



**ACCOUNTING INFORMATION SYSTEMS AND ACCOUNTING
INFORMATION QUALITY IN LOCAL GOVERNMENTS.
A CASE STUDY OF BUSIA MUNICIPAL COUNCIL**

BY

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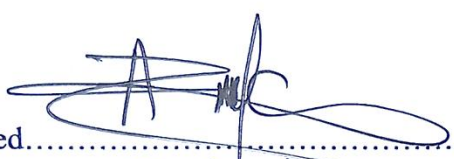
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**A RESEARCH REPORT SUBMITTED TO THE FACULTY OF
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UNIVERSITY**

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DECLARATION

I do hereby declare that this research titled **the impact of accounting information system on accounting information quality in Busia Municipal Council** has been done as a result of my own efforts except instances where scholarly literature has been cited and it has never been submitted to any other institute of learning for any award

Signed.....

Date.....

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APPROVAL

This research report is submitted the faculty of management sciences as a partial fulfillment for the award of degree of Bachelors of Business Administration (Finance and Accounting Option) of Busitema University with my approval as academic supervisor

Signed.....

Date.....9/8/2025

Mr. Emusugut Desterio

DEDICATION

I dedicate this research work to my beloved sons and daughters Emorut Benon Emmanuel, Oliwa Bonny Collins, Achilu Davis, Ikee Peace, Alokait Precious and Pretty. My mother Mrs. Ikee Desiranta together with my late Father Mr. Okitwi Bornifence who have been there for me all through my life they have provided me all my needs and also prayed for me all times so that I can be successful and accomplish my goals in life and not forgetting by lovely brothers Omusugu Francis, Obara Justine, Emolem Centurio, Okware George and others for continuous support and prayers and advice towards this voyage, and also lasty, my close and great friend Omal Wyclife for routes he shared with me throughout the journey.

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LIST OF ACRONYMS

AIQ	Accounting Information Quality
AIS	Accounting Information Quality
BMC	Busia Municipal Council
COVID	Corona Virus Disease
CVI	Content Validity Index
IFMS	Integrated Financial Management System
IMF	International Monetary Fund
KSHS	Kenya shillings
OECD	Organization of east African community development
PCAOB	Public Company Accounting Oversight Board
PEOU	Perceived Ease of Use
PU	Perceived Usefulness
SHS	Shillings
SPSS	Statistical Package for Social Sciences
SQ	System Quality
TAM	Technology Acceptance Model
TAS	Treasury Single Account
TT	Technology Type
UC	User Competence
UGSHS	Uganda shillings
UK	Kingdom United
USA	United State of America

DEFINITION OF KEY TERMS

Accounting Information Quality: refers to the degree to which financial information is useful for decision-making, characterized by its relevance, faithful representation, comparability, verifiability, timeliness, and understandability(Roestel, 2022)

System Quality refers to the technical functioning and performance of the AIS e.g., its reliability, user-friendliness, response time, and flexibility(Onyali et al., 2021).

User Competence/ Training. This dimension considers how users interact with the AIS covering training, IT support, and user satisfaction (Nansubuga, 2023).

Technology Type. Categorizes the nature of AIS deployment into manual, automated, or cloud-based systems (Njagi & Kamau, 2022).

Manual Systems: Paper-based processes that are time-consuming and error-prone.

Automated Systems: On-premise software that speeds up processing but may have limitations in scalability and access.

Cloud-based Systems: Real-time, scalable, and accessible platforms that enhance flexibility, data accuracy, and real-time decision-making.

ABSTRACT

This study examined the relationship between accounting information systems and accounting information quality in Busia Municipal Council. Specifically, it focused on three key dimensions: system quality, user competence, and technology type, and how each influences the quality of accounting information. The study was guided by the DeLone and McLean Information Systems Success Model and employed a cross-sectional survey design using quantitative methods. Data were collected from 40 respondents using structured questionnaires and analyzed using descriptive statistics, Pearson correlation, and linear regression. The results revealed that all three independent variables had a positive and statistically significant relationship with accounting information quality. User competence was the most influential predictor, explaining 76.4% of the variance, followed by technology type at 73.8%, and system quality at 46.9%. These findings suggest that skilled users, modern technology, and high-quality systems are critical to producing accurate, timely, complete, and relevant accounting information for effective decision-making and financial accountability in local government settings. The study concludes that enhancing user competence, investing in appropriate technologies, and improving system quality are essential for improving the effectiveness of accounting information systems. Key recommendations include strengthening staff training, adopting modern accounting software, and conducting regular system performance evaluations. The study was limited by its geographic scope, reliance on self-reported data, and exclusion of other influential factors. Future research is recommended to explore additional variables, adopt longitudinal designs, and include qualitative insights for deeper contextual understanding.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter presents the background of the study, statement of the problem, the purpose of the study, research objectives, research questions, the scope of the study, the significance of the study, the conceptual framework.

1.1 Background of the Study

High-quality accounting information is the backbone of sound financial decision-making, transparency, and accountability in both public and private sectors without it, institutions risk misallocating resources, undermining stakeholder trust, and perpetuating corruption (Rizki et al., 2024). Accounting Information Quality refers to the degree to which financial information is useful for decision-making, characterized by its relevance, faithful representation, comparability, verifiability, timeliness, and understandability (Roestel, 2022). Despite the relevance of accounting information quality in promoting transparency, accountability, and informed decision-making, there exist a persistent gap between theoretical standards and practical application, especially in public sector entities. Many organizations, particularly in developing countries, struggle with outdated systems, limited technical capacity, poor internal controls, and weak enforcement of financial regulations, which compromise the accuracy and reliability of financial data (Marus et al., 2018). These shortcomings often lead to misallocation of resources, fraud, and reduced public trust undermining the purpose of high-quality accounting information, as seen in multiple audit reports and empirical studies (Amit, 2024; Joseph et al., 2024).

Globally, Public Company Accounting Oversight Board (PCAOB) reported that in 2022, the Big Four accounting firms Deloitte, Ernst & Young (EY), KPMG, and Price water house Coopers (PwC) had an overall audit deficiency rate of 26% indicating failures to obtain sufficient evidence to support audit opinions, and raising concerns about the reliability of audited financial statements (Maurer, 2024). Similarly, a financial times analysis found that U.S. companies issued the highest number of financial restatements in nearly a decade during 2023, with 140 restatements in the first ten months alone with errors including misstatements in revenue recognition, tax accounting, and lease accounting, reflecting poor internal control and information quality (Edgecliffe, 2023). Concurrently, a 2024 audit of Connecticut's state

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