



ORGANISATINAL STRUCTURE AND QUALITY OF FINANCIAL REPORTING

THE DISTRICT LOCAL GOVERNMENTS OF UGANDA;

CASE STUDY OF MAYUGE DISTRICT

LOCAL GOVERNMENT

BY

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BUSITEMA UNIVERSITY

AUGUST, 2024

DECLARATION

DECLARATION

I Kalulu Isaac, hereby declare that the contents of this research report are my original work and it has never been submitted for award of a Bachelor's Degree in any other University for examination purposes

Kalulu Isaac

Signature 

BU/UP/2021/3577

Date 05/09/2024

APPROVAL

APPROVAL

This is to certify that this research report has been written by KALULU ISAAC under my supervision and it is now ready for submission to the Department of Economics and Management, Faculty of Management Sciences as a partial fulfillment of the requirement for the award of Bachelor's Degree in Business Administration of Busitema University.

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Date 5/09/2024

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DEDICATION

I wish to dedicate this piece of work to my beloved family who have given me all the support financially morally and spiritually during this demanding time of the study and also the sacrifice and patience they exhibited towards me during my time of study.

I also dedicate this work to my supervisor Mr. Wadambisha Brian. Thank you so much for the great support that you rendered to me. I wouldn't have managed to make it without your help. May the Almighty God reward you abundantly.

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LIST OF ABBREVIATIONS

DV.....Dependent variable

GAAP.....Generally Accepted Accounting Principles

IASB.....International Accounting Standard Board

IFRS.....International Financial Reporting Standards

IV.....Independent Variable

MDLG.....Mayuge District Local Government

SPSS.....Statistical packages for social sciences

ABSTRACT

This study examined the effect of Organizational structure on Quality of financial reporting of MDLG. The study was guided by the following objectives notably; to assess the relationship between hierarchy of authority and the quality of financial reporting, to assess how the formalization influences the accuracy and timeliness, to assess the relationship between centralization and Quality of financial reporting in Mayuge District Local Government.

The study used a cross sectional research design, and a quantitative approach. Data was collected from a target population of 141 employees of MDLG with accessible unit of 66 employees of MDLG, using simple random and purposive sampling techniques. Data were collected with the aid of closed ended questionnaire and Statistical Packages for Social Sciences was employed for analyzing data from which frequency tables, descriptive statistics (mean and standard deviation), reliability, validity, correlation, and regression results were obtained. The study findings revealed that there is a positive and a significant effect of hierarchy of authority on the quality of financial reporting, formalization on the accuracy and timeliness and centralization on the quality of financial reporting of MDLG. The study concludes that establishing a well-defined hierarchy where each level of management understands their reporting responsibilities improves on the financial reporting quality of local. Finally, the study recommends that Accountants should utilize the knowledge obtained from education, courses and training to produce high-quality financial statements

CHAPTER ONE

INTRODUCTION

1.1.1 Introduction

This chapter presents the preliminary background to the study including, the problem statement, and purpose of the study, research objectives, research questions, scope and significance of the study.

1.1.2 Background to the study

Financial reporting is a standard accounting practice that uses financial statements to disclose a company's financial information and performance over a particular period, usually on an annual or quarterly basis. In simple terms, a financial report is critical for understanding how much money you have, where the money is coming from, and where your money needs to go. Financial reporting is important for management to make informed business decisions based on facts of the company's financial health.(IASB, 2018) Potential investors and banks will also use your company's financial reporting to decide if they want to invest or loan you money (Elliott, 2009). The pursuit of quality and uniformity in preparing financial statements has led to the introduction of International Financial Reporting Standards (IFRS). Most of the countries of the world have joined in adopting international financial reporting standards in order to improve the quality of financial reporting. Through review of the accounting literature on the implementation of international financial reporting standards, these studies have demonstrated that the financial statements are viewed as providing relevant, reliable and comparable financial information from one accounting year to another.

Understanding the impact of international financial reporting standards on a company's financial performance is critical to the ability of investors, auditors, and financial analysts as well as academic institution researchers to make informed decisions. Globally, studies show poor quality of financial reporting, For example, (European union annual report, 2023) as per the Global Economic Crime and Fraud Survey indicates that 49% of financial reports presented by firms do not meet the quality standard, For example, In Western Australia (AG annual report, 2023) asserts that the quality of financial reporting is still poor due to timeliness and cost delays that remain a concern in that, FY 2021/2022, 39% of the local government entities had not finalized their financial reports to an acceptable standard and had not provided all relevant information.

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