



**ACCOUNTING INFORMATION SYSTEMS, RISK MANAGEMENT PRACTICES AND
FINANCIAL REPORTING IN LOCAL GOVERNEMENTS IN UGANDA:
A CASE OF NORTH BUKEDI SUB REGION**

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**A RESEARCH REPORT SUBMITTED TO DIRECTORATE OF GRADUATE STUDIES,
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DECLARATION

DECLARATION

I **Nsajuli Esther**, declare that this research report is my unique work, except when acknowledgement is provided. I hereby affirm that this work has never been submitted to this University or any other institution in partial fulfillment of any award.

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APPROVAL

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DEDICATION

This report is dedicated to my dear family, coworkers, and friends for their tireless emotional and financial support, which has helped me complete this task on time.

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ABBREVIATIONS/ ACCRONYMS

AG	Auditor General
AIS	Accounting Information System
ASB	Accounting Standards Board
FY	Financial Year
GAO	Government Accountability Organization
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IGG	Inspector General of Governance
LG	Local Government
MOFPED	Ministry of Finance Planning and economic Development
PFMA	Public Financial Management Act
RMP	Risk Management Practices

ABSTRACT

The study investigated the mediating effect of risk management practices in the relationship between accounting information system and financial reporting in North Bukedi LGs. The study was guided by the following objectives: to determine the effect of accounting information system on financial reporting; to assess the effect of accounting information system on risk management practices; to examine the effect of risk management practices on financial reporting; and to establish the mediating effect of risk management practices in the relationship between accounting information system and financial reporting. The study was rooted on the contingency theory. A cross-sectional research design was adopted using a quantitative approach. The study targeted a population of 84 LGs with a sample of 70LGs were selected. 60 LGs responded and fully returned completed questionnaires indicating 85.7% response rate. The questionnaire was used for data collection. The data collection tool was tested for both the reliability and validity and the questionnaire items was found valid. Frequency distribution table, correlation, regression, SPSS V.22, and process macro V3 were used for results analysis. Regression findings showed that accounting information system positively and significantly affect financial reporting; the study findings also showed that accounting information system positively and significantly affect risk management practices; the study further revealed that risk management practices positively and significantly affect financial reporting; the mediation effect of risk management practices in the relationship between accounting information system and financial reporting was found to be partial. The study concluded that to enhance financial reporting, accounting information systems need the support of risk management practices, particularly when procedures are in place to identify, assess, and reduce risks in LGs. Therefore, the study suggested that LGs should implement and oversee the execution of thorough training programs and ongoing professional development centered on the essential use of accounting information systems to improve the quality of financial reporting. The trainings should also be adapted to meet the needs of different employee categories within the LGs.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

The chapter comprises the study background, problem statement, study purpose, specific objectives, research hypotheses, study scope, study significance, and conceptual framework.

1.1 Background of the study

In today's dynamic environment, the need to improve government financial reporting systems has become a major concern in the public sector (Mulyati et al., 2020). In fact, in order to achieve economic sustainability, local governments are working to improve financial reporting by improving on timely submissions of financial reports, effective communication of relevant and reliable financial information, and ensuring that the funds and transactions are properly managed and are comparable to the set standards as per the Public Financial Management Act (PFMA) and regulations for robust corporate decision making. Accounting Standards Board (ASB) provides framework through which financial reporting can be measured, this includes key performing indicators such as, timeliness, reliability, relevance, and comparability (ASB, 2017).

Consequently, Accounting Information System (AIS) relates to financial reporting in the way that, AIS minimizes operational and ethical disparities by integrating all accounting systems to fit in the plans, budgets, and the policies of the organizations to accomplish the desired goals (Olamide, 2024). AIS can be defined as the procedure of assimilating computerized systems to enable transact data, process and manage financial resources, ensure quality reporting, transparency and accountability of financial information to inform decision making to various stakeholder (Adebimpe & Mary, 2023). It thus helps in disseminating of financial data for effective monitoring and control of organization activities.

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