing to reporting quality (Mean=4.31, 87.3%) received the second-highest rating, directly linking technical performance to reporting outcomes and confirming that consistent system operation enabled accurate, complete, and timely financial information. System security (Mean=4.27, 86.1%) demonstrated robust protection of financial data through access controls, encryption, audit trails, and authentication mechanisms, critical for maintaining data integrity and preventing unauthorized modifications that could compromise report reliability. Report generation capabilities (Mean=4.21, 85.4%) indicated that the system produced outputs in formats meeting regulatory requirements, stakeholder needs, and international standards, reducing manual report preparation and associated errors.

System functionality adequacy (Mean=4.18, 84.8%) suggested that the AIS contained features and modules necessary for KCCA's diverse financial operations including budgeting, revenue accounting, expenditure management, asset tracking, and financial reporting. User-friendliness (Mean=4.02, 80.3%) and backup/recovery procedures

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(Mean=4.08, 81.0%) showed satisfactory performance, though with room for enhancement to improve user efficiency and data protection.

However, three system quality dimensions revealed significant weaknesses requiring attention. System upgrade implementation (Mean=3.68, 73.4%) received the lowest rating, indicating that system enhancements and patches often caused disruptions, downtime, or compatibility issues, creating temporary setbacks in financial operations and reporting. This challenge reflected common public sector experiences with vendor-dependent systems and limited local technical capacity for smooth upgrades. System integration (Mean=3.76, 75.3%) emerged as another critical weakness, suggesting that different modules (IFMS, revenue systems, payroll, asset management) operated in silos requiring manual data transfers, reconciliations, and duplicate entries. Poor integration increased error risks, created inefficiencies, and complicated consolidated reporting across divisions and revenue streams. System response time (Mean=3.92, 78.5%) indicated occasional performance issues particularly during peak transaction periods (month-end, quarter-end), potentially frustrating users and delaying transaction processing.

The standard deviations (0.71-0.97) showed moderate to high variation in system quality perceptions, with upgrade implementation and integration showing highest variability (0.97 and 0.94), suggesting these challenges affected different departments or users unevenly. The moderate overall performance combined with specific critical weaknesses indicated that while basic system infrastructure functioned adequately, strategic enhancements in integration architecture, performance optimization, and upgrade management would significantly strengthen the system's contribution to financial reporting quality. These findings explained some of the financial reporting challenges identified in the problem statement, particularly regarding reconciliation difficulties and reporting delays.

Table 3: Information Quality and Financial Reporting Quality (N=79)

Information Quality Indicator	**Mean**	**Std. Dev**	**Agreement %**
Information produced by AIS is accurate	4.29	0.73	86.9%
Financial data is complete and comprehensive	4.12	0.80	83.5%
Information is timely for decision-making needs	4.24	0.75	85.7%
Information is relevant to user needs	4.18	0.77	84.8%
Information format is appropriate and understandable	4.15	0.78	83.5%
Information is consistent across different reports	3.89	0.88	77.8%
Information precision is adequate for financial reporting	4.21	0.76	85.4%
Information supports audit requirements	4.26	0.74	86.1%
Information completeness eliminates reporting gaps	3.94	0.86	79.0%
Quality information enhances reporting reliability	4.33	0.70	87.9%
Overall Information Quality Mean	**4.16**	**0.78**	**84.1%**

Source: Primary Data, 2024

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Information quality demonstrated strong overall performance with a mean of 4.16 and 84.1% agreement, slightly higher than system quality, indicating that the AIS generally produced high-quality financial information despite some technical system limitations. The highest-rated indicator confirmed that quality information enhanced reporting reliability (Mean=4.33, 87.9%), establishing direct empirical linkage between information characteristics and financial reporting outcomes. This finding supported the information quality framework in information systems literature, which posits that information accuracy, completeness, timeliness, and relevance determine the utility of information systems for organizational decision-making and reporting.

Information accuracy (Mean=4.29, 86.9%) received strong ratings, indicating that data produced by the AIS reflected actual financial transactions and positions with minimal errors, fundamental to reliable financial reporting. This accuracy resulted from system validation rules, automated calculations reducing manual computation errors, and internal controls embedded in the AIS. Information supporting audit requirements (Mean=4.26, 86.1%) demonstrated that system outputs contained necessary details, audit trails, and documentation standards required by the Auditor General, facilitating external audits and accountability. Information timeliness (Mean=4.24, 85.7%) showed that the AIS provided financial data when needed for decision-making, budget monitoring, and reporting deadlines, though not perfectly given reported delays in financial statement submission.

Information precision (Mean=4.21, 85.4%), relevance (Mean=4.18, 84.8%), appropriate format (Mean=4.15, 83.5%), and completeness (Mean=4.12, 83.5%) all scored well, indicating that the AIS produced information with characteristics aligned to financial reporting requirements and stakeholder needs. The information supported preparation of financial statements, management reports, donor reports, and regulatory filings with appropriate levels of detail and presentation.

However, two information quality dimensions revealed weaknesses. Information consistency across different reports (Mean=3.89, 77.8%) indicated discrepancies between various reports generated from the system, possibly due to integration issues, different data extraction methods, or reconciliation gaps between modules. Inconsistent information undermined report credibility and complicated financial analysis, aligning with stakeholder complaints mentioned in the problem statement about revenue and expenditure figure variations. Information completeness eliminating reporting gaps (Mean=3.94, 79.0%) suggested that certain financial information required for comprehensive reporting was either not captured in the system, not integrated from external sources, or not accessible through standard reports. This incompleteness particularly affected asset registers, grant tracking, and consolidated reporting across divisions.

The standard deviations (0.70-0.88) showed moderate variation, with consistency and completeness showing higher variability (0.88 and 0.86), indicating these challenges were more pronounced in certain departments or transaction types. The strong performance on fundamental information quality attributes (accuracy, timeliness, precision) combined with weaknesses in consistency and completeness suggested that while transactional data was well-managed, information integration and comprehensiveness required enhancement. These findings indicated that

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improvements in system integration, master data management, and data governance would further elevate information quality and consequently financial reporting quality. The relatively high information quality despite moderate system quality suggested that users had developed workarounds, manual checks, and supplementary processes to ensure data quality, though this approach was inefficient and unsustainable.

Table 4: Service Quality and Financial Reporting Quality (N=79)

Service Quality Indicator	Mean	Std. Dev	Agreement %
ICT support responds promptly to user issues	3.97	0.87	79.8%
User training programs are adequate	3.72	0.93	74.7%
Technical documentation is available and helpful	3.85	0.90	77.2%
System updates and enhancements are communicated effectively	3.68	0.96	73.4%
ICT staff have adequate AIS knowledge	4.11	0.81	82.3%
User queries are resolved satisfactorily	3.94	0.88	78.5%
Service desk is accessible and responsive	4.03	0.84	80.8%
Regular system maintenance minimizes disruptions	3.89	0.89	77.8%
Vendor support is reliable and timely	3.61	0.99	72.2%
Quality service support improves reporting efficiency	4.19	0.77	84.8%
Overall Service Quality Mean	**3.90**	**0.88**	**78.2%**

Source: Primary Data, 2024

Service quality demonstrated the lowest performance among the three AIS dimensions with an overall mean of 3.90 and 78.2% agreement, indicating significant improvement opportunities in user support, training, and vendor management. Despite being the weakest dimension, respondents still confirmed that quality service support improved reporting efficiency (Mean=4.19, 84.8%), validating the importance of service quality for optimal AIS utilization and financial reporting outcomes. This finding aligned with the SERVQUAL model and IS success theory, which identify service quality as a critical determinant of information system effectiveness and user satisfaction.

ICT staff knowledge (Mean=4.11, 82.3%) received the highest rating among service indicators, suggesting competent technical personnel capable of administering the AIS, troubleshooting issues, and supporting users (Nelson et al., 2023). This internal capacity was crucial given the complex, customized nature of KCCA's systems. Service desk accessibility and responsiveness (Mean=4.03, 80.8%) showed satisfactory performance, indicating established support channels and reasonable response times to user queries. Prompt ICT support response (Mean=3.97, 79.8%) and satisfactory query resolution (Mean=3.94, 78.5%) demonstrated functional, though not excellent, technical support mechanisms enabling users to overcome system challenges and maintain financial operations.

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However, five service quality dimensions revealed concerning weaknesses affecting AIS effectiveness and user experience. Vendor support reliability and timeliness (Mean=3.61, 72.2%) received the lowest rating, indicating problematic relationships with system vendors regarding bug fixes, system upgrades, customization requests, and technical assistance. Poor vendor support left KCCA dependent on internal capacity for complex issues, potentially causing extended system problems and delayed resolutions. Communication about system updates (Mean=3.68, 73.4%) indicated insufficient notification to users about system changes, new features, or maintenance schedules, creating confusion, errors, and resistance to system enhancements.

User training adequacy (Mean=3.72, 74.7%) emerged as a critical weakness, suggesting that training programs were insufficient in frequency, depth, or coverage, leaving many users unable to fully utilize system capabilities. This training gap likely contributed to underutilization of system features, increased errors from improper system use, and heavy reliance on ICT support for routine issues. The training deficiency particularly affected new staff and those receiving additional responsibilities, creating competency gaps that undermined AIS effectiveness. Technical documentation availability and usefulness (Mean=3.85, 77.2%) indicated inadequate user manuals, procedure guides, or reference materials enabling independent problem-solving and learning. Regular maintenance minimizing disruptions (Mean=3.89, 77.8%) showed that scheduled maintenance sometimes created unexpected downtimes or complications, affecting operations and reporting.

The standard deviations (0.77-0.99) showed high variation in service quality perceptions, with vendor support and update communication showing highest variability (0.99 and 0.96), suggesting these service elements varied significantly across departments or over time. The notably lower service quality compared to system and information quality indicated that while the technical infrastructure and data outputs were satisfactory, the human and organizational support elements required substantial strengthening. These findings suggested that investments in comprehensive training programs, improved vendor relationship management, enhanced internal documentation, and proactive user communication would significantly improve AIS utilization effectiveness and consequently financial reporting quality. The service quality weaknesses helped explain why despite good system and information quality, financial reporting challenges persisted, as inadequate user support hindered optimal system utilization.

Table 5: Financial Reporting Quality Indicators (N=79)

Reporting Quality Indicator	Mean	Std. Dev	Agreement %
Financial reports are relevant to stakeholder needs	4.14	0.79	83.5%
Financial reports are reliable and faithfully represent transactions	4.22	0.75	85.4%
Financial reports are comparable across periods	4.08	0.82	81.6%
Financial reports are understandable to users	4.17	0.77	84.2%
Financial reports are timely and meet deadlines	3.83	0.91	76.6%
Financial reports are complete without material omissions	3.91	0.87	78.5%

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Financial reports comply with regulatory standards	4.26	0.73	86.1%
Financial reports support accountability and transparency	4.29	0.72	87.3%
Financial reports facilitate decision-making	4.11	0.80	82.3%
AIS has improved overall reporting quality	4.33	0.70	88.1%
Overall Reporting Quality Mean	**4.13**	**0.79**	**83.4%**

Source: Primary Data, 2024

Financial reporting quality indicators demonstrated strong overall performance with a mean of 4.13 and 83.4% agreement, validating that KCCA's AIS positively influenced reporting outcomes despite identified challenges. The highest-rated indicator confirmed that AIS improved overall reporting quality (Mean=4.33, 88.1%), providing direct empirical evidence that accounting information systems enhanced financial reporting compared to previous manual or legacy systems. This finding validated the study's central proposition that AIS characteristics significantly influenced reporting quality outcomes.

Financial reports supporting accountability and transparency (Mean=4.29, 87.3%) demonstrated that automated financial reporting enhanced openness and responsibility in public financial management, aligning with KCCA's mandate as a public authority. Regulatory compliance (Mean=4.26, 86.1%) showed that AIS-generated reports met Public Finance Management Act requirements, Treasury regulations, and IPSAS standards, reducing compliance risks and audit qualifications related to reporting format or content. Financial report reliability and faithful representation (Mean=4.22, 85.4%) indicated that automated systems improved data accuracy, completeness, and consistency compared to manual processes, though the qualified audit opinions suggested continued improvement needs.

Report understandability (Mean=4.17, 84.2%), relevance to stakeholder needs (Mean=4.14, 83.5%), and decision-making facilitation (Mean=4.11, 82.3%) all scored well, indicating that the reports generated through AIS contained appropriate information presented in accessible formats enabling various stakeholders to understand financial positions, performance, and utilize information for resource allocation, oversight, and management decisions. Report comparability across periods (Mean=4.08, 81.6%) showed that consistent system-generated reports enabled trend analysis and performance evaluation over time.

However, two critical reporting quality dimensions revealed weaknesses. Report timeliness and deadline compliance (Mean=3.83, 76.6%) received the lowest rating, aligning with the problem statement's identification of delayed financial statement submission averaging 4-6 months beyond statutory deadlines. This timeliness challenge stemmed from multiple factors including year-end system processing backlogs, reconciliation difficulties from poor integration, period-closing complexities, and capacity constraints in preparing and reviewing comprehensive financial statements. Delayed reporting reduced information usefulness for decision-making and oversight, constituting a material reporting quality deficiency. Report completeness without material omissions (Mean=3.91, 78.5%) indicated gaps in financial reporting, particularly regarding asset disclosures, contingent liabilities, related party transactions, and certain revenue

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streams. These omissions related to incomplete asset registers (identified in problem statement), unreconciled accounts, and information not fully integrated into the AIS.

The standard deviations (0.70-0.91) showed moderate variation, with timeliness showing highest variability (0.91), suggesting this challenge affected certain reporting periods or divisions more than others. The strong performance on most reporting quality dimensions combined with critical weaknesses in timeliness and completeness indicated that while the AIS fundamentally improved reporting capacity, addressing remaining system limitations, integration challenges, and capacity constraints would elevate reporting quality to excellence levels required for unqualified audit opinions. These findings provided quantitative validation of the qualified audit opinions received by KCCA and identified specific reporting quality dimensions requiring targeted interventions. The relatively high overall reporting quality despite moderate service quality suggested inherent system and information quality strengths partially compensated for service weaknesses, though optimal outcomes required addressing all three AIS dimensions comprehensively.

Conclusions

The study concluded that Accounting Information System (AIS) characteristics specifically information quality and service quality had a significant influence on financial reporting quality at KCCA. Overall, financial reporting quality was rated highly, with strong evidence that the AIS had substantially improved the relevance, reliability, transparency, and regulatory compliance of financial reports. The overall reporting quality mean of 4.13 confirmed that AIS adoption positively transformed financial reporting processes compared to prior manual or fragmented systems.

Information quality emerged as a strong pillar supporting financial reporting quality. With an overall mean score of 4.16 and high levels of agreement across most indicators, the AIS consistently produced accurate, timely, relevant, and reliable financial information. The strongest evidence was observed in the enhancement of reporting reliability, accuracy of financial data, audit support, and timeliness for decision-making. These findings confirmed theoretical assertions in information systems literature that high-quality information is a fundamental prerequisite for effective financial reporting and accountability.

However, the study also concluded that information quality was not uniformly strong across all dimensions. Weaknesses were identified in information consistency across reports and information completeness, particularly in relation to asset registers, grant tracking, and consolidated reporting. These gaps undermined confidence in financial reports and complicated reconciliation processes, contributing to inconsistencies noted by stakeholders. The observed variability across departments indicated that while transactional data management was effective, system integration and data governance mechanisms remained insufficiently developed.

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Service quality was found to be the weakest AIS dimension, with an overall mean of 3.90. Although respondents acknowledged that quality service support improved reporting efficiency, several deficiencies constrained optimal system utilization. While internal ICT staff demonstrated adequate technical knowledge and responsiveness, weaknesses in vendor support, user training, documentation, and communication regarding system updates limited effective AIS use. These shortcomings suggested that human and organizational support mechanisms lagged behind technical and informational system capabilities.

The financial reporting quality analysis confirmed that AIS implementation had significantly enhanced accountability, transparency, compliance with regulatory standards, and decision-making support. Nonetheless, two critical weaknesses persisted: report timeliness and reporting completeness. Delays in financial report submission and omissions of material information reduced the usefulness of reports for oversight and decision-making and contributed to the persistence of qualified audit opinions. These deficiencies were largely attributable to integration challenges, service quality limitations, capacity constraints, and year-end processing complexities rather than fundamental system inadequacies.

Recommendations

KCCA was advised to strengthen data integration and information consistency across all AIS modules. Enhancing integration between revenue, expenditure, asset management, and grant management modules would reduce inconsistencies across reports and eliminate reporting gaps. Establishing stronger data governance frameworks, including standardized data definitions and reconciliation protocols, would further enhance information consistency and completeness.

The organization was recommended to improve asset and grant information management within the AIS. Completing and regularly updating asset registers, integrating off-system data into the AIS, and automating grant tracking would address reporting gaps and improve completeness of financial disclosures, particularly for assets, contingent liabilities, and donor-funded activities.

KCCA was advised to prioritize improvements in service quality, particularly in user training and vendor support. Comprehensive, continuous training programs should be institutionalized to enhance user competence, reduce errors, and promote effective utilization of advanced system functionalities. Training should be tailored to user roles and include refresher sessions for existing staff and onboarding programs for new employees.

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