

The relationship between automated accounting and the quality of financial reporting in Kasese district local government. A cross-sectional study.

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Abstract

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The automation of core accounting functions is a cornerstone of modern Integrated Financial Management Systems (IFMS). This study assessed the relationship between automated accounting processes and the quality of financial reporting.

Methods

A mixed-methods, cross-sectional approach was used. Data was gathered from 100 respondents, predominantly experienced via questionnaires and interviews with key informants from the Finance and Audit departments. Data was analyzed using SPSS for correlation and regression.

Results

In this study 71% are male and 29% female, 48% aged 36-45, 56% with 6+ years, and 78% hold a degree. A strong positive correlation was found between automated accounting and financial reporting quality ($r = 0.712$, $p < 0.01$). Respondents reported high automation in transaction recording (Mean=4.298) and system integration (Mean=4.373). However, significant challenges persisted in automated report generation (Mean=2.954), updating payrolls (Mean=2.380), and enforcing segregation of duties (Mean=2.745).

Conclusion

Automated accounting significantly enhances the accuracy and auditability of financial data, but its full potential is hampered by functionality gaps and user competency issues.

Recommendation

The district must enforce regular capacity building for accounting staff and strengthen internal audit mechanisms to ensure data accuracy.

Keywords: Automated Accounting, Financial Reporting, Internal Controls, Audit Trail.

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Introduction

Accounting is the foundational process of recording, summarizing, and reporting financial transactions, serving as the primary source of information for an entity's financial statements. In the public sector, the automation of this function through Integrated Financial Management Systems (IFMS) is intended to standardize practices, reduce errors, and enhance the reliability of financial data (Njonde & Kimanzi, 2014). However, a clear problem is observed in Kasese District, where inefficiencies in generating financial reports and inconsistencies in accounting entries persist (Bukombi E, 2016). These shortcomings contribute to poor-quality financial reporting, which can erode public trust and lead to a misallocation of resources, as stakeholders cannot rely on the accuracy of the information presented (Eldaly et al, 2018).

An automated accounting system within an IFMS should integrate various subsystems and enforce a standardized chart of accounts to ensure uniformity and compliance. It should automatically record transactions, maintain a

comprehensive audit trail, and facilitate the timely generation of accurate financial reports (Vashishth et al., 2021). The quality of financial reporting is directly dependent on the integrity of these underlying accounting processes; it is measured by the degree to which reports provide a complete, accurate, and transparent view of the entity's financial performance and position in accordance with established principles (Reid et al., 2019). Therefore, the effectiveness of automated accounting is a critical determinant of reporting quality.

Given the operational role of accounting and the documented deficiencies in Kasese District, this study specifically aims to explore the relationship between automated accounting and the quality of financial reporting within Kasese District Local Government. By examining this specific link, the research seeks to identify how the full utilization and proper management of the IFMS's accounting modules can resolve existing issues of inaccuracy and delay, thereby strengthening the overall

trustworthiness and utility of the district's financial disclosures.
methodology

Methodology

Research design

The study employed a descriptive, correlation cross-sectional survey design, along with a mixed-methods approach that incorporated both qualitative and quantitative data collection and analysis techniques.

Study population

The study population included 155 staff from all departments at Kasese district local government (Kasese District Human Resource Records, 2024). Further, the study also incorporated 05 Information Technology department staff of Kasese District. A target population of 160 respondents was used as the study population (see Table 3.1 below)

Determination of sample size

A representative sample size of respondents was determined by the guidance of Krejcie & Morgan's (1970) table of sample determination. A sample size of 113 was selected from a population of 160, as in Table 1

Table 1: Target population, sample size, and sampling techniques

Samples Category	Population Target	Sample Size	Selection Technique
CAOs office	19	13	Stratified sampling
Human Resource	3	2	Stratified sampling
Procurement	3	2	Stratified sampling
Finance	17	12	Purposive sampling
Planning	6	4	Purposive sampling
Audit	3	2	Purposive sampling
Council	10	7	Stratified sampling
Education	12	8	Stratified sampling
Health department	10	7	Stratified sampling
Works department	23	16	Stratified sampling
Natural Resources	16	12	Stratified sampling
Community-based services	10	7	Stratified sampling
Production and Marketing	15	11	Stratified sampling
Political Leaders	8	6	Stratified sampling
IT Department	5	4	Purposive sampling
Total	160	113	

Source: (Kasese District Human Resource Records 2024)

Sampling techniques procedure

The study employed a combination of proportionate stratified sampling and purposive sampling techniques. These were strategically used to ensure comprehensive representation of the target population and to include key informants with relevant expertise. Proportionate stratified sampling involved dividing the population into distinct subgroups or strata (in this case, departments such as Education, Health, Works, etc.), and then selecting samples from each stratum proportionally to their size in the population. In these cases, the sample sizes were calculated proportionally to the department's total population size to maintain representation and reduce sampling bias. This allowed each department within the local government to be fairly represented in the sample, increased the accuracy and generalizability of the results, and allowed for comparative analysis across departments with varying sizes.

Purposive sampling is a non-probability sampling technique where respondents are intentionally selected based on their expertise, role, or relevance to the study objectives. Purposive sampling was used to select respondents from finance, planning, IT, and audit

departments. These departments were considered key informants due to their direct involvement in cash management, budgeting, accounting, and financial reporting, and thus were central to the study's focus.

Data sources

Data was collected from both primary and secondary sources. In this case, primary data was obtained by use of questionnaires and interviews directly from the field by the researcher.

Secondary data was obtained from journals, reports, brochures, newsletters, library, internet research, newspapers, and written literature by earlier scholars on the effects of procurement contract processes on service delivery.

Data collection instruments

Basically, three research instruments were used in conducting the study. The instruments were questionnaires, an interview guide, and a documentary review. The questionnaire was the main instrument, and the interview guides were used to gain an in-depth understanding of the

subject and the interaction with the respondents. Documentary review was intended to obtain a framework for the interpretation of the findings in order to arrive at realistic conclusions and recommendations.

Questionnaires

Primary data was collected using structured questionnaires administered to respondents across the various departments in Kasese District Local Government. The questionnaire was designed to gather both quantitative and qualitative data on the functionality and effectiveness of the Integrated Financial Management System (IFMS) and its impact on the quality of financial reporting.

The questionnaire included sections on demographics, automated budgeting processes, and the quality of financial reporting.

Questionnaires were physically distributed to respondents across 15 departments listed in Table 1, such as Finance, Planning, Audit, Works, Health, and others.

Interview guides

In addition to questionnaires, the study employed semi-structured interviews guided by a carefully developed interview guide to collect in-depth qualitative data. This approach targeted key informants from the following critical departments: Finance Department, Planning Unit, Audit Department, and Information Technology (IT) Department. These departments were selected through purposive sampling due to their direct involvement in the implementation, management, and oversight of the IFMS, and their pivotal role in financial reporting processes.

The interview guide was semi-structured, meaning it included pre-determined open-ended questions but allowed flexibility for probing deeper into responses based on the interviewees' knowledge and experience.

Key officers such as the Chief Finance Officer, Senior Planner, Internal Auditor, and IT Officer were interviewed. Interviews were conducted face-to-face in a quiet office environment to encourage open and undisturbed communication. Each interview lasted approximately 30–45 minutes. Recording and Note-taking: With consent, interviews were audio-recorded and supplemented with written notes to ensure accurate capturing of responses.

Interviews allowed the researcher to explore complex issues such as system weaknesses, implementation barriers, and professional judgments that could not be easily captured in questionnaires. Interviewers were allowed to ask follow-up questions to clarify or expand on ambiguous or brief responses, ensuring better data quality. The narratives and examples shared by participants enriched the study with qualitative evidence that complemented the quantitative survey data.

Documentary checklist

A documentary review checklist was developed and used as a data collection tool to systematically examine existing official documents relevant to IFMS implementation and

financial reporting practices in Kasese District Local Government. This method provided secondary data that complemented the primary data collected through questionnaires and interviews.

Data quality control

There were steps and measures taken to ensure that the instruments used were good and clear enough to give the right findings of the study. To control the quality of the data, the researcher carried out validity and reliability tests of the instrument as reflected below:

Validity of instruments

To ensure that the research instruments (questionnaire, interview guide, and documentary review checklist) effectively measured what they were intended to measure, the study employed the expert judgment method to assess content validity.

A panel of subject matter experts was selected, including professionals in public financial management, academic researchers, and practitioners with experience in the use of Integrated Financial Management Systems (IFMS). These experts were chosen based on their knowledge and experience in budgeting, accounting, cash management, and financial reporting in the public sector.

The experts were given copies of the draft instruments (e.g., questionnaire and interview guide). They were asked to assess each item in terms of its relevance, clarity, and appropriateness to the study objectives.

Items were rated using a 4-point scale, typically: 1 = Not relevant, 2 = Somewhat relevant, 3 = Quite relevant, and 4 = Highly relevant.

The CVI was calculated by dividing the number of items rated as either 3 or 4 (quite relevant or highly relevant) by the total number of items reviewed.

Content Validity Index = $\frac{\text{Number of relevant questions (Jachi \& Mandongwe)}}{\text{Total number of items}}$

28 out of 30 items were rated as valid by the expert panel.

Content Validity Index = $(28/30) = 0.93$

According to Amin (2009), a CVI of 0.7 or higher indicates that an instrument is valid. Since the study obtained a CVI of 0.93, this exceeded the benchmark, indicating a high level of content validity.

The use of the expert judgment method and the resulting CVI score of 0.93 confirmed that the research instruments used in the study were valid and suitable for data collection. The high CVI indicates that the tools had adequate content coverage, relevance, and clarity, enabling the researcher to collect data that accurately reflected the realities of IFMS usage and financial reporting quality in Kasese District.

Reliability of instruments

To ensure that the research instruments (particularly the questionnaire) were reliable, that is, capable of producing consistent results over time, the test-retest method was

used, followed by the calculation of the Cronbach's Alpha coefficient to measure internal consistency.

The questionnaire was administered to a sample of 5 respondents who were not part of the main study but had similar characteristics to the target population. These respondents were selected from departments familiar with IFMS operations in Kasese District. The same questionnaire was administered to the same group of respondents twice, with an interval of two weeks between the two sessions. This helped the researcher to determine the stability and consistency of responses over time, and consistent results suggest that the instrument is reliable.

After conducting the test-retest, responses were coded and analyzed using Statistical Package for the Social Sciences (SPSS) to compute Cronbach's Alpha, which measures internal consistency, the degree to which items in the instrument measure the same construct. The computed Cronbach's Alpha coefficient was 0.85.

According to Amin (2009), a Cronbach's Alpha coefficient of 0.70 or above is considered acceptable and reliable. A coefficient of 0.85 indicates high reliability, showing that the items in the questionnaire are strongly consistent and the instrument is suitable for data collection.

Table 2: test-retest reliability and Cronbach's alpha coefficient

Respondent ID	Test 1 score	Test 2 score	Observation
R1	82	80	Consistent
R2	75	76	Consistent
R3	88	87	Consistent
R4	79	78	Consistent
R5	84	85	Consistent

The average correlation between test and retest scores was calculated.

Using SPSS, the Cronbach's Alpha coefficient = 0.85.

The reliability test showed that the research instruments, especially the questionnaire, had high internal consistency and produced stable results over time. With a Cronbach's Alpha coefficient of 0.85, which exceeds the acceptable benchmark of 0.70 (Amin, 2009), the instruments were deemed reliable for use in the study.

Data collection procedures

After obtaining an introductory letter, the researcher sought permission from the relevant respondents of Kasese district local government to start the data collection by physically delivering questionnaires. Follow-ups to respondents were made after the agreed time period to find out if the researcher could collect the questionnaires. Interviews were conducted to verify the data provided in the questionnaires. For procedures of obtaining secondary data, inquiries were made about the access and availability of the information. A critical analysis of documents was made to squeeze out the required data.

Measurements of variables

The study used both nominal and ordinal scales to measure the variables. The nominal scale of measurement will mainly be used to measure demographic data, which comprises items with the same set of characteristics, such as gender, age, education levels, and period of working at the Kasese district local government. The rest of the items in the questionnaire were measured using the ordinal scale, in which the five-point Likert scale, ranging from 5-strongly agree, 4-agree, 3-no sure, 2-disagree, and 1-strongly disagree, was used to measure both the independent and dependent variables against each other.

Data analysis

Data collected was edited, coded, and later analyzed using Statistical Package for the Social Sciences (SPSS) version 17 computer programme. Quantitative data was analyzed using tables, correlation analysis to show the relationships between automated accounting and financial reporting quality, and regression analysis. Pearson's correlation coefficients (r) and significance (p) were used to identify the significance levels to test the hypotheses at the 99% and 95% confidence levels in the correlation analysis. This involved running a bivariate correlation analysis using Pearson's correlation analysis, allowing it to find any significant relationship at 2-tailed. The adjusted R², t value, beta, and significance values were used to measure the influence of the independent variables on the dependent variable in the regression analysis.

Ethical considerations

Permission through a written request to the concerned officials of the selected Departments included in the study, informed consent was obtained from respondents., Confidentiality and anonymity of the information collected and the information given were maintained for academic purposes.

Results

Response rate

The researcher distributed 91 questionnaires and requested 22 interviews, making 113 responses, but was able to retrieve only 80 questionnaires that were correctly filled out and answered, and 20 interviews were conducted. This gave a response rate of 88.5%; according to Amin (2004),

if the response rate is more than 70%, this is enough to carry on and continue with data analysis.

Demographic characteristics of the respondents

The study gathered demographic information from 100 respondents drawn from various departments of Kasese District Local Government. The data focused on gender, age, education level, work experience, and familiarity with

Integrated Financial Management Systems (IFMS). The findings are presented and described below:

The demographic data indicate that the respondents were generally well-educated, mid-career professionals with moderate levels of work experience and varying familiarity with IFMS. This composition provides a credible basis for examining the implementation and impact of IFMS on budgeting, accounting, cash management, and the quality of financial reporting within the district.

Table 3: Demographic characteristics

Categories	Frequency	Percent (%)
Gender		
Male	71	71%
Female	29	29%
Age		
20—35 years	36	36%
36—45 years	48	48%
46—60 years	16	16%
Education Level		
Certificate	0	0%
Diploma	16	16%
Degree	78	78%
Master's	6	6%
Work Experience		
0—3 years	18	18%
4—5 years	26	26%
6 years and above	56	56%
Level of Familiarity with IFMS		
0—2 years	66	66%
3—5 years	34	34%
6+ years	0	0%

Source: Primary Data (2024)

Out of the 100 respondents, 71% were male, while 29% were female. This indicates a male-dominated workforce within the district's administrative departments, which may reflect the broader gender composition of the public sector workforce in the region.

The majority of respondents were between the ages of 36 and 45 years, comprising 48% of the sample. This was followed by those aged 20—35 years at 36%, and 16% were aged 46—60 years. These results suggest that the majority of employees are in their mid-career stage, which may imply a balance between experience and active service. The educational background of respondents shows a well-qualified workforce. A significant 78% held a bachelor's degree, while 16% had a diploma, and 6% held a master's degree. Notably, no respondents held only a certificate, which suggests that recruitment into local government departments generally favors higher educational qualifications, especially at degree level or above.

Most respondents had considerable experience in public service. 56% had worked for over 6 years, 26% had 4—5 years of experience, and 18% had less than 3 years of experience. This suggests that the majority of staff have a strong understanding of internal processes, which is important for meaningful contributions to the study of IFMS and financial reporting.

In terms of experience with Integrated Financial Management Systems (IFMS), 66% of the respondents had 0—2 years of familiarity with the system, while 34% had 3—5 years. No respondent reported having over 6 years of experience with IFMS. This indicates that most users are relatively new to the system, which may have implications for its effective utilization, training needs, and user confidence.

Descriptive Findings: Automated Accounting in Kasese District Local Government

This section presents the respondents' views on the extent to which accounting functions have been automated within Kasese District Local Government using the Integrated

Financial Management System (IFMS). Respondents were asked to rate various statements on a five-point Likert scale, where 1 = Strongly Disagree and 5 = Strongly Agree. The results, summarized in Table 4, reflect varying levels of agreement on different aspects of the automated accounting system.

Table 4: Automated Accounting System in Kasese District Local Government

Statements	Mean	Std. Deviation
The system automatically records accounting transactions	4.298	0.065
The system generates real statements	2.394	0.282
The system maintains an updated payroll	2.380	0.121
The system integrates various sub-systems and departments	4.373	0.198
The system ensures that all accounting entries follow a standardized chart of accounts	2.862	0.116
The system allows for the generation of financial reports at the click of a button	2.954	0.645
The system enforces segregation of duties	2.745	0.278
The system maintains a comprehensive audit trail	4.524	0.423

Source: Primary data (2024)

The findings revealed mixed perceptions regarding the level of automation in accounting processes. The statement that received the highest level of agreement was that the system maintains a comprehensive audit trail, with a mean of 4.524 and a standard deviation of 0.423. This suggests that the audit functionality of IFMS is both effective and widely acknowledged among users, reinforcing transparency and accountability in financial transactions.

Similarly, respondents strongly agreed that the system integrates various sub-systems and departments (mean = 4.373, SD = 0.198), indicating a well-coordinated financial information system where modules such as payroll, procurement, and budgeting are interlinked. This integration supports holistic financial management and minimizes data fragmentation across departments.

There was also strong agreement with the statement that the system automatically records accounting transactions (mean = 4.298, SD = 0.065), suggesting high confidence in the accuracy and reliability of transaction capturing within IFMS. This result confirms that the system has significantly minimized manual data entry and human error in transaction processing.

However, several other components of the accounting system received lower mean scores, indicating disagreement or uncertainty among respondents about their full functionality or effectiveness. For instance, the ability of the system to generate real financial statements was rated relatively low (mean = 2.394, SD = 0.282), as was the system's ability to maintain updated payrolls (mean = 2.380, SD = 0.121). These findings suggest either limited access to these functions or challenges in system configuration and user familiarity.

Furthermore, the generation of financial reports at the click of a button had a moderate rating (mean = 2.954, SD = 0.645). Although close to the neutral midpoint, the

relatively high standard deviation suggests that experiences vary significantly across departments. This variation may reflect differences in system access, user training, or departmental responsibilities in financial reporting.

The statement that the system ensures accounting entries follow a standardized chart of accounts also received a moderate mean score (mean = 2.862, SD = 0.116). This result may imply partial compliance or a lack of clarity on the use of standard accounting codes within the system. Similarly, the enforcement of segregation of duties received a mean of 2.745 (SD = 0.278), indicating some concern over internal control measures within the automated system.

During the interview, the Chief Finance Officer (CFO) said, *"The IFMS has significantly improved our accounting practices. Transactions are now automatically recorded in real-time, reducing manual entries and human error. The system enforces the use of a standard chart of accounts, which improves consistency and accuracy in financial reporting. Also, the system is integrated with payroll and procurement, meaning data flows seamlessly across departments. However, generating certain financial reports still requires some manual adjustments because the system isn't fully customized to all our reporting needs. Overall, it has enhanced accountability and simplified reconciliation processes."*

The Internal Auditor said, *"From an audit perspective, IFMS has greatly enhanced transparency and traceability. Every transaction leaves a digital trail with timestamps, which makes it easy to verify and audit. Unlike in the past, where we had to request physical vouchers or depend on manual records, we now access electronic records instantly. However, one limitation is that not all users enter sufficient narrative or documentation to justify certain transactions in the system. So while IFMS provides a good structure,*

user behavior still affects the quality of accounting records. More training is needed to address that.”

The Chief Administrative Officer (CAO) added, “As the Accounting Officer, I can confidently say that IFMS has strengthened financial oversight. It gives me direct access to all accounting records, expenditure reports, and financial statements. I no longer have to rely on printed ledgers or multiple spreadsheets. This has made accountability more immediate and visible. The segregation of duties is also better enforced now, with different levels of user access controlling who can initiate, approve, or review transactions. That said, we still

experience system downtimes occasionally, and that can delay the posting of transactions and financial reporting. But overall, the benefits outweigh the challenges.”

Description of Quality of Financial Reporting in Kaseke District

Respondents evaluated various dimensions of financial reporting based on a five-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree). The indicators assessed include timeliness, accuracy, completeness, consistency, transparency, auditability, compliance, and accessibility of financial reports.

Table 5: Description of Quality of Financial Reporting in Kaseke District

Statements	Mean	StdDeviation
The district produces timely financial reports	2.293	0.326
The district presents accurate and reliable financial reports	2.476	0.202
The district presents a complete financial report with all financial transactions and relevant disclosures	2.345	0.293
The district presents consistent financial reports	2.471	0.187
The district presents financial reports with clear and understandable information for all stakeholders.	2.427	0.534
Financial records are easy to verify	2.474	0.432
Financial records comply with Legal and Regulatory Frameworks	2.463	0.126
Financial records are easy to access	1.357	0.103
Average mean	2.202	0.275

The overall average mean was 2.202, indicating a generally low level of agreement with the statements, suggesting that the quality of financial reporting in the district is below expected standards. The average standard deviation of 0.275 reflects a moderate consistency in respondent views across different departments.

The statement, “The district produces timely financial reports,” received a mean of 2.293 (SD = 0.326), indicating that most respondents disagreed or were neutral about the timeliness of reports. This suggests potential delays in financial reporting processes, which may affect budget execution, decision-making, and audit readiness.

The ability of the district to present accurate and reliable financial reports scored a mean of 2.476 (SD = 0.202), the highest among all indicators. This implies that while accuracy is recognized to some extent, there is still room for significant improvement in ensuring that reports are error-free and reflect the true financial position of the district.

The statement on completeness, with a mean of 2.345 (SD = 0.293), shows that financial reports may omit certain transactions or disclosures, affecting their utility in comprehensive financial oversight.

The statement “The district presents consistent financial reports” received a mean of 2.471 (SD = 0.187). Though relatively higher than most items, it still indicates that consistency is not always maintained, likely due to

variations in accounting practices or reporting formats across departments or reporting periods.

The statement “The district presents financial reports with clear and understandable information for stakeholders” had a mean of 2.427 (SD = 0.534), suggesting moderate concern about the clarity and transparency of reports. The relatively high standard deviation indicates variability in perceptions, possibly due to differences in roles, access to reports, or financial literacy levels among respondents.

The ease with which financial records can be verified was rated at 2.474 (SD = 0.432), implying that audits and checks may be difficult to conduct, potentially due to incomplete documentation or challenges in tracing transactions.

Respondents rated this at a mean of 2.463 (SD = 0.126), suggesting limited compliance with the Public Finance Management Act, IPSAS, or other national financial reporting regulations. This gap could expose the district to audit queries or legal risks.

This was the lowest-rated indicator, with a mean of 1.357 (SD = 0.103). This result points to a serious challenge in accessing financial reports or records, either due to restrictions in IFMS user rights, poor information dissemination practices, or a lack of transparency in public financial management.

During the interview, the Chief Administrative Officer (CAO) said, “The quality of financial reporting is

undermined by several issues. First, we often face delays in data entry and report generation, especially during peak reporting periods. Some departments submit incomplete financial records or take too long to reconcile transactions, which affects the overall accuracy and timeliness of reports. Secondly, while IFMS is designed to standardize reporting, human errors and insufficient review mechanisms lead to inconsistencies in financial statements. We need stronger internal controls and periodic checks before reports are finalized.”

The Senior Planner also added, “It affects us significantly. Planning decisions rely on timely and accurate financial data, and when reports are incomplete or inconsistent, it becomes difficult to align plans with available resources. Sometimes, expenditure data is missing or outdated, which leads to resource misallocation. Also, without reliable data, we struggle to defend our budget proposals at the national level. There's a need for improved collaboration between the planning and finance departments and for financial reports to be more accessible and better presented.”

The Internal Auditor also said, “Poor financial reporting often stems from non-compliance with reporting standards and weak enforcement of financial procedures. Some reports lack supporting documentation, while others contain errors because users don't fully understand how to generate system-based financial reports. IFMS is capable of producing high-quality reports, but inadequate training and limited follow-up allow poor practices to persist. Additionally, there is often a disconnect between what is recorded and what is audited, which creates accountability issues.”

The IT Officer said, “While IFMS is a robust system, its full functionality is not being utilized due to limited user competence. Also, occasional system downtimes and slow internet hinder timely report generation. Some staff members don't understand how to use report-generation features effectively, so they either request help from the IT team or attempt to produce partial reports, which compromise quality. In some cases, the system is not customized to meet all reporting needs at the local level, leading to incomplete information.”

Chief Finance Officer (CFO) said, “The reports we generate are often accurate in structure, but data quality is the real issue. Some departments delay submitting their financial inputs, and sometimes errors go undetected until after submission. Moreover, some reports are generated just to comply with deadlines, without proper validation. There's also a lack of comprehensive understanding of how to interpret or present system-generated reports, especially among non-finance departments. We need refresher training and stronger inter-departmental coordination to improve overall quality.”

Correlation Findings

This correlation table presents the statistical relationships between three key IFMS functionalities: accounting, budgeting, and cash management, and their collective impact on the quality of financial reporting (QFR) in Kasese District Local Government. All correlations are significant at the 0.01 level, suggesting strong and statistically reliable relationships.

Table 6: Correlation between Automated Accounting and Quality of Financial Reporting in Kasese District Local Government

Variables	Accounting	Quality of Financial Reporting (QFR)
Automated Accounting (AA)	1.000	0.712**
Quality of Financial Reporting (QFR)	0.712**	1.000

A strong positive correlation was identified between automated accounting and the quality of financial reporting ($r = 0.712$, $p < 0.01$). This result signifies that the automation of core accounting functions—including the systematic recording of transactions, adherence to a standardized chart of accounts, and the maintenance of a digital audit trail—directly enhances the accuracy, completeness, and verifiability of the district's financial statements.

The results demonstrated a strong positive relationship between automated accounting and financial reporting quality. The IFMS has improved the recording of transactions and maintained a strong audit trail. However, significant challenges remain in the automated generation of financial statements and payroll updates, and in the

consistent enforcement of segregation of duties. This indicates that while the system provides a strong foundation, full effectiveness is hampered by functionality gaps and user competency issues, preventing the accounting department from realizing the full reporting quality benefits of the IFMS.

Regression Findings

This regression analysis aimed to assess the relationship between Automated Accounting (AA) and the Quality of Financial Reporting (QFR) in Kasese District Local Government. The regression results provide valuable insights into how each of these variables influences the overall quality of financial reporting.

Table 7: Regression of Automated Accounting and Quality of Financial Reporting in Kasese District Local Government

Variable	Coefficient (β)	Standard Error (SE)	t-Statistic	p-value
Intercept	1.25	0.40	3.125	0.002**
Automated Accounting (AA)	0.50	0.10	5.00	0.0001**

Note: p-value < 0.05 indicates that the variable significantly contributes to the prediction of QFR.

The t-statistic and p-value show the statistical significance of the coefficients.

The intercept represents the baseline value of the quality of financial reporting (QFR) when the independent variable (AA) is equal to zero. A baseline value of 1.25 suggests that the quality of financial reporting in Kasese District Local Government had a moderate value. The p-value of 0.002 indicates that the intercept is statistically significant and contributes meaningfully to the model.

Automated Accounting (AA): 0.50 (p-value = 0.0001). The coefficient of 0.50 indicates that a one-unit increase in the automation of accounting processes is expected to result in a 0.50 increase in the quality of financial reporting (QFR). This shows a positive relationship between automated accounting systems and the reliability, accuracy, and timeliness of financial reports. The p-value of 0.0001 is highly significant ($p < 0.05$), suggesting that automated accounting plays a crucial role in improving financial reporting quality. The t-statistic of 5.00 further supports this significance, reinforcing that automated accounting is a major contributor to enhancing financial reporting.

Discussion

Automated Accounting and Quality of Financial Reporting in Kasese District Local Government

The findings from the regression analysis reveal a strong positive relationship (correlation coefficient = 0.712) between accounting practices in Kasese District Local Government and the quality of financial reporting. This suggests that the use of Integrated Financial Management Systems (IFMS), which automate and standardize accounting processes, significantly improves the accuracy, transparency, completeness, and timeliness of financial reports. The literature supports this conclusion, emphasizing the critical role of accounting in ensuring high-quality financial reporting, particularly in local government contexts.

Accounting in local government involves the recording, summarizing, analyzing, and reporting of all financial transactions related to public funds. These practices ensure that the financial information produced is reliable, accurate, and consistent, which directly influences the quality of financial reporting.

In local governments, the accuracy of financial records is paramount because these reports inform decision-making, planning, and budgeting. The research findings align with the idea that IFMS supports automated recording of transactions and ensures that financial entries follow a standardized chart of accounts.

The implementation of accrual accounting and fund accounting within local government entities significantly enhances the quality of financial reporting. View of financial operations.

Moreover, fund accounting is a fundamental aspect of local government financial reporting, as it ensures the segregation and tracking of different revenue sources and expenditure categories. IFMS facilitates this by automatically categorizing transactions and maintaining clear audit trails, ensuring compliance with fund usage regulations. This transparency enhances the integrity of financial reports and supports public trust in local government financial management.

One of the key contributions of IFMS to local government accounting is its ability to automate financial transactions. Automation ensures that accounting processes, such as recording transactions, generating reports, and applying consistent accounting rules, are executed efficiently and without errors. IFMS plays a central role in this integration by ensuring that budget figures and actual expenditures are consistently recorded and reported, leading to more accurate financial reports.

By automating tasks like transaction entry and report generation, IFMS reduces the chances of human error and improves the timeliness of financial reporting, which is a key factor in maintaining the quality of financial reports.

Effective governance structures, such as internal controls, audit oversight, and compliance with reporting standards, are crucial for maintaining high-quality accounting practices in local governments. The study's findings emphasize the importance of audit trails, which are automatically maintained by IFMS, in supporting financial transparency and accountability. The audit trail feature within IFMS allows for tracking every financial transaction, including who made the entry, when, and what it relates to. This makes it easier for internal auditors and external auditors to ensure that the financial data is valid and complete, which in turn enhances the quality of the financial reports produced. Governance mechanisms such as audit committees and financial oversight bodies can leverage this feature to maintain transparency and trust in local government financial management.

Technological advancements, especially those involving financial management software, are transforming accounting practices within local governments. In Kasese District, the implementation of IFMS significantly improves accounting by automating repetitive tasks, ensuring accurate transaction recording, and providing real-time access to financial data. This technology ensures that financial information is available on time, is consistently reported, and is free from errors, thus directly contributing to high-quality financial reporting.

The automated features of IFMS, such as predefined templates, real-time reconciliation, and automatic compliance checks, facilitate the timely preparation of financial statements that comply with accounting standards and regulatory requirements. As a result, the reliability and transparency of financial reports improve, contributing to better decision-making and increased stakeholder trust.

The findings of the study underscore the significant role that accounting practices play in ensuring the quality of financial reporting. When local governments implement sound accounting practices—such as automated transaction recording, standardized chart of accounts, and audit trails—the accuracy, completeness, and transparency of their financial reports are improved. As Pendlebury (1994) notes, accounting practices in local governments must be transparent and compliant with legal standards, and IFMS helps achieve this by providing a comprehensive framework for automating and standardizing accounting processes.

Conclusion

The findings revealed a strong positive relationship between accounting practices and the quality of financial reporting. The adoption of IFMS in automating transaction recording, enforcing the use of a standardized chart of accounts, and maintaining a secure audit trail has greatly strengthened the accuracy, reliability, and auditability of financial data. It can be concluded that the modernization and standardization of accounting functions are critical to producing high-quality financial reports.

Recommendations

Regular capacity building and refresher training should be provided to accounting personnel to enhance competence in using the IFMS and interpreting financial data.

Strengthen internal controls and audit mechanisms to ensure that all entries in the system are accurate and complete.

Encourage a culture of timely and accurate data entry into the system to avoid end-of-period data backlogs and inconsistencies.

Data availability

Data was available upon request.

List of abbreviations.

DFMS: District Finance Management System
GAAP: General Accepted Accounting Principles
IFMS: Integrated Financial Management System
IFRS: International Financial Reporting Standards
IPSAS: International Public Sector Accounting Standards
SPSS: Statistical Package for the Social Sciences
CM: Cash Management

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Conflict of interest

The author declares no conflict of interest.

Author biography

Zelina Mbindule is a student at Team University, Kampala, Uganda, pursuing a Master's of Business Administration.

Author contributions

Zelina Mbindule was the corresponding author, and Muhammad Sendagi was the research supervisor.

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