



SAINT MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
MBA IN ACCOUNTING AND FINANCE PROGRAM

**Accounting Information system practice and its impact on accounting and
audit reporting quality: Case Study in Awash Insurance Company S.C**

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ADDIS ABABA, ETHIOPIA

Accounting Information system practice and its impact on accounting and auditing report quality submitted to Saint Mary's university department of Accounting and Finance for the partial fulfillment of MBA in Accounting and Finance.

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I, the undersigned declare that the work entitled “**Accounting Information system practice and its impact on accounting and audit reporting quality Case Study in Awash Insurance Company S.C** “ was the outcome of my own effort and study and that all sources of materials used for the study have been acknowledged. I have produced it independently except for the guidance and suggestion of my Research Advisor. This study has not been submitted for award of any degree in Saint Mary’s University or any other University. It was offered for partial fulfillment of the requirement for the degree of Master of MBA in Accounting and Finance.

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Misraku Molla (PhD)

Supervisor

December, 2021

A handwritten signature in blue ink, appearing to read 'Misraku Molla', is written over a horizontal line.

ABSTRACT

Now days, AIS is the most valuable and crucial assets of an organizations to maximize its profit and to determine the ongoing process of that organization. Any organizations should focus on developing information system in order to effective and efficient pass decision, communications of their information's, knowledge of financial report qualities and others. Management in AIC based on information generated from the AIS employed by the company in order to assess effective and qualified financial accounting and audit reports. In addition to this the ways of recording, summarizing, audit and financial reports of AIC were brought to less optimal decisions. The study was to correct the gap among the users of AIS of AIC. The study determines the profit obtained and ongoing process of AIC, due to the integration of accounting information systems. In this study both primary and secondary data were used. Primary data was collected through questionnaires and the secondary data were taken from the company records and files. Generally the findings of this study indicated that Accounting Information practices play role in the accounting and audit report quality as well as effective decision-making mechanism and controlling activities of the company.

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LIST OF ABBREVIATIONS

AIC=Awash Insurance Company

AIS=Accounting Information System

MIS=Management Information System

MBA =Master of Business Administration

ERP= Employee and Report Preparation

GIIS= General Insurance Information System

ROE=Return on Equity

ERP= Employee Report Preparation

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CHAPTER ONE

1. Introduction

1.1. Background of the study

As we all know, accounting is the language of business as it records all transactions of an individual, firms or other bodies that can be run their business. Accounting is the scheme and art of collecting, classifying, summarizing and communicating data of financial nature required to make economic decisions. The rising global economic scenario characterized by advancement in information technology, rapid changes in production processes, increased sophistry of the consumer, fierce market competition and unethical skimming activities of producers in the drive to survive the unpredictable and complex business dynamics, had brought to the fore the crucial role of accounting information in economic and business discourse especially in relation to administrative effectiveness.

Accounting Information System deals with financial information's of an organizations which is the most valuable asset. Financial information is very important to pass financial decisions and to determine ongoing process/success of an organization. It uses computer to collect, store and process the accounting transactions and financial data which was used by the internal users of the company in order to give report regarding various information to the stakeholders of the company such as creditors, investors, tax authorities, etc. it was a system to collect and store all information related to financial transactions and events in such a way that they can be retrieved for decision making by the internal management, accounts, auditors, etc. There may be a very simple ledger to various accounting, costing, financial reports like Statement of profit and loss, balance sheet, etc.

The earliest "intelligence techniques" in accounting were characterized by recorded transactions in clay and papyrus and systems of checks and balances to ensure that the records were accurate and could be verified. Early records indicate that ancient Romans were developed their own system of recording transactions and balances sheet to account for receipt and payment of money. Internal Controls were very important for every business organization. These were tools, checks, procedures, systems adopted by an organization to ensure the integrity of financial information, prevention of frauds, errors, safeguarding of assets, etc. Accountants within any organization must use the accounting information system to generate qualified accounting and financial reports. Accountants were usually part of a multiple-discipline team that designs or

implements accounting information systems. When an organization considers a change to its AIS practice for accounting and auditing reports, accountants must be involved in decisions related to such matters to determine preferable software package to be purchased.

Computer integrated operational information system that fully integrates manufacturing with marketing and accounting data increasing both the quantity and timeliness of the information. Technological tools work to promote efficiency in the transferring of data between corporations and their different decisions, offices, customers, and even their accounting firms. Communications technology utilizes a combination of technologies to transmit data in a variety of forms to each of these recipients. This particular form of technology was of considerable importance for large firms, because it enhances communication capabilities to allow easier expansion into the worldwide market. This speeds up the transfer of information between an entity and its firm. For accountants, this means getting the most current information to work with.

Awash Insurance Company was the first private Insurance Company in Ethiopia. In the Insurance industry, it dominates the market in terms of Assets, Capital, and customer. It has more than 50 branches that were expanded across the country. It has also more than 650 employees which creates job opportunity for the nation. According to the annual report of June 30,2020 and for fiscal year of 2019/2020, the total asset and capital of Awash insurance company reached Birr 3.41 billion and Birr 1.3 billion respectively. It contributes economic development of the country.

1.2. Statement of the problem

The quality of delivering service is one of managements most complicated, but important duties simultaneously. Awash Insurance Company was one of the insurance companies in the country that provide insurance service through its branches disbursed all over the country. These branches were connected and operated by using integrated networking system. The activities of the company were controlled using this system and used as internal control mechanism.

Based on the evidence of internal and external audit report there were a gap of accountant and managers to control all over the transactions of the company especially, on collection and payment undertaken by different branches of the company. As well as In the Company, all directorate and branches were passing their daily collection and payment through general

insurance information system (GIIS), furthermore they were not effective to know the appropriateness and correctness of the ledger done by different branches, and this makes the problem of erroneous financial statement preparation. The internal auditors controls and verifies the activity of each directorate and branches once in a year. As it's mentioned on their report, there was a problem of the knowhow of the designed and accessible of the available system. Therefore the researcher was investigated to full fill the gap already mentioned above with in this organization.

Financial managers need the financial and accounting data provided by AIS to evaluate the firm's past performance and to map future plans. Therefore, the organizational performance was measured in terms of return on assets and return on equity (ROE). These ratios were financial performance measuring ratios (Majeed, 2011). ROE was a key to provide useful information about the performance of debt in the capital structure that the general manager must try to influence in order to improve and manage the overall organizational performance (Miller et al., 2001). Performance management has a key role to play in improving the overall value of an organization (Armstrong and Baron, 1998). Largely, the quality of information depends on the reliability, form of reporting, timeliness and relevance to the decisions. Effectiveness of AIS also depends on the perception of decision makers on the usefulness of information generated by the system to satisfy informational needs for operation processes, managerial reports, budgeting and control within the organization (Nwinee et al., 2016).

1.3. Objectives of the study

1.3.1. General Objective

The general objective of the study was to assess the AIS practice in order to increase the quality of financial and audit reports in Awash Insurance Company.

1.3.2. Specific Objective

Based on the aforementioned general objective, this study will specifically address the following specific objectives.

- ❖ To assess the AIS practice of the AIC.
- ❖ To identify the role of AIS on internal control over financial accounting and audit report quality.
- ❖ To examine impact of AIS on accounting transaction and audit reporting quality
- ❖ To investigate the effect of AIS on financial and audit reporting quality.

1.4. Research Questions

The main research questions raised under this study were:-

- ❖ How AIS practice assess and evaluate on an internal audit report and comments done on financial transactions in accounting process and financial report of the company?
- ❖ What is the role of AIS to minimize the transaction posting problem that has its own dilemma on the report generated by the Accounting system of the company?
- ❖ Did AIS Practice have the ability to examine the quality of accounting transactions and financial reports of the company?
- ❖ Did the External Auditor reports, comments and questions have its own role to investigate and evaluate the accuracy of financial report of a company?

1.5. Scope and Limitation of the study

This study was limited to assess the AIS practices and its impact on AIC's accounting and auditing practices and reporting quality. In terms of geographic coverage, the study will be conducted at head office and some selected branches at Addis Ababa. Based on the time constraints and covid 19 disease the sample of the research was limited to cover small number of branches exist in the Addis Ababa.

1.6. Significance of the study

The significance of this research were to draw significant change of financial and audit report quality in Awash Insurance company and to recommend another person who will investigate over the same case of study for improving the impact of the accounting information system by modifying the control system. The finding of this research will provide a knowledge that will aid in decision making for manager and help recognize internal control faults to prevent any negative consequence. The study will also help other researchers as a source of reference and as a stepping stone for those who want to make further study on the area afterward. Finally, the study provides for the stake holders an opportunity to gain deep knowledge about the impact of accounting information system on internal control. It will provide information to the management how they can assess and prepare qualified financial and audit reports to keep up service quality exercised in the organization. Also it helps the company not to incur any unnecessary cost in relation to the impact of accounting information system.

1.7. Ethical Considerations of the study

All the evidence and sourced of data and materials used in conducting the research were done from genuine sources. And there was no plagiarism in this work. The searcher will like to promise that everything that was going to be worked out in this research were the researcher's own work and not from other sources steal or copied.

Research participants should not be subjected to harm in any ways what so ever, Their Respect for the dignity of research participants should be prioritized. The research give confident on the protection of the privacy of research participants has to be ensured and as well adequate level of confidentiality of the research data should be ensured. Any deception or exaggeration about the aims and objectives of the research must be avoided. The research steer clear of Affiliations in any forms, sources of funding, as well as any possible conflicts of interests have to be declared. Any type of communication in relation to the research should be done with honesty and transparency. Any type of misleading information, as well as representation of primary data findings in a biased way not exist. Informed consent was important for the research that means that a person knowingly, voluntarily and intelligently, and in a clear and manifest way, gives his consent.

1.8. Organization of the study

The research paper organized into five chapters: Chapter one deals with the introduction part consisting of background of the study, statement of the problem, research objectives, significance of the study, and scope and limitation of the study. The second chapter discussed about the review of related literatures about the subject matter; chapter three focuses on research methodologies; chapter four contained data analysis interpretation and discussions of the result. Finally chapter five conclusions and recommendations will be presented.

CHAPTER TWO

2. Literature Review

2.1. Review of Theoretical literature

2.2. Definition and concept of Accounting Information System

In managing an organization and implementing an internal control system the role of accounting information system (AIS) was crucial. An important question in the field of accounting and management decision-making concerns the fit of AIS with organizational requirements for information communication and control. Although the information generated from an accounting information system can be effective in decision-making process, purchase, installation and usage of such a system were beneficial when the benefits exceed its costs. Huber, (1990) agrees that automated accounting information system aids decision making for management of organizations. Benefits of accounting information system can be evaluated by its impacts on improvement of decision-making process, quality of accounting information, performance evaluation, internal controls and facilitating company's transactions.

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.: 2001). 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).

The accounting information systems (AIS) describe the accounting information, which are intended to collect financial data to reach the information needed for internal or external decision-makers (Bodnar and Hopwood, 2010). The use of accounting information is vital in the management activities of a company, given its quantitative information on various activities. Accounting information is primarily intended to be useful in economic decision-making. Accounting information is needed not only by management in the direction of cooperation but also by shareholders, who need periodic financial data in order to assess the performance of the company's management (Nnenna, 2012).

Accounting Information System Quality

Accounting information systems play crucial and important role, providing information that could help the organization's management perform its duties to the fullest. Many researchers have pointed out that the success or failure of an organization in achieving its objectives depends on the quality of the accounting information systems. The development of accounting information systems has a significant impact on the performance and effectiveness of operations in the organization, as the management of organization needs information that is characterized by consistency and confidence in decision –making. Further, the success of decisions and increasing their effectiveness depends heavily on the success accounting information systems presented to the decision makers at the right time (Al-Ali, 2014). In this regard, Al-Samaerraie, and Al-Zoubi (2004) stated that good and successful systems must be characterized by integrity, simplicity, flow of information, multiplicity of elements, in addition to excellence, correlation and correct outputs. In the same context, in order for the accounting information system to be of high quality, and should be distinguished from other systems, identified by Al-Sibaei (2010) as follow:

Information by Romney and Steinbart (2015) is the data has been organized and processed to give meaning to the user. Users need the information to the make decisions or improve the decision making process. Gelinas and Dull (2008) describe the notion of information as follows: Information is the data is presented in a form that is useful in decision making activates. In line with various previous opinions (Laudon and Laudon, 2014) states the information is the data that has been shaped into something that has meaning and useful for users. Likewise with the views expressed by Susanto (2013). The information is the result the data processing that gives meaning and benefits for the user. Based on various definitions that have been presented, it can

be concluded that has meaning and useful for variety of users. Valuable information/Quality and can be used in decision making should have the characteristic/traits of certain (Stair and Reynolds, 2011). A high quality product information own characteristics, attributes or quality that makes information through the information timely, easily understood and can be verified Valuable information /quality accounting to Stair and Reynolds (2011) must have the characteristics: easily accessible, accurate/precise, complete, economical, flexible, relevant, reliable, safe, sample, available timely and verifiable.

One indicator of a skill importance was the ability of that skill to leverage other areas of knowledge and create the ability to solve semi-structured and unstructured questions. In the U.S. those accounting functions that were highly structured and require the least amount of individual decision-making have been outsourced (Ramakrwashnan and Frangulescu, 2007). Skills that were unique provide competitive advantage and require company specific knowledge should be retained in house (Alvwerez et. al, 2007). For this reason it was imperative that accounting educators shift the focus away from structured skills to ones that cannot be highly automated and were enabled by technologies such as spread sheets, databases and computer assisted audit tools and techniques.

Many researchers have highlighted the role of accounting information can play in companies to achieve their goals, for example Patel (2015) emphasizes on the important of accounting information in making decisions. He added that the accounting information always plays an essential role in decision making of the managers related to the financial and economic issues and affects to the survival of an organization. In addition, accounting tools such as cost accounting system, management accounting system, price and profitability provide the useful information to the manager to make the financial and economic decisions also. Similarly, Hafij, Ahmed, and Tamanna (2014) evaluated the usage of accounting information by the decision makers in practices in five strategic decisions were as such as basic strategic decision, manufacturing decision; human resource decision, long term investment decision and marketing decision were considered for his study.

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.

Other qualitative characteristics of accounting information can also be maintained if there was a sound internal control system in an organization (Toposh, 2014). Internal controls procedures were set up to protect assets, ensure reliable accounting reports, promote efficiency and encourage adherence to company policies as essential to achieve objective such as the efficient and orderly conduct of accounting transactions, safeguarding the assets in adherence to management policy, prevention and detection of error, prevention of fraud and detection of fraud and ensuring accuracy, completeness, reliability and timely preparation of accounting data.

Azhar Susanto (2008: 6) states that for a company, accounting information system built with the main purpose to process accounting data coming from various sources into accounting information required by various users to reduce risk when making decisions. This is confirmed by Romney & Steinbart (2006: 238) that the basic function of accounting information systems is to provide useful information for decision making. Further Romney & Steinbart (2006: 238), in

order to be useful, accounting information generated by accounting information systems, such as financial statements and various types of reports should present an accurate, complete, and timely description of company activity. Meanwhile, according to Pompandejwittaja and Pairat (2012) that the effectiveness of information systems related to the collection, entry (entering), processing, data storage, management, control reporting accounting information so that organizations can obtain quality financial reports.

AIS can overcome the weaknesses in financial reporting. Research conducted by Zulkanian (2009), concluded that the AIS can accelerate the process of financial reporting and address the weaknesses of human resources in the process of financial statements into the financial statements. Another case rose by Ricchiute (334: 2006), states that the weak internal controls will cause an error misstatements in the financial statements cannot be prevented. Al-Qudah and Ahmed (2011) suggested a significant impact on the company's internal control AIS in creating accuracy, updated, comprehensive and comparative data.

The study of Patel (2015) examined the impact of accounting information systems on companies' profitability. The study was based on the theoretical analytical approach to reach the results by reviewing the previous studies and concept of accounting information systems, the quality of accounting information systems, and the nature of the relationship between accounting information systems and profitability of companies and decision making. The result showed that there is an impact of accounting information systems on the profitability of companies and decision –making , also it was found that the accounting information systems contribute to provide the necessary information to take financial and economic decision

Confidentiality was about internal auditors respecting the information they receive while competence means they should be able to apply their knowledge, skills, and experience in performing their role. Further, AIS were vital for internal auditors because they process the transactions that was, they maintain financial records. Such systems identify, assemble, analyze, classify record, summarize, and report transactions and other events Journal on the impact of AIS on internal auditors in Turkey.

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, 2010).

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.

Karthikeyan. (2010), argued that those users were expecting the information was a high quality and useful. In addition, the accounting information quality was expected to play a crucial role in enhancing the objectives of cost accounting through planning, controlling, performance evaluation and decision making. Horngren (2014) explains how accounting aids decision making, planning and controlling through the five-steps decision, namely: making process: planning which consist of four steps, identify the problem & uncertainties, obtain information, make predictions about the future, and make decisions by choosing among alternatives. And the last step was controlling, implement the decision, evaluate performance and learn. Jawabreh and Alrabei (2012) stated that information should be collected in high quality of data to make it more successfully that will be lead to high quality of information about this enterprise, this information will be the way to planning, controlling and making right decisions.

Dellon & McLean (2003) use the term "success" of information systems to measure the technically successful system of information systems. Similarly, Pornpandejwittaya and Pairat (2012) use the term "success" to explain the successful application of accounting information systems in the areas of the organization's attention, widely used by one or more satisfied users and improve the quality of their performance. The term "quality" of the accounting information system is used by Sacer et al (2006: 62) to show the integration of various components of accounting information systems-quality hardware, software, brain ware, telecommunication network and data base, and quality of work and satisfaction of users. Thus, in this study the

quality of accounting information systems means the functioning of information systems as a provider of quality accounting information

Scott (2001) states that the accounting information system aims to present financial statements designed for external users and internal users. Similarly, Hall (2011: 14) states that fundamentally, the purpose of the Accounting Information System is: (1) to provide information on the organizational resources used, (2) to present information related to management decision making, and (3) to provide information for personnel- Operating personnel to assist the personnel perform their duties efficiently and effectively.

Computer integrated operational information system that fully integrates manufacturing with marketing and accounting data increasing both the quantity and timeliness of the information (Hansen & Mowen, 2007). Technological tools work to promote efficiency in the transferring of data between corporations and their different decisions, offices, customers, and even their accounting firms. Communications technology utilizes a combination of technologies to transmit data in a variety of forms to each of these recipients. This particular form of technology was of considerable importance for large accounting firms, because its enhanced communications capabilities allow for easier expansion into the worldwide market. This speeds up the transfer of information between an entity and its accounting firm. For accountants, this means getting the most current information to work with.

Servicing involves collecting payments due from issuers and paying the collected funds to claimants. In addition, a servicer maintains payment records, monitors contracts, and pursues action in defaults. In less developed economies, this aspect of financial service provision was relatively invisible. Most assets were originated and held by the same institution, particularly in the fixed income area. Intermediating involves the simultaneous issuance and purchase of different financial claims by a single financial entity. It occurs when an institution purchases one type of financial instrument for its own account and finances the transaction by issuing a claim against its own balance sheet.

Three types of such financial intermediation activity were common.

These were:-

- (i) insurance underwriting whereby the issuer assumes the policy's contingent liability,
- (ii) Loan underwriting, whereby the intermediary uses its own resources in extending credit to a borrower, through buying insurance for the asset obtained by loan and
- (iii) Security underwriting which involves buying securities as principal to distribute to investors.

Accounting information system (AIS) was acknowledged as an effective tool to deal with the exterior and interior changes (Shagari, Abdullah, & Saat, 2017) through processing data and transaction to generating useful information for planning, controlling, and operating the organizational activities (Romney, Steinbart, & Cushing, 1997) as well as facilitating and gaining organizational performance (Saganuwan, Wasmal, & Ahmad, 2013). This issue has directed the scholars' attention on AIS effectiveness since such useful accounting information will contribute to the organizational efficiency improvement and accountability accomplishment (Mellembvik, Monsen, & Olson, 1988).

Company accounting information system can be classified in 2 (two) subsystem, that is financial accounting information system and management accounting information system (Wilkinson, 2007: 15; Azhar Susanto, 2013: 84; Meiryani, 2016), while the management accounting information system is intended for internal corporate users, such as managers, executives and employees in decision making Hansen & Mowen, 2007: 7). Information system is a tool (tools) used by management to perform analysis in decision-making related to corporate transactions (McLeod & Schell, 2007; Romli and Ismail, 2014; Ekpung, 2014; Sarwar and Mubarik, 2014 ; Okon and Monday, 2017; Kimengsi and Gwan, 2017; Bollazzi and Risalvato, 2018; Meiryani, 2018).

Accounting information system (AIS) was a tool that can help organizational management to improve its control on the firm's operations and to develop its performance. AIS involve Identifying, collecting, processing and delivering the accounting information to employees and decision makers throughout all organizational levels. AIS were also seen as a system that was used to record the financial transactions of a business or organization. This system combines the methodologies, controls and accounting techniques to track financial transactions and to provide

internal and external reporting data as well as helping the preparation of financial statements with capabilities to improve organizational performance (Pérez et al., 2010).

Borthick and Clark (1990) believe that accounting exists because it satisfies a need - primarily a need for information. In order to be relevant, accounting data must among others, be quick to respond to users' (particularly the investors) needs. Generally, investors are not in a situation to directly access the performance of companies in which they intend to invest. They usually depend on financial reports prepared by the management of such organizations. Financial report is one of the best sources of accounting information about a company. Financial reporting is an essential part of disclosure and helps investor to discover investment opportunities. The primary purpose of financial statements is to provide information concerning the financial situation of the company, its operational results, any changes of control in the company and cash flow.

Accounting information system (AIS) just like any other information system was perceived to play a great role in the management of day to day operations in corporate organizations. Accounting information systems were regarded as one of the supporting information systems used in carrying out managerial functions such as planning, organizing, controlling and decision-making, for the better exploitation of the available resources (Samer, 2016). According to Borhan and Bader (2018) accounting information system (AIS) was a formal system for identifying, measuring, accumulating, analyzing, preparing, interpreting and communicating accounting information about a particular entity to a particular group. Accounting information system represents a range of sources (persons and equipment), which were designed to collect financial data to reach the information needed for different decision-makers at a particular period of time (Bodnar and Hopwood, 2010).

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).

Good quality financial reporting can reduce the risk of imperfect information among users of financial statements or information asymmetry (Copeland & Galai: 1983, 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.

Financial institutions provide more efficient discovery, evaluation, and dissemination of information about legitimate investment opportunities, which presumably reduces monopoly positions and inefficient risk taking. At the same time, such institutions may bring some production efficiency to the market. The institutions reduce transactions cost through efficient processing cost structures or information cost sharing. This was a kind of economy of scale that was part and parcel of the financial sector, and an important service that it performs. Managers have limited ability to diversify their investment in their own firm, due to limited wealth and the concentration of human capital returns in the firm they manage. This fosters risk aversion and a preference for stability. Internal control was process that guides an organization towards achieving its objectives. These objectives include operational efficiency and effectiveness, reliability of financial reporting, and compliance with relevant laws and regulations (Committee of Sponsoring Organization, 1992). Absence of these variables often results in organizational failure.

According to the International Organization of the Supreme Audit Institutions (INTOSA is, 2001), internal control was an integral process that was affected by an entity's management and personnel and was designed to address risks and to provide reasonable assurance in pursuit of the entity's mission. In addition, services were generally internally produced and frequently bundled with the investment management activities of the firm. Reasons will be offered for the emergence of such institutions and for the development of management techniques that limit the risk contained in their portfolios. Relevant information was particularly useful to investors, creditors and others for investment, credit and similar decisions. Such information must have the ability to impact on a decision by facilitating the formulation or prediction about the results of events occurring in the past, present and future. Noteworthy was the fact relevant information must help the decision maker to confirm or reject expectations. Usually, information facilitates both functions simultaneously because the knowledge of the results of the past actions will normally improve the outcome of similar future actions. It was not easy to make a forecast without a sound historical background.

The study conducted by Sajadi et al (2008) also shows the result that the implementation of accounting information system in the company, can lead to the improvement of the quality of financial statements and to speed up the transaction process of the company. Xu & et al (2003) study in Australia related to the key issues of accounting information quality management concluded also that issues related to accounting information systems are seen as the most critical issue of high information quality. The studies related to the influence of the quality of SIA on the quality of accounting information empirically show the following results: Sajadi et al. (2008) on the assessment of the effectiveness of accounting information systems also shows the result that the implementation of accounting information systems in the company, can lead to improvements in the quality of financial statements and speed up the process of corporate transactions (Jermisittiparsert, Trimek & Vivatthanaporn, 2015)

The results of this study answer the various problems of the quality of accounting information systems in Indonesia, which can occur in business and non-business institutions resulting in information that is not qualified. As happened in the Director General of Mining, that there was no integration of accounting information systems resulting in inaccurate and aggregate information (dimensions of quality of accounting information), this was revealed.

Other problems regarding the low quality of the accounting information system led to the emergence of potential loss of tax revenue from the mining sector in 2012, where data on coal production differed between Dirjen Minerba and the Central Statistics Agency. The essence of the problem of the low quality of accounting information systems is the lack of integration of accounting information systems. Integration is a key dimension in improving the quality of accounting information systems. The dimension of integration is the main dimension of the basic concept of accounting information systems, the quality of accounting information systems has the first dimension, namely the extent to which the system is able to facilitate information from various different sources, in other words integration it integrates all functions and components to help management make decisions. Based on the phenomenon, the formulation of the problem, the hypothesis and the results of the study, then the conclusions of the study are as follows: the quality of accounting information is influenced by the quality of accounting information systems. Accounting information is not fully qualified because it is caused by the system used by the organization not yet fully efficient. The integration between components and between subsystems has not been fully harmonized. Accounting Information System has not been able to

adjust to changes in both internal and external environment and Accounting Information system has not been easily accessed.

Accounting information system was very vital to all organizations. It was designed to help in the management and collection of information, raw data or ordinary data and transform them into financial data for the purpose of reporting them to decision makers (Dandago and Rufai, 2014; Harash, Al-Timimi and Alsaadi, 2014). AIS were a system that assists in the collection and recording of data and information regarding events that have an economic impact on organizations. It also helps in the maintenance, processing and communication of such information to both internal and external stakeholders (Olusola, Olugbenga, Zacchaeus and Oluwag bemiga, 2013). AIS greatly help to provide internal and external reporting data, financial statements and trend analysis capabilities to affect an organizational performance. IOSR Journal of Business and Management (IOSR-JBM) Technology was progressively working to eliminate paper work almost entirely. Paper work slows down transaction time and burdens entities with maintenance needs. Image processing was voted by the Journal of Accountancy as the top technology affecting accountants in 1996. This process uses scanning to convert important paper images into electronic documents. These electronic documents were easier to transfer both internally and externally, resulting in more efficient, timely information.

Ponemon and Nagida (1990) also assert that the main reason for which accounting information is generated is to facilitate decision making. However, for financial reporting to be effective, among other requirements, it is relevant, complete and reliable. These qualitative characteristics require that the information must not be unfair nor has predisposition of favoring one party over the others. Accounting information should give a decision maker the capacity to predict future actions. It should also increase the knowledge of the users to identify similarities and differences in two type of information (Bolon, (1998). Therefore, reliable accounting information can be described as an essential pre-requisite for stock market growth. Based on the “engine of economic growth” potential of the stock market, developed nations do not toy with their Stock Markets and relevance of financial reporting.

The main function of Accounting Information System (AIS) is to assign quantitative value of the past, present and future economics events. AIS through its computerized accounting system (Contract Plus) produce the financial statements namely income statements, balance sheets and cash flow statement. The system will process the data and transform them into accounting

information during input, processing and output stages that will be used by a wide variety of users such as internal and external users (Wilkinson, 2000). Wilkinson noted that an effective Accounting Information System (AIS) performs several key functions throughout these three stages such as data collection, data maintenance, data Accounting Information Systems (AIS) and Knowledge Management; data control (including security) and information generation.

That notwithstanding, financial information will only be useful, or relevant to business decision-makers or others if it was available when required, thus at the time a decision was to be made, and it has that capacity to influence decisions. Information that comes too long after the reported events have taken place was superseded by events and has no value for a decision and it's therefore irrelevant. However, under ideal conditions, financial accounting information should be available soon after the end of the period to which it relates. The significance or timeliness depends a great deal on the nature of the information to be communicated to influence decision making.

Components of Accounting Information System (AIS)

Stakeholders The starting and ending of every accounting aspects. There was a stakeholder, who feeds information into the system, collects, analyses, reports, etc., and there was another person (stakeholder) who needs information

Data It was all about various accounting transactions, events, and other monetary items. AIS will not record any information which does not have a monetary base. Data can be anything like sales ledger, customer account, vendor's ledgers, financial reports like P&L and Balance sheet, cash flow statement, etc.

Established Procedures To perform various functions, as stated in the definition, AIS follows predefined steps, procedures. To ensure consistency, this was one of the most basic needs of AIS. AIS may perform an action either with manual intervention or automatically. This action needs to be instructed to the person processing data or coded in the system in case of automatic systems.

Software A software or, in broader terms, software was a computer-based program that performs the stated functions. Software can be described as a database software package system that supports business processes and operations, including manufacturing, marketing, and financial,

human resources, etc. It forms one of the main components of the Accounting Information System (AIS).

Information System Infrastructure In simple terms, IT Infrastructure can be said a consortium of various IT & WAS hardware, tools, accessories.

Currently, the world and human life has been transformed from information age to a knowledge age (Curtwas, 1995), and knowledge has been recognized as the most valuable asset. In fact, knowledge was not impersonal like money and does not reside in a book, a data bank or a software program (Choe, 1996). Choe believed that knowledge was always embodied in a person, taught and learned by a person, used or misused by a person. Accounting information was an unbiased tool for an effective administration. Poor accounting information jeopardizes administrative effectiveness, which makes managers malnourished administratively especially in Nigerian construction industry. The consequence of this has been the current distressed syndrome that Nigerian construction industries were facing. Huber (1999) stressed that companies must learn to manage their intellectual assets (i.e. knowledge) in order to survive and compete in the 'knowledge society'. Indeed, knowledge management was concerned with the exploitation and development of the knowledge assets

Concepts of insurance services

Insurance was the pooling of fortuitous losses by transfer of such risks to insurers, who agree to indemnify insured's for such losses, to provide other pecuniary benefits on their occurrence, or to render services connected with the risk. Insurance contracts were technical, legal documents that contain complex clauses and provisions. Without regulation, an unscrupulous insurer could draft a contract so restrictive and legalistic that it would be insignificant. Also, most consumers do not have sufficient information for comparing and determining the monetary value of different insurance contracts. It was difficult to compare dissimilar policies with different premiums because the necessary price and policy information was not readily available.

Accounting Information system have an impact on internal control as a combined plan, method and procedures used to safeguard asset, promote efficiency of operation and adherence to prescribed policies and directives. Insurance Underwriting refers to the process of selecting, classifying, and pricing applicants for insurance. The underwriter was the person who decides to

accept or reject an application. Underwriting starts with a clear statement of underwriting policy. An insurer must establish an underwriting policy that was consistent with company objectives. The objective may be a large volume of business with a low profit margin or a smaller volume with a larger margin of profit. Classes of business that were acceptable, borderline, or prohibited must be clearly stated. The amounts of insurance that can be written on acceptable and borderline business must also be determined. The insurer's underwriting policy was determinedly top-level management in charge of underwriting. The underwriting policy was stated in detail in an underwriting guide that specifies the lines of insurance to be written; territories to be developed; forms and rating plans to be used; acceptable, borderline, and Prohibited business; amounts of insurance to be written; business that requires approval by a senior underwriter; and other underwriting details.

The United Kingdom Auditing practice Committee (UKAPC,1979) defined internal control as the whole system of control, financial and operational in order to carry on business of any enterprise to safe guard asset, ensure the completeness, accuracy of records , detect errors and fraud and ensure timely report of financial information. A sound internal control system helps an organization to prevent fraud, errors and minimize wastage. Custody of asset was strengthened; it provides assurance to the management on dependability of accounting data eliminates unnecessary suspicion and helps in maintenance of adequate and reliability data.

Claim Settlement was the payment transaction performed by claim directorate and the system was deducted the claim amount paid to customer from the premium collected and show the exact net amount exist after a claim payment was compensated on each policy. The first objective in settling claims was to verify that a covered loss has occurred. This step involves determining whether a specific person or property was covered under the policy, and the extent of the coverage.

The second objective was the fair and prompts payment of claims. If a valid claim was denied, the fundamental social and contractual purpose of protecting the insured was defeated. Also, the insurer's reputation may be harmed, and the sales of new policies may be adversely affected. Fair payment means that the insurer should avoid excessive claim settlements and should resist the payment of fraudulent claims, because they will ultimately result in higher premiums.

The states have passed laws that prohibit unfair claims practices. These laws were patterned after the National Association of Insurance Commissioners a third objective was to provide personal

assistance to the insured after a covered loss occurs. Aside from any contractual obligations, the insurer should also provide personal assistance after a loss occurs.

According to Siayor (2010), Internal control systems refers to all the policies and procedures internal controls adopted by the directors and management of an entity to assist them in achieving their objectives of ensuring, as far as practicable, the orderly and efficient conduct of a business, including adherence to internal policies, the safeguarding of assets, the prevention and detection of fraud and error, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

Financial statements contain information about the performance and prospects of an enterprise or organization. Generally, users of financial statements include stakeholders, investors, auditors, employees, customers, governments and general public etc. Among the uses of this information provided were facilitation of investment decision-making, assessment of the quantity, timing and risk on returns on investment; and the evaluation of economic resources of enterprises and results of operations of the enterprise (David, 2003).

According to Wilkinson (2007:7) states that accounting information system is a structure that integrated in an entity, which consists of a collection of human resources and equipment, used to transform data into information useful for users in making decisions. Romney & Steinbart (2006) Accounting Information System is a system that collects, records, stores, and processes data to produce information used in decision making. Accounting Information System is basically an integration of various subsystems processing or accounting sub accounting information systems because each transaction processing system has a transaction processing cycle so that accounting information system can also be said as the integration of various transaction processing cycles then each transaction processing done by the system of processing transactions Or sub-accounting information systems have various components such as hardware, software, brain ware, procedures, databases and communication networks (Azhar Susanto, 2008). Integration is a critical factor for determining success in the application of Brown & Ross (1995) information systems.

Interim reports also provide information for periods less than one year. These provide users with timely information about enterprises to avoid the time lag between the annual reports. This has important implications for monitoring and control. If accounting information was not made

available early enough, it was not possible to monitor the performance of management and to detect other financial misconduct by employees of the enterprise. Indeed information can be delayed deliberately for that very purpose (Luo, 1996).It was thus imperative that delayed information should be analyzed more carefully.

2.2. Conceptual Framework

Inadequate financial resources have also accelerated to their inefficiency, reflected by irregular audit activities as well as absence of regular reports. The objective of this study was to establish the relationship between internal control activities and financial performance in institutions. The data for the study was collected using questioner and interview. The study revealed that all activities of the College were initiated by the top management, there was clear separation of role in the institutions' finance and account department and that superior officer in the College supervised regularly work done by their subordinate, the institution financial statements were audited annually by external. However, there was a possibility for a single staff to have access to all valuable financial information without the consent of other staff. On the budgetary control, the study revealed that the institution adheres strictly to the provisions of annual departmental budget and that controls were in place to exclude incurring expenditure in excess of allocated fund. Also, there was poor security network in the College. The result further shows that, there was no significant relationship between internal control activities and financial performance. Internal controls were looked at from the perspective of Control Environment, Control Activities, Risk Assessment, Information and Communication system, and Monitoring .Thus this study focused on assessment of the effectiveness of the internal control system in the AIC to identify the possible areas of deficiencies in the system. Based on the data analyzed the result indicates that internal control in the AIC was not effective. Particularly the risk assessment component of internal control was not practiced in the universities. Though monitoring was better in the universities, there was in adequate control environment, control activities and inadequate flow of information and communication in AIC. Hence, it needs commitment from both universities management and responsible government authorities to improve those specific areas of deficiencies' in internal control indicated.

The objectives that internal controls must meet to prevent errors and to be efficient so as to provide reasonable assurance were that:

- ✚ Recorded transactions were valid. The system should not permit the inclusion of fictitious or non-existent transactions in accounting records.
- ✚ The transactions were properly authorized. The system should ensure that transactions were properly authorized.
- ✚ Transactions were recorded. The procedures must provide controls to prevent omissions of transactions from the records.
- ✚ Transactions were properly valued. An adequate system must include procedures to avoid errors in calculating and recording transactions at various stages in the recording process.
- ✚ Transactions were properly classified. Proper account classification accounting to appropriate categories or divisions must be ensured by the system.
- ✚ Transactions were recorded at the proper time. The recording of transactions either before or after the time they took place increases the likelihood of failing to record transactions or recording them at the wrong amount. Therefore, effective control system should ensure timely recording of transactions.

Awash Insurance Company was using the GIIS (General Insurance Information System) that organized and designed by foreigners and managed by Management Information system therefore, this makes there was a knowledge gap on every conception and linkage of the ledger of the system by the department such as finance, Audit and branches of the company. Even though they were doing their daily activity they have some limitation on the system to distinguish financial report practice prepared by the system, this makes there was I gap between the finance and each directorate and branches because all transaction was summarized under Finance directorate as a financial statement report, therefore the knowledge gap on each transaction passed by other comes to finance as a report wrongly. Financial statements still remain the most important source of externally feasible information on companies. In spite of their widespread use and continuing advance, there was some concern that accounting practice has not kept pace with rapid economic and high technology changes which invariably affects the value relevance of accounting information. The importance of Chang's assertion was reinforced by massive accounting fraud in developed countries especially United States of America (USA), rapidly changing business environment and reports by some researchers that value relevance of accounting information has declined. However, a number of researchers claim that accounting information has not lost its value relevance.

CHAPTER THREE

3. Research Methodology

3.1. Introduction

This chapter presents about the study research methodology. The first section presents the research design and approach. The second section presents data source and data collection. The third section presents about sample selection and determination. The fourth section of the chapter presents about method of data analysis. Finally, ethical consideration was presented.

3.1. Research Design

According to Kothari (2008), there were 3 types of research design; Descriptive, Exploratory and Explanatory research design. Descriptive research design/statistical research/: research that describes phenomena as they exist. It can be used to identify and classify the element or characteristics of the subject. It would include techniques like case studies, observation and review of previous related studies and data and also it involves with collecting data in order to test hypotheses or answer questions concerning the current status of the subjects of the study.

Exploratory research design: type of research conducted for a problem that has not been clearly defined. It helps determine the best research design, data collection method and selection of subjects. It should draw definitive conclusions only with extreme caution. Given it was flexible and fundamental nature. Exploratory research often concludes that a perceived problem does not actually exist and the results were not usually useful for decision-making by themselves, but they can provide significant insight into a given situation.

Explanatory research design: the first type of correlational design and conducted when researchers want to explore the extents to which two or more variables co-vary, that was, where changes in one variable were reflected in changes in the other (Creswell, 2008). The purpose of the study was to explore a new universe, one that has not been studied earlier and research was mainly concerned with causes (why) or factor about some phenomenon.

As explained previously main objective of this research was to identify the correlation among two variables namely accounting information system and practice of accounting and auditing report quality of the company empirically. The central issues of conducting the research was to

show the impact of accounting information system and provide remedies to deal with problems which arises on practice of accounting information system in descriptive manner that will make it explanatory for it deals with the relation of two variables. Thus, this study used a descriptive research design to achieve its objectives.

3.2. Research Method

According to Creswell (2003), there were three type of research; qualitative, quantitative, and mixed research approach. Qualitative Research Approach was the type by which were depending on human observations and descriptions. It was descriptive, no facts, highly subjective and designed to look beyond the percentages to gain an understanding of feelings, impressions and viewpoints.. This kind of method was used to assess knowledge's, attitudes, behaviours, opinions of people depending on the topic of research and experiences which were not allowed to be used in quantitative method at all. Qualitative research implies an emphasis on the qualities of entities and on processes and meanings that were not experimentally examined or measured (Denzin & Lincoln, 2005).

Quantitative research Approach was a research approach aimed at testing theories, determining facts, demonstrating relationships between variables, and predicting outcomes. Quantitative research uses methods from the natural sciences that were designed to ensure objectivity, general ability, reliability and reality that exists independent of human perception, the investigator and investigated were independent entities. Therefore, the investigator was capable of studying a phenomenon without influencing it or being influenced by it and concerned with the collection & analysis of data in numeric form (Guba and Lincoln, 1994). Mixed research approach has the characteristics of both qualitative and quantitative research. This study will employ qualitative research approach because it describes the characteristics of an observed data from the source.

3.3. Data Sources and Collection Methods

In order to gather data in relation to the intention of the research, both primary and secondary data sources were used.

Primary data obtained through questionnaire with relevant variable which contains both open ended and closed ended questions. Questions are developed by the researcher and distributed to the respective accountant, internal auditor, and other users of the AIS including, underwriter, manager and cashier were conducted at the selected main branch of the company who have accountant at a branch level to understand daily cash collection and payment done by accountant, underwriter and cashier by the help of accounting information system. The main objective of the questions was to further support the data obtained using questioners.

Secondary data was obtained from company annual report, internal and external auditor's feedback report and other relevant documents will be used to gather secondary data related to AIS practices and its impact on accounting reporting and auditing practices and reporting. The study will specifically used structured documentary review method will be reviewed regarding on the impact of accounting information system and the internal auditors reports on financial report, internal auditors comments on branch operation, internal auditors reports on the analysis of accountants was reviewed and external auditors reports was also examined toward the internal control of the company.

This study used questionnaire which was a widely used and useful instrument for collecting survey information. The questionnaire was developed in two sections. The first one was on the general aspect of the respondent and the second one was developed based on standard of internal control. The first section was aimed to evaluate whether the status and experience of the respondents has an effect on internal control system. The second section was used to evaluate the effect of the standards of the controls were in those samples of AIC. This section uses questions to internal audit, finance and accountant and cashier of selected branches with response ranging from strongly agree to strongly disagree.

3.4. Sample and Population

To gather data in relation to the intention of the research, the first task of the researcher was to know the population under the study. Population also called the space refers to any collection of specified group of human or non-human elements. The population for this research was defined as finance directorate and branches that have accountants at branch level and internal auditors' directorate of AIC. Those provide the specified accounting transaction by the help of the system of the company, employees engaged in this service and annual external auditors report that were occupied of the service. Others have no accountant at branch and their activities were controlled and operated by Finance directorate accountant.

All branches and department of the company are used AIS, therefore the study was performed in the both of AIC directorate and branches the total population was 40 employees working at head offices 22 employees from finance directorate, 5 staffs from audit directorate, 1 Employee from Risk and Compliance Department, AIC have 55 branches in the country and 31 branches are found in Addis Ababa city from this four branches randomly selected in the study for data collection that are found in Addis Ababa city administration based on their production and employee that have accountant at branch level this are 3 employees from Addis Ababa Main Branch, 3 from Bole Main Branch, 3 from Finfine Main Branch and 3 from Life Main branch.

Based on the assumptions and method of Yamane's (1967) formula for sample selection was adopted to determine the sample size.

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

Where; n - designates sample size for the study

N- Designates Number of employees in the region

e= designates maximum variability or margin of standard error at 95%

Confidence Interval 1= designates the probability of the event occurring.

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

$$n = [40 / (1 + 40 * (0.05)^2)]$$

$n = 40 / 1.1 = 36$; and 5% (non- response) made the sample size of 36. The

Sample side will be determined based on population proportion to size to the AIC. Based on sampling frame of staff; individual researcher participants will identify using proportionate

stratified simple random sampling technique. Since, the sample size for the quantitative aspect of the study will be obtained from a known population of the number of workers in the targeted operational units, with the basic population parameters.

Table 1: Summarizes the population selected sample

No	Location	Population	Selected Sample		
			Proportion of total population	Sample Taken	Questionnaire collected
1	Finance Directorate	22	0.55	20	19
2	Audit and Inspection Directorate	5	0.13	5	5
3	Bole Main Branch	3	0.08	2	1
4	Addis Ababa Main Branch	3	0.15	2	1
5	Finfine Main Branch	3	0.15	3	2
6	Life Main Branch	3	0.15	3	2
7	Risk and Compliance Dep.	1	0.03	1	1
	Total	40	100.00	36	31

Beside this sample of the population

- The samples taken become form a 40 total population of 36 employees were selected. The reason behind selecting the sample based on Yamane's (1967) Sample selection formula is as follows:-
- Finance Directorate was selected based on purposive sampling since this office was the place where practice of accounting and auditing report was performing their daily transaction and report was prepared by the help of information generated from the system and documents delivered to finance from the branches of the insurance to perform various transactions activity at centrally at head office.
- The other four branches were selected based on the Yamane's (1967) sample selection and proportionate ratio of their accountant existence at branch level. Organizational structure of the company employee accountant for branches based on their business volume or in terms of transaction and report prepared by the accountant and managers at their branch unit and submits to finance directorate for cash transaction, bank reconciliation and purpose.

3.5. **Data analysis technique**

After data collection, questions were coded and entered into Statistical Package for Social Sciences (SPSS version 17) then analysis run. Data was analyzed using descriptive statistics for quantitative data and content analysis for the qualitative data. Descriptive statistics involve the use of frequencies, mean and standard deviation. Quantitative data was presented in tables, and chart, while explanations to the same were presented in prose. The data analysis was conducted to determine whether the impact of accounting information system has force on internal control of the companies. The data collected was measured in interval measurements whereby ratio was possible to clarify the variables. Generally data was analyzed by using statistical tools known as tabulation method.

3.6. **Data Reliability and Validity Test**

The data collection tools were reliable and valid the data was based on the accountant system based report preparation and internal and external auditors accounting generated report and adjust problems occurred during transaction time on this particular manpower questionnaire were done based on the evidences available.

The study was accurately reflects or assesses the specific concept that the researcher was attempting to measure. And the accuracy of the actual measuring instrument or procedure, was based on the objective of the study External validity of the results of a study was generalized or transferable. The study has taken into account alternative explanations for causal relationships of accountant with the companies system available.

There was the internal consistency of the questioner answered by the participants and the research result obtained. This based on the consistency of people's responses across the items on a multiple-item measure. In general, all the items on research measures were supposed to reflect the same underlying construct, so people's scores on those items should be correlated with each other. Validity explains how well the collected data covers the actual area of investigation (Ghauri and Gronhaug, 2005). Validity basically means "measure what was intended to be measured" (Field, 2005). Reliability concerns the extent to which a measurement of a phenomenon provides stable and consist result (Carmines and Zeller, 1979). Reliability was also concerned with repeatability.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter involves data analysis, results & discussions of findings. This chapter is structured into many sections; Section the first part involves summary of the statistics, the second section analysis the empirical model, chapter discussions and conclusion given are discussed in another chapter.

4.2 Research Questions Discussion and Findings

The Questionnaires response rate was administered to 36 respondents and from this sample selected 31 respondents returned the questionnaires. This translates to a response rate of 86.11%. The high response rate was attributed to the fact that most of the questions were structured and semi-structured making it easy for the respondents to fill in the questionnaires. Additionally, the questionnaires were delivered and collected by hand and hence there was a close contact and go behind up with the respondents. The high response rate is an indication that the results of this study are consistent.

Table 2: Respondents profile

Gender	Frequency	Percent	
Male	16	51.6	
Female	15	48.4	
Total	31	100	
Age	Frequency	Percent	
20-25	1	3.2	
26-32	14	45.2	
33-38	12	38.7	
>45	4	12.9	
Total	31	100	
Position	Frequency	Percent	
Accountant	8	25.8	
Senior Accountant	11	38.7	
Manager	1	3.2	
Auditor	5	12.9	
Under writer	5	16.1	
Other	1	3.2	
Total	31	100	
Education	Frequency	Percent	
Degree	19	61.3	
Masters	12	38.7	
Total	31	100	

51.61% and 48.4% of male and female respondents are participated in the questionnaire respectively in the study to collect the data. Almost the total number of male and female that was involved in this research were equal, it show the company emphasize to employee n the equality of both gender because of it is the more productive for the validity of this investigation.

As the study shows that the percentage of the age of the response of the respondent were 3.2% from the age of 20-25, 45.20% from 26-32 age, 38.7% were at the age of 33-38 and the rest of

12.9% were more than 45 age, as this information shows that the most participated of this research to give or put their response of the questionnaire given to them were from the age of 26-33 at matured enough to give the valuable information and feed back of the question stated on the questionnaire given to them.

As the above table shows from respondents profile senior accountant are the major experts of the company that cover 38.70%, there are 25.80% accountant, 16.10% of the employees are underwriter that perform customer service, 12.90% of them are auditor and 3.20% of the employees are manager of the company at finance and branches that are included in the sample covered by the thesis.

The company is hiring more than first degree and majority of the employee are 61.30% hold first degree this makes that educated employee have the ability to solve the problem of accounting and audit report quality of the company.

Table 3: Is there AIS practice in Awash Insurance Company

	Percent		
Yes	80.6		
No	19.4		
Total	100.0		

AIS Practice in Awash Insurance Company, as AIC has its own software package that where good to run its production and base for controlling its own asset and properties that were located in different parts of the country through its branches. Each and Every employment of this organization assesses this application to execute or run the daily operations. The company uses this application for controlling mechanism of financial management.

The respondents are practicing the AIS of the company to enhance the quality of audit report performed by internal and external auditor they cover 80.60% of the respondents have the same opinion that the impact of internal auditor have sound and important on the accuracy and integrity of financial report, the remaining 19.40% are not think they have effect on the company report.

Table 4: Did AIS play role for financial reporting quality

	Frequency	Percent		
Yes	26	83.9		
No	5	16.1		
Total	31	100.0		

The above table shows that 83.9% of the participant says yes and 16.1% of the remaining says no; from this AIS have play a significant role on the financial preparation and quality of the report prepared by internal and external auditor.

Table 5: Did AIS have a role in internal audit report quality

	Frequency	Percent		
Yes	19	61.3		
No	12	38.7		
Total	31	100.0		

Based on the table above 61.3% respondents says yes and 38.70% says no to determine the role plaid by AIS for audit quality of the company, the thesis concluded that for resources utilization effectively and efficiently to overcome the audit report quality the system that company use have a great role to enhance on the resource utilization wisely for report of the company.

Table 6: The role of AIS for management is for decision making and controlling financial data

	Frequency	Percent		
Yes	21	67.7		
No	10	32.3		
Total	31	100.0		

The table present that 67.30% of the respondents says yes and the remaining employees do not think. Therefore the AIS of the company uses have an important role for check and balance of the proposed plan settled at the beginning of the year and there were also examination and verification of the plan toward achieved or not by using the designed system. The management of the company uses the report of AIS for decision making purpose.

Table 7: The role of IT department for AIS practices is to control the asses of necessary data

	Frequency	Percent		
Yes	23	74.2		
No	8	25.8		
Total	31	100.0		

74.2% of the employs of the company says yes on the question organized for the thesis and 25.80% do not agree and says no. From this that the IT department of the company practice used and designed by the company was play a great role to show the exact position of the company’s financial performance.

Table 8: Did you get and necessary training on AIS

	Frequency	Percent		
Yes	13	41.9		
No	18	58.1		
Total	31	100.0		

The below table shows that 58.10 of the respondents answer the question by saying no, the remaining sample of the respondents 41.90% of them says yes. The study concluded that as employees are hired or in a job by human resource management of the company for different department and branches they not equipped them by providing training on the AIS of the company in collaboration with MIS directorate and other concerned body. For this reason they not well deal with accounting and auditing report prepared by the system and not examine reports of external auditor in relation to their daily activity.

Table 9: Do you familiar with new technologies such as ERP, GIIS

	Frequency	Percent		
Yes	25	80.6		
No	6	19.4		
Total	31	100.0		

80.60% says yes and 19.4% of them are not familiar with new technology update performed by the company. Large number of the employee of the company are updated themselves with new technology that the companies uses such as GIIS and ERP system available by the company.

Table 10: Do you think financial reports generated by auditors are consistent

	Frequency	Percent		
Yes	20	64.5		
No	11	35.5		
Total	31	100.0		

The above table shows that 64.50% employer says yes and the remaining participants were 35.50% who says no. From this implication the management of the company more depend on system generated report and it is consistence with report generated by other users of the system this enhance the quality of the report prepared by external and comments given by internal auditor.

Table 11: The accounting information system contributes to construct its information outputs more capable for understanding by decision makers or stakeholder.

	Frequency	Percent	Mean	Std. Deviation
Neutral	5	16.1		
Agree	12	38.7		
Strongly Agree	14	45.2		
Total	31	100.0	4.29	.739

From the above table 45.20% were strongly agree, 38.70% were Agree and 16.10% were neutral on the contribution of AIS on decision making purpose. Therefore as 45.20% of the employees were strongly Agree that AIS used by the company was capable to generate valuable output information to pass decisions that profits the company and stakeholders available around the companies.

Table 12: Internal auditors give valuable comments by understanding the AIS of the company.

	Frequency	Percent	Mean	Std. Deviation
Strongly Disagree	1	3.2		
Disagree	5	16.1		
Neutral	7	22.6		
Agree	12	38.7		
Strongly Agree	6	19.4		
Total	31	100.0	3.55	1.091

Above table put that 38.70% were Agree, 22.60% Neutral, 16.10% disagree. For this reason the internal auditor of the company are not well understand the system of the company to provide their valuable comments and to verify the transaction performed by each accountant and underwriter of the company. This shows that there is knowledge gap exists between the internal auditor of the company to follow up daily posting ledger transaction and AIS of the company used.

Table 13: AIS are integrated with other management information systems and helps them to control frauds occurred.

	Frequency	Percent	Mean	Std. Deviation
Neutral	1	3.2		
Agree	19	61.3		
Strongly Agree	11	35.5		
Total	31	100.0	4.32	.541

Descriptive statistics of the respondents show that 61.30% were Agree, 35.5% respondents were Strongly Agree on the integrated of AIS with MIS of the company. Therefore there were a cooperation of MIS on the designed system of AIS to control and prevent fraud exist because of uninterrupted of the two variables. The respondents also agree that if there was the problem of the system not to work they give quick response on the issue concerning on the system.

Table 14: AIS contribute to the reliability of financial reporting

	Frequency	Percent	Mean	Std. Deviation
Neutral	2	6.5		
Agree	17	54.8		
Strongly Agree	12	38.7		
Total	31	100.0	4.32	.599

The table present that 54.80% were Agree, 38.70% of them were Strongly Agree, 6.50% neutral on the AIS reliability of financial reporting. Therefore, financial statement of the company arranged was based on the AIS generated report that has its own contribution on the trustworthiness of the data available for decision making purpose.

Table 15: AIS encourage efficient and effective use of resources and operations based on the policy of the company.

	Frequency	Percent	Mean	Std. Deviation
Disagree	1	3.2		
Neutral	5	16.1		
Agree	16	51.6		
Strongly Agree	9	29.0		
Total	31	100.0	4.06	.772

51.60% Agree, 29.00% strongly agree, 16.10 Neutral and 3.20% were disagree on resource allocation based on the policy of the company. From this the study wind up that AIS of the company is the base for resources effect and efficient allocation as well as to plan administrative, premium collection, claim payment and other income generating and expense incurring of the

company. Additionally the AIS have positive impact on the policy of the company to control activities not go out of the planned strategies.

Table 16: AIS improve controls by limiting access to company data

	Frequency	Percent	Mean	Std. Deviation
Neutral	7	22.6		
Agree	15	48.4		
Strongly Agree	9	29.0		
Total	31	100.0	4.06	.727

The table put down that 48.40% Agree, 29.0% strongly agree, 22.60% neutral that improve the controls of the company activity. AIS of the company are limited on the data of the company to overcome and enhance controlling mechanism of the company on the daily activity.

Table 17: AIS comprise detective controls, which are designed to identify errors or irregularities after they have occurred

	Frequency	Percent	Mean	Std. Deviation
Disagree	1	3.2		
Neutral	4	12.9		
Agree	22	71.0		
Strongly Agree	4	12.9		
Total	31	100.0	3.94	.629

Based on the above table 71.0% Agree, 12.90% both Agree and Neutral therefore AIS of the company have major role to prevent irregularities of payment, because all user of the system can see any payment at the time of payment or finally as a report of the statement. These develop control of activities because manager and other authorized body have the opportunity to verify and control all payments and collection on the system.

Table 18: There is knowledge and skills gap on transaction posting ledger on AIS for specific accounting

	Frequency	Percent	Mean	Std. Deviation
Strongly Disagree	3	9.7		
Disagree	2	6.5		
Neutral	7	22.6		
Agree	13	41.9		
Strongly Agree	6	19.4		
Total	31	100.0	3.55	1.179

The table shows that 41.90% were agree, 22.60% neutral, 19.40% strongly agree, 9.70% strongly disagree and 6.50% disagree. As it is known that practice of accounting and auditing report are depend on the transaction posted daily that determine accuracy of the financial report of the company. The result shows that respondents that there is knowledge and skill gap exist by the employee on transaction posting to exact ledger to hold the expense to its appropriate ledger.

Table 19: how do you rate your AIS towards organizational effectiveness?

	Frequency	Percent	Mean	Std. Deviation
Neutral	9	29.0		
Agree	13	41.9		
Strongly Agree	9	29.0		
Total	31	100.0	4.00	.775

There were 41.90% Agree and 29.0% neutral and strongly agree. The companies system has great space and close relation toward the company's success. Therefore the Organization should give great attention to develop and create conducive environment for the employee to equip them to practice with AIS on accounting and auditing report of the company.

Table 20: The AIS system is reliable

	Frequency	Percent	Mean	Std. Deviation
Disagree	1	3.2		
Neutral	6	19.4		
Agree	17	54.8		
Strongly Agree	7	22.6		
Total	31	100.0	3.97	.752

The table shows that 54.80%, Agree, 22.60% strongly agree, 19.40% neutral and 3.20% and disagree. This result identify that the system used by the company was more reliable on the company data consistency.

Table 21: It is easily understandable

	Frequency	Percent	Mean	Std. Deviation
Disagree	1	8.4		
Neutral	6	21.7		
Agree	17	50.5		
Strong Agree	7	19.4		
Total	31	100.0	2.98	.852

The table shows that 50.50%, Agree, 19.40% strongly agree, 21.70% neutral and 8.40% was disagree. This result identify that the system used by the company is understandable on the data of the company.

Table 22: The system is fast and flexible

	Frequency	Percent	Mean	Std. Deviation
Disagree	1	5.7		
Neutral	6	17.2		
Agree	17	56.6		
Strongly Agree	7	20.5		
Total	31	100.0	3.99	.755

The following table shows that 56.60%, Agree, 20.50% strongly agree, 17.20% neutral and 5.70% disagree. This result identify that the system used by the company is fast and flexible on the data of the company and it was easy to generate the report for different kind of statement preparation such Trial balance, cash flow it was also help to identify the premium collected and claim insured during the fiscal year.

Table 23: IT team provide adequate support for the use of AIS

	Frequency	Percent	Mean	Std. Deviation
Neutral	7	22.6		
Agree	16	51.6		
Strongly Agree	8	25.8		
Total	31	100.0	4.03	.706

The ratio of the frequency of the system shows that 51.60% agree, 25.80% strongly agree, 22.60% are neutral. Therefore the result from questionnaire shows that AIS cannot use without the support of the MIS the company, this gives the employees were satisfied with support and responsive given by the management information system of the company.

Table 24: IT department has technically competent employees to support AIS

	Frequency	Percent	Mean	Std. Deviation
Neutral	7	23.1		
Agree	16	49.3		
Strongly Agree	8	27.6		
Total	31	100.0	4.00	.703

The ratio of the frequency of the system shows that 49.30% agree, 27.60% strongly agree, 23.10% are neutral. The result shows that the It department of the company or the MIS have competent employees to solve technical problem occurred against the use of the system.

Table 25: IT departments is responsive and reliable

	Frequency	Percent	Mean	Std. Deviation
Neutral	7	24.1		
Agree	16	48.5		
Strongly Agree	8	27.4		
Total	31	100.0	4.06	.702

The ratio of the frequency of the system shows that 48.50% agree, 27.40% strongly agree, 24.10% are neutral. Based on the table MIS of the company are doing their activity especially on the AIS of the company through responsive and reliable manner.

Table 26: Staff utilizes the full capabilities of the companies AIS?

	Frequency	Percent	Mean	Std. Deviation
Disagree	1	3.2		
Neutral	5	16.1		
Agree	17	54.8		
Strongly Agree	8	25.8		
Total	31	100.0	4.03	.752

Based on table above 54.80% agree, 25.80% strongly disagree, 16.10% neutral and 3.20% disagree from this percentage the employees of the companies are doing and utilizes the capabilities of the system as it needed, especially on accounting and auditing practice of the company. This Make AIS have the capabilities to show the exact picture of financial position of the company based on report generated by the company and approved and commented by internal and external auditor.

4.3. Result and Discussion for Open - ended questions

Respondents explain that the AIS had the problem on bank reconciliation because of wrong entry posting and recording. In addition to this doing it by the help of the system on report preparation especially on cheque clearance was the difficult that cashier are wrongly clear the bank on the system differently from its deposit account. There is lack of training given by the concerned

body when the system of the company was upgraded. The respondents also publicize that there was the problem of duplicate ledger and wrong account balance. Sometimes the system of the company is stuck for more than a day, especially there report generate part of the system. As a whole there is the problem of delegation of work within one department, according to the respondent accountant are doing different activity in the finance directorate therefore there were no well practiced job rotation among the employee that offer the accountants to understand different activity performed in the company. There was no clear discussion between the MIS and users of the system or system developers before implementing the new system, because the previous system should not phase out for report preparation.

Sometimes system manipulation was found, the balance on the system and physically existence of the materials especially on fixed asset is not match each other and transaction is not recorded in place. Trial balance mismatch of found some times specially on fixed asset. According to the participants there was different amount of inventory found on the AIS and audit report or misbalance.

Quality of Financial Reporting has a positive effect on the Organizational Performance of the Institutions. Based on the results of hypothesis testing, the Quality of Financial Reporting has a positive and significant effect on the Organizational Performance of the company. The results of this study provide empirical evidence that the better the quality of financial reporting, the better the organizational performance of the companies.

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 (Muda et al.: 2018). 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.: 2001).

Financial reporting plays an important role in promoting accountability, efficiency, and effectiveness of public services. The quality of reporting will improve the quality of management in seeing changes around the organization so that it can quickly and accurately respond to these changes. A resulting report is a form of accountability of government agencies for the implementation of government implemented. Effect of Accounting Information System Implementation directly has effect on Organizational Performance through the Quality of Financial Reporting.

The quality of good information is generated by a quality accounting information system as well. Laudon and Laudon (2007: 14) also mentioned that by implementing a quality accounting information system can produce quality accounting information, which can be used by users in making decisions (With the implementation of quality of accounting information system Which was also used by the user in making decisions). The amount of influence of accounting information quality system to the quality of accounting information is $(0,629 \times 0,629 \times 100\%) = 49,5\%$. The results showed that the quality of accounting information systems affect the quality of accounting information with the influence of 49.5%. This result indicates that the quality of the information referred to the quality of output generated by the information system, thus the better quality of accounting information system can lead to the achievement of accounting information quality optimally.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMENDATION

5.1 Introduction

Chapter five consists of a brief summary of findings that were obtained. It also presents the deduced conclusions and offers recommendations on how to improve the present circumstances of the companies. The research implications are discussed and suggestions of opportunities for further research presented.

5.2 Summary of the Study

The thesis intended to find out the impact and practice of Accounting Information Systems on the accounting and auditing report of the companies. The study measured impact and practice of Accounting Information Systems on the accounting and auditing report of the companies based on the various descriptive mode of evaluation, including, frequency, percent, mean and standard deviation and additionally information quality, service quality, system use, user satisfaction and net benefits of the AIS are also seen as qualitative data presentation and evaluation.

5.3. Findings of the thesis

The finding obtained from the analysis was when the company's system is upgraded there were the problem of accurate data migration by MIS therefore internal auditor of the company is not participating to solving this problem. There is no adequate training for internal auditor or there is no on job training how to find faults exists and the way of understand problem area occurred. The new system developed is called ERP, this system is not allow modifying of the transaction by accountant or underwriter if the problem occurred rather you report to MIS directorate to modify your transaction, Therefore it takes a few days to correct it as the respondents gave me the interview.

Few number of the respondents cited that there was lack of proper training and lack of proper system documentation as some of the challenges they face. Other respondents also noted that high staff turnover was another challenges of using the AIS. They indicated that when the staff

turnover was high, some of super trained staff leaves the company and they happen to be having more information about the AIS than the normal users of the AIS.

5.4 Conclusion

The thesis was conducting through data gathering by using questionnaire distributed among employees of AIC based on the formula of Yamane sample selection, and secondary data of internal and external annual report also used as the evidence of the research. The respondents have explained their opinion on the impact of internal auditor on the accuracy and integrity of financial report. As their consistency of the management report and AIS there is check and balance of the proposed plan settled at the beginning of the year and there is also examination and verification of the plan toward achieved or not by using the designed system.

AIS of the company have major role to prevent irregularities of payment, because all user of the system can see any payment at the time of payment or finally as a report of the statement. These develop control of activities because manager and other authorized body have the opportunity to verify and control all payments and collection on the system. Large number of the employee of the company are updated themselves with new technology that the companies uses such as GIS and ERP system available by the company.

This study showed that there is strong relationship among the AIS and accounting and auditing report of the company, which means right to use to accounting information, will lead to contribute the efficiency and accuracy of the report prepared. Therefore, I can be concluded that accounting information systems have an impact on the quality of accounting and auditing report of the company.

A good accounting information system, institution, or organization can increase its value through increasing quality and efficiency, especially in terms of supply chain efficiency and effectiveness, improving internal control structures, and improving decision making. this is because the existence of an accounting information system can make the financial reporting process of an agency easier and faster because the management of data into accounting information can be done through the system so that it can reduce the risk of recording errors which will then result in the information presented and disclosed in the Ministry's financial statements. The company becomes more qualified and reduces the possibility of material

misstatement of the organization. The Government Agency Accountability System will specifically regulate how government agencies report their performance in accordance with the provisions of the prevailing laws and regulations. With this regulation, the measurement and reporting of government finances can be a starting point in assessing the performance of the company in a more systematic and structured manner. The implementation of accounting information systems can also help reduce errors caused by negligence and the inability of a person to prepare financial reports so that they can present information in financial reports more accurately and validly. Valid information will result in unbiased decision-making and make optimal performance. In the context of governance, the government, which acts as an agent, certainly has more information than the general public, who acts as a principal. us, to reduce information asymmetry and increase agency accountability, government agencies are required to submit accountability reports containing performance achievements on management activities carried out; this will also have an impact on financial reporting which encourages accountability, efficiency, and effectiveness of public services. The quality of reporting will improve the quality of management in seeing changes around the organization so that it responds quickly and appropriately to changes.

5.5 Recommendations of the Study

The thesis summarize that as employees was hired or in a job by human resource management directorate of the company for different department and branches they not equipped them by providing training on the AIS of the company in collaboration with MIS directorate and other concerned body. For this reason they not well deal with accounting and auditing report prepared by the system and not examine reports of external auditor in relation to their daily activity. Therefore, trainer facilitator of the company should plan the budget to provide the training for those employees who have access to use the system of the company and they should focus especially on new employee of the company.

As it was known that practice of accounting and auditing report are depend on the transaction posted daily that determine accuracy of the financial report of the company. The study understand from the respondents that there is knowledge and skill gap exist by the employee on transaction posting to exact ledger to hold the expense to its appropriate ledger. As report of the

company shows the performance of the company, accountant and other user of the company should try to upgrade themselves to solve this problem by asking the concerned body.

The respondents also publicize that there is the problem of duplicate ledger and wrong account balance. Sometimes the system of the company is stuck for more than a day, especially the report generate part of the system. More about the system stacking problem is the concern of MIS directorate therefore they should equip themselves on such like problem not occur because as the system become disturbed the company was losing its customer.

As a whole there was the problem of delegation of work within one department, according to the respondent accountant were doing similar activity in the finance directorate therefore there was no well practiced job rotation among the employee that offer the accountants to understand different activity performed in the company. The finance directorate of the company should give the opportunity to the employee to practice every activity undertaken in the finance directorate.

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16. (AIS) was acknowledged as an effective tool to deal with the exterior and interior changes (Shagari, Abdullah, & Saat, 2017)

17. Periodic financial data in order to assess the performance of the company's management (Nnenna, 2012).
18. Success of decisions and increasing their effectiveness depends heavily on the success accounting information systems presented to the decision makers at the right time (Al-Ali, 2014).
19. Information by Romney and Steinbart (2015) is the data has been organized and processed to give meaning to the user
20. McDonald explains 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).
21. Patel (2015) examined the impact of accounting information systems on companies' profitability
22. Karthikeyan. (2010), argued that those users were expecting the information was a high quality and useful.
23. Horngren (2014) explains how accounting aids decision making, planning and controlling
24. Borhan and Bader (2018) accounting information system (AIS) was a formal system for identifying, measuring, and etc.
25. 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).
26. The implementation of an accounting information system can help reduce errors caused by one's negligence and inability to prepare financial reports (Bell et al.: 2018; Altamuro & Beatty: 2010, pp. 58-74).
27. The relationship between reporting quality and organizational performance has been studied by several researchers, for example: (Biddle et al.: 2009, pp. 112-131).
28. The quality of financial reporting is closely related to company performance (Pneman & Zhang: 2002, pp. 22-37; Richardson et al.: 2001).



SAINT MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES DEPARTMENT OF ACCOUNTING AND FINANCE

Respondents!

Dear Respondents I am Completing MBA in Accounting and Finance from Saint Mary University. So I am conducting academic research entitled Accounting Information system practice and its impact on accounting and audit reporting quality in the case of Awash Insurance Company S.C. however, I prepare this questionnaire to collect your valuable information's. I am kindly inform you that the objective of this questionnaire is to collect relevant information's only. Your response has great for the effectiveness and efficiency of this research. The neatness and reality of your response is very crucial for validity of this research. Your response will be kept in confidential. Therefore your honesty is both critical and vital. When you respond to the questionnaire please put tick (√) at appropriate of your response and no need of writing your name. Finally I would like to thank you in advance for your response and cooperation.

Part I. General Questions (Respondents Profile)

1. Personal Gender:- Male Female

2. Age of the respondents:- 20- 25 26-32 33- 38 39-44 above 45

3. Length of experience in year 0- 2 3-5 6-10 11-15 above 16

4. Your position in Insurance:- Junior Accountant Senior Accountant Manger
Auditor Underwriter Cashier Other

5. Educational Status: Diploma First Degree

Masters above Masters

Part II:-Research Question

1. Is there AIS practice in Awash Insurance Company? Yes No
2. Did AIS play role for financial reporting quality? Yes No
3. Did AIS have a role in internal audit report quality? Yes No
4. The role of AIS for management is for decision making and controlling financial data?
Yes No
5. The role of IT department for AIS practices is to control the asses of necessary data? Yes
No
6. Did you get and necessary training on AIS? Yes No
7. Do you familiar with new technologies such as ERP, GIIS? Yes No
8. Do you think financial reports generated by auditors are consistent? Yes No

Part III:- Would you please indicate your agreement or disagreement by putting (√) mark in the space provided under the five-scale rating questions from 1 to 5 .Where:- 5 = Strongly Agree (SA) 4=Agree (A) 3 =Neutral (N) 2 =Disagree (DA) 1= Strongly Disagree (SDA)

No	Statement of the questionnaire	SA(5)	A(4)	N(3)	DA(2)	SDA(1)
1	the accounting information system contributes to construct its information outputs more capable for understanding by decision makers or stakeholder					
2	Internal auditor gives valuable comments by understanding the AIS of the company.					
3	AIS are integrated with other management information systems and helps them to control frauds occurred.					
4	AIS contribute to the reliability of financial reporting.					
5	AIS encourage efficient and effective use of resources and					

	operations based on the policy of the company					
6	AIS improve controls by limiting access to company data					
7	AIS comprise detective controls, which are designed to identify errors or irregularities after they have occurred					
9	There is knowledge and skills gap on transaction posting ledger on AIS for specific accounting					
10	How do you rate your AIS towards organizational effectiveness					
11	The AIS system is reliable					
12	It is easily understandable					
13	The system is fast and flexible					
14	IT team provide adequate support for the use of AIS					
15	IT department has technically competent employees to support AIS					
16	IT departments is responsive and reliable on accessibility of AIS					
17	Staff utilizes the full capabilities of the companies AIS practice					

Part IV:-Lists and Discussions

1. Explain shortcomings you come across in the AIS you exercise?

_____.

2. What clarification needed from internal auditor to develop and verify AIS generated report is clear and accurate?

_____.

3. Please discuss if there is AIS report gap between the audit report prepared by external auditor and system generated report

_____.

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THANK YOU FOR YOUR CORPORATION!