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International Public Sector Accounting Standards and Quality of Financial Reporting in the Public Sector of Pakistan: Moderating Role of Accounting Information System

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Abstract

Strengthening governmental accountability is a crucial consequence of governmental policies which could enhance the quality of reporting. International public sector accounting standards have been perceived as a step towards enhancing quality reporting of state owned entities. The study investigated the impact of transparency, financial statement disclosure and comparability on the quality of financial reporting in state owned administration in Pakistan. Also, the study employed the use of accounting information system as a moderator to assess the moderating effect of AIS. The research methodology is based on a questionnaire sent to state owned entities. Regression Analysis was employed to determine the relationship among the variables. The results indicate that comparability, financial statement disclosure and transparency are all positively and significantly associated with the quality of financial reporting, providing evidence of the impact of explanatory variables on the quality of reporting in Pakistan. The moderation results indicate that AIS positively and significantly moderates the relationship among transparency and quality of reporting and comparability and quality of reporting. Notwithstanding, AIS was found to have an insignificant moderating effect on the relationship of financial statement disclosure and quality of reporting. The finding of the study implies that government of Pakistan needs to adopt a more robust approach to improve quality of financial reporting.

Keywords: IPSAS, quality of reporting, accounting information system, comparability, Pakistan

Introduction

The essential motive of state owned entities is to provide services for the general public, as opposed to generating revenue or enhancing the return for speculators or investors (Ijeoma, 2014). Subsequently, the evaluation of performance of such types of companies can be just halfway assessed through inspection of financial performance, cash flows and position of the entity. State owned entities comprise of regional, local and national governments with other inter-related parties such as boards, enterprises etc. State owned enterprises have expansive forces, including the capacity to build up and implement legitimate policies, and to change those prerequisites (Brusca & Martinez, 2016). As it is evident that the purpose of the public sector entities is different from the private sector companies. The focus of the private companies is on the shareholders while the focus of the public sector is on the general public which includes lenders and donors. Below is the discussion of the users of these reports.

Users of Financial Reports

The resources are raised from the citizens (taxpayers), contributors (also called donors), banks and other money suppliers for arrangement of service to the people other administration beneficiaries for the decision making purposes the accurate information is essential (IPSAS, 2014). The governing body and individuals from parliament are essential users of GPFRs (General Purpose Financial Reports). They make broad and continuous utilization of GPFRs. Thus, GPFRs of state owned entities are formulated fundamentally to capture the needs of the administration beneficiaries and resource suppliers who do not have the power to demand to the state owned entities to provide the information which is essential for accountability and decision-making purposes (IPSASB, 2008). The users like analysts, statisticians, lobby groups and media will be benefited from these financial reports. The other users of these financial reports are administrative and oversight bodies, review organizations, subcommittees of the lawmaking bodies or other administering bodies, focal offices and spending controllers, substance administration and rating offices .While these different gatherings may discover the data gave by GPFRs valuable, they are not the essential of GPFRs. Along these lines, GPFRs are not created to explicitly react to their specific data needs.

Standards set provide useful information to the users of accounting knowledge in order to evaluate and make appropriate decisions(Simone, 2016). Hence, financial reporting users related to the state owned entities require information to aid evaluations regarding the following matters:

- Whether the company provided its administrations to users of financial reporting in a proficient and efficient manner.
- Whether the assets in possession for future obligations or expenses, and to what degree there are confinements or conditions joined to their utilization.
- To what degree the impact on future-year citizens of paying for current administrations has changed; and
- Whether the company's capacity to provide services has enhanced or disintegrated as related to before.

The quality of the financial reports is a major concern not only for the users but also for the entire society as it influences monetary choices which may have critical effect. This was most confirming by a progression of corporate and financial failure (Enron, Lehman Brothers, AIG etc) relating the monetary conditions made by the current economic failures. Due to more demand for better and enhanced accountability, transparency, credibility among state owned finances, numerous governments everywhere throughout the world have set out to change their government monetary administration frameworks and procedures(Kargin, 2013). The current worldwide monetary emergency and the serious financial limitations being experienced by numerous governments has been realized the requirement for governments to effectively report the financial position of the entity (Ijeoma, 2014).

Public sector has been reprimanded in Pakistan and everywhere throughout the world; citizens need to see a productive and viable working government and an administration that is reliable, consistent and credible with best knowledge and above all, nationals need a responsible government (IPSAS, 2014). Remotely, the impact for top quality state owned enterprises report is significantly more serious for emerging nations who need to issue monetary instruments in the money markets. Furthermore, there exist different emergencies in numerous emerging nations particularly in Pakistan; with government obligation levels sitting at extremely dubious heights. It is along these lines basic that state owned enterprises administration accounts should be governed and managed precisely. Numerous accountants perceive such can be accomplished by selection of IPSAS (Ouda, 2004).

General society has dependably requested a more significant and solid budgetary explanations from focal Government, annual reports which catches and epitomizes all valuable information which is required by different accounting users of such annual reports. The approval of IPSAS matter is an essential issue since it enhances the limit of governments to give the administrative bodies, general public and different partners with reasonable, applicable, solid, and tantamount annual reports information (Ijeoma, 2014). In light of the inescapability and seriousness of government defilement in numerous creating nations, money related trustworthiness affirmation is a basically critical capacity of their administration bookkeeping frameworks. Accomplishing this requires amazing information on which to base choices (FASB, 1978). Opportune, clear and open yearly budgetary explanations assume a noteworthy part in the responsibility of governments to their residents and their chose agents. Defilement may just be diminished by receiving driving practices in monetary bookkeeping like IPSAS.

Standards are utilized due to the primary obligatory mechanisms for the arrangement and preparation of annual reports and consequent audit upon all condition around the world. Accounting principles are related with the plan of estimation and divulgence standards for the arrangement and manifestation of annual statements(Devalle, Onali, & Magarini, 2010).The principles turn out with an arrangement of essential articulations of how specific sorts of procedures, occasions and different expenses ought to be known and announced in the annual statements. Public controversy relating to financial responsibility upon state owned entities throughout the period of time has intrigued the government to be more associated with liable control over the activities (Chan, 2008).

Due to advancement throughout the period of time has led to expanding joint effort among worldwide exchange and business between nations subsequently. There is grave requirement for expanded consistency in the standards managing annual statements so as to such explanation would stay intelligible and gather the same information to individuals over the world. Such conception can be utilized by employing AIS. The requirement for the improvement of similar accounting standards has been the essential driver of IPSAS for state owned reporting (Opanyi, 2016). As per the modern worldwide insurgency in government bookkeeping IPSAS has been proposed for appropriation by governments around the world, where IPSAS indicates the suggestions passed by the IPSAS panel under the protection of the IFAs (Chan, 2008).

Problem statement

The public sector is usually under pressure due to several reasons. The financial reports in public sector companies need to be formulated timely with utmost accuracy and reliability. Similarly, it has been broadly recognized that there are major issues that as of now hinder the productivity and adequacy of the Government of Pakistan's finance and bookkeeping capacities. The other concerns are that low quality, irrelevant information and credibility are also absent in public sector reports. This is because of poor execution of fundamental budgetary capacities, poor supervision, lacking financial information, poor employee morale and behavior to bookkeeping and responsibility. The results are absence of administration information for decision. Similarly, absence of trust in the information is accessible on the grounds that it is not consistent with the contributor and other partners and absence of validity for the most part general, poor execution (Narayan & Godden, 2000).These intrinsic issues have recommended as adding to the moderate advance by Government of Pakistan in actualizing its state owned division changes in relation to strict adoption of IPSAS contrasted with different nations.

One concern that makes better quality states owned accounting is important in numerous nations is to make issuance of Government monetary instruments alluring in the worldwide money related markets. Further, there exist different emergencies in numerous nations particularly in Pakistan with government obligation levels sitting at exceptionally unstable levels; and it is no news that administration accounts should be overseen precisely. In this way, selection of IPSAS would build validity and affirmations of these money related articulations. The motivation behind conducting the research is due the reason of limited studies conducted relating to financial reporting among the public sector of Pakistan. Therefore, to assess whether the adoption of IPSAS among the public sector enhances the overall integrity, transparency, creditability of the annual reports produced by state owned entities in Pakistan. Also, another major aim of the study relates to investigate the moderating effect of AIS between the relationship of explanatory variables (FSD, transparency and comparability) and explained variables (quality of reporting).

Literature Review

The open deliberation on worldwide harmonization of book keeping measures began in the 1960s and various overviews of the literature writing on harmonization and IPSAS execution have been composed over time (Ali, 2006). IPSASs mean to enhance the nature of broadly useful financial reporting by government sector entities, expanding accountability, transparency and responsibility in general society segment and upgrading the comparability of reporting around the globe(IPSAS, 2014; Brusca & Martinez, 2016). Numerous nations, and also many public organizations, have progressing forms for embracing IPSAS. Utilizing (Humphrey, Loft, & Woods, 2009) language, we can state that a worldwide public entity reporting design has been developed, which alludes to the structure and process that can achieve the comparability of government entity bookkeeping. The approach to global harmonization and merging can turn into a reality through the approval of IPSAS. Approval can be characterized as a procedure that infers the company to criteria of accounting standards for domestic control (Pacter, 2005).

The method of merging bookkeeping standards means to upgrade the universal comparability of annual reports, keeping in mind the end goal to fulfill the information needs of various types of stakeholders on international markets (Choi, 2003). In any case, as featured by (Alexander & Nobes, 2004; Zeff, 2013; Christiaens, Vanhee, Rossi, Aversano, & Cauwenberge, 2015), the use of international and bookkeeping standards varies for various purposes. Indeed, even in the state owned entities there is a developing enthusiasm toward the use and approval of proper accounting rules, resulting about the need for IPSAS. Such standards and models plan to enhance the comparability at various legislative levels. For a long time budgetary bookkeeping and accounting has been the standard bookkeeping and financial information system in government owned entities (IFACPSC, 2000; IFAC, 2008). The greater part of governments theoretically require budgetary bookkeeping and accounting to oversee and administer budget/spending allocation, i.e. with regards to the yearly discussion and acceptance to follow up of their financial plans to spend (Christiaens et al., 2015).

IPSAS alludes to the suggestions made by the IPSASB under the authority of the IFAC (IPSASB, 2008; Opanyi, 2016). IPSAS are standards that administer the acknowledgment, estimation, and introduction and divulge prerequisites in connection to exchanges and transactions. The advancement of IPSAS has its origin in the bookkeeping methods as an approach to enhance the accountability and transparency of state owned entities by enhancing reporting and bookkeeping (Ijeoma, 2014). Annual statements arranged as per IPSAS must present reasonably the financial performance and position. So as to meet this necessity, a state owned entity should as a matter of first importance watch general qualitative attributes of reporting. Such reporting qualities of financial principles are essential standards for presenting annual reports as per IPSASs. The four essential qualities are relevance, comparability, reliability and transparency (Berger, 2018).It is perfect for all state owned entities reporting to embrace IPSAS guidelines for budgetary reporting. All things considered, IPSASB has recognized that for some administrations, selection of a cash basis IPSAS is a more practical transitional objective (Cooper, 2009; Opanyi, 2016).

The essential part of the IPSASB is to guarantee that published annual reports explanations are uniform in content. Also they organize and impart exactly what they imply to convey leading enhanced informed appraisals of the asset or resource allocation choices made by governments. Thus, in this way expanding accountability furthermore, transparency and quality of reporting

(Emau, Mercy, & Andy, 2012).An objective of the IASC and IASB is to build up a globally worthy set of effective monetary set of standards. To accomplish this objective, the IASC and IASB have issued standards based models, and made moves to evacuate admissible bookkeeping choices. Also, to require bookkeeping estimations that better mirror a company's financial position and execution (Ashbaugh & Pincus, 2001). Constraining choices can expand bookkeeping quality in light of the fact that doing as such restrains administration's crafty circumspection in deciding bookkeeping reports. Bookkeeping reports that better mirror a company’s hidden financial aspects, because of either standards (IPSAS) or required bookkeeping estimations, can increment bookkeeping quality. Similarly, as such furnishes financial specialists with information to help them in formulating effective business decisions.

Financial Reporting Quality and IPSAS

Financial reporting quality is a correspondence of budgetary explanations/ annual reports and related data from a business enterprise to external users of such information. The fundamental aim of reporting is to give enhanced quality financial information on reporting entities, which can be utilized for sound monetary and financing decision making (IASB, 2010). This emphatically impact old or present potential capital suppliers and other various stakeholders when making monetary choices (credit decisions, Investment, and allocating resources) that may improve general capital markets effectiveness (IASB, 2010). It also provides information on administration's adequacy in using the assets and running the business activities. Financial accountability is concerned with company’s duty to investors related to providing efficient reports in order to formulate better decisions. It clearly incorporates the enthusiasm of individuals other than existing investors (FASB, 1978; Opanyi, 2016).Financial reporting and bookkeeping quality is with which financial related reports convey information about the organizations activities(Opanyi, 2016). Without a doubt such huge amount of literature of financial budget quality are experienced in view of the targets of each study. Tang, Huifa and Zhinjun(2008) characterize financial or bookkeeping quality as the degree to which the monetary proclamations give genuine, reasonable information about the fundamental position. IASB (2010) states that the target of financial/bookkeeping information is to give financial information about the reporting that is helpful to present and potential inspectors, loan specialists and different banks in making choices in their ability as capital suppliers. Opanyi (2016) characterizes the motivation behind bookkeeping is the arrangement of financial information about a company, helpful to the interested stakeholders to formulate decision making.

The aspect of financial or bookkeeping reporting is more extensive and intends to give impartial budgetary and other information that together with information of different sources encourages the proficient working of capital invested. Furthermore, reporting by numerous entities aids the company to formulate decisions relating to the assets of the business (FASB, 1978). The idea of financial reporting is in this way expansive and incorporates financial information disclosures and non-financial information helpful for decision purposes. Annual reports ought to meet certain qualitative criteria so as to maintain a strategic distance from low quality and achieve their objective (Opanyi, 2016). IASB and FASB in their framework contended that enhanced quality is accomplished by complying with objective and the subjective attributes of financial information (IASB, 2010). Qualitative qualities are the traits that make the budgetary information helpful (IASB, 2010). Be that as it may, arrangement of valuable information is restricted for the use of entities use only, and the expenses of revealing information must be maintained (IASB, 2010). Various characteristics relating to financial reporting relate to transparency, comparability, disclosure. Where transparency relates to the way financial information disclosures and non-financial information is helpful for decision purposes. Annual reports ought to meet certain qualitative criteria so as to maintain a strategic distance from low quality and achieve their objective (Opanyi, 2016). IASB and FASB in their framework contended that enhanced quality is accomplished by complying with objective and the subjective attributes of financial information (IASB, 2010). Qualitative qualities are the traits that make the budgetary data helpful. Furthermore, creditability is the nature of information that empowers users to recognize differences and similarities between different companies. It incorporates consistency which alludes to the utilization of the same bookkeeping approaches and strategies, either from period to period inside an element or in a solitary period over entities (IASB, 2010).

The essential financial capacity of bookkeeping standards is, to give assertion about how vital business exchanges are to be actualized. If bookkeeping reports are most certainly not arranged as per the standards, then the importance of examinations between execution in various eras and the execution among entities are practically futile. Barth, Landsman and Lang(2008) proposed that bookkeeping quality could be enhanced with disposal of different bookkeeping strategies that are less deliberate of company's performance and are utilized by administrators to oversee earning. Similarly, IPSAS appropriation and bookkeeping quality is blended, nonetheless there is moderately better bookkeeping quality among the organizations through utilization of AIS (Ashbaugh & Pincus, 2001). Finally, better bookkeeping models make profit less uproarious furthermore, more precise, and more "value pertinent" (Ashbaugh & Pincus, 2001). Hence, it would make earning less demanding to gauge and would enhance analyst's precision. Ball, Kothari and Robin(2000) thought opposite that low-quality bookkeeping can cause "errors", for example, diminishing the instability of their own remuneration, diminishing the unpredictability of payments to be made to trade payables or workers (prominently, worker rewards and profits). Therefore, IPSAS utilization minimizes corporate expenses, and also limits away from acknowledgment of misfortunes (Opanyi, 2016).

The quality in annual reports is of prime concern not just for the stakeholders yet for the entire society as it influences financial choices that could essentially affect the general public all in all(Ali, 2006). The ongoing worldwide monetary emergency and the extreme financial imperatives being experienced by numerous governments have underscored the requirement for governments to encourage more prominent money related responsibility and reporting (Berger, 2018). Pakistan had issues which were also faced by state owned entities and decline of government to meet its money related administration obligations in the past which had sensational outcomes for example, social agitation. There are number of concentrates/studies that have been carried out on the impacts of global bookkeeping guidelines or standards on nature/quality of annual reports. Ball and Plfugrath (2012) states that reliable, consistent and proper utilize of IPSAS benchmarks provide high caliber to improved comparability and quality.

Chan(2008)contends a great deal of belief to the expanding significance of worldwide bookkeeping models especially to emerging nations once they obtain or depend upon IPSAS. This would be a helpful tool not exclusively to represent these assets yet in addition to look at the utilization of them between reporting periods. Grace and Ambrose (2013) expressed that entities of annual reports must comprehend the settings in money related transactions with a specific end goal to record them viably. They contended that annual reports must be present, far reaching, straightforward and exact. The investigation inferred that speculators saw the monetary reports quality in terms of subjective attributes (Opanyi, 2016).In spite of the significance of government accountability and transparency as a recurring approach issue, there is restricted research on the impact of appropriation of IPSAS on quality of bookkeeping report revealing in the general population division in Pakistan. Rather the momentum inquires about have concentrated on helpfulness what's more, practicality of selection of IPSAS out in the open segment in Pakistan (Schaik, 2014). This motivates this investigation as there is a gap in literature about the impacts of appropriation of IPSAS on budgetary announcing quality out in the open area in Pakistan. This examination thus tends to answer the gap whether adoption of IPSAS has impact on nature of monetary revealing out in the open division in Pakistan.

Theoretical Perspectives

Globalization has brought a grave requirement for expanded consistency relating to financial reporting. There is a blended view with respect to whether universal bookkeeping harmonization is beneficial for creating nations since it provides enhanced quality reporting and in addition the best quality bookkeeping system and standards. There is likewise a view that bookkeeping information systems utilized by developing nations are connected to be less efficient as compared to those employed by developed nations(Opanyi, 2016).This examination was guided by three relations that gave hypothetical contention upon the importance of employing AIS related with the adoption of IPSAS to enhance quality reporting.

Economic Theory

Financial systems utilize different guidelines related to dealing with every day transactions which can be employed by the firm. Economic theory predicts that notwithstanding utilization of system brings about advantages to the company (Opanyi, 2016). On account of the IPSAS selection by a nation, the hypothesis contends that the immediate advantages are spoken to by both the net financial and net political estimation of IPSAS over neighborhood countries(Barth et al., 2008). As indicated by these hypothesis economies that have utilized AIS as well as by following the guidelines of IPSAS would lead to effective and efficient reporting quality. This hypothesis uncovers confirmation of provincial patterns in IPSAS appropriation, to such an extent that a nation is more liable to actualize IPSAS if different nations in its land area are IPSAS adopters (Opanyi, 2016).

Accounting Theory

Bookkeeping is dynamic and is connected to enhancing money related bookkeeping and financial reporting in expansive point of view. It is fundamental that bookkeeping is utilized by for the most part acknowledged guidelines to dodge confusion that would happen all the while. The primary rationale is that bookkeeping ought to concur or adjust to the essential facts as per which the monetary framework works; the current financial and business activities and the appropriate law as epitomized in authoritative controls or precedent-based law. Therefore, it is essential that consistency is kept up in bookkeeping and financial reporting (Opanyi, 2016). The constantly expanding degree and intricacy of financial matters requires a comparing procedure of adjustment in bookkeeping. Thereby, utilizing AIS in order to achieve successful reporting all together that the important data with respect to exercises might be recorded, timely, accurately (IASB, 2010).

Accounting Information System

AIS are characterized here as an information technology procedures related to financial data which underpins choice assignments in the specific circumstance of coordination and control of authoritative exercises (Nicolaou, 2000). In dealing with companies and executing an inside control framework the part of AIS is essential. An imperative question in the field of bookkeeping and accounting decision making concerns the fit of AIS with hierarchical necessities for information accuracy and control (Nicolaou, 2000; Sajady, Dastgir, & Nejad, 2012).The central reason for AIS is to record monetary transactions and minimize errors while reporting. AIS of the past concentrated on the bookkeeping, presenting and analyzing of information about business money related transactions. Bookkeeping frameworks that were already performed physically would now be able to be performed with the assistance of PCs. Along these lines, changes in the data innovation have encouraged the utilization of cost and administration bookkeeping methods. Improvements in IT have been vital in ongoing decades, and they have been driving advancements in the globalization of business sectors and social orders (Schneider, 1997). In the perspective of the reality, it is generally recognized that IT assumes a vital part in the field of bookkeeping; IT can be vital weapons to help the question and methodology associations. Some business associations get upper hand by preparing new data frameworks. In this manner associations tend to build the cash for IT, which makes the proportion of IT venture to their aggregate spending plan higher.

Surviving AIS framework research has developed from the source controls of software engineering, authoritative hypothesis and psychological aspects. Favorable position of this advancement is an assorted and rich writing with the potential for investigating numerous different interrelationships among specialized, authoritative and individual parts of judgment and choice execution. AIS inquire about spans from full scale to the smaller scale parts of the information framework (Mauldina & Ruchala, 1999). The expansive extent of AIS proposes a conceivably huge influence for research carried out in such domain. The decision of AIS framework has been an essential issue in bookkeeping research. Kim and Suh(1991) presented a formalized approach in light of data financial matters for estimating the estimation of changes in an administration bookkeeping framework. Prior research essentially connected. Studies have demonstrated that lucrative execution of AIS frameworks requires a fit between three variables (Sajady et al., 2012). A fit must be accomplished with prevailing perspective in the association or view of the circumstance. Second, the bookkeeping framework must fit when issues are regularly comprehended, i.e. the innovation of the association. At last, the bookkeeping framework must fit with the culture, i.e. the standards (IPSAS) and esteem framework that describe the association (Fowzia & Nasrin, 2011). Frameworks will be valuable when data provided by management is utilized viably in decision-making process by users. Otley (1980) contends that Accounting Systems are critical parts of the texture of authoritative life and should be assessed in their more extensive administrative, hierarchical and natural setting. Thus, the adequacy of bookkeeping information frameworks not just relies upon the reasons for such frameworks yet in addition relies upon possibility components of every association (Sajady et al., 2012).

Bookkeeping information frameworks followed by the standards are said to be compelling when the data provided by management serves effectively to the interests of the stakeholders. Successful AIS ought to provide information which effectively affects decision making (Ives, Olson, & Baroudi, 1983). The viability of bookkeeping information frameworks has for some time been a subject of numerous interests (Mia & Chenhall, 1994; Chong, 1996; Sajady et al., 2012). Bookkeeping information typically is connected to two aspects; 1) data that impacts decision making and for the most part utilized for the reason controlling the association and 2) data that encourages decision making process and generally utilized for coordination inside an association (Sajady et al., 2012).Incorporation of bookkeeping information frameworks prompts coordination in association which, thus, builds the nature of the choices. Some researchers in bookkeeping demonstrate that the viability of bookkeeping information frameworks rely on the nature of the yield of the data framework that can fulfill the user needs. Administration is committed in with various kinds of exercises which require great quality and solid data. They likewise require non-monetary data, for example, creation measurements, and production information. Be that as it may, nature of data created from AIS is imperative for administration (Essex, Magal, & Masteller, 1998). Sajady et al. (2012) contends that use of AIS relies upon the impression of the nature of data by the users. For the most part the nature of data relies upon credibility, disclosure, reliability and importance to choices/decisions. Hence adoption of IPSAS would enhance the state owned entities quality of reporting by utilization of AIS (Grace & Ambrose, 2013; Ijeoma, 2014; Berger, 2018).

Hence, as per the discussion above the following framework (Figure 1) and hypothesis are developed:

Hypothesis 1: Comparability has a positively significant effect on the quality of reporting.

Hypothesis 2: Transparency has a positively significant effect on the quality of reporting.

Hypothesis 3: Financial statement disclosure has a positively significant effect on the quality of reporting.

Hypothesis 4: AIS has a moderating effect between the relationship of comparability and quality of reporting.

Hypothesis 5: AIS has a moderating effect between the relationship of transparency and quality of reporting.

Hypothesis 6: AIS has a moderating effect between the relationship of financial statement disclosure and quality of reporting.

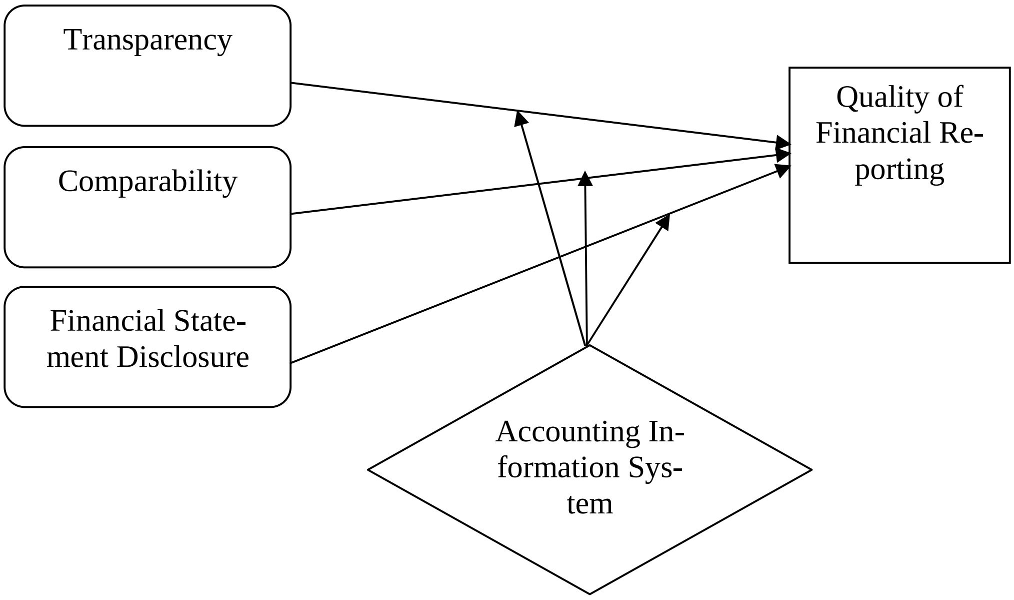

Figure 1. Research model

Methodology

This study relates to assess the accord of transparency, comparability and financial statement disclosure upon the quality of financial reporting. Furthermore, the study also concerns to assess the moderating effect of AIS between the relationships of the three explanatory variables on the explained variable. Similarly, convenience sampling has been used to gather information regarding the objective of the study. The questionnaires information was gathered by accommodating a self-administered survey method.

The instruments utilized to measure the variables employed in the study are shown in table 1. Furthermore, all items of the variables were measured by utilizing a five point likert scale ranging from "Strongly Agree" to "Strongly Disagree" and were modified for convenience related to the Pakistani context. Regression analysis has been conducted to assess the accords among the explanatory, moderating and explained variables. Similarly, there relates to be four models considered in the studies to test the hypothesis which are shown below, where (QFR relates to be quality of financial reporting, T relates to be transparency, C relates to be comparability, FSD relates to be financial statement disclosure):

QFR = β0 + β1 (T) + β2 (FSD) + β3……………………………. Model 1
QFR = β0 + β1 (T*AIS)……………………………………….. Model 2
QFR = β0 + β1 (FSD*AIS)…………………….……..…….. Model 3
QFR = β0 + β1 (C*AIS)……………………….…………….. Model 4

Thereby, model 2, 3 and 4 relate to test hypothesis 4, 5 and 6 which corresponds to show the moderating effect of AIS upon the relationship of the explanatory variables upon the explained variable (quality of financial reporting).

Design and Sample

The data has been gathered from government workers employed in the finance or accounts department. All the government owned companies considered has operated in Pakistan for more than 4 years. Furthermore, an overall total questionnaire sent to the informants related to be 250. On the contrary, a total of 212 questionnaires came out to be complete with a response rate of 84.8%. Similarly, information of respondent's description is shown in Table 1. The data gathered relates to comprise about 82% of the respondents to be male, 67% to be married and around 39% related to be below the age bracket of 30-40. Moreover, about 58% of the respondent's experience of work relates to between 4-6 years on the job.

Table 1. Instruments

Variables	No. of items	Source
Quality of Financial Reporting	6	(Olayinka, Okoye, Nwanneka, & Olaoye, 2016)
Transparency	8	(Opanyi, 2016)
Financial Statement Disclosure	5	(Opanyi, 2016)
Comparability	4	(Opanyi, 2016)
Accounting Information System	12	(Nicolaou, 2000)

Table 2. Demographics

		Number	Percentage
Gender			
	Male	173	82
	Female	39	18
Marital Status			
	Married	143	67
	Unmarried	69	33
Age			
	Below 29 Years	12	6
	30 -- 35 Years	43	20
	36-- 40 Years	82	39
	41 Year and above	75	35
Job Designation			
	CPA	53	25
	CISA	29	14
	Other	130	61
Years of Experience			
	3 and below	43	20
	4--6	123	58
	7--9	29	14
	10 and Above	17	8

Note N = 212

Results and Discussion

The results related to model 1 where independent accord of the explanatory variables upon the explained variable is shown in tables 1 and 2. Table 1 shows the model summary, where by the results suffice that about 82% of the variation brought upon the quality of financial reporting is due the explanatory variables (transparency, financial statement disclosure and comparability) and the rest is due to some other factors. Likewise, F value came out to be significant which hence provides suitable results to assess the parameter (model is a good fit). Furthermore, the significance value related to all the models came out to be significant ($p < 0.5$). Similarly, overall 74.77% of the variation upon the explained variable due to the moderating effect upon the relation of the explanatory variable (transparency) on the explained variable (quality of financial reporting). Likewise, overall 30.771% of the variation upon the explained variable is explained due to the moderating effect upon the relation of the explanatory variable (FSD) on the explained variable (quality of financial reporting) and the rest due to some other factors. Lastly, model 4 45.38% of the variation upon the explained variable is explained due to the moderating effect upon the relation of the explanatory variable (comparability) on the explained variable (quality of financial reporting) and the rest due to some other factors. Moreover, the model significance came out to be highly significant ($p < 0.05$).

Table 3. Model Results

Model	R	R-Square	F	Sig
Model 1	0.9060	0.8201	22.057	.000
Model 2	0.8647	0.7477	23.057	.000
Model 3	0.5541	0.3071	30.280	.000
Model 4	0.6737	0.4538	20.043	.000

Similarly, the independent relationship of the variables came out to be positively significant, which suggests that firms having effective transparency, financial statement disclosure and comparability capabilities would positively influence the quality of financial reporting of government entities. Furthermore, the independent variable significance related to model 1 are shown in table 3 and all the independent variable came out to be positively significant which are also in line with the findings of (Ijeoma, 2014). Moreover, better transparency among the accounting information would lead to enhanced quality of reporting. Also companies having better comparability among previous reports or with other entity reports would also suffice enhancement upon quality of reporting.

Moving forward, the moderating effect of AIS had a positive significant effect upon the accord among (transparency and quality of reporting) and (comparability and quality of reporting). However, the moderating effect of AIS has a positive insignificant effect upon the relationship of (FSD and quality of reporting). Therefore, better utilization of accounting information systems by government owned entities would enhance the transparency among the information. Furthermore, this would lead investors to have ready access to desired financial information and thence in turn improve the quality of financial reporting of the government entities. Similarly, greater utilization of AIS would also make comparability of financial information of government owned entities reports much uncomplicated and unchallenging. Easy comparability among related financial information of interest to users would lead to better quality of financial reporting. Nicolaou(2000) implied that enhanced coordination due to AIS can enhance the quality of reporting.AIS are preferred to be efficient when the information provided serves the necessities of the employees. Compelling AIS ought to provide information which effectively influences decision making.

Huber (2000) contends, integration of AIS further leads to better coordination in a company, which thence enhances overall quality of financial reporting. Also some researchers related to accounting contend that better comparability and transparency of information can be better achieved by employing AIS (Sajady et al., 2008). Furthermore, utilization of AIS effects the decision making related to controlling of the company, and also the information that aids decision making for coordination of the company (Sajady et al., 2008). Also, Kim 13 elucidates as to utilization of information systems are related to perception of users for better quality of reporting and thence information depends upon efficient transparency and comparability (Sajady et al., 2008). Moreover, the hypotheses accepted are shown in table 4.

Table 4. Model Coefficients Results

Hypotheses	Model		Coefficients (B)	Std.Error	t-stat	Sig.	Results
H1,H2,H3	Model 1	Constant	2.165	0.132	16.396	.000	Accept
		Transparency	0.708	0.029	24.424	.000	
		FSD	0.360	0.025	14.695	.000	
		Comparability	0.122	0.023	5.187	.000	
H4	Model 2	Constant	9.7351	0.8544	11.3937	.000	Accept
		Moderator (Inter1)	0.6807	0.0674	10.1068	.000	
H5	Model 4	Constant	9.0403	0.8123	11.1294	.000	Accept
		Moderator (Inter2)	0.5814	0.0695	8.3686	.000	
H6	Model 3	Constant	2.4851	1.1193	2.2202	.027	Reject
		Moderator (Inter2)	0.1121	0.0970	1.1554	.249	

As it were, the conception that all information communicated ought to have quality or be reliable. However, such an idea isn't anything but difficult to pinpoint with regards to open government, and the prerequisite for information quality might be considered by taking into consideration the intervening effect of AIS. Its significance is outlined by the acknowledgment that government owned entities may be irrevocably lost if low quality information is revealed (Lourenço, 2015). In any case, while quality is related with transparency, comparability, likewise quality is also connected with AIS, it isn't sufficient essentially to consider about inherently good (exact) information as better quality information (Nicolaou, 2000). Moreover, quality of information is connected with efficient utilization which in terms thence brings about enhanced accuracy, reliability, transparency, comparability.

Similarly, AIS compatibility with other components signifies a relation related to other components (Nicolaou, 2000). Likewise, AIS has been related to two concepts: (a) influence of AIS upon information used to formulate decision making and (b) facilitation through use of AIS upon information needed for coordination thereby, bringing quality in financial reporting (Nicolaou, 2000). Moreover, the results of the study signifies as to better utilization of AIS by government owned entities would bring about transparency among the information. Also, better transparency among financial reporting would signify timely information would be entered. Therefore, meaningful information would be utilized by investors or management in order to facilitate decision making more reliable and accurate (Fowzia & Nasrin, 2011). Likewise, effective and efficient utilization would also aid firms to make comparability of reports with past reports or other company's reports much more coherent and systematic.

Conclusion and Recommendation

In recent time's government entity reforms at the state level simultaneously with foreign companies are promoting IPSAS towards utilizing AIS to enhance transparency, accountability, comparability and thence quality of financial reporting. Recently, numerous developed nations have utilized IPSAS related to basis of accrual accounting for reporting and budgeting. This would point to, in the long term, a procedure of convergence towards bookkeeping in which collection of IPSAS accounting is not associated with other monetary administration changes. Furthermore, the aim of the study was to assess the accord of transparency, comparability, FSD upon quality of reporting. Also, another aim of the study related to investigate as to whether AIS moderates the relationship between the explanatory variables and explained variable. To the best of the researchers' knowledge, this relates to be one of few studies and the first systematic large sample study that examines relationship of the variables as well as the moderation effect on an individual level. Overall, six hypothesis were developed (3) relating to assess the individual effect of the explanatory variables (transparency, comparability and FSD) upon the explained variable (quality of financial reporting). Further (3) hypothesis connected to assess the moderating effect.

Similarly, as per the theoretical discussion this study hypothesized and also found positive and significant effect on the quality of financial reporting through enhanced transparency and comparability along with employment of AIS. Henceforth, as the world economies are evolving connected to development of better enhanced AIS, majority government owned entities thence are employing the use of new software's. Therefore, utilization of AIS would aid in mitigating fraudulent activities, improving timely data entry, efficient and effective comparability procedures and overall improving quality of reporting. Likewise, IPSAS which are set of accounting guidelines are concerned with enhancing the quality of reporting, which thereby lead to more effective decision making either made by investors, management or governments. Moreover, as all the explanatory variables were found to have compelling positive significant effect on the quality of reporting. Hence, it is recommended to the practitioners to employ the enhanced AIS which would follow the guidelines of IPSAS thereby brining improvement in quality reporting.

The selection of IPSAS connected to government reporting would lead to numerous advantages bringing timely data entry, easy and suitable comparability among reports, flexibility and eventually quality of reporting. Similarly, IPSAS also side by side coincides with IFRS which also enhances reporting (IPSASB, 2008). Even though IPSAS is related to public owned entities and IFRS for private owned entities, there is still connection among the two set of rules or guidelines. Hence, as the treatments of dealing with daily transactions are majority similar in public and private sector thence the accounting treatment also coincides (Mhaka, 2014). Hence, this discussion makes IPSAS more dependable connected to improving quality. IPSAS support the utilization of similar bookkeeping approaches i.e. regularity in following the same set of standards (Mhaka, 2014). Alp and Ustundag (2009) additionally included that employment of IPSAS wins World Bank and International Monetary Fund trust. The issue of comparability and transparency is seen as methods for guaranteeing quality reporting (Mhaka, 2014). Opanyi (2016)additionally contends for employment of IPSAS since they allow cross country and cross company comparability which enables users of statements to formulate decisions. IPSAS were set up in combination with IFRSs. They recommend the bookkeeping treatment and estimation of a specific phenomenon which decreases the other treatment (IPSAS, 2014). This makes reports more effective and aids economic proficiency of state owned entities (IPSAS, 2014).

On the contrary, our investigation also divulges that there is no moderating effect of AIS between the relationship of FSD and quality reporting. Furthermore, this study suggests practitioners to employ AIS and adopt the utilization of IPSAS which would in terms bring about comparability, transparency and thence overall enhancement in reporting. Likewise, for future research, others can extend the study by accommodating other variables into consideration. Also, this study accommodated the use of convenience sampling thence others can extend the study by considering a larger sample size. Similarly, future researchers can employ control variables and moderators related to demographic profile of informants connected to age, experience, designation etc.

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Questionnaire					
	SA	**A**	**N**	**D**	**SD**
Quality					
Do you think IPSAS adoption will improve accountability of financial reporting in the Pakistani Public Sector?					
Is IPSAS adoption necessary for financial reporting transparency in the Pakistani Public Sector?					
Do you think IPSAS adoption will communicate value relevance to beneficiaries of financial reporting in the Pakistani Public Sector?					
Do you think IPSAS adoption will enhance comparability of financial information among public entities in Pakistani Public Sector?					
Do you think IPSAS adoption will engender overall full representation of financial reporting in the Pakistani Public Sector?					
Do you think the introduction of IPSAS will improve the overall quality of financial reporting in the Pakistani Public Sector?					
Accounting Information System					
do you think the output is presented in a useful format?					
are you satisfied with the accuracy of the system?					
Is the information clear?					
Is the system accurate?					
Does the system provide sufficient information?					
Does the system provide up-to-date information?					
Do you get the information you need in time?					
Does the system provide the precise information you need?					
Does the information content meet your needs?					
Does the system provide reports that seem to be just about exactly what you need?					
Is the system user friendly?					
Is the system easy to use?					
Transparency	**SA**	**A**	**N**	**D**	**SD**
Do you think IPSAS brings harmonization and standardization to government accounting and reporting					
Do you think IPSAS brings enhancement upon government transparency and accountability for all its resources					
Do you think IPSAS has improved government decision making					
Do you think the consolidation of government financial statements improved					
Do you think corruption has reduced after the adoption					

of IPSAS?					
Do you think IPSAS has improved the accountability about performance of public sector					
Do you think IPSAS has improved the quality of accounting system					
Do you think IPSAS adoption has improved stakeholders satisfaction of Government reporting					
Financial Statement Disclosure					
Do you think there is expensive cost of implementation of IPSAS					
Do you think there is complexity of recording transactions under IPSAS					
Do you think there is lack of commitment from government leaders					
Do you think there is lack of regulations, guidelines and policies for IPSAS implementation					
Do you think there is lack of automated systems such as an integrated financial management system					
Comparability					
Do you think the notes to revisions in accounting estimates and judgments explain the implication of revision					
Do you think the company adjust previous accounting periods figures for effect of change in accounting policy					
Do you think the company provides comparison of the current accounting period with previous accounting period					
Do you think the information in the annual report is comparable to information provided by other organizations					