DOI: http://doi.org/10.4038/sljda.v6i1.7142

Determinants of Public Financial Reporting Quality; A Theoretical Study

Mayadunnege Senaka Anuruddha*

ABSTRACT

Public Financial Reporting Quality is key to analyses and decision making in a public sector organization having macroeconomic effect. It has effective contribution to the public trust leading by accountability and transparency over the effective and efficient utilization of public money. The situation leads the requirement of identifying the key determinants of the public financial reporting quality. The study develops its conceptual framework based on the previous findings and construct hypothesizes. The study applies in depth investigation of theoretical findings concentrating four key determinants; Accounting Information Systems, Internal Controls, Proffessional Accountants Behaviour and Accounting Standard Setting, to test the hypothesis. The analysis found that the said determinants have positive direct influence on public financial reporting quality.

Key Words : Public Financial Reporting Quality, Accounting Information Systems, Internal Controls, Proffessional Accountants Behaviour, Accounting Standard Setting.

INTRODUCTION

Public financial reporting protects accountability, openness, and transparency of public money which facilitate the trust of the public sector while facilitating effective and efficient decision making (Oghoghomeh & Ijeoma, 2014; OAG- Wellington, 2016). According to Olomiyete, and Ayobami (2014), the concept expressing that the key objective of the financial reporting in the public sector as achieving the objective of maximizing efficiency of their decisions. Stakeholders and mainly public is able to use financial reports to evaluate the performance or results of the decisions taken by the officials. Government policy directives are being depending on the public trust (Hetherington, 2006), which is depending on the sufficiency of the financial information available for their concerns (Waymire, Sohland Howard, 2014). The Canadian Institute of Chartered Accountants (2013) pointed out that, public sector required a multidirectional complex nature financial reporting structure because of the complexity of financial information expectations. Such set of financial reporting includes; additional information regarding the entities financial condition in a long run basis; additional financial performance information; and non-financial performance information. Further, financial information requirement includes the operational information which is explaining as todays' performance of the entity and financial position of the entity which is describing the financial condition of the entity at the end of the financial year.

*Senior Consultant, SLIDA
PhD in Accounting, MBA, MA (Econ), PGD in International Relations, B.Sc. (Mkt. Mgt.) Sp., DIPPCA, DPA
Professional: CIPFA (UK), CPFA (SL), MIM (SL), AACS

Today's scenario, failure to maintain accountability in public finance management become one of major concern of the people in nearly all known illustrations of public sector financial distress such as; poor corporate governance, poor management, fraud and internal misuse, asset misuse and distressed liability management (Ofori& Lu, 2018). Public funds misuse, frauds, corruptions are being common to the day in the public financial management regime (Ofori& Lu, 2018). In this context, people are kept in touch with the public finance performances which is demonstrating by the financial information provided by each entity in their financial reports (Mande, 2015; OAG- Wellington, 2016).

There is a growing concern creating by this situation on public financial reporting quality which safeguarded the public requirement of satisfactory financial information. Quality financial reports provide financial information which is able to inculcate present and future economic decisions in a trustworthy manner (Ramdany, 2015) that leads the mind of providing full disclosure on a timely basis of all material facts relating to government financial position and performance (CICA, 2013; Onyinyechi& Okafor, 2016).

Considering the facts, it is a timely requirement to improve and maintain financial reporting quality in the public sector. For this purpose, there is a requirement of identifying the determinants of Public Financial Reporting Quality (PFRQ). The research is being focusing on this gap in the resent literature and outline the problem statement of the study as "what are the determinates of Public Financial Reporting Quality (PFRQ)?"

This paper is arranged to study the problem considering the previous scholarly findings as follows: the literature review, research questions, conceptual framework, research hypothesis, methodology, findings and discussion, conclusion and references.

Literature Review

Public Financial Reporting Quality

The quality of financial reporting should be derived by the common phenomenon of quality which has different meaning depend on the approach. In the context of public financial reporting quality, there are complex considerations including financial information, disclosures and non-financial information which are useful in decision making (Cheung & Wright, 2010). Quality according to the Afiah & Rahmatika (2014) is the level of performances which achieves requirements of inborn individualities. The said achievements of a phenomenon; product, person, process, service and/or system which is expected to be met expectations or satisfies stated needs, requirements or specification at the level of fulfilling the totality of features and inherent or assigned characteristics of the phenomenon. Therefore, Information quality considered in a highest priority in the management process and the producing high-quality reporting is again a pivotal function of the management (Renkas, Goncharenko & Lukianets, 2016).

There are several definitions for the financial reporting quality. As the financial reporting quality broad subject area, several definitions can be investigated based on the different user perspectives. First such definition investigated was Verdi (2006, p.2), as "the precision with which financial reports convey information about the firm's operations, in particular its cash flows, in order to inform equity investors". Tang et al. (2008) argues that the level of fulfilling the true and fair view of the financial statements which is expressing the financial performance and the position of the organization as financial reporting quality. The main financial reporting quality objective is to equipped the financial reporting users with the useful, adequate and correct data for the decision making (IASB, 2008). Zheng (2010) argues that defining financial reporting quality is a difficult task because of the complex environment which inculcates with the vast subject disciplines such as environments, regulations, procedures, and understandings.

According to Tasios (2012); Palea (2013); Kythreotis (2014); Renkas et al. (2016), quality characteristics can be divided into two basic categories as; fundamental and enhancing. The fundamental information on financial reporting identifies as useful and relevant, considering the effect of including non-useful or misleading information for a faithful presentation of information. When the information provided by the financial reports facilitating an alternative option for the decision makers to take decisions, it is a relevancy of the information. Enhancing characteristics are aggravating the effect of fundamental characteristic in the sense of determining the financial reporting quality. Therefore, enhancing characteristics by themselves cannot increase the decision usefulness of the financial reporting and only fundamental characteristics can do it. The characteristics that t can be enhanced are comparability, timeliness, understandability and verifiability.

Understanding the Determinants of the Public Financial Reporting Quality

The quality of financial reporting become famous subject area in recent years and the determinants of the same is highly influential in the current accounting literature, though there is a different value over the defining of financial reporting quality which is different in many other subjects (Zheng, 2010). Many of scholars such as, Dechow and Dichev (2002); Schipper & Vincent (2003); Botosan (2004); Daske & Gebhardt

(2006); Beest, Broam & Bolhems (2009), admitted that the assessment of quality in the financial reporting become complex because of the different arguments over the subject depending on researcher-oriented factors. Zheng (2010); Hong (2016), emphasized that there are different determinants of the financial reporting quality depending on the different accounting environments and regulations.

According to Hong (2016), there are many factors and determinants influencing financial reporting quality. Jones & Rama (2003); Salehi et al. (2010); Ramdany (2015); Susanto (2015); argued that the Accounting Information System (AIS) as one major influencial factor which determines the quality of financial reporting in an organization while, Gondodiyoto (2009); Petrovits, Catherine & Aimee (2011); Ramdany (2015); Suwanda (2015), admitting the effectiveness of the Internal Control (IC) as another. In different research environment, Imhoff (2003); Blouin et al. (2007); Rudzioniene (2008); Holder-Webb (2010); Zheng (2010) proved in their studies that the Professional Accountants' Behaviour (PAB) has become a vital determinant of public financial reporting quality. According to Ball et al. (2003); Badloe (2011); Afiah, & Rahmatika (2014); Suwanda (2015), Accounting Standards Setting (ASS) identifies as a major financial reporting quality determinant.

Research questions

Having considering the statement of the study, the research questions address here includes,

1. Does the Quality of AIS contribute to the Quality of Public Financial Reporting?
2. Does the Efficiency of ICs influence the Quality of Public Financial Reporting?
3. How does the PAB affect the Quality of Public Financial Reporting?
4. Does the ASS positively influence the Quality of Public Financial Reporting?

The conceptual framework

The model presented in this thesis seeks to explain the factors influencing to determine the public financial reporting quality. The conceptual framework developed to demonstrate the basic relationship of influential variables for the public financial reporting quality which is shown in Figure 1.1.

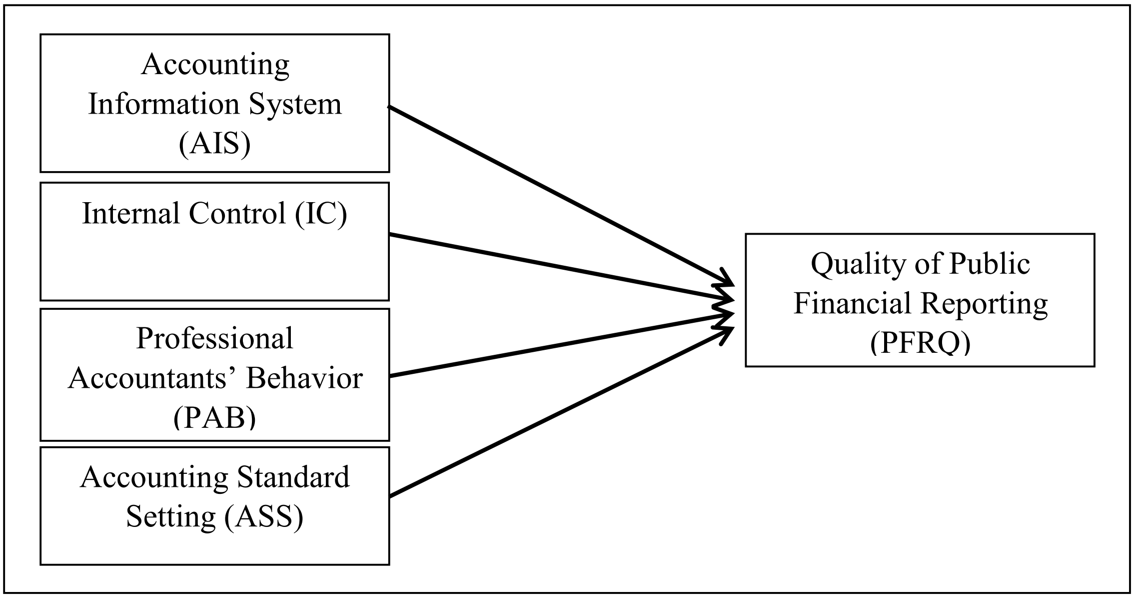

Figure 1.1: Conceptual framework

Research Hypotheses

The study hypotheses are put in accordance with the Research Problem and questions of the study. To answer these questions and solve the problem, four (04) Null Hypotheses and Alternative Hypotheses have been established;

H_{01}; The Quality of AIS does not positively contribute to the Quality of Public Financial Reporting.

H_{02}; The Efficiency of IC does not positively contribute to the Quality of Public Financial Reporting.

H_{03}; The PAB does not positively affect to the Quality of Public Financial Reporting.

H_{04}; The ASS does not positively influence to the Quality of Public Financial Reporting.

Methodology

The study applied the theoretical study method which consider the previous scholarly findings and theoretical understandings to study the determinants of PFRQ.

Findings and Discussion

The study was inquiring on quality of public financial reporting which is defined as totality of features which are expecting to fulfil the basic requirements of the users (Afiah & Rahmatika (2014). The Quality of financial statements has great importance because of its usage from operation to strategic level decisions even for future (Renkas et al., 2016). Quality of financial statements, reporting and similar subject discipline was a popular study area among scholars such as Huang et al. (1999); Jonas & Blanchet (2000); Jonas & Blanchet (2000); Verdi (2006); Baxter (2007): Kieso et al. (2007); Zheng (2010); Cheung et al. (2010); Hall (2011); Tasios (2012): Gellinas (2012); Eivani et al. (2012); Nyor (2013); Susanto (2015); Nwaobia et al. (2016).

Hong (2016) specially pointed out the difficulties of identifying determinants of financial reporting quality while Zheng (2010) emphasizing the differences of identifying determinants on different accounting environments. Considering the theoretical study at Literature Review in this article, the research developed four main hypothesizes to investigate.

Research Question One; Does the Quality of AIS contribute to the Quality of Public Financial Reporting*?*

AIS is an organized process of collecting, entering, and processing data and storing, managing, controlling, and reporting information to achieve the organizational goals through accurate decision making (Soudani 2012). It has established mechanism to capture data and converting, processing and presenting as a financial information for the entity's decision making (Salehi et al., 2010). Therefore, the AIS is conceded as a structured system on an organization by its own, to convert organizational transaction activities into data and data into financial information which is demonstrated in the financial reports (Susanto, 2009).

As the AIS is a system which generate data to prepare financial reports which is coincided as important to determine the quality of financial reporting. There were several scholarly studies which discussed relationship of quality of AIS and the Quality of Financial Reporting. Warren at el. (1999); Boynton (2001); Jones & Rama (2003); Susanto (2009) express their concern over data generated by AIS and its contribution to the quality financial reporting while Chenhall (2003); Soudani (2012); Sacer & Oluic (2013); Toth (2012); Saeidi (2014); Susanto (2013); Susanto (2015); Toth (2012) contribute to the discussion by elaborating the AIS is a management instrument to contribute quality data for the preparation of financial reporting. Stair & Reynolds (2010) argues that the AIS is contributing flexibility, efficiency, ease of access and timeliness of financial reporting while Salehi et al. (2010) point out usefulness and Ramdany (2015) proves the influence of quality of AIS on quality of financial reporting.The theoretical analysis found that the hypothesized influence of effectiveness of AIS on Public Financial Reporting Quality has positive and the null hypothesis was rejected by accepting the alternative.

Research Question Two; Does the Efficiency of ICs influence the Quality of Public Financial Reporting?

Scholars such as Boynton, Johnson & Kell (2011); Kenneman (2004); Ricchiute (2006); Kontrath (2002); Jhonstoner, Gramlin & Rittenberg (2012); Elder et al. (2009); Aramide & Bashir (2015); Chan Li et al. (2015), Lemi (2015) define ICs as a process of achieving financial reporting objectives through regulations, procedures and instructions established by the higher management of the organization. Romney et al. (2012) also argue the importance of ICs to safeguard assets, effective and efficient maintenance of financial records, applying accounting standards. Therefore, it confessed in the study the importance of internal controls as an important function to the academic study. The research focused the correlation of effectiveness of ICs on quality of Public Financial Reporting. There were several studies on the same subject area in different organizational environments such as large-scale business enterprises, small and medium scale business environment, banking environment and non-government organization environments by Dechow et al. (1996); McMullen (1996); Elbanan (2008); Afiah & Rahmatika (2014) confess the positive relationship between Internal Controls and Financial Reporting Quality.

Konrath (2002); Kenneman (2004); Ricchiute (2006); Elder et al. (2009); Boynton et al. (2011); Jhonstoner et al. (2012); Afiah & Rahmatika (2014); Aramide & Bashir (2015); Chan Li et al. (2015) acknowledge that the internal control functions have contributed to the reliability and compatibility with applicable law and regulation in their studies while Lemi (2015) argues the contribution to the completeness, accuracy, timeliness, free from misstatements of financial reporting. The contribution of internal controls to determine financial reporting free from misstatements was discussed Ricchiute (2006); Arens et al. (2014); Ramdany (2015), in their studies while Pathak (2005) Wardiwiyono (2012) admitted the contribution to free from errors and Kenneman (2004); Aramide & Bashir (2015) argue on compatibility, relevancy. They posited the relationship with effectively and efficiently achieve operational financial and compliance objectives through regular review of quality of financial and operating information, review of policies regarding the control of assets, employee's assessment and compliance with organizational policies, procedures, laws and regulations. Warren et al. (1999) acknowledge the relationship between internal control policies and procedures and the accuracy of the organizations operation information and compliance with applicable laws and regulations. Compliance, Free from Omissions, Free from Misstatements, and Arens et al. (2014) discussed the correlation of reliable, timely, compatibility of internal controls. The article discusses the correlation of efficiency of IC with quality of public financial reporting and found there are sufficient evidence that there are positive correlation and hence the null hypothesis in this regard has been rejected.

Research Question three; how does the PAB affect the Quality of Public Financial Reporting?

Recognition of the accountability to act in the public interest has become a distinguishing mark of the accountancy profession. The public interest of the professional accountants' responsibility leads to satisfy beyond the individual client or employer (CIPFA, 2011). Professional accountants in the practice have been maintaining professional obligation to their immediate clients and beyond up to the general public, in practicing process of preparation of financial reporting (CIMA, 2010; Bakhtiari & Azimifar, 2013; Eginiwin & Dike, 2014; SLICA, 2016; IFAC, 2016). In acting in the public interest, a professional accountant shall observe and comply with the following fundamental principles: Integrity, Objectivity, Professional Competence and Due Care, Confidentiality and Professional Behaviour (CIPFA, 2011).

Salaudeen et al. (2015) conclude the professional accountants ethical behaviour in the practice is highly disaerable in the practicing in the field while Fodio et al. (2013); Ogbonna & Ebimobowei (2012); Salaudeenet et al. (2015) admitted that the ethical behaviour in the practice is a part of professionalism expected by the accountants in the public practice. Stockholders for the financial reporting who make economic decisions based on financial reporting of an entity given best confidence and confidence over the professional accountants' engagements.

Eginiwin & Dike (2014) pointed out that the stakeholders rely on the opinion of the accountant who prepared the statements, to present a true and fair view of the organization. This has demanded more updated knowledge, ethical behavior and trustworthiness in the practice to maintain the public trust and to overcome ethical dilemmas by allowing for the right choice. As pointed out by the Bakre (2007); Adeyemi & Fagbemi (2011) stockholders are being continually concerning about the ethical and integrity issues in the accounting profession on questionable acts. The positive correlation between integrity, independence, objectivity, competence and accountability of the accountant and the quality of the financial report was tested by Eginiwin and Dike (2014) and confirmed. Therefore, the quality of financial reporting has been vastly depending on the accountants` professional behavioural characteristics such as ; ethics of integrity, independence, objectivity, competence and accountability during duties. Further to that, high level of integrity, objectivity, honest, independent, and competent and accountability are also considering as such quality criteria to be maintain by the accountants.

In an analysis of professional accountants' practices, there are four criteria which were established AliMadad (2004); Bakhtiari & Azimifar (2013) to follow as; maintaing the validity of fiancial informations that are maintaining by the entity, ensure the professional accountants are being practicing the fiancial reporting to establish peoples` trust, maintaining maximum level of quality in the financial reporting and professional accountants offer their services in the form of monitoring is scheduled to be done.

Considering the previous literature and general subject theory on PAB discussed above, the study confidently acknowledges the positive relationship of PAB on PFRQ by rejecting the null hypothesis developed herewith.

Research Question Four; Does the ASS positively influence the Quality of Public Financial Reporting*?*

A regulations system which governs financial reporting called as accounting standards (AOSSG, 2014; Garg, 2012; Suwanda, 2015). Accounting standards is a global phenomenon and it has become a general practice that the international accounting standards commonly publishing by the IASB has been adapting to the local environment for the practice (Caperchione, 2015). Accounting standards setting has different phases and different approaches as it is vastly influencing by country specific factors which are very different and complex by nature (Cortese & Walton, 2018). In the public sector environment, the standards have to be line up with the national requirements (Kvaal & Nobes, 2012) and it has governed by the concepts of national sovereignty concepts. Further, financial reporting is not immune to the changing times. To deal effectively with the merging of national and international financial reporting issues, the accounting standard setting adaptability is vital for quality reporting. Therefore, the adoption process has been influenced by the various country-specific features (Caperchione, 2015).

The process of ASS has a clear path of harmonization international standards to the local environment, regularization of standards, and implementation (Caperchione, 2015). Matsubara & Endo (2016) acknowledge the importance of local standard setters by evaluating the accounting standard-setting under the adoption of international standards, localization of standards, and legitimacy. There are several studies such as Aubert & Grudnitski (2011) conducted in different Environments acknowledging the influence of the adoption of international accounting standards over the financial reporting quality. As Yip & Young (2012) suggested, the convergence of international accounting standards has generated quality financial information which leads to improving the comparability of the financial reporting.

Scholars such as Caperchione (2015) and Palea (2013) indifferent organizational Environment confessed that the ASS has been positively contributed to the quality of financial reporting. Atuilik (2013) in his studies admitted the influence of accounting standard-setting to the demonstrators of financial reporting such as; completeness, timely reporting, and accuracy. Kohlbeck & Warfield (2008) examined and admitted the accounting standard-setting on accounting quality considering the events free form errors and dispersion on predictability, persistence, and accrual quality of financial information. Caperchione (2015) confessed that the accounting standard-setting in the public sector has simplified their accounting systems and set appropriate accounting standards which lead to the public financial reporting quality.

The theoretical analysis on the influence of ASS over PFRQ found that there is strong evidence by existing literature to admit the merits. Based on the facts, the study admitted the alternative Hypothesis.

Conclusion

Public financial reporting quality has become an important phenomenon not only to the internal management, but also to the general public. Financial reporting in the public sector has facilitated the decision-makers in various levels from operation to strategic in the internal management and many others in the society which leads to the requirement of accurate and reliable financial information. Maintaining the level of performance that is expected by the users of the financial reporting is the quality of financial reporting which is led by reliability and trustworthiness of the information provided. There were four main determinants namely; Accounting Information System, Internal Controls, Professional Accountants' Behavior, and Accounting Standard Setting, are theoretically emphasized by the study. The theories and the scholarly studies that already exist on accounting, financial reporting and public financial management, have been emphasized the positive influence on public financial reporting quality by said four determinants. The finding of this study is being able to apply in the practical environment to improve the public financial reporting quality which leads to accomplish the peoples need for accountability and transparency in public finance.

REFERENCES

Afiah N.N. and Rahmatika D.N. (2014). Factors Influencing the Quality of Financial Reporting and its Implications on Good Government Governance (Research on Local Government Indonesia. *International Journal of Business, Economics and Law, 5* (1), ISSN 2289-1552.

AliMadad, M., (2004). Introduction to ethics and rules of professional conduct of accountants, *Auditors Journal, 27.*

AOSSG (2014). *Standard-Setting Capacity in Nepal, Building Regional Capacity Initiative,* 2014 Asian-Oceanian Standard-Setters Group (AOSSG), www.aossg.org, ISBN 978-0-9870459-(pp.3-5).

Aramide, S.F. & Bashir, M.M. (2015).The Effectiveness of Internal Control System and Financial Accountability at Local Government Level in Nigeria. *International Journal of Research in Business Management, 3* (8), 2347-4572. ISSN (E): 2321-886X; ISSN

Arens, A, A., Elder, R, J., and Beasley, M, S. (2014). *Auditing and Assurance Services: An Integrated Approach*. (5th Ed). Pearson Education, Essex: England.

Ashbaugh, H. & Olsson, P. (2002). An Exploratory Study of the Valuation Properties of Cross-Listed Firms' IAS and U.S. GAAP Earnings and Book Values. The *Accounting Review, 77*(1), 107–27.

Aubert, F., & Grudnitski, G. (2011). The Impact and Importance of Mandatory Adoption of International Financial Reporting Standards in Europe. *Journal of International Financial Management & Accounting, 22*(1), 1-26. Retrieved from doi: 10.1111/j.1467-646X.2010.01043.

Badloe, S.H. (2011). The Quality of Accounting Information: A Case of the Netherlands Erasmus University Rotterdam, Faculty Erasmus School of Economics, Master Thesis Accounting, Auditing & Control – unpublished.

Ball, R., Robin A. and Wu, J. S. (2003). Incentives Versus Standards: Properties of Accounting Income in Four East Asian Countries. *Journal of Accounting and Economics, 36.*

Bakhtiari, M. & Azimifar, M., (2013). Impact of Professional Ethics on Financial Reporting Quality. *AENSI Journals, 7*(10), 2862-2866.

Bakre, O. M. (2007). The Unethical Practices of Accountants and Auditors and the Compromising Stance of Professional Bodies in the Corporate World: Evidence from Corporate Nigeria. *Accounting Forum, 31* (3), 277-303.

Baxter (2007). Audit Committees and financial reporting quality, PhD Dissertation Thesis, University of Queensland, Australia.

Beest, F.V., Braam, G. & Boelens, S. (2009). Quality of Financial Reporting: measuring qualitative characteristics, Nijmegen Center for Economics (NiCE), *Institute for Management Research, Radboud University Nijmegen, P.O. Box 9108, 6500 HK Nijmegen, The Netherlands*.

Blouin, J., Grein, B. & Roundtree B. (2007). An Analysis of Forced Auditor Change: The Case of Former Arthur Andersen Clients. *The Accounting Review, 82*(3), 621–650. Retrieved from doi:10.2308/accr.2007.82.3.621.

Botosan, C. (2004). Discussion of a framework for the analysis of risk communication. *The International Journal of Accounting, 39*(3), 289-295.

Boynton, W. C., Johnson, R. N. & Kell, W. G. (2011). *Modern Auditing*. (7th Ed) John Wiley & Son, Inc.: New York.

Caperchione, E. (2015). Standard Setting in the Public Sector: State of the Art*, Research Gate.*

CIPFA (2011). *CIPFA Standard of Professional Practice on Ethics*. Retrieved from http://www.cipfa.org/ members/conduct-and-ethics/ethics.

CPA (2013). Parliamentary Series No. 204*, 1st Report from the Committee on Public Accounts*. The Seventh Parliament of the Democratic Socialist Republic of Sri Lanka.

Cheung, Evans E & Wright, S. (2010). An historical review of quality in financial reporting in Australia Esthe*r. Pacific Accounting Review, 22* (2), 147-169, Retrieved from DOI 10.1108/01140581011074520.

Chan Li F.M., McVay, S.E. & Skaife, H. (2015). Does Ineffective Internal Control over Financial Reporting affect a Firm's Operations? Evidence from Firm. Inventory Management, The *Accounting Review, American Accounting Association, 90*, (2).

CICA (2013). Measuring Financial Performance in Public Sector Financial Statements. *Conceptual Framework Task Force, Canada Institute of Chartered Accountants (CICA),* 277 Wellington Street West, Toronto, Ontario M5V 3H2.

CIMA (2010). CIMA CODE OF ETHICS for professional accountants*. Chartered Institute of Management Accountants (CIMA),* 26 Chapter Street*,* London SW1P 4NP, United Kingdom.

Cortese, C. and Walton, P. (2018). Histories of accounting standard-setting – an introduction. *Accounting History, 23*(3), 261 –264.

Daske, H., & Gebhardt, G. (2006). International financial reporting standards and experts' perceptions of disclosure quality. *Abacus, 42*(3-4), 461-498.

Dechow, P., & Dichev, I. (2002). The quality of accruals and earnings: The role of accrual estimation errors. *The Accounting Review, 77,* 35-59.

Dechow, P. M., Sloan, R. G., & Sweeney, A. P. (1996). Causes and consequences of earnings manipulation: An analysis of firm's subject to enforcement actions by the SEC, *Contemporary Accounting Research, 13*(1), 1-36.

Eginiwin, J. E. & Dike, J. W. (2014). Accounting Ethics and the Quality of Financial Reporting*:* A Survey of Some Selected Oil Exploration and Producing Companies in Nigeria. *IOSR Journal of Business and Management, 16*(7), 26-36.

Eivani F., Nazari K. & Emami M. (2012). Public accountability and government financial reporting. *African Journal of Business Management, 6(*29), 8475-8482. Retrieved from DOI: 10.5897/AJBM12.072.

Elbanan, M. (2008). Quality of Internal Control over Financial Reporting, Corporate Governance and Credit Rating. *International Journal of Disclosure and Governance,* 127 – 149. Retrieved from DOI 10.1057/jdg.2008.32.

Elder, R. J., Beasley, M. S., Arens, A. A. & Joseph, A.A. (2009). Auditing and Assurance Services: An Integrated Approach. An Indonesian Adaptation, Pearson Education South Asia PTE LTD: Singapore.

Garg, R. (2012). Issues and Importance of Accounting Standards in Accounting Practices. *Asian Journal of Multidimensional Research,.1* (5).

Gelinas, U. & Richard B. (2012). *Accounting Information Systems*. (9th ed). USA: South Western Cengage Learning.

Hall, J.A. (2011). *Accounting Information Systems.* (7th ed). South-Western Cengage Learning, USA.

Hetherington, M. J. (2006). *Why trust matters: Declining political trust and the demise of American liberalism.* Princeton, NJ: Princeton University Press.

Holder-Webb, L. & Sharma, D. S. (2010). The Effect of Governance on Credit Decisions and Perceptions of Reporting Reliability. *Behavioral Research in Accounting,* forthcoming.

Hong, N.T.P. (2016). *The Determinants of Financial Statement Quality of Companies Listed on Stock Market Evidence in Vietnam*. University of Economics, Ho Chi Minh City, Vietnam.

IASB, (2008). *Exposure Draft on an Improved Conceptual Framework for Financial Reporting: The Objective of Financial Reporting and Qualitative Characteristics of Decision-useful Financial Reporting Information*, London.

IFAC (2016). *Handbook of the Code of Ethic for Professional Accountants*. (2016 ed), International Federation of Accountants, 529 Fifth Avenue, 6th Floor, New York, NY 10017, Retrieved from www.ifac.org.

Imhoff, A. E. (2003). Accounting Quality, Auditing, and Corporate Governance, *Accounting.*

Jhonstone, K, M., Gramling, A, A. and Rittenberg, L, E. (2012). *Auditing: A Risk-Based Approach to Conducting a Quality Audit.* (9th ed) South-Western USA.

Jones, F.L. & Rama, D. V. (2003). *Accounting Information Systems; A Business Process Approach,* Thomson Learning: Canada.

Jonas, G.J. & Blanchet, J. (2000). Assessing Quality of Financial Reporting, *American Accounting Association*.

Kenneman, P. (2004). Check and Balance – Tips to establish effective internal controls, *NF Perspective Journal,15* (1), 1 – 4.

Kieso, D. E. Jerry J. Weygandt, T.D. & Warfield (2007). *Accounting for the Intermediate* (10th ed., Vol 1), publisher, Jakarta.

Kohlbeck, M. & Warfield, T. (2008). The Effects of Accounting Standard Setting on Accounting Quality, *Research gate*, Retrieved from https://www.researchgate.net/publication/228238719.

Kontrath, L. F. (2002). *Auditing - A Risk Analysis Approach* (5th Ed), Thomson Learning: Canada.

Kythreotis, A. (2014). Measurement of Financial Reporting Quality Based on IFRS Conceptual Framework's Fundamental Qualitative Characteristics*, European Journal of Accounting, Finance & Business, 2* (3) ISSN-L 2344-102X.

Lemi T. (2015). *Assessment of Internal Control Effectiveness in Selected Ethiopian Public Universities, (Unpublished Thesis for the Degree of Masters of Science)*, Department of Accounting and Finance, School of Graduate Studies, Addis Ababa University.

Mande, B. (2015). Perceptions on Government Financial Reporting in Nigeria, *Journal of Finance, Accounting and Management, 6*(1), 1-22.

Matsubara, S. & Endo, T. (2016). *The Role of Local Accounting Standard Setters in Institutional Complexity; Expulsion of Local Standards in Japan*, Discussion Paper, Research Institute for Economics and Business Administration, Kobe University, Japan.

McMullen, D. (1996). Audit committee performance: *An investigation of the consequences associated with audit committees*, 87-103 Auditing, 15(1).

Nwaobia A. N., Kwarbai J. D., Jayeoba, O. O. & Ajibade A. T. (2016). Financial Reporting Quality on Investors, Decisions*. International Journal of Economics and Financial Research,* 2, (7), 140-147, ISSN(e): 2411-9407, ISSN(p): 2413-8533 Retrieved from URL: http://arpgweb.com/?ic=journal&journal=5&info=aims.

Nyor, T. (2013). *Financial reporting quality of Nigeria Firms: Users' perception*, (pp.273-79) International Journal of Business and Social Science, 4(1).

OAG- Wellington, (2016), *Improving financial reporting in the public sector*, Office of the Auditor-General, PO Box 3928, Wellington 6140, Telephone: (04) 917 1500, February 2016.

Ogbonna, G.N. (2010), *Ethical considerations in corporate governance: A Survey of governance practices of corporate stakeholders in Nigeria*. (91-108) International Journal of Business Behavior Sciences Research, 1(1).

Ogbonna, G.N. and Ebimobowei, A. (2011), *Ethical Compliance by the Accountant* on the Quality of Financial Reporting and Performance of Quoted Companies in Nigeria, *Asian Journal of Business Management 3*(3) 152-160. ISSN: 2041-8744.

Oghoghomeh, T. & Ijeoma, N. B. (2014), Adoption of international public sector accounting. *Journal of Investment and Management, 3*(1), 21-19.

Onyinyechi, O. C. & Okafor, M. (2016). Efficiency and Accountability of Public Sector Revenue and Expenditure in Nigeria (1970-2014), *European Journal of Accounting, Auditing and Finance Research, 4*(7), 23-42.

Palea, V. (2013). IAS/IFRS and financial reporting quality. *China Journal of Accounting Research, 6,* 247–263.

Perera, M.H.B. (1989). Towards a framework to analyses the impact of culture on accounting. *The International Journal of Accounting, 4* (1), *42*-56.

Petrovits, C., Catherine, S. & Aimee S. (2011). The Causes and Consequences of Internal Control Problems in Non-profit Organizations, *Accounting Review,* 86 (1), 325-357.

Ramdany, (2015). Influence the Quality of Accounting Information Systems and The Effectiveness of Internal Control on Financial Reporting Quality. *Research Journal of Finance and Accounting, 6* (6). ISSN 2222-1697 Retrieved from ISSN 2222-2847 (Online).

Renkas, J., Goncharenko, O. & Lukianets, O. (2016). Quality of financial reporting: approaches to measuring. *International Journal of Accounting and Economics Studies,* 4 (1), *1*-5.

Ricchiute, D. N. (2006). *Auditing*, (8th ed), Thomson Learning: Singapore.

Romney, B., Steinbart, M. & Paul. J. (2012). *Accounting Information System*, (25th ed). Pearson Education Limited: England.

Rudzioniene, K. & Gipiene, G. (2008). Model of Accounting Regulation in Lithuania, *Transformations in Business & Economics 7*(2), 171–185.

Sacer, M.I. and Oluic, A. (2013). Information Technology and Accounting Information Systems' Quality in Croatian Middle and Large Companies. *JIOS, 37* (2).

Salaudeen, Y. M., Ibikunle, J. & Chima, E.I. (2015). Unethical Accounting Practice and Financial Reporting Quality: Evidence from Nigeria*, International Journal of Academic Research in Accounting, Finance and Management Sciences, 5*(2), 143–150.

Salehi, M., Rostami, V. & Mogadam, A. (2010), Usefulness of Accounting Information System in Emerging Economy: Empirical Evidence of Iran*, International Journal of Economics and Finance*, *2*(2).

Schipper, K., & Vincent, L. (2003). *Earnings quality*. Accounting Horizons, 17, 97-110.

SLICA (2016). Code of Ethics 2016, *The Institute of Chartered Accountants of Sri Lanka (SLICA),* Colombo, Sri Lanka.

Soudani, S.N., (2012). The Usefulness of an Accounting Information System for Effective Organizational Performance, *International Journal of Economics and Finance,* 4, (5) doi:10.5539/ijef. v4n5p136.

Stair, R.M. & Reynolds, G.W. (2010). *Principles of Information Systems*. (9th ed). Boston-USA: Course Technology.

Susanto, A. (2009). Management Information Systems: Developing, Risk, Structured Approach. (1st ed). Bandung: Lingga Jaya.

Susanto. A. (2013). *Accounting Information Systems, Control Structure,* Risk and Development.

Suwanda D. (2015). Factors Affecting Quality of Local Government Financial Statements to Get Unqualified Opinion (WTP) of Audit Board of the Republic of Indonesia (BPK). Research Journal of Finance and Accounting, 6, (4) ISSN 2222-1697 (Paper) ISSN 2222-2847 (Online). (Suwanda D. 2015).

Tasios, S. (2012). Auditor's perceptions of financial reporting quality: the case of Greece, *International Journal of Accounting and Financial Reporting,* 2 (1) 2012, ISSN 2162-3082.

Tang Q., Chen H. & Zhijun L. (2008). Financial reporting quality and investor protection: a global investigation, Working Paper.

TISL (2014). Sri Lanka Governance Report 2012/13, Transparency International, Sri Lanka.

Toth, Z. (2012). The Current Role of Accounting Information Systems. Club of Economics in Miskolc. 8 (1).

Verdi, Rodrigo S. (2006). *Financial Reporting Quality and Investment Efficiency*. (Available at SSRN: https://ssrn.com/abstract=930922 or http://dx.doi.org/ 10.2139/ssrn.930922.

Wardiwiyono, S. (2012). Internal control system for Islamic micro financing: An exploratory study of Baitul Maal wat Tamwil in the City of Yogyakarta Indonesia, *International Journal of Islamic and Middle Eastern Finance and Management, 5*(4), 340-352.

Warren, C.S., Reeve, J.M. and Fess, P.E. (1999). Financial and Managerial Accounting, (6th ed*), International Thomson Publishing*, USA.

Waymire T.R., Sohl, S.N. & Howard B. (2014). Public Administrators' Understanding of External Financial Reporting: It Begins with Curriculum, 9 *Journal of Public Affairs Education, JPAE 21* (2), 281-294.

Yip, R. W. Y., & Young, D. Q. (2012). Does Mandatory IFRS Adoption Improve Information Comparability? *Accounting Review, 87*(5), 1767-1789.Retrieved from doi: 10.2308/accr-50192.

Zheng, X. (2010). A Comparative Study of Financial Reporting Quality. Business and Management 2010, 6th International Scientific Conference, Vilnius, Lithuania, ISSN 2029-4441 print / ISSN 2029-428X CD, Retrieved from doi:10.3846/bm.2010.039.