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Effect of Disclosure of public sector financial information on Quality of Financial Reporting in Public Secondary Schools in Kakamega County

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Abstract:
The International Public Sector Accounting Standards (IPSASs) are a collection of accounting standards that have been developed by the IPSAS Board and are intended for use in the preparation of financial statements by public sector organisations located all over the globe. The current reporting schedule for schools is coordinated with the academic year, which begins on January 1 and ends on December 31 each year. As a result, the schools' fiscal reporting cycle will move to the period beginning July 1 and ending June 30 beginning on June 30, 2021, and continuing with consecutive periods. The reporting mechanism that is currently in place for public secondary schools has not enabled the publication of sufficient financial information on the assets held by the institution that is pertinent for decision making. There is also a lack of uniformity, which results in a reduction in the quality of the comparability and understandability of financial statements. This is due to the fact that many educational institutions create their annual statements using a variety of formats and standards.The objective of this study was to determine the effect of disclosure of public sector financial information on quality of financial reporting in public secondary schools in Kakamega County. This study was premised on a theoretical foundation based on legitimacy theory. The study employed descriptive research design. The study targeted 419 public secondary schools from which a sample of 205 public secondary schools were obtained using stratified random sampling technique. The study used Primary data which was collected using structured questionnaire. Data was analyzed using version 26 of Statistical Package of Social Sciences (SPSS). Descriptive and inferential methods of data analysis were used. The analyzed data was presented using tables, models, frequencies and percentages. The study found that disclosure of public sector financial information was significantly affect quality financial reporting at ($\beta = 0.790$, $t = 15.488$, $p<0.01$) with an R square of 54.7%The study concluded that disclosure of public sector financial information significantly affected quality of financial reporting in public secondary schools in Kakamega County. The study recommended that public sector accounting standards practices in public secondary schools should ensure that there is adequate disclosure of going concern information. This will ensure that financial position reporting is done on a full disclosure basis.

Key Word: *Public Sector Accounting Standards Practices, Disclosure of public sector financial information, Quality of Financial Reporting, Public Secondary Schools,*

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I. Introduction

According to Abdul-Baki and Haniffa (2020), accounting quality (AQ) indicates the degree to which an accounting system is successful in achieving its goal of assisting users of accounting information with decision-making. AQ represents the notion that investors and other capital providers should be provided with financial statements that are as useful as feasible in assisting them in making choices about the allocation of resources. Recent years have seen a significant increase in the number of worldwide research on AQ, which can be attributed to both the advancement of technology and the process of globalization (Dwiantini, Susanti & Hidayah, 2021). The conduct of international research on air quality is of the highest significance because it enables us to get an understanding of the influences of factors at the national level on international reporting standards (Falkman & Tagesson, 2018). It is reasonable to anticipate that the AQ will be greater in nations that have accounting standards that are recognized worldwide, a variety of accounting professionals, robust financial intermediaries, and effective legal and political institutions.

The desire to improve efficiency, which is what prompted the need for changes, is driving the transition to accrual accounting that is taking place inside the public sector. Accountability and professional conduct need

to be embraced by organizations operating in the public sector in relation to the administration of public financial resources (Eakin, Eriksen, Eikeland & Øyen, 2015). This is done with the purpose of strengthening their financial responsibility and transparency, which will ultimately result in an enhanced assessment of the performance of the public sector. Because the modified cash accounting system is unable to deliver meaningful and sufficient accounting information that enables public secondary schools in Kenya to effectively plan, control, and evaluate their performance, the adoption of an accrual-based accounting system is required. This is because it is impossible for the modified cash accounting system to provide such information (Brusca & Martínez, 2016). In addition, some schools did not present a more accurate view of the school's financial status when using a modified-cash accounting system. This is because they recorded revenue when it was earned and expenses when they were incurred, which did not effectively match revenue with expense, which is why an accrual accounting basis system is required.

Financial statements are prepared on a cash basis or some variation of an accrual basis of accounting. However, most of these financial statements in public secondary schools are not prepared on a consistent or comparable basis in Kenya. Rono (2020) noted a back log in the audit of Education Institutions as a major factor contributing to mismanagement of funds. In public secondary schools, there is no checking of cash book periodically to confirm whether it has been updated and it is difficult in making sure that trial balances are prepared at every end month and submitted to the relevant offices by 15th of the ensuing month. It is unfortunate that a number of school heads do not submit books of accounts in time, to the schools auditors for audit. This leads to a situation where the issues raised are in most cases overtaken by events. This brings into sharp focus the preparation of financial statements in Kenya’s public secondary schools. It is not clear if the existing accounting practices are operating effectively in the provision of accurate financial information for proper decision making by the school principals.

The disclosure principle or the principle of openness is to present all information in financial statements that can affect the reader's understanding. Inefficient financial performance issues in government funded secondary schools have been a great challenge in achieving government education plans (Ngatia, Njoka & Ndegwa, 2019). An audit process done on the Free Day Secondary schools in counties revealed unsatisfactory information which included; rent income arrears, institutional creditors, irregular re-allocation of funds, irregular procurement of goods and services, misallocation charged expenditure, overstated enrollment, unsupported expenditure, unutilized economic stimulus project funds, unutilized infrastructure funds, overpayment of works and irregular allowances. It is well-known that there are schools that lease out their buses, space and other facilities especially over school holidays (Auditor General Report, 2020).

IPSAS 24 is applicable to organizations in the public sector that are mandated to make the authorized budget(s) of their organization publicly accessible (Heiling, 2019). One of the primary factors that contribute to ineffective school administration is improper budgeting. This may result in either overspending or underspending, both of which can lead to improper allocation and management of school money. According to the study that was published by KIPPRA (2020), more than half of the public secondary schools in Kenya did not ensure that their budgets were developed, debated, and authorized prior to their execution in the year before. It is not necessary to make sure that operating budgets are accessible and that expenditures are not tied to the budget allocation. In addition, the receipt of monies designated for certain accounts does not result in those amounts being credited to the appropriate accounts. This ideal is thus in jeopardy as a result of the bad financial management techniques that are prevalent within public secondary schools.

The Public Finance Management Act (PFM) No. 18 of 24/7/2012 was the legislation that led to the establishment of the Public Sector Accounting Standards Board (PSASB) of Kenya (GoK, 2017). The PSASB gave its stamp of approval to the secondary school financial reporting template on September 22nd, 2017. After receiving this clearance, the board sent a letter with the reference number PSASB/1/1 Vol.1/(40) to the State Department of Early Learning and Basic Education on January 8, 2018, requesting assistance with the implementation of IPSAS. PSASB and the directorate of School Audit, State Department for Early Learning and Basic Education educated School Auditors on the financial reporting template, which was then cascaded to school principals and bursars with the help of funding from the Public Finance Management Reforms (PFMR) secretariat. PSASB and the directorate of School Audit, State Department for Early Learning and Basic Education (GoK, 2020).

Statement of the Problem

It is essential that educational institutions have reliable accounting procedures since the success of the institution's day-to-day operations and long-term performance is dependent on sound financial management (Paisey, 2014). Therefore, it is of the utmost importance for public schools and commercial organizations to consider appropriate money management in order to guarantee that they enhance their financial performance and, more importantly, reduce their exposure to managing risks and continue their operations (Munge, Kimani & Ngugi, 2016). Accounting procedures that are followed correctly allow schools to maintain control over their

departments, including those dealing with financial reporting, capital budgeting, income, and taxes costs (Kimuyu, Naibei & Sang, 2021). As a result, accounting procedures play an extremely important role as a tool for ensuring accurate financial performance (Horvat, 2017).

The accounting and financial management practices used by the public sector have come under fire in Kenya and elsewhere in the globe for being inefficient (Okungu, 2015). The Public Schools Accounting Standards Board (2021) released a study that expressed substantial issues over the quality of financial reporting in public secondary schools. The reporting mechanism that is currently in place for public secondary schools has not given enough disclosure of financial information that is useful for decision making by key stakeholders and consumers of the financial information. Among the information that has not been made public are the assets owned by the institution,

The Directorate of Schools Audit reports in Kakamega County have persistently brought up questions about accounting standards procedures and the accuracy of financial reports in the public secondary schools. These questions pertain to the Kakamega County schools. The current framework for school reporting has a number of significant flaws, one of which is a lack of standardization. When it comes to the preparation of annual statements, different schools use a variety of different standards and formats, which lowers the quality of the financial statements and makes them more difficult to understand. Incomplete financial information, with the majority of public schools choosing not to report information on assets such as land, buildings, motor cars, furniture, equipment, machinery, inventories, and biological assets such as cattle, poultry, trees, and agricultural output. In addition, the information on long-term commitments, such as gratuities and borrowing, is not given in an acceptable manner. Some establishments choose not to provide information about the amount of money they make from things like rent, school farming activities, investments, and the hiring out of their facilities. The majority of schools had the practice of presenting their financial records late, which led to a backlog at the audit unit as a result of this tendency. The county has a very low percentage of businesses who properly submitted their trial balances and books of accounts (Achieng & Mvumbi, 2019).

The introduction of IPSAS in public secondary schools was seen by many practitioners to have the potential to bring about change (Ouda, 2014). Although numerous studies have been carried out in a variety of public secondary schools, only a small number of studies have concentrated on IPSAS and the production of high-quality financial reports. Muthanga and Odipo (2018) established an insignificant positive relationship between disclosure of accounting information and funds management in public secondary school in Nairobi County making it inadequate to generalize the findings. Manei and Omagwa (2019) sought to determine the effect of accounting practices on the financial performance of public high schools in Makueni County and suggested that future studies can also opt to test the effect of other accounting practices other than the ones applied in this study. Nyanyuki, Okioga, Ojera and Nyamwamu (2020) concluded that accounting practices have an influence on management of funds in public secondary schools and recommends the proper and quality financial reporting so as to improve the general management of funds in public secondary schools in Kenya. For more conclusive results, a similar study should be done in another county.As a result, the primary objective of this research was to assess the impact that the implementation of Public Sector Accounting Standards has had on the quality of financial reporting in public secondary schools located within Kakamega County.

Objectives of the Study

i) To determine the effect of disclosure of financial information adoption on quality of financial reporting in public secondary schools in Kakamega County.

Research Hypotheses

H_{01}: Disclosure of financial information adoption has no statistically significant effect on quality of financial reporting in public secondary schools in Kakamega County

II. Literature Review

Theoretical Framework

The study was guided by the Legitimacy theory. Legitimacy theory aims to explain accounting choice in relation to avoidable future costs. The theory can be traced back to Dowling and Pfeffer (1975) who argued that the social perceptions of organizations activities should be reported in accordance with the expectations of the society. The theory is derived from the broader political economy perspective and has been used as a further academic theory in accounting literature to explain managements motivations for particular voluntarily information disclosure (Hawashe, 2014). Suchman (1995) considers legitimacy as a perception that the actions of an organization are desirable, proper or appropriate within some acceptable social norms, values, beliefs and definitions. Legitimacy theory has widely been used as an attempt to explain social and environmental reporting practices of an organization in order to fulfil the social contract that enables them achieve their objectives (Islam & Deegan, 2008).

This theory suggests that information disclosures are part of a process of legitimation and used as a device for economic entities to demonstrate that their activities are in consensus with the bounds and norms of their respective society. Besides, according to the legitimacy-based arguments, disclosing additional information in corporate annual reports is an effort to alleviate public pressure or legitimate a company's actions. As predicted by legitimacy theory, managers of firms would voluntarily disclose more information of actions if they perceived that the specific actions were expected by the public in which their companies operate (Guthrie et al., 2004).

This theory was used in this study to explain effect of disclosure of financial information adoption on quality of financial reporting in public secondary schools in Kakamega County. As discussed organizations will attempt to disclosure more financial instruments information when they need to legitimize their actions and obtain the approval of their stakeholders and the wider society, and even perhaps to avoid additional regulations. Directors have personal interests in risk disclosure for example signaling their competencies to investors and how they administer such risks efficiently in order to win their trust and maximize their gains. From the perspective of the public sector, legitimacy might be pursued from other national governments, international organisations and groups of interest (Suddaby, 2010).

Conceptual Review

This is a diagrammatic representation of the linear relationships between independent variable (Disclosure of Financial Information Adoption) and the dependent variable (Quality Financial Reporting) as illustrated in figure 1.0.

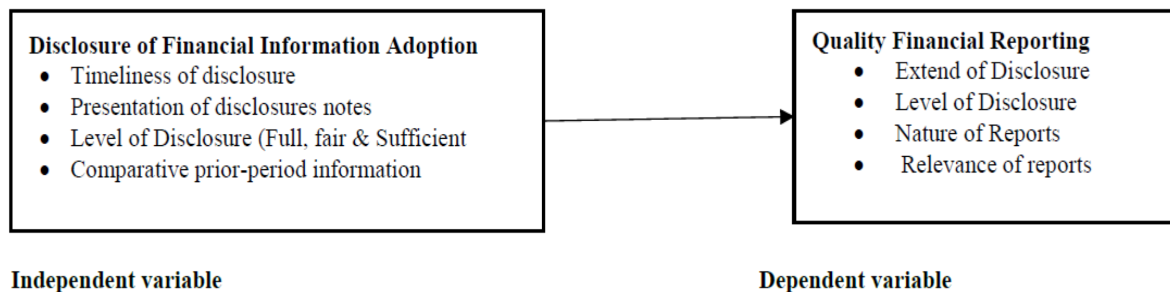

Figure1.0:ConceptualFramework

Disclosure is a complete and comprehensive disclosure of company data concerning financial data, management and so on with the aim of being widely known by the general public (Yusuf, 2015). The disclosure principle or the principle of openness is to present all information in financial statements that can affect the reader's understanding. Disclosures can include things that cannot be accurately calculated, such as tax disputes with the Government or litigation with other parties (Akhmedjanov, 2019). Disclosure of financial information also means that report must always be on existing accounting policies, as well as changes to those policies (for example, changes in asset valuation methods or depreciation methods), non-monetary transactions that occur, relationships with business affiliates that have significant transaction volumes, amounts assets are pledged as collateral, amount of material losses caused by costs lower than market value, description of the obligation to terminate the operation of assets, facts and circumstances that cause a decrease in goodwill (Lugovsky & Kuter, 2019). The development of the disclosure system is closely related to the development of the accounting system. Disclosure standards and practices are influenced by financial resources, legal systems, political and economic ties, the level of economic development, the level of education, culture, and other influences (Tominac & Bauer, 2017).

While a company's financial statements contain all the relevant financial data about the company, that data is often in need of further explanation. That is where the disclosures on the financial statement come into play (Haeruddin, Ibrahim & Jamali, 2021). A financial statement disclosure will communicate relevant information not captured in the statement itself to a company's stakeholders. The disclosures can be required by generally accepted accounting principles or voluntary per management decisions. All relevant information must be disclosed. "Relevant" means any context that may impact a financial statement's reliability. This may include information about accounting methods, dependencies, or changes in amounts or estimates (Avlokulov, 2021).

Disclosures may be simple statements regarding the change or provide a lengthy explanation for the reason to change the company's accounting policies and procedures (Sekiraqa, Ahmeti & Aliu, 2021). Voluntary disclosure in accounting is the provision of information by a company's management beyond requirements, such as generally accepted accounting principles and Securities and Exchange Commission rules, where the information is believed to be relevant to the decision making of users of the company's annual reports

(Dwiantini, Susanti & Hidayah, 2021). Voluntary disclosure benefits investors, companies, and the economy; for example, it helps investors make better capital allocation decisions and lowers firms' cost of capital, the latter of which also benefits the general economy.

Empirical Review

Opanyi (2016) explored the impact of appropriation of worldwide public bookkeeping measures on the nature of fiscal reports in the public segment in Kenya. The target of the research was to assess the impact of appropriation of IPSAS on nature of fiscal reports in meeting the criteria for decision usefulness. The study concluded that adoption of IPSAS did not seem to have a significant impact on disclosure of financial information. However, the study did not seek to explore the reasons behind poor accountability and further its effect on the quality of financial reporting in the public sector as a whole. County government financial reports contribute to the overall reporting structure in the public sector. Kanakriyah (2016) examined the impact of voluntary disclosure on the quality of accounting information according to users' perspective in Jordan. The paper found out that all accounting information users agree about the important role of voluntary disclosure and how help them in making economic decision, also one of the vital result indicate a strong effect of voluntary disclosure on the quality of accounting information which in turn effect on users' decisions, such as investors.

Wangari (2014) examined general and strategic disclosure, financial disclosure, forward looking disclosure and social and board disclosure as proxies for measuring voluntary disclosure and how they affect the financial performance of commercial banks in Kenya. The study found a positive relationship between financial, forward looking and board and social disclosure and return on equity. The study concluded that firms should lean towards disclosure of financial and social and board disclosure to increase their performance. The study used performance as dependent variable while the current study will focus on quality of financial reports of public secondary schools in Kakamega County.Putri and Suputra (2019) aimed at obtaining empirical evidence about the effect of disclosure of financial report and managerial ability on earnings management with audit quality as a moderating variable. This research was conducted for the period of 2012 – 2016, with a sample of 375 observing companies. The measurement of disclosure of financial report can be proxied by a disclosure index consisting of 33 voluntary disclosure items. The test result showed that disclosure of financial report has an effect on earnings management, but had not significant effect to managerial ability. Furthermore, audit quality is moderated the effect of disclosure of financial report on earnings management, but is not able to moderate the relationship between managerial ability and earnings management.

Garcia-Lacalle and Torres (2021) study how public Sector Accounting Standards Practices relate to the quantity and qualityof the information disclosed. The focus of our analyses is onSpanish central government agencies. The size of, and a greater presence of independent members in,the governing body are explanatory factors behind the quality of the financial reports. Our findingsalso show that the quality of the financial information is also affected by the pressure that Eurostatrequirements -deficit limits- puts on public sector entities, which leads to the use of smoothing practices. Kisaku (2017) sought to establish whether reporting frameworksused by NFPOs in Uganda affect the quality of financial reports.Findings indicated that therewere no significant associations between disclosure practices and quality offinancial reports. The highest quality score was 25.2% with a mean of 15.6%, indicatingpoor NFPO quality financial reporting in Uganda. Safkaur and Sagrim (2019) investigated problems affecting financial reporting empiric quality goodgovernance investigation. The population in this study were 44 district and city governments in the provincesof Papua and West Papua. The results of this study show empirical evidencethat the application of the disclosure principle of environmental financial reporting does not significantly affect good governance resulting from financial reporting of 44 districtand city governments in the provinces of Papua and West Papua

III. Material and Methods

Descriptive survey research design was used in this study to explain and gather information and summarize, present and interpret data for the purpose of clarification (Orodho, 2003). The research was carried out in Kakamega County, which comprise of 12 sub-counties. The study targeted 419 public secondary schools in Kakamega county. Target respondents were the school bursars and accounts clerks. These individuals are the authorities on financial affairs and report to the principal. Taro Yamane's proportional sampling approach was used to select 205 schools that participated in the study. Proportionate sampling was used to pick schools from the 12 sub-counties. Specific schools were later chosen using simple random sampling.Data was collected by use of structured questionnaires and since all the respondents were literate, the questionnaire was self-administered. Construct validity and content validity were the two aspects of the validity of the research instrument that were investigated in this study. Construct validity indicated the research instruments was relevant, clear, simple and objective with content validity index of 97.6. For construct validity, Disclosure of Financial Information had factor loading of 0.880 while quality Financial Reporting has factor loading of 0.834 both above 0.5 (Hair et al., 2010). The Cronbach Alpha approach was used so that we could determine the level

of dependability. Disclosure of Financial Information yielded an alpha of 0.838 while Quality Financial Reporting yielded an alpha of 0.883 both above 07 (Amin, 2005). Data was analyzed descriptively and inferentially by use of means and standard deviation and correlation and regression respectively. Hypothesis testing was done at 5% level of significant. Data was presented in tables and charts.

IV. Result and Discussion

Descriptive Analysis

The objective of the descriptive analysis was to describe the properties of the data and to identify any unusual observations that may cause problems during inferential analysis. These are descriptive statistics to determine whether disclosure of public sector financial information affect the quality of financial reporting in public secondary schools in Kakamega County as summarized in table 1.

Table 1: Descriptive statistics: Disclosure of public sector financial information

N=201; 5- strongly agree, 4-Agree, 3-Fairly agree, 2-Disagree and 1-strongly disagree, f-frequency, (N)-percentage

Disclosure of Financial Information	5	4	3	2	1	Mean	S. D
1. Public sector accounting standards practices ensures there is adequate disclosure of going concern information	89 (44.3)	76 (37.8)	23 (11.4)	10 (5)	3 (1.5)	4.2	0.9
2. Adoption of public sector accounting standards practices has enhanced timeliness disclosure of financial information	85 (42.3)	75 (37.3)	28 (13.9)	9 (4.5)	4 (2)	4.1	1.0
3. Public sector accounting standards practices ensures there is adequate disclosure of corporate social responsibility information	67 (33.3)	76 (37.8)	37 (18.4)	16 (8)	5 (2.5)	3.9	1.0
4. Financial position reporting is done on a full disclosure basis	93 (46.3)	65 (32.3)	23 (11.4)	19 (9.5)	1 (0.5)	4.1	1.0
5. Public sector accounting standards financial reports are at least more comprehensive and integrated and more decision useful.	106 (52.7)	67 (33.3)	18 (9)	6 (3)	4 (2)	4.3	0.9
6. The school uses various techniques and ways to disclose financial information	71 (35.3)	81 (40.3)	32 (15.9)	11 (5.5)	6 (3)	4.0	1.0
7. The school uses the disclosure principle in reporting its financial position	82 (40.8)	79 (39.3)	26 (12.9)	7 (3.5)	7 (3.5)	4.10	1.0
Overall						**4.1**	

Source: Field Data (2022)

Results from Table 4.7, 44.3% of the respondents strongly agreed, 37.8% agreed while 11.4% fairly agreed that with Public sector accounting standards practices, there is adequate disclosure of going concern information. This was supported by a mean of 4.2 and an insignificant standard deviation of 0.9. Similarly, 42.3% of the respondents strongly agreed, 37.3% agreed and 13.9% fairly agreed that adoption of public sector accounting standards practices has enhanced timeliness disclosure of financial information. This was confirmed with a mean of 4.5 and a significant standard deviation of 1.0.However, 33.3% of the respondents strongly agreed, 37.8% agreed, 18.4% fairly agreed while 8% disagreed that with Public sector accounting standards practices, there is adequate disclosure of corporate social responsibility information. This was supported by 3.9 and an insignificant standard deviation of 1.0. Moreover, 46.3% of the respondents strongly agreed while 32.3% agreed that financial position reporting is done on a full disclosure basis. This was confirmed by a mean of 4.1 and a significant standard deviation of 1.0.Furthermore, 52.7% of the respondents strongly agreed, 33.3% agreed, 9 fairly agreed while 2% strongly agreed that public sector accounting standards financial reports are at least more comprehensive and integrated and more decision useful. This was supported by a mean of 4.3 and an insignificant standard deviation of 0.9. Also, 35.3% of the respondents strongly agreed, 40.3% agreed, 5.5% disagreed while 3% strongly disagreed that the school uses various medium are used to disclose financial information. This was confirmed with a mean of 4.0 and a significant standard deviation of 1.0.

Lastly, 40.8% of the respondents strongly agreed, while 39.3% agreed that the school uses the disclosure principle in reporting its financial position. This was supported by a mean of 4.10 and a significant standard deviation of 1.0. The overall mean score was 4.1, postulating that most of the respondents agreed on various statements relating to disclosure of financial information. Disclosures require disclosure of information about the significance of financial instruments to an entity, and the nature and extent of risks arising from those financial instruments, both in qualitative and quantitative terms. Specific disclosures are required in relation to transferred financial assets and a number of other matters (Monari, 2015). Most of the respondents confirmed that adoption of public sector accounting standards practices enhances timeliness disclosure of financial information. This was supported by previous studies, for instance, Olayinka, Okoye, Modebe and Olaoye (2016)

while examining international public sector accounting standards (IPSAS) adoption and quality of financial reporting in the Nigerian public sector, revealed that IPSAS adoption has enhance timeliness disclosure.

Further, majority of the respondents were in agreement that public sector accounting standards practices ensures there is adequate disclosure of corporate social responsibility information. This in line with Adesunloro, Udeh and Abiahu (2019) who revealed adoption of accounting standards by Nigerian breweries Plc has resulted to disclosure of corporate social responsibility reporting which it has enhanced its financial performance. Majority of the respondents also agreed that IPSAS adoption has enable financial position reporting on full disclosure basis an assertion which was also supported by Opanyi (2016) while examining the effect of adoption of international public sector accounting standards on quality of financial reports in public sector in Kenya. Further, most of the respondents were in agreement that public sector accounting standards financial reports are at least more comprehensive and integrated and more decision useful which enhances quality financial reporting. These sentiments were also shared by Cohen and Karatzimas (2015) whereby the study revealed that adoption of IPSAS has enables integrated financial reporting which is useful during management decision making processes in European Union countries.

Correlation Analysis

Pearson'scorrelation coefficient (r) results are presented as shown in Table 2. This computes the direction (Positive/negative) and the strength (Ranges from -1 to +1) of the relationship between two continues or ratio/scale variables.

Table 2: Correlation Matrix

		Disclosure of public sector financial information
Disclosure of public sector financial information	Pearson Correlation	1
	Sig. (2-tailed)	
	N	201
Quality of financial reporting	Pearson Correlation	.739**
	Sig. (2-tailed)	.000
	N	201

Source: Field Data (2022)

From the correlation Table 2,correlation coefficient of 0.739** implied that there is strong positive significant relationship between disclosure of financial information adoption and quality of financial reporting in public secondary schools in Kakamega County. Thus increase in disclosure of public sector financial information would make quality of financial reporting in public secondary schools in Kakamega County to increase in same direction.Wangari (2014) examined general and strategic disclosure, financial disclosure, forward looking disclosure and social and board disclosure as proxies for measuring voluntary disclosure and how they affect the financial performance of commercial banks in Kenya. The study found a positive relationship between financial, forward looking and board and social disclosure and return on equity. The study concluded that firms should lean towards disclosure of financial and social and board disclosure to increase their performance. Putri and Suputra (2019) showed that disclosure of financial report has an effect on earnings management, but had not significant effect to managerial ability. Furthermore, audit quality is moderated the effect of disclosure of financial report on earnings management, but is not able to moderate the relationship between managerial ability and earnings management.Schools in Kakamega county should be encouraged to disclose Financial information as they enhance quality of financial reporting in public secondary schools which can eliminate many audit queries.

Linear Regression

Results from regression analysis indicated that disclosure of financial information accounted for 54.7% of the variation in the quality of financial reporting by schools in Kakamega County (Refer to table 3). Therefore, Disclosure of financial information adoption is a significant predicator of quality of financial reporting in public secondary schools in Kakamega County

Table 3: Regression Results of Disclosure of public sector financial information on Quality of financial reporting

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.739[a]	.547	.544	.49914	.547	239.863	1	199	.000
a. Predictors: (Constant), Disclosure of financial information adoption									

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	59.759	1	59.759	239.863	.000[b]
	Residual	49.579	199	.249		
	Total	109.338	200			

a. Dependent Variable: Quality of financial reporting

b. Predictors: (Constant), Disclosure of financial information adoption

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.019	.213		4.791	.000
	Disclosure of financial information adoption	.790	.051	.739	15.488	.000

a. Dependent Variable: Quality of financial reporting

Source: Field Data (2022)

Results show that disclosure of financial information adoption had a positive, linear and significant (p-value is less than 0.05) effect on the quality of financial reporting in public secondary schools in Kakamega County ($\beta = 0.790$, t $F = 239.863$ $t = 15.488$ $p < 0.05$). The results are represented in the following model:

$Y = 1.019 + 0.790X_1 + \varepsilon$

Where Y= quality of financial reporting in public secondary schools in Kakamega County,

$\beta_0 = 1.019$(constant)

$\beta_1 = 0.790$

X_1= Disclosure of financial information adoption

This implies that in the absence of disclosure of financial information adoption, quality of financial reporting in public secondary schools in Kakamega County would be positively at 1.019. Further, Disclosure of financial information adoption had beta coefficient of 0.790. This implies that everything held constant, one percent increase in the Disclosure of financial information adoption would results to a significant increase in quality of financial reporting in public secondary schools in Kakamega County by 79%. The study is supported by Opanyi (2016) who explored the impact of appropriation of worldwide public bookkeeping measures on the nature of fiscal reports in the public segment in Kenya. The study concluded that adoption of IPSAS did not seem to have a significant impact on disclosure of financial information. Kanakriyah (2016) found out that all accounting information users agree about the important role of voluntary disclosure and how help them in making economic decision, also one of the vital result indicate a strong effect of voluntary disclosure on the quality of accounting information which in turn effect on users' decisions, such as investors.

However, Kisaku (2017) sought to establish whether reporting frameworks used by NFPOs in Uganda affect the quality of financial reports. Findings indicated that there were no significant associations between disclosure practices and quality of financial reports. The highest quality score was 25.2% with a mean of 15.6%, indicating poor NFPO quality financial reporting in Uganda. Safkaur and Sagrim (2019) investigated problems affecting financial reporting empiric quality good governance investigation. The population in this study were 44 district and city governments in the provinces of Papua and West Papua. The results of this study show empirical evidence that the application of the disclosure principle of environmental financial reporting insignificantly affected good governance resulting from financial reporting of 44 district and city governments in the provinces of Papua and West Papua.

V. Conclusion and Recommendation

The study concluded that Disclosure of financial information adoption significantly affects Quality of financial reporting in public secondary schools in Kakamega County. Adoption of PSAS practices specifically disclosure of financial information ensures financial reports are at least more comprehensive and integrated and more decision useful. Further, public secondary schools in Kakamega County used various techniques and ways to disclose financial information which enhanced quality of financial reports.The study recommended that there is need for the financial information and reports to be made available to the users in timely fashion and in the right format and language that can make it easy for them to analyze and interpret. This would ensure that there is adequate disclosure of going concern information and are at least more comprehensive and integrated and more decision useful.The study recommended that public sector accounting standards practices in public secondary schools should ensure that there is adequate disclosure of going concern information. This will ensure that financial position reporting is done on a full disclosure basis.

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