

**EVALUATING THE INFLUENCE OF ACCOUNTING INFORMATION
SYSTEM ON FINANCIAL REPORTING OF AN ORGANIZATION
A CASE STUDY OF TRINITY COLLEGE NABBINGO, WAKISO DISTRICT.**

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ABSTRACT: *The study examined TRICONA's financial reporting and assessed the impact of the accounting information systems. Both quantitative and qualitative data were used, and a mixed technique and key here is to make were used. A sample of 30 people was selected at random from a demographic of 33 using a census. A questionnaire was used to collect the data, and 85.6% of respondents were suitably representative of the total population Punch (2003). The findings indicated that there is a weakly positive correlation between accounting information systems and the standard of financial statements, with a Pearson correlated coefficient of $(R) = 0.426^{***}$ and an adjusted R^2 square of 17.1%, suggesting that systems for processing transactions are in charge of the overall standard of financial reports. The study found a substantial positive correlation between information technology for accounting and income statements. The data gathered in Table 10 above revealed a very strong positive association between the use of accounting information systems and corporate finance, with a Pearson correlation index of $R=0.824$ at a criterion of significance of $p=0.01$ (2 tailed).*

Key words: *accounting information system and financial reporting*

Background to the Study

Around the world, accountancy has always only used manual techniques. An auditor's knowledge and skills are essential for accounting systems. Even the manual approach has the potential to be ineffective. Accounting data systems address several of the issues mentioned above (Dastgfr and Sajady, 2011). In the 1970s, early computerized accounting programs were primarily concerned with payroll functions. Accounting information systems were initially developed "in-house" because there were no pre-packaged solutions. Such methods were expensive to design and complex to maintain. Accounting information systems are a resource of methods, people, procedures, and technologies regularly used to manage business transactions on a global scale. An electronic accounting system can be used to do this. Business owners utilize accounting as a tool to monitor, summarize, and evaluate their company's financial sources. Organizations often generate a number of business information points from business activities as part of this process, and they integrate these data points into ledger accounts and journal entries (Barry and Cushing, 2012). Over time, African bookkeeping performance increased because the double-entry approach replaced the unified system (Drueker, 2009). In the past, the majority of African firms kept registers to keep track of their gains and losses, but modern accounting information technologies also make them useful for increasing corporate profitability

Statement of the Problem

Poor information technology for accounting undermines administrative performance by depleting managers' operational resources, notably in the financial industry. Management is involved in many operations that require reliable and high-quality information. An institution's access to new intelligent is one of its competitiveness. An accounting information system's performance depends on the accuracy of the data it provides. Analysis is often done for the company's accounting information system. With the use of information systems, this system is capable of processing a huge number of papers online for owners and managers. The researcher is therefore investigating the impact of AIS on financial reporting at Trinity College Nabbingo in the Wakiso neighborhood.

Trinity College Nabbingo has not benefited from using an automated accounting system because it still uses conventional methods to manage financial records. As a result, the researcher decided to look into how accounting information systems affect an organization's financial reporting.

Specific Research Objectives

1. To analyse the effect of transaction processing systems on financial reporting in Trinity College, Nabbingo.
2. To find out the effect of computerized reporting systems on financial reporting in Trinity College, Nabbingo.
3. To examine the relationship between accounting information systems and financial reporting in Trinity College, Nabbingo.

Hypothesis of the study

Ho: There is no relationship between transaction processing system and financial reporting

Ha: There is a relationship between transaction processing system and financial reporting

Ho: There is no relationship between Systems Security and financial reporting

Ha: There is a relationship between Systems Security and financial reporting

Ho: There is no relationship between accounting information reporting systems and financial reporting

Ha: There is a relationship between accounting information reporting systems and financial reporting

Research questions

1. What are the effect transaction processing systems on quality financial reporting in Trinity College, Nabbingo?
2. What is the effect of computerized reporting systems on financial reporting in Trinity College, Nabbingo?

3. What is the relationship between accounting information systems and financial reporting in Trinity College, Nabbingo?

Methodology

Research Design

Data was gathered from the respondents through a survey. The research design for this study will combine qualitative and quantitative methods to account for results that cannot be measured. Also, it steadfastly adheres to the initial set of study objectives, reaching more objective results, figuring out the causation concerns, and minimizing or eliminating judgmental subjectivity.

Population of the Study

The study seeks for opinions from the full time Staff and contracted staff of Trinity College Nabbingo. The study sample of 30 respondents was derived from the accessible population of 33 respondents (staff) using Sloven's formula specified in Amin (2005)

The sample size will be calculated using Sloven's formula as follow; $n = N / 1 + N(e)^2$

Where n = sample size, N = Total population, $(e)^2$ = margin of error

Therefore,

$$n = N / 1 + N(e)^2$$

$$n = 33 / 1 + 33(0.05)^2$$

$$n = 30$$

Sampling Technique

Both probability and non-probability sampling were utilized in the investigation.

Using simple random sample techniques, the general staff members who took part in the study were chosen. The departmental personnel, who were primarily involved in the field, were given an equal chance by this method. In order to attain the required number of 30 responders, staff identification numbers were filled out, placed in a box, and then randomly chosen. This made it easier for the researcher to impartially choose all the necessary respondents.

Data Collection Instruments

Questionnaires

The intended sample population consisted of 30 employees, and the researcher used scale-designed questionnaires to collect information from them. Data was gathered using a closed and open questionnaire. The questionnaire has two parts. Part A dealt with the regression model, and Section B dealt with the independent variable, or financial reporting. Each question was designed with the goal of acquiring relevant information to support the research challenge's problem-solving and analytical abilities. If anybody felt the need to add further information, extra lines remained left at the end of each variable. These passages were compiled as primary analysis and gave the investigator more study-related insights.

Data Analysis

Data analysis involved organization and interpretation of information generated into useful data that was analysed using SPSS. The data was collected and analysed using both quantitative and qualitative data analysis methods.

RESULTS

Response Rate

Thirty TRICONA workers receive questionnaires. Only 86.7% of the questionnaires that were given out were entirely completed; this represents a response rate of 100% of the population that was sampled and 78.8% of the available population. Punch (2003) argues that for face-to-face

encounters to be acknowledged as representative of the sample, the response rate needs to be between 80% and 87%. We will deem the 85.6% response rate on the questionnaires we obtained to be sufficiently representative for this study.

The age of respondents

The age of respondents was captured because it's a demographic attribute that has importance through linkages with individual experience and personal accumulated knowledge.

Table 1: Age of Respondents

Age of respondents	Below 20	Count	0
		Layer Row N%	0.0%
	20-29	Count	13
		Layer Row N%	50.0%
	30-39	Count	8
		Layer Row N%	30.8%
	40-49	Count	3
		Layer Row N%	11.5%
	50-59	Count	2
		Layer Row N%	7.7%
	Above 59	Count	0
		Layer Row N%	0.0%

Source: Primary data (SPSS v. 23.0, 2019)

The findings in table 1 shows no respondents below the age of 20 but 13(50.0%) in the age bracket of 20-29years, 8(30.8%) between 30-39years of age, 3(11.5%) between the age of 40-49years, 2(7.7%) between 50-59years and none above 59years. This implies that TRICONA has youthful employee population who are vigilant, innovative and robust in operations but are also

supported by few aged groups that provide experience, guidance and stability as seen in table 4.2 below as those who are older have spent more than 8 years with the institution.

Table 2: Showing age of Respondent and number of years employee spent at TRICONA-Nabbingo.

Age of respondents	Years spent at TRICONA			Total
	0-3 years	4-7 years	8-11 years	
20-29	9	4	0	13
30-39	2	2	4	8
40-49	0	0	3	3
50-59	0	0	2	2
Total	11	6	9	26

Source: Primary data (SPSS v. 23.0, 2019)

Gender of Respondents

The researcher was interested in capturing the gender in order to establish if there were discriminatory policies and practices in the recruitment process. This is because such practices shape individuals' attitudes and behaviour in the workplace (Cianni & Romberger 1995), breeding toxic environment at work reducing productivity and morale.

Table 3: Showing Gender of Respondents at TRICONA-Nabbingo.

Gender of the respondents	Male	Count	17
		Layer Row N%	65.4%
	Female	Count	9
		Layer Row N%	34.6%

Source: Primary data (SPSS v. 23.0, 2019)

Findings in Table 3 revealed that male respondents contributed to 17(65.4%) of sample and 9(34.6%) were female.

Period Worked with TRICONA

Table 4: Showing the period worked with TRICONA-Nabbingo.

Years worked with TRICONA	0-3 years	Count	6
		Layer Row N%	23.1%
	4-7 years	Count	10
		Layer Row N%	38.5%
	8-11 years	Count	8
		Layer Row N%	30.8%
	12 and above years	Count	2
		Layer Row N%	7.7%

Source: Primary data (SPSS v. 23.0, 2019)

Findings in Table 4 indicated that 6 (23.1%) of the respondents have worked for 3 years and below, 10 (38.5%) have worked for 4-7 years and 8 (30.8%) of the respondents have worked for 8-11 years, and 2 (7.7%) of the respondents have for 12 years and above. Taking into consideration that over 70% of respondents have 4years and above of experience we say that accounting information system is very well used and there is reliability in the financial reports produced.

Level of Education

Table 5: Showing the Level of Education

Please state your level of education	Primary level	Count	0
		Layer Row N%	0.0%
	O level	Count	0

	A level	Layer Row N%	0.0%
		Count	0
	Diploma level	Layer Row N%	0.0%
		Count	4
	Bachelor's degree level	Layer Row N%	15.4%
		Count	18
	Master's degree level	Layer Row N%	69.2%
		Count	4
		Layer Row N%	15.4%
		Count	4

Source: Primary data (SPSS v. 23.0, 2019)

From table 5 of the 26 respondents none had stopped at Primary, '0' Level education, and A level 4 (15.4%) respondent attained Diploma Level education, 18 (69.2%) had a Bachelor's degree and 4 (15.4%) were degree holders at Master's level and 6 (7.2%) This implied that all the respondents had attained a certain level of education that would assist them in implementing the guidelines and practices at the work places and that the responses given would reflect a true and a fair expression of their understanding of accounting information system and financial reports.

Computer Literacy

Table 6: Showing number of respondents on Computer Literacy

Computer literacy	Excellent	Count	7
		Layer Row N%	26.9%
	Good	Count	10
		Layer Row N%	38.5%
	Moderate	Count	4
		Layer Row N%	15.4%

	Fair	Count	5
		Layer Row N%	19.2%
	Poor	Count	0

Source: Primary data (SPSS v. 23.0, 2019)

From table 6 out of 26 respondents, 7(26.9%) had excellent knowledge in applying computer skills. 10 (38.5%) had good skills, 4 (15.4%) were moderate and 5 (19.2%) had fair skills. This indicates that majority of staff are equipped with the knowledge of computer-based applications thus helping in production of quality financial reports.

Correlation analysis

A correlation analysis was sought to find out if the relationship existed between the two variables and Pearson's correlational analysis was used.

Correlation between Transaction Processing Systems and Financial Reporting

Correlation between Transaction processing systems and financial reporting was conducted with results presented in Table 7 below;

Table 7: Showing Correlations Transaction Processing Systems and Financial Reporting

	Transaction processing system	Financial reporting
Transaction processing system	1	.426**
Pearson correlation		.000
Sig.(2-tailed)		
N	26	25
Financial Reporting	.426**	1
Pearson Correlation		
Sig.(2-tailed)	.000	

N	25	25
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Correlation is significant at the 0.01 level (2-tailed).

Source: Primary data (SPSS v. 23.0, 2019)

Ho: There is no relationship between transaction processing system and financial reporting

Ha: There is a relationship between transaction processing system and financial reporting

The results in Table 7 above showed a substantial moderately positive relationship between systems that process transactions and the caliber of annual disclosures, with a Pearson coefficient of correlation at $R=0.426$ at a level of significance $p=0.01$ (2 tailed). This suggests that any modifications to systems for processing transactions result in a modest enhancement to financial reporting. In order to improve the caliber of their financial reporting, management is believed to need to upgrade better transaction processing technologies.

Correlations between Reporting Systems and Financial Reporting

Correlation between accounting information reporting systems and financial reporting was conducted with results presented in Table 8 below;

Table 8: Showing Correlations of Reporting Systems and Financial Reporting

		Financial Reporting	Accounting information reporting systems
Financial Reporting	Pearson correlation	1	.536**
	Sig.(2-tailed)		.000
	N	25	25
Accounting information Reporting systems	Pearson correlation	.536**	1
	Sig.(2-tailed)	.000	
	N	25	25

******, Correlation is significant at the 0.01 level (2-tailed).

Source: Primary data (SPSS v. 23.0, 2019)

Ho: There is no relationship between accounting information reporting systems and financial reporting

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With a Pearson correlation coefficient of $R=0.536$ at a level of significance of $p=0.01$, Table 8's findings revealed a significantly favourable association between accounting processes and financial report quality (2 tailed). This shows that any changes to reporting procedures result in a 53.6% increase in financial accounting, which is a major improvement. Management is thought to need to adopt improved reporting methods in order to raise the standard of its accounting results.

Correlations between Systems Security and Financial Reporting

Correlation between systems security and financial reporting was conducted with results presented in table 9 below;

	Financial reporting	Systems Security
Financial reporting Pearson correlation	1	.402**
Sig.(2-tailed)		.000
N	25	25
System Security Pearson correlation	.402**	1
Sig.(2-tailed)	.000	
N	25	25

******, Correlation is significant at the 0.01 level (2-tailed).

Source: Primary data (SPSS v. 23.0, 2019)

Ho: There is no relationship between Systems Security and financial reporting

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Table 9's findings showed that there is a moderately significant positive relationship between systems security and financial reporting, with a Pearson correlation coefficient of $R=0.402$ at a level of significance of $p < 0.01$ (2 tailed). This suggests that any modifications to security precautions result in a minimal 40.2% improved financial reports. According to the consensus, management has only slightly increased system security, and more work must be done if financial reports are to improve.

Correlations between accounting information systems Financial Reporting

Correlation between accounting information systems and financial reporting was conducted with results presented in Table 10 below;

Table 10: Showing Correlations between accounting information systems and Financial Reporting in TRICONA

		Accounting information systems	Financial reporting
Accounting Information system	Pearson correlation	1	.824**
	Sig.(2-tailed)		.000
	N	26	26
Financial reporting	Pearson correlation	.824**	1
	Sig.(2-tailed)	.000	
	N	26	26

Correlation is significant at the 0.01 level (2-tailed).

Source: Primary data (SPSS v. 23.0, 2019)

Ho: There is no relationship between accounting information reporting systems and financial reporting

Ha: There is a relationship between accounting information reporting systems and financial reporting

Findings in the table 10 above revealed that there is a very strong positive relation between accounting information systems and financial reporting with a Pearson correlation coefficient at $R=0.824$ at level of significance $p=0.01$ (2 tailed). This is a very important indicator to management that accounting information systems plays a major role in the quality of their financial reports.

Conclusions

The conclusions that follow were reached in accordance with a specific purpose based on the study results and discussions in chapter four. System security strikes a delicate balance in order to protect data both from threats inside and outside the system. It guarantees integrity of data and fosters greater user confidence. Yet, because information systems for accounting operate in a constantly evolving environment with ongoing technological advancements, there is a significant risk that they will become obsolete sooner rather than later. Since the system depends completely on power to operate, a continuous power outage poses an even bigger difficulty to TRICONA. Moreover, integrating the system into new organizational areas necessitated frequent modifications, which was never easy.

Recommendations

To assess and examine the effectiveness of the implemented controls within in the system, TRICONA needs more internal audit reviews. To avoid wasting time and resources monitoring and reviewing, administration should put in place an automated process to prioritize the system logs that are crucial to maintaining the audit trail. Fraud is possible in the systems of accounting.

Without internal audit assessments, incidences of partnering and lagging fraud may occur and go unreported. Therefore, it is crucial that audit committees do spot audits.

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