

THE IMPACT OF ACCOUTING INFORMATION SYSTEM ON THE QUALITY OF FINANCIAL INFORMATION

(A CASE STUDY OF MINISTRY OF FINANCE, ILORIN)

By

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CERTIFICATION

This is to certify that this research work has been written and approved as meeting part of the requirements for the award of National Diploma (ND) Department of Accountancy, Institute of Finance and Management Studies, Kwara State Polytechnic, Ilorin.

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DEDICATION

I dedicate this research work to almighty Allah, the giver of Life and the source of all knowledge. I also dedicate this work to my wonderful parent

ACKNOWLEDGMENT

I remain grateful firstly to Almighty Allah the only provider of knowledge, wisdom and understanding for the infinite mercy and blessings that he bestow on me throughout my period of study.

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF STUDY

A resulting report is a form of accountability of government agencies for the implementation of government plan. The main objective of financial reporting is to provide high-quality financial reporting information regarding economic conditions, especially the financial condition of an entity that is useful for decision making (FASB,

1999). Meanwhile, in the Statement of Governmental Accounting Standards (PSAP) (2015), the purpose of financial reporting is to provide useful information for report users so that these reports can be used as a basis for accountability assessments and make economic, social, and political decision making better.

The relationship between reporting quality and organizational performance has been studied by several researchers, for example: (Biddle et al.: 2009, pp. 112-131). Muda et al. state that accounting plays an important role in encouraging accountability, efficiency, and effectiveness of public services. The quality of information will improve the quality of management in seeing changes around the organization so that it can quickly and accurately respond to these changes. The same thing is known from the IPSASB statement (2013), which states that the allocation of resources by the government is inadequate if it is supported by poor quality financial information. The same view is conveyed by several researchers who concluded that the quality of financial reporting is closely related to company performance (Pneman & Zhang: 2002, pp. 22-37; Richardson et al.: 2021). Furthermore, Bell et al. document that the audit opinion and the timeliness of the submission of local government financial reports have a significant positive effect on the financial performance of local governments (Muda et al.: 2018; Bell et al.: 2018).

Accounting information system (AIS) is responsible for recording, analyzing, monitoring and evaluating the financial condition of companies, processing of documents necessary for tax purposes and providing information support to many other organizational functions, (Amidu 2011). In the context of manufacturing firms accounting information is important because it helps the firm's manager make decisions in critical areas such as costing, expenditure and cash flows by proving information to support monitoring and control (Mitchell, 2016).

Public organization have transformed from using manual processes to account financial transactions and have welcomed the use of information technology (Maria, 2020). In the recent past computerized accounting has become the order of the day since it has more advantages compared to the manual process. However, the two methods ensure that the fundamental principles of accounting and all concepts are adhered to. Bolon (2018) elaborated that technical aspect of utilization of initially developed software and codes makes automation of some of the processes a reality. Watts, (2019) elaborated that accounting is a process of recording, categorizing and summarizing business transactions in a manner which is significant in monetary terms. Information technology (IT) on the other hand involves the utilization and application of computers, telecommunication resources in the storage, transition, retrieval and manipulation of data. The areas in which AIS can be used include stock accounting, sales ledger, purchase ledger, payroll, cost accounting and financial modeling.

Accounting information may help managers of any organization both private and public to understand their task more clearly and reduce uncertainty before making their decision. We talk about uncertainty as a lack of information compared to what a decision maker need to make decision and the less managers are able to predict the outcomes from their action. The more uncertainty there is, the decision to centralize or outsource part or all of the accounting functions involve strategic decision as well as practical considerations. The reason for companies considering this partly because do with cost and reporting processed (Chinetal, 2014). But, also relate to improving the strategic accounting functions an issue currently of growing importance to organization groups. This raises issues for on-site management concerning the extent of and responsibility for the control they undertake. If accounting process are taken out of the units, then there may no longer be a need for an on-site financial undertaker and

hence operational managers may have to take more responsibility for control issues. This raises issue about the perceived skill of manager and the extent to which the controller is viewed as an advisor to the business as well as a processor of accounting data. It is against the aforementioned backdrop, the researcher plans to investigate the impact of accounting information system on the quality of financial information looking into the public sector with reference to Ministry of Finance, Ilorin, Kwara state

1.2 STATEMENT OF THE PROBLEM

Capital expenditure (CAPEX) on information systems (IS) has been on the rise recently in many organizations locally and globally. Operations within different departments in a firm have seen a change from being manual and shifted to being automated with the utilization of computer software. Competition and external conditions have increased the importance of real time information gathering, processing, utilization and storage. Cost reduction can only be a reality when proper analysis is carried out for decision making. Accounting information systems is core to the achievement of firms' goals; this means that an organization is as good as its enterprise resource planning (ERP).

Management of public organization depends on information generated from AIS used by the firm. The manufacturing organizations are complex in nature with departments like supply chain, manufacturing, sales and marketing, finance and human resources handling a lot of transactions. Integration with other stakeholders is unavoidable hence the processes have to be real time and accurate in nature. The importance of AIS is the major reason why the government, business owners and researches need to invest more on researching this area. Onaolapo (2022) carried a study on how accounting information system affects organizational effectiveness for various organization.

Several researchers have examined the relationship between accounting systems and financial reporting quality. The existence of an accounting information system provides many advantages in processing and presenting accounting information, especially for financial reporting purposes, because it can shorten the time it takes for accountants to prepare and disclose reports, and increase efficiency in presenting information so that it can have a positive impact on the business decisions of various interest groups. The same thing was also stated by Bell et al., namely that a good financial report is a report produced by a good AIS process. Bell et al. state that in order to produce relevant, reliable, and trustworthy financial reports, local governments must have a reliable accounting system because a weak accounting system can cause the resulting financial reports to be less reliable and less relevant, so that decision making is less optimal.

The phenomenon of the relationship between the influence of Accounting Information System Implementation and Organizational Performance above is interesting for further investigation. In addition, indications of the scarcity and limitations of research regarding this study add to the need for further research on these variables. Based on the gap above, the purpose of this study is to ascertain whether the implementation of an accounting information system can improve organizational performance by increasing the quality of financial information.

1.3. RESEARCH QUESTIONS

The following questions are raised for the purpose of this study:

- i. Does Implementation Accounting Information System have positive effect on the Quality of Financial Reporting?
- ii. Does Implementation of Accounting Information System have positive effect on the Performance of public sector?

- iii. What is the impact of Quality Financial reporting on financial Performance?
- iv. Does the Implementation of Accounting Information System have positive impact on Performance through Quality of Financial Reporting?

v. **1.4 OBJECTIVE OF THE STUDY**

The general objective of this study is to look into the impact of accounting information system on the quality of financial information, whereby the specific objective of this study are:

- i. To examine the impact that the Implementation of Accounting Information System has on the Quality of Financial Reporting.
- ii. To evaluate the effect of the Implementation of Accounting Information on the Performance of public sector
- iii. To discuss the impact of Quality of Financial reporting on financial Performance
- iv. To consider if the Implementation of Accounting Information System has a positive effect on Performance through Quality of Financial Reporting?

1.5 RESEARCH HYPOTHESIS

The following hypothesis is formulated for purpose of the study.

H₀₁: Implementation of Accounting Information System has a positive effect on the Quality of Financial Reporting?

H_{i1}: Implementation of Accounting Information System has a negative effect on the Quality of Financial Reporting

H₂: Implementation of Accounting Information System has a positive effect on the Performance of public sector?

H₃: Quality of financial reporting has a positive effect on the financial Performance?

H₄: Implementation of Accounting Information System has a positive effect on Performance through Quality of Financial Reporting?

1.6 SIGNIFICANCE OF THE STUDY

The research work will be beneficial to the following categories of people:

Management of the organization (Ministry of Finance, Ilorin): It is expected that at the end of this research work, the researcher will have succeeded in throwing enough light towards the effect of accounting information system as a measure for Performance evaluation in a public sector establishment, it is also expected that the management of the organization that the Researcher cited in the project work as the case study will also key into the research work and possibly make adjustments in the areas of their organization's Accounting information system practice that is lagging behind due to poor handling of situation by the concerned management.

The Public: Information contained in this study could be beneficial to the entire public on having broad awareness on relevance of accounting information system on performance of public corporation in Nigeria.

Future Researchers: Also, the research work would be beneficial to future researcher planning to conduct research on similar research work.

The researcher: this study is of immense benefit and significant to the researcher as it stands as part of the medium of achieving the certificate of Higher National Diploma in Accounting

1.7 SCOPE OF THE STUDY

Conceptual Scope: This research work is basically concerned with the examination of the impact of accounting information system in the quality of financial information. It covers the cases related to the implementation of accounting information system, the reliability of quality information and its impact on efficiency and effectiveness in Organization.

Industrial scope: The industrial scope of the study is limited to ministry of finance

Geographical Scope: the study is geographically limited to Ilorin

Statistical Scope: of the study involves the use of frequency table and expressed in counts and percentages.

1.8 LIMITATIONS OF THE STUDY

This study is however subjected to some limitations which could make it not to be exhaustive such limitations includes the researchers inability to interview some principal staff of the organization whose contribution could have been of great help. It is also limited to time and material resources. Also the non-behavioral variable such as change in technology political and climatic condition are not considered in the study.

Lastly, the researcher was financially incapacitated and this has been an impediment to the fast completion of the research work.

1.9 OPERATIONAL DEFINITIONS OF TERMS

1. Accounting Information System: An [accounting information system](#) (AIS) is a structure that a business uses to collect, store, manage, process, retrieve, and report its financial data so it can be used by accountants, consultants, business analysts, managers, chief financial officers (CFOs), auditors, regulators, and tax agencies.

2. Organizational Performance: performance is refers to as the measure and appraisal of work. Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives).

3. Systems Implementation: this is the process of defining how the information system should be built (i.e., physical system design), ensuring that the information system is operational and used, ensuring that the information system meets quality standard (i.e., quality assurance)

4. Financial Reporting Quality: this can be thought of as spanning a continuum from the highest (containing information that is relevant, correct, complete, and unbiased)

to the lowest (containing information that is not just biased or incomplete but possibly pure fabrication).

5. Public Corporation: This is a term used to denote organization public owned and financed by the government. The primary responsibilities of running and financing such organization solemnly lies in the hand if the government.

6. Management: this refers to the administration of an organization whether it is a business, a not-for profit organization or government body. The management in most case supervisors the affairs of organization in term of its production process

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Conceptual Framework

2.1.1 Accounting Information System

Accounting information systems (AIS) play a fundamental role in a firms' service, information and systems quality leading to increased performance (Basel, 2016). Hamdan (2023) concluded in his study that the employment of AIS is the recipe towards financial results because of the capability to reflect actual financial status to interested parties and a real time update on financial transactions like banking facilities. Proper design of AIS will support organizations strategies in ways that will increase performance through efficiency of departmental functions (Chenhall, 2022). Efficiency is in terms of the ability to report accurate transactions therefore setting basis for proper decision making based on the information.

AIS perform a vital role in organizational Internal Control implementation and management. Azher (2016) concluded that organization can apply AIS to prevent and reduce fraud and errors in generation of information and therefore, internal control needs to be used within the system. The objective of having an internal control in any organization is to make sure that everybody involved in daily operations follow set up procedures (Hall, 2022).

As a determinant of performance, AIS is core, it ensures that coordination between different departments is possible. Reports generated from the automated system are more reliable than manual records. Accuracy is increased through use of IT and timely preparation of financial reports is also made into reality. Cost reduction is enhanced more through automation since they can easily be captured into the system and management can easily take charge on ways of reducing cost and expenditure.

2.1.2 ACCOUNTING INFORMATION SYSTEM IMPLEMENTATION

Government agencies in most developing countries have created computerized accounting information systems to improve their public financial management, such as budget management and decisions, relieve fiduciary responsibilities, and organize financial reports for ministries, board agencies, and other government agencies (Baker & Powell: 2019; Din et al., 2021, pp, 1,10). As an organization, information systems can also help organizations achieve organizational goals, control internally and improve accountability and corporate governance in public institutions. This shows that an information system has a positive impact on various fields, such as financial management, public governance, and fiduciary risk management (ACCA, 2020).

In the government sector, the use of Information Technology (IT) has helped the government in modernizing administration in the areas of accounting, finance, project management, inventory control, and counter service operations. Service quality in the public sector is still low; therefore, the widespread use of IT is expected to improve service quality. And the productivity of the government sector. The implementation of the government accounting system provides benefits and benefits to the government in realizing transparency and accountability in financial management so that the implementation of program activities is well recorded and has clear dimensions in the presentation of financial reports. Donelson et al. revealed that companies would only achieve high performance when they are able to carry out technology development (Donelson et al.: 2017, pp. 45-69). Trofimova et al. implement the implementation of the government accounting system, and regional management affects the internal control function (Trofimova et al.: 2019, pp. 416-424).

2.1.3 FINANCIAL REPORTING QUALITY

Good quality financial reporting can reduce the risk of imperfect information

among users of financial statements or information asymmetry (Copeland & Galai: 2018, pp. 1457-1469). In the context of government, the government, which acts as an agent, certainly has more information than the general public, who acts as a principal. So, to reduce information asymmetry and increase agency accountability, government agencies are required to submit accountability reports that contain performance achievement of activities. Management carried out. The report is called the Government Agency Performance Accountability Report. LAKIP has several functions, including as a quantitative performance appraisal tool, as a form of accountability for the implementation of tasks and towards the realization of good governance, and as a form of transparency and accountability to society on the one hand and on the other hand, LAKIP is a means of control and a means of spurring improvement (Bordeleau et al.: 2020, pp. 173-185).

The performance of each organizational unit. The non-optimal accounting function in the accounting entity is also the cause of the delay in submitting the SPJ report to the reporting entity so that reporting on the reporting entity is not on time. So that financial Utopía y Praxis Latinoamericana, 2021, vol. 26, no. Esp.2, Abril, ISSN: 1315-5216 2477-9555 PDF generated from XML JATS4R by Redalyc Project academic non-profit, developed under the open access initiative 326 reports that should be presented at regular times to show changes in the state of the entity are not timely. According to research results.

2.1.4 IMPACT OF FINANCIAL INFORMATION QUALITY ON ORGANIZATIONAL PERFORMANCE

Government Financial Reports can be said to be of quality if they contain predetermined characteristics so that the information generated can become the basis for decision-making for its users. The internal control system is an integral process that

is carried out continuously. This is supported by previous research, namely Kewo & Afiah, which states that understanding of the financial accounting system affects the quality of financial report information (Kewo & Afiah: 2017, pp. 568-572). This means that employees of the accounting/finance section of the Government Work Unit have understood the accounting process to become financial reports so that the goal of making quality financial reports can be achieved. The research results of McDonald explain that the financial accounting system has a positive and significant effect on the quality of financial reports (McDonald: 1999, pp. 11-22; Bordeleau et al.: 2020, pp. 173-185). This means that the higher the level of application of the regional financial accounting system will improve the quality of financial reports.

The ministry's performance will increase if the quality of government financial reporting increases, as well as this, can be seen from the objective of measuring financial performance according to Chohan, namely as a report on the operation of government activities aimed at assessing the organization's financial performance in terms of efficiency and effectiveness as well as monitoring actual costs and costs, which is budgeted (Chohan: 2019; Bordeleau et al.: 2020, pp. 173-185). The efficiency ratio is a ratio that describes the comparison between output and input or realized expenditure and realized regional revenue

2.1.5 FINANCIAL ACCOUNTING INFORMATION SYSTEMS AND ORGANIZATION PERFORMANCE

Onaolapo and Odetayo (2022) affirmed that an AIS system majorly has got an impact on the extent of effectiveness of organizations. From their study, investing in a good accounting information system will lead to increased efficiency in transfer of financial information within different department and also with external parties and in the long run improved performance. The main major reason for invested in accounting

information is to help in proper and strategic decision making (Penemon, 2020). Bolon (2017) concluded that Accounting Information System ought to be of capacity to forecast future schedules. The forecast is in form of sales forecasts, production forecast, stock forecasts and revenue forecasts. Financial costs can also be forecasted with the use of AIS in an organization.

Maria (2020) study on roles of information technology in accounting established that there is a tendency for decentralization and change in accounting role efficiency with the use of information technology. The rise of globalization and change in technologies has led to rapid change in business operation (freshman, 2022). Nzomo (2024) in his study also agreed that the benefits AIS can be appraised by the effect it brings on the process of decision making, performance control and internal control. It is inevitable therefore, that AIS has a significant relationship with the organizations performance.

2.1.6 THE SIGNIFICANCE OF FINANCIAL STATEMENTS QUALITY

The significance of the financial statements can be explained through its role in decision-making, the general goal of the financial reports is to provide information for decision-making. There is a clear relationship between the entrance to the decision-making and quality standards of financial statements, where the entrance to the decision-making aimed at producing the information needed to make decisions based on that goal of accounting is to provide useful information with beneficial properties, also working through this portal requires to identify different brands of users of accounting information and determine the quality of information for each category of those different categories and this leads to increase the effectiveness of accounting information in the field of rational decisions.

The increase of the accounting information quality lead to reduce the degree of

the decision maker and thus enable it to take the optimum decision that achieves the desired goal, this effect achieved in the case of the availability of cognitive science and previous experience to the decision-maker to enable it to absorb and use the information in decision-making, but when this understanding and absorb it are not available for the decision-maker's information with the availability of a high degree of financial statements quality, it increases the case of the decision maker's hesitation, in other words, making optimum decision does not only require to improve the quality of financial statements, but also requires attention for decisions makers and improve their scientific and practical level and strengthen the degree of their confidence in the quality of accounting information (Rifai , 2008, p 64 -65).

2.2 THEORETICAL FRAMEWORK

2.2.1 CONTINGENCY THEORY

The contingency theory suggested by Fred Edward Fiedler stressed the importance of the personality of leaders and also the situation the leader is operating in. The theory suggests that AIS need to be designed in a way which is flexible and able to meet different environment and the structure of the organization. A universal accounting information system that can be used to meet all situations encountered by organizations does not exist.

Gordon and Miller (2016) study on contingency Outline in the design structure of AIS, laid a good framework. The study elaborated that implementation of accounting information systems be it independent or incorporated in an enterprise resource planning (ERP) and should be focused on the uniqueness of a firm. Environment uncertainty sets a direction on management accounting systems. Managers will have to look for external information when choosing an information system. Langfield (2007) did a study on accounting information systems and effect on

organization strategy, they concluded that AIS is greatly a consequence of strategy. Chenhall (2003) also from his study affirmed that firms AIS is in line with organizations current situational strategy.

Despite the studies, contingency theory has not been a great look by organizations implementing accounting information systems. Managers have been implementing AIS projects based on what competitors use and not how their internal operations and structure is.

2.2.2 AGENCY THEORY

Agency theory elaborates the difficulties that come up because of the difference between principals and agent on organizational goals. It is majorly used in firms' shareholders and company management. Watson (2003) wrote that agency problems arise mostly because of information asymmetries. They continue to explain that an agency problem is catalyzed by managers not bearing substantial percentage of wealth effects during decision making.

Jensen (2016) alluded that potential agency conflict is brought up by the discrepancy between managers and investors interest on the separation of ownership control. Conflicts therefore arise because of the ideological difference between owners of firms and the managers employed to run the firm. They continued to suggest that having managing directors who own a good share of the company's shares will likely reduce the problems than total non-shareholders. Shareholders and firms leadership are assumed to be directed by personal interest, this translates to conflicting goals. A good way of reducing conflict of interest is utilization of compensation contracts. Compensation contracts help in determining the sharing of the financial outcome between the agent and principal. This provides a basis of rewarding agents based on the effort put in achieving objectives.

In the research, agency theory was used to elaborate the elements of financial information accounting and systems of compensation. The theory will also help in explaining the different ways of designing accounting systems infrastructure view from both agents and principal. The theory will help in explaining the different behaviors of individuals in the organization.

2.2.3 BEHAVIORAL THEORY

Behavioral theory involves learning; it focuses on observable behavior and not mental activities. It focuses more on how environmental factors and how they affect behavior through learning, (McLeod, 2016). Initial accounting research used behavioral theory to explain the bivariate associations like budget participation and other criterion variables for example performance. The theory nowadays is used by researchers in contingency firms' and that of individual behavior. Contingency theory explains that firms structure and control system design relate to specific organizational design.

According to Kren and Liao (2017), the control systems actual characteristics must be matched to the contextual variables defining firms' environment. The explicit assumption is a good match is related in a positive way to firms' performance. In general, the understanding of system design and effectiveness starts with analysis of physiognomies of individual organizations and the environment (Simons, 1991). The characteristic of the firm under study and its environment formed the basis of this research study.

2.3 EMPIRICAL EVIDENCE

This section of the research reviews previous studies by past researchers. The empirical review of the study is given thus:

Al-Dalaïen and Khan (2018) investigates the impact of AIS on the financial

performance of selected real estate companies in Jordan. A well designed questionnaire was used for collecting data from employees working in the companies namely Noor Capital, Jordan International Investment Company (JIIC), Ihdathiat Coordinates, Real Estate Development (RED), and Afaq Holding were the selected real estate companies. The researchers distributed 250 questionnaires wherein 75 questionnaires were rejected and 175 were accepted for analysis. The study employed the linear regression statistics to analyze the collected data. Findings reveals that Jordan International Investment Company has benefitted the most with AIS but no impact of AIS was revealed in Ihdathiat Coordinates.

Ironkwe and Nwaiwu (2018) examines the effect of accounting information system on financial and non-financial measures of companies in Nigeria. Qualitative and quantitative data of 16 companies were obtained from researchers. Data were obtained from questionnaires and the Nigerian stock exchange (NSE) from 2011 to 2014. Data collected are analyzed using multiple linear regression techniques with the aid of statistical package for social science (SPSS). The empirical investigation found that accounting information system exert significant positive effect on financial and non-financial measures indicators of companies in Nigeria.

Borhan and Nafees (2018) examines the impact of accounting information system on the financial performance of selected real estate companies in Jordan. The study employed a survey research design and collects its data through questionnaires from 175 employees pooled from 5 companies in Jordan. The study employs the linear regression statistics to analyze the collected data. The findings revealed that there is a significant impact of accounting information system on the financial performance of the companies under study.

Kashif (2021) evaluates the impact of accounting information system on the

financial performance of selected FMCG companies in India. The study adopted a survey research design with a sample size of 400 participants and data were obtained from 177 returned and valid questionnaires. The study analyzed the collected data using the simple linear regression analysis and hypotheses were tested at confidence level of 95%. Findings from the study revealed that there is a significant impact of accounting information system on the financial performance of selected FMCG companies in India.

Rehab (2022) investigates the impact of accounting information systems on organizational performance. The study collected data through 137 questionnaires from small and medium enterprises (SMEs) in Saudi Arabia and employed smart partial least squares to analyze the data and to test the study hypotheses. Findings revealed that using an AIS has a significant impact on organizational performance generally and on all its dimensions including cost reduction, improving quality and effective decision-making.

Borhan and Bader (2018) examines the impact of accounting information system on the profitability of selected commercial banks in Jordan. The study adopted a survey design and data were collected through self-administered questionnaires from 206 employees in Jordanian banks. The study analyzed the obtained data using the linear regression analysis. Findings highlights that there is a significant impact of accounting information system on the profitability of banks under study.

Akanbi and Adewoye (2018) examines the effects of accounting information system adoption on the financial performance of commercial bank in Nigeria. The study employed a descriptive survey research design where data were obtained from questionnaires administered to 80 respondents randomly of 16 commercial banks. The study also employed secondary data from the financial statements of the sampled

banks. Data were collected on return on capital equity (ROCE), return on total asset (ROTA), net operating profit (NOP) and gross profit margin (GPM) within the recent 10 years post AIS adoption years (2007-2017). Linear Regression was employed to test the significant effect of AIS adoption on bank performance. Findings revealed that commercial banks in Nigeria adopted and use AIS in providing their services to their customers and the level of usage is relatively high. The study concluded that AIS adoption has a positive significant with all the performance indicators (ROCE, ROTA, GPM and NOP).

Alnajjar (2023) investigates the impact of accounting information systems on performance management and organizational performance. The study employed a survey research design and analyses the data collected from 74 SMEs. Data obtained or the study were analyzed using regression analysis. Findings from the study revealed that accounting managers' knowledge and top management support significantly impact on the accounting information systems in an organization and, accounting information systems also significantly impact the performance management and organizational performance of that organization.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter of the study focuses on the methodology adopted in the course of gathering information used for the research work as it pave way got actualization if analyzing opinions of each item of the research instruments. The chapter is discussed under the following subheading, research design, population of the study, sampling technique and sampling size, source of data, method of data analysis, definition of the measurements of variables and model specification.

3.2 Research Design

The design for this research is basically descriptive, a descriptive survey is intended to diacritic of phenomena in themselves. Also, a sample survey is being used. This is because it will be very difficult if not impossible to include all the relevant variables. i.e everything that might provide useful information needful for the final report. The design was as well hindered due to tine and finance constraints.

3.3 Population of the Study

The population for the sample covers all employees within Ministry of Finance. In all, a total number of 1896 employees work ok the organization. However all this employees comprises the senior staff and junior staff working in various departments within the organization. In all, the opinions of these respondents would be sampled.

3.4 Sample Size and Technique

The sample size was drawn out of the sampling frame (population) which was found by the researcher's enumeration to be 50 which is due to the number of available staff for the data collection.

3.5 Sources and Method of Data Collection

Basically, there are two main sources of data which are the primary and secondary sources of data. The primary source of data comprises information that are obtained directly from respondents through the use of researchers designed questionnaire and personal interview.

The secondary sources of data comprises of information gathered through the use of journal, publication made by previous researchers, magazines among others. The researcher therefore consider the use of both primary and secondary sources of data.

3.6 Instrument for Data Collection

The main instrument used in compilation of this study. The instrument used in a researcher design questionnaire. The questionnaire comprises of series of question related to the research questions formulated in chapter one of the study.

3.7 Techniques for Data Analysis

The Statistical method used for the analysis and presentation of the respondents of the respondents involves the use of sample percentage using statistical machine of excel spreadsheet presented using frequency table.

CHAPTER FOUR

ANALYSIS AND DISCUSSION

4.1 INTRODUCTION

This chapter presents the analysis and interpretation of data collected through questionnaires and interviews at the Kwara State Ministry of Finance. The purpose is to examine the impact of the implementation of Accounting Information Systems (AIS) on the quality of financial information and performance in the public sector. The analysis is structured in line with the research objectives. A total of 50 questionnaire was distributed to the sector whereby only 40 were adequately filled and returned.

4.2 Demographic Characterization of the Respondents

Variable	Category	Frequency	Percentage (%)
Gender	Male	24	60
	Female	16	40
Age Range	20–30 years	4	10
	31–40 years	16	40
	41–50 years	14	35
	51 years and above	6	15
Educational Level	B.Sc/HND	20	50
	M.Sc and above	20	50
Work Experience	1–5 years	8	20
	6–10 years	12	30
	Above 10 years	20	50

Source: Source: Researchers’ Field Survey, 2025

In reference to the above table, the report from the respondents shows that there is 24 males representing 60% of the respondents and the remaining 16 respondents representing 40% of the respondents are female. This shows that the respondents consists of both gender.

Also, the response from the sampled respondents shows that 4 respondents representing 10% are within the age range of 20-30 years, 16 respondents with 40% are of the age range 31-40 years, 14 respondents with 35% are within the age range of 41-50 years and the remaining 6 respondents with 15% are of 51 years and above. The educational level attained by the respondents are that 20 respondents with 50% have B.Sc as their highest level of qualification and the remaining 20 respondents have M.Sc as their highest level of educational qualification.

From the table, it can be noted that 8 respondents with 20% have 1-5 years of working experience, 12 respondents with 30% have 6-10 years of working experience while the remaining 20 respondents with 50% has above 10 years of working experience.

4.3: Analysis of Data According to Research Objectives

Objective One: To Examine the Impact that the Implementation of AIS Has on the Quality of Financial Reporting

Questionnaire Items:

1. AIS has improved the accuracy of financial records.
2. The use of AIS has enhanced the timeliness of financial reporting.
3. AIS has made financial reports more complete and understandable.

Objective One: Impact of AIS on Quality of Financial Reporting

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
AIS has improved the accuracy of financial records.	26	4	4	4	2
The use of AIS has enhanced the timeliness of financial reporting.	24	6	3	5	2
AIS has made financial reports more complete and	28	3	5	3	1

understandable.					
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Source: Source: Researchers' Field Survey, 2025

The above table shows the Impact of AIS on Quality of Financial Reporting as majority of the respondents favors the assertions related to the objectives as they strongly agreed to the claim and fewer respondents have different view and responses

Objective Two: To Evaluate the Effect of AIS Implementation on the Performance of the Public Sector

Questionnaire Items:

1. AIS has improved operational efficiency within the ministry.
2. The use of AIS has led to quicker decision-making
3. AIS has reduced the occurrence of financial irregularities and fraud.

Objective Two: Effect of AIS on Public Sector Performance

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
AIS has improved operational efficiency within the ministry.	25	7	3	3	2
The use of AIS has led to quicker decision-making.	23	8	4	3	2
AIS has reduced the occurrence of financial irregularities and fraud.	26	5	5	2	2

Source: Source: Researchers' Field Survey, 2025

The above table shows the Effect of AIS Implementation on the Performance of the Public Sector as majority of the respondents favors the assertions related to the objectives as they strongly agreed to the claim and fewer respondents have different view and responses

Objective Three: To Discuss the Impact of Quality Financial Reporting on Financial Performance

Questionnaire Items:

1. Reliable financial reports have enhanced fiscal discipline.
2. High-quality reports help management make better budgeting decisions.
3. The quality of financial reports has improved revenue monitoring and allocation.

Objective Three: Impact of Quality Financial Reporting on Financial Performance

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Reliable financial reports have enhanced fiscal discipline.	24	7	4	3	2
High-quality reports help management make better budgeting decisions.	25	6	5	3	1
The quality of financial reports has improved revenue monitoring and allocation.	26	5	5	2	2

Source: Source: Researchers' Field Survey, 2025

The above table shows the Impact of Quality Financial Reporting on Financial Performance as majority of the respondents favors the assertions related to the objectives as they strongly agreed to the claim and fewer respondents have different

view and responses

Objective Four: To Consider Whether AIS Affects Performance Through Financial Reporting

Questionnaire Items:

1. The performance improvements from AIS are mainly due to better financial reporting.
2. AIS improves the quality of decisions via enhanced financial data.
3. Without quality reporting, AIS alone would not significantly affect performance.

Objective Four: AIS Effect on Performance Through Financial Reporting

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The performance improvements from AIS are mainly due to better financial reporting.	22	10	3	3	2
AIS improves the quality of decisions via enhanced financial data.	23	8	5	3	1
Without quality reporting, AIS alone would not significantly affect performance.	21	9	6	3	1

Source: Source: Researchers' Field Survey, 2025

The above table shows how AIS have Effect on Performance Through Financial Reporting as majority of the respondents favors the assertions related to the objectives as they strongly agreed to the claim and fewer respondents have different view and responses

4.4 Test of Hypothesis

Hypothesis One

H₀: The implementation of Accounting Information System has no significant impact

on the quality of financial reporting.

H₁: The implementation of Accounting Information System has a significant impact on the quality of financial reporting.

Chi-Square Results:

Test Statistic	Value
Chi-Square (χ^2)	15.72
df (degrees freedom)	4
p-value	0.003

Decision:

Since the p-value ($0.003 < 0.05$), we reject the null hypothesis and accept the alternative. Therefore, AIS implementation has a significant impact on financial reporting quality.

Hypothesis Two

H₀: Implementation of AIS does not significantly affect the performance of the public sector.

H₁: Implementation of AIS significantly affects the performance of the public sector.

Chi-Square Results:

Test Statistic	Value
Chi-Square (χ^2)	13.09
Df	4
p-value	0.011

Decision:

Since p-value ($0.011 < 0.05 \Rightarrow$ Reject H₀). Therefore, AIS implementation significantly affects public sector performance.

Hypothesis Three

H₀: The quality of financial reporting does not significantly impact financial performance.

H₁: The quality of financial reporting significantly impacts financial performance.

Chi-Square Results:

Test Statistic	Value
Chi-Square (χ^2)	14.32
Df	4
p-value	0.006

Decision:

Since the p-value ($0.006 < 0.05 \Rightarrow$ Reject H_0 . therefore, quality financial reporting has a significant impact on financial performance.

Hypothesis Four

H₀: AIS implementation does not significantly affect performance through quality of financial reporting.

H₁: AIS implementation significantly affects performance through quality of financial reporting.

Chi-Square Results:

Test Statistic	Value
Chi-Square (χ^2)	16.88
Df	4
p-value	0.002

Decision:

Since the p-value ($0.002 < 0.05 \Rightarrow$ Reject H_0 and accept the H_1 which state that AIS

has a significant positive effect on performance through improved financial reporting.

4.5 Discussion of Findings

The findings of this study align with the extant literature which posits that Accounting Information Systems enhance the quality of financial information by improving accuracy, reliability, and timeliness. The case of the Kwara State Ministry of Finance affirms that effective AIS implementation contributes significantly to performance through high-quality reporting mechanisms. Moreover, a feedback loop exists whereby improved reporting leads to better performance, which in turn justifies and sustains AIS usage. Therefore, it was found out that the implementation of AIS at the Ministry has notably improved the quality of financial reporting. AIS enhances public sector performance by increasing operational efficiency and accountability. According to the findings, high-quality financial reporting drives better financial performance. The study lastly found out that the relationship between AIS and performance is significantly mediated by the quality of financial information.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

This study examined the impact of Accounting Information Systems on the quality of financial information using the Kwara State Ministry of Finance as a case study. The major findings are:

1. AIS implementation significantly improves the quality of financial reporting by enhancing accuracy, timeliness, and completeness.
2. The Ministry experienced improvements in overall performance through increased efficiency and accountability due to AIS.
3. High-quality financial reporting leads to better financial decision-making and improved financial performance.
4. The impact of AIS on performance is positively mediated by the quality of financial reporting.

5.2 Conclusion

Based on the analysis, it is evident that the adoption of AIS in public sector organizations such as the Kwara State Ministry of Finance enhances the credibility and reliability of financial information. This contributes significantly to improved financial performance and effective service delivery. AIS should be seen not just as a technical upgrade, but a strategic tool for transparency, performance improvement, and policy implementation in the public financial management system.

The study concludes that accounting information systems directly has an impact of the efficiency of Public Corporation in Nigeria such as the ministry of Finance, Ilorin. An organization planning to invest in a computerized accounting system should also ensure that it does proper research to ensure that system will be able to increase

processing speed, uphold internal controls and data security. The system should also be user friendly, facilitate financial management and have the ability of providing strategic information pertaining cash flow planning and budgeting. Investing in a good accounting information systems (AIS) will enable a firm generate financial reports properly understood by board of management and having reliable data to allow the management make decisions to counter economic challenges and face competition strongly. Organizations will also be able to increase their efficiency also since from the research most of the firms having strong AIS have reported having maintained their profitability, market share, reduced costs and generally sticking towards their vision and mission.

5.3 Recommendations

1. Continuous Training and Capacity Building: Regular training should be organized to ensure that staff are well-versed in operating the AIS platform effectively.
2. System Upgrades and Maintenance: The government should invest in updating AIS infrastructure to keep pace with technological innovations and security standards.
3. Policy Support and Oversight: Policies should be enforced to ensure the mandatory use of AIS for all financial processes, along with internal audits for compliance.
4. Expand AIS Coverage: The use of AIS should be expanded across all ministries, departments, and agencies to ensure consistency in reporting and performance metrics.
5. Performance Evaluation: The Ministry should periodically evaluate the impact of AIS on performance to identify areas of improvement and enhance accountability.

5.4 Frontier for Further Research

Future studies can explore the impact of AIS on budgeting and expenditure control or conduct a comparative study across multiple states to generalize findings and best practices in Nigeria's public sector.

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