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Digital Accounting Tools and Perceived Financial Reporting Accuracy in Sri Lankan Universities

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Abstract

Purpose – This study examines the impact of digital accounting tools on perceived financial reporting accuracy among accounting staff in Sri Lankan universities, focusing on the extent of use, system quality, and user competency.

Design/Methodology/Approach – A quantitative cross-sectional survey was conducted with 200 accounting staff from public and private universities. Data were collected via a structured questionnaire using five-point likert scales. Reliability was tested using cronbach's alpha, and relationships were analyzed with Pearson correlation and multiple regression.
Results – All three variables significantly and positively influence perceived financial reporting accuracy. Extent of use and user competency had the strongest effects, followed by system quality. The model explains 93.5% of the variance in perceived accuracy.
Research limitations/Implications – The study focuses on perceived rather than objective accuracy and is limited to Sri Lankan universities. Findings offer practical guidance for improving digital accounting practices and financial governance in higher education.

Keywords: Digital Accounting Tools, Perceived Financial Reporting Accuracy, Sri Lankan Universities, System Quality, User Competency

Introduction

In recent years, the growth of digital accounting tools such as enterprise resource planning (ERP) systems, computerized accounting software, and integrated accounting information systems has transformed how organizations prepare, manage, and report financial information. These tools are widely credited with improving the accuracy, timeliness, and reliability of financial reporting by reducing manual intervention, minimizing human error, and enabling standardized processes. Globally, studies have found that adoption of accounting software and related digital tools correlates positively with report accuracy and timeliness (Jorjafki, 2023). However, in developing countries and in the public or semi-public sectors such as higher education, the evidence is more mixed, largely due to challenges in infrastructure, user competency, and system design (Guimezap, Djekna, Guimezap, & Fonchamnyo, 2025).

In Sri Lanka, while several studies have explored accounting information systems (AIS) and the role of user competence in corporate and banking sectors, fewer have focused specifically on universities. For example, Haleem & Low (2018) examined how user competency influences AIS success in Sri Lankan banks and found that technical and experiential skills significantly affect user perceptions of system success. Similarly, studies in the Sri Lankan SME and manufacturing sectors indicate that system quality of AIS has a strong positive effect on organizational performance and decision-making effectiveness (Perera & Shamila, 2025). Yet, despite these insights, there remains a paucity of research that directly ties the extent of digital tool use, system quality, and

user competency to perceived financial reporting accuracy among accounting staff in universities.

Several studies in other countries support the theory that system quality and user competence are key predictors of reporting quality. For instance, research in Ghana among public universities found that accounting software's efficiency, ease of use, data quality, and accuracy significantly influence the qualitative characteristics of financial information (Said & Aliu, 2022). In Thailand, a study of auditing professionals established that digital accounting practices are strongly associated with the overall quality of financial reports (Pungboonpanich & Nakyam, 2023). Yet, these studies often focus more broadly on financial statement quality (under characteristics such as relevance, timeliness, understandability, and faithful representation) rather than narrowly on reporting accuracy as perceived by the preparers of financial reports. Accuracy in this context involves the correctness of figures, minimal required adjustments, consistency of reporting across periods, and trust among report users.

Given the context of Sri Lankan universities, there are special institutional dynamics that may alter how digital accounting tools work in practice. Public universities are regulated heavily by the University Grants Commission and the Ministry of Finance, with audit oversight by the Auditor General's Department, which demands compliance and transparency. Nevertheless, many institutions struggle with limited budgets for IT infrastructure, inconsistency in deployment of digital modules, and variable levels of training among accounting staff. Private universities, while often having more flexibility in adopting digital tools, may face issues of standardization and internal control practices. These institutional and regulatory constraints may moderate or constrain the benefits that digital accounting tools can deliver in terms of accuracy.

Thus, the research problem addressed by this study is whether and how digital accounting tools' characteristics specifically, the extent of tool use, system quality, and user competency influence the perceived financial reporting accuracy among accounting staff in Sri Lankan universities. Accordingly, this study will answer the following research questions:

(1) To what extent does the extent of digital accounting tools use affect perceived financial reporting accuracy?

(2) How does system quality of digital accounting tools influence perceived financial reporting accuracy?

(3) What is the impact of user competency on perceived financial reporting accuracy?

The objectives of this research are (a) to examine the relationship between the extent of digital accounting tool use and perceived accuracy of financial reporting among university accounting staff in Sri Lanka; (b) to assess the effect of system quality of these tools on perceived accuracy; and (c) to evaluate how user competency contributes to perceived

financial reporting accuracy. By focusing exclusively on primary data from person-level perceptions rather than archival financial reports, this study aims to fill the gap in the existing literature on the university sector in Sri Lanka and to provide evidence that is directly relevant to practitioners and policy makers in higher education.

Literature Review & Hypothesis

Literature Review

Digital accounting tools and their effects on financial reporting accuracy can be understood through well-established information systems theories, especially the DeLone & McLean IS Success Model (DeLone & McLean, 2003), Technology Acceptance Model (TAM), and related competency frameworks. These theories posit that the quality of the system, the extent of use or usage intensity, and the competency of users are critical antecedents of system effectiveness, which then lead to improved organizational outcomes (Rathnayake, Rajapakse, & Lasantha, 2021). In the context of accounting and finance, accuracy of financial reporting depends not only on whether digital tools exist, but also on how thoroughly they are used, how good those tools are, and on the knowledge, skills, and training of the users operating them. This study, drawing on these theoretical foundations, examines the direct effects of three independent variables (extent of digital accounting tool use, system quality, and user competency) on the dependent variable: perceived financial reporting accuracy among accounting staff in Sri Lankan universities.

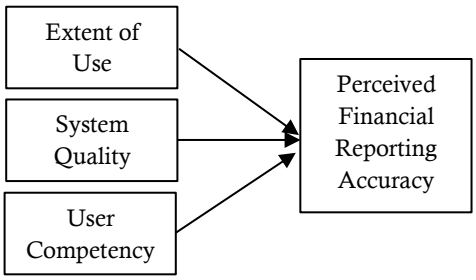

Figure 1
Conceptual Framework
Source: Literature Review

Extent of Use

The first independent variable, extent of digital accounting tool use, refers to how frequently, comprehensively, and in what breadth accounting staff use the digital tools available for tasks such as journal entries, reconciliations, report generation, payroll, fixed assets, and procurement (Gardi, et al., 2021). Research across multiple sectors has consistently shown that usage intensity matters. For example, Weerawickrama (2023), in a study of SMEs in Sri Lanka, found that frequency and breadth of use of e-accounting tools had a statistically significant association with perceived efficiency and effectiveness in accounting practices. In his thesis, Weerawickrama (2023) showed through descriptive, correlation, and regression analyses that employees' information technology skills and extent of e-accounting usage were strong predictors of usage outcomes (Weerawickrama, 2023).

Similarly, studies in banking or ERP adoption contexts demonstrate that organizations which

use more modules of the digital accounting system, and which integrate them across functions, derive better results in terms of error reduction and report timeliness. For example, studies of accounting practitioners in Thailand found that frequent use of digital accounting skills and systems positively influence practitioners' work efficiency (Sohhlem, Kayurin, & Narklor, 2023).

However, there is a gap in the higher education context: relatively few studies test usage intensity among university accounting staff, especially in Sri Lanka, in relation to accuracy rather than just adoption or efficiency. Many studies measure adoption status (yes/no), awareness, or intention to use (e.g. cloud accounting among SMEs), but not the extent of module usage or depth of usage in producing accurate reports. For example, an Sri Lankan study on cloud accounting among SMEs noted awareness and adoption before and after COVID-19, but did not link depth of usage to error rates or perceived accuracy of reporting in a university setting (Kalainathan, Sivasubramaniam, & Thirunavukkarasu, 2021).

Hence, this study is built on these findings to propose that accounting staff in universities who use digital accounting tools more extensively will report higher perceived accuracy in financial reporting.

Hypothesis 1 (H_1): The extent of digital accounting tool use is positively related to perceived financial reporting accuracy among accounting staff in Sri Lankan universities.

System Quality

The second independent variable, system quality, refers to attributes of the digital accounting system including reliability (uptime, data consistency), usability (user interface, ease of learning, minimal errors), response times, integration with other systems (e.g., procurement, payroll), and ability to generate reports effectively (Shiraj, 2015). According to DeLone & McLean (2003), system quality is a key dimension in the success of information systems, influencing users' perceptions and downstream outcomes. Empirical research supports this. Shagari, Abdullah, & Mat Saat (2022) in Nigerian banks found that system quality significantly influences AIS effectiveness, especially in reducing system errors, improving output accuracy, and supporting decision making.

In Sri Lankan contexts, studies such as "Information Technology and E-Accounting Usage: Determinants among SMEs" by Weerawickrama (2023) also suggest that quality of the system (ease of use, reliability) is among the significant predictors of usage and satisfaction, which can indirectly influence accuracy outcomes (via fewer mistakes, smoother reconciliations).

Another relevant study is *"*The Information Technology Competencies among Accounting Employees in Selected Agencies in Sulu*."* Although system quality itself was not always measured in complex detail, employees reported experiencing discomfort or reduced effectiveness when system reliability

or sophistication was low (Sarahadil, Asid, Daud, Pescadera, & Mohammad, 2022).

Also, "Digital Competencies of Finance and Accounting Students" by Peter (2024) in Poland found that students considered system features (such as software's ability to generate reports, data handling tools) as important components of their digital competence and that higher such competence is associated with better perceived readiness for accurate work outputs. These point to the importance of system quality in enhancing accuracy of outputs.

Moreover, system quality has been identified in the literature as a key antecedent of information quality, which in turn is often linked to accuracy, reliability, and trustworthiness of reports. For example, Binh, Tran, Thanh, & Pham (2022) in Vietnam studied organizational culture, system quality, and information quality: their findings show system quality strongly influences information quality, which mediates effects on system effectiveness (reporting accuracy or user satisfaction) in organizational contexts including finance/accounting settings (Binh, Tran, Thanh, & Pham, 2022).

Given this body of literature, we expect that higher system quality of digital accounting tools will lead to higher perceived financial reporting accuracy among accounting staff in Sri Lankan universities.

Hypothesis 2 (H_2): System quality of digital accounting tools is positively associated with perceived financial reporting accuracy among accounting staff in Sri Lankan universities.

User Competency

The third independent variable, user competency, pertains to the skills, knowledge, experience, and training of accounting staff in using digital accounting tools. It includes technical skills (e.g., capability to operate software, handle modules), conceptual skills (understanding how accounting information flows), experience (years of usage), and sometimes human skills (communication, cooperating with IT staff) (Venkatesh, Morris, & Davis, 2019). Prior research consistently demonstrates that user competency is a strong predictor of system success and outcomes.

For instance, in Sri Lanka's banking sector, Haleem & Low (2018) found that technical skills and experience among AIS users have a substantial effect on AIS success, and those dimensions of competence more strongly influence outcomes than more general human or conceptual skills (Haleem & Low, 2018).

In Weerawickrama's (2023) SME study, employee IT skills were among the most significant predictors of e-accounting usage (both in adoption and depth) and indirectly linked to perceived benefits of e-accounting processes, including error minimization and reliability of records.

In Thailand, "Digital Skills and Performance of Accounting Practitioners" showed that digital accounting skills (a component of user competency) positively related to work efficiency (which often depends on accurate outputs) among accounting

practitioners in SMEs (Sohhlem, Kayurin, & Narklor, 2023).

Additionally, studies of digital competence among students find that students' self-assessments of digital competence correlate with their confidence in performing tasks that require accuracy in handling data, reports, spreadsheets, etc. Although these are student populations rather than working staff, the underlying logic that competence supports accurate performance is supported (Peter, 2024).

Despite the strong evidence, there are gaps. Few studies have focused on user competency among university accounting staff (rather than corporate or banking sectors) in Sri Lanka with respect to perceived reporting accuracy; many measure competency in relation to adoption or satisfaction, but not directly with accuracy of reports. Further, studies often combine many subdimensions of user competency (e.g., technical, conceptual, human) but do not always test their relative strength in predicting accuracy. Thus, this study contributes by using user competency as a predictor of perceived accuracy in university settings and by focusing on working accounting staff, rather than students or SMEs.Hypothesis 3 (H_3): Higher user competency in digital accounting tools is positively related to perceived financial reporting accuracy among accounting staff in Sri Lankan universities.

Research Method

Research Design

This study adopts a quantitative research design using a survey method to collect primary data from accounting and finance staff in Sri Lankan universities. The objective is to investigate the relationships between the extent of digital accounting tool use, system quality, user competency, and perceived financial reporting accuracy. A cross-sectional approach is used, as data are collected at a single point in time to examine current practices rather than longitudinal changes. This design is appropriate for explaining associations between independent and dependent variables using statistical techniques such as correlation and regression analysis (Creswell & Creswell, 2018). Quantitative methods are preferred since the study seeks measurable relationships and aims to generalize findings across a larger population.

Population

The target population of this study comprises accounting and finance professionals employed in public universities in Sri Lanka. This includes finance officers, accountants, bursars, assistant bursars, and other staff directly involved in preparing or verifying financial reports. Universities were selected as the context because they have increasingly adopted digital accounting systems such as integrated financial management systems (IFMS), cloud-based accounting, and ERP modules for managing funds, grants, payroll, and procurement. Despite these

advances, the accuracy of financial reporting remains a concern, making universities a suitable context for examining how digital tools influence reporting precision.

Sample and Sampling Method

The study uses simple random sampling to select participants from the population of accounting and finance staff in the selected universities. Probability sampling ensures that every eligible staff member has an equal chance of being included in the study, which enhances the generalizability and representativeness of the findings. The sample size is 200 respondents, carefully determined to achieve sufficient statistical power for correlation and regression analyses involving three independent variables. Green (1991) suggests that for testing the overall model, the sample size should satisfy the formula $N \geq 50 + 8m$ (where m is the number of independent variables). In this study, with three predictors, the minimum required sample size is 74 ($50 + 8 \times 3$), which is well below the achieved sample of 200. Participants are drawn from public universities in Sri Lanka, ensuring diversity in institutional type and accounting system practices. Random selection is conducted using staff lists obtained from university finance offices, with each individual assigned a unique identifier to facilitate unbiased selection.

Research Instrument

Data collection is carried out using a structured questionnaire developed based on previous empirical studies and adapted for the Sri Lankan higher education context. The questionnaire is divided into five sections. The first section collects demographic information about respondents. The second section measures the extent of digital accounting tool use, rated on a five-point Likert scale from 1 = strongly disagree to 5 = strongly agree. The third section measures system quality and the fourth section measures user competency. The final section measures the dependent variable; perceived financial reporting accuracy, derived from previous AIS success studies which includes items assessing respondents' confidence in report correctness, data reliability, and reduction of manual errors. All measurement items use the five-point Likert scale to facilitate quantitative analysis and ensure comparability across variables.

Indicators

The measurement of variables in this study was operationalized using multiple indicators adapted from prior literature and aligned with the study objectives. The extent of digital accounting tool use was measured through indicators such as usage frequency, module utilization, task dependency, record updating, and data integration, capturing how extensively and consistently accounting staff engage with digital systems in their daily functions. System quality was assessed using indicators including system reliability, ease of use, calculation accuracy, processing speed, and system integration, reflecting the technical performance and usability of the accounting systems. User competency was measured through technical skills,

accounting knowledge, system proficiency, training adequacy, and problem-solving ability, representing the capability of users to effectively operate digital accounting tools. The dependent variable, perceived financial reporting accuracy, was evaluated using indicators such as report accuracy, error minimization, decision reliability, error reduction, data consistency, and stakeholder trust, capturing respondents' confidence in the correctness and reliability of financial reports. All indicators were measured using a five-point Likert scale ranging from strongly disagree to strongly agree.

Data Collection Procedure

Data collection conducted through a self-administered questionnaire distributed both online. Electronic versions will be sent through email systems. Participants were briefed about the study's academic purpose and confidentiality assurances. To ensure voluntary participation, each questionnaire includes an informed consent statement. Data were collected over a four-week period, ensuring sufficient time for responses and follow-ups.

Prior to full distribution, a pilot test was conducted with 10 respondents from one university's finance division to assess the clarity, reliability, and wording of the items. Feedback from the pilot study was used to refine ambiguous questions and improve the instrument's internal consistency.

Data Analysis Tools

The dataset was analyzed using Statistical Package for the Social Sciences (SPSS), version 28. Descriptive statistics (mean, standard deviation, and frequency) were used to describe respondent characteristics and variable distributions. Pearson's correlation analysis was used to examine the relationships between each independent variable and the dependent variable. Subsequently, multiple linear regression analysis was performed to test the three hypotheses (H_1–H_3), identifying which variables significantly predict perceived financial reporting accuracy. Statistical significance will be assessed at the 0.05 level. Additionally, reliability of measurement scales was assessed using Cronbach's alpha coefficient, with a minimum acceptable threshold of 0.70 (Nunnally & Bernstein, 1994).

Results and Discussion

Results and discussion present the empirical findings derived from the quantitative analysis conducted using data collected from 200 accounting and finance staff members employed in Sri Lankan universities. The results are organized according to the key analytical stages, including reliability analysis, descriptive statistics, correlation analysis, and regression testing of hypotheses. This provides both the statistical outcomes and their interpretation in relation to prior literature and theoretical expectations. Prior to conducting the main analyses, a reliability test was carried out. The results are presented in the table below.

Table 1
Reliability Statistics

Variable	Cronbach's Alpha	N
Extent of Use	0.919	5
System Quality	0.908	5
User Competency	0.921	5
Financial Reporting Accuracy	0.928	6

Source: Processed Data

Cronbach's alpha coefficients were calculated for all constructs. As shown in Table 1, all variables recorded Cronbach's alpha values above the recommended minimum threshold of 0.70 (Nunnally & Bernstein, 1994), indicating strong internal reliability. Specifically, the extent of digital accounting tool use (α = 0.919), system quality (α = 0.908), user competency (α = 0.921), and financial reporting accuracy (α = 0.928) each demonstrate excellent reliability, confirming that the questionnaire items consistently measured their intended constructs.

Table 2 presents the demographic and professional characteristics of the 200 respondents who participated in this study. The sample reflects a balanced and diverse representation of accounting and finance personnel employed in public universities across Sri Lanka.

Table 2
Respondent Profile Statistics

Category	Frequency	%
Gender		
Male	121	60%
Female	79	40%
Age		
20 – 29	32	16%
30 – 39	129	61%
40 – 49	28	14%
Above 50	11	5%
Education		
Diploma	14	7%
Bachelor's Degree	55	28%
Master's Degree	39	19%
Professional	92	46%
Designation		
Accountant	130	65%
Senior Accountant	24	12%
Assistant Bursar	23	11%
Bursar	8	4%
Other	15	8%
Experience		
Less than 5	30	15%
5 – 10	80	40%
11 – 15	37	18%
16 – 20	37	18%
Above 20	16	9%
Frequency		
Daily	164	82%
Weekly	14	7%
Monthly	12	6%
Rarely	10	5%
Familiarity		
Very low	8	4%
Low	15	8%
Moderate	113	56%
High	54	27%
Very high	10	5%

Source: Processed Data

With respect to gender, the sample consisted of 121 males (60%) and 79 females (40%). Regarding age distribution, the largest group of respondents (61%) fell within the 30–39-year range, followed by 16% in the 20–29 range, 14% in the 40–49 range, and 5% above 50 years of age. This suggests that the majority of accounting professionals in Sri Lankan universities are in their early- to mid-career stages, implying a workforce that is both experienced and adaptable to digital technologies.

In terms of educational qualifications, the data reveal that 46% of respondents possess professional accounting qualifications (such as CA, CIMA, or ACCA), 28% hold bachelor's degrees, 19% master's degrees, and 7% diplomas. The high proportion of professionally qualified individuals reflects the strong technical background of the respondents, which is relevant for evaluating perceptions of financial reporting accuracy and digital tool competency. The designation profile shows that the majority of respondents (65%) are accountants, followed by senior accountants (12%), assistant bursars (11%), bursars (4%), and others (8%), including finance officers and clerical staff. With regard to work experience, 40% of participants reported between 5–10 years of experience, while 18% each had 11–15 and 16–20 years, 15% had less than 5 years, and 9% more than 20 years of experience. In terms of frequency of digital accounting tool usage, a majority (82%) reported using such tools on a daily basis, indicating deep integration of digital systems into financial processes within universities. Smaller portions used them weekly (7%), monthly (6%), or rarely (5%), showing that digital accounting is now a standard operational practice. Finally, respondents' familiarity with digital accounting tools was generally high, with 56% rating themselves as having moderate familiarity, 27% high, and 5% very high, while only 12% (4% very low and 8% low) reported limited familiarity.

Table 3 presents the descriptive statistics of the key variables examined in this study, including the extent of digital accounting tool use, system quality, user competency, and perceived financial reporting accuracy. The results provide an overview of the central tendency and variability of responses based on the five-point Likert scale.

Table 3
Descriptive Statistics

Variable	Mean	SD
Extent of Use	3.6450	0.81751
System Quality	3.5080	0.82275
User Competency	3.6800	0.84402
Financial Reporting Accuracy	3.5200	0.88542

Source: Processed Data

The extent of use of digital accounting tools recorded a mean score of 3.65 (SD = 0.82), indicating that respondents generally agreed that digital tools are used frequently and comprehensively in their accounting functions. This moderately high mean suggests that accounting staff in Sri Lankan universities actively utilize various digital modules such as general ledger, payroll, and procurement systems on a regular

basis. The system quality variable reported a mean value of 3.51 (SD = 0.82), showing a moderate to high perception of system reliability, integration, and ease of use. This result implies that while most respondents view their accounting systems as functionally adequate, there may still be concerns regarding usability, response time, or system integration across departments.

For user competency, the mean score was 3.68 (SD = 0.84) the highest among the independent variables indicating that respondents generally possess a strong level of digital and accounting-related skills necessary to operate these systems effectively. This result reinforces the earlier demographic finding that a large proportion of respondents hold professional qualifications and have significant experience, both of which contribute to higher perceived competence in handling digital accounting tools. Finally, the perceived financial reporting accuracy variable recorded a mean of 3.52 (SD = 0.89), reflecting a moderate to high level of agreement among respondents that their financial reports are accurate, reliable, and consistent due to the use of digital accounting tools. However, the slightly higher standard deviation indicates some variation in perceptions, possibly linked to differences in system quality, user proficiency, or institutional resources.

Table 4 presents the Pearson correlation results showing the relationships between independent variables and perceived financial reporting accuracy. All three variables exhibit strong and statistically significant positive correlations at the 0.01 level ($p < 0.001$).

Table 4
Correlation Analysis

Variable	r	Sig.
Extent of Use	0.948	0.000
System Quality	0.852	0.000
User Competency	0.954	0.000

Source: Processed Data

The extent of use shows a very high correlation (r = 0.948), indicating that higher usage of digital accounting tools is strongly associated with greater perceived accuracy in financial reporting. Similarly, user competency records the strongest correlation (r = 0.954), suggesting that staff with higher technical and digital skills perceive their financial reports as more accurate. The system quality variable also shows a strong positive correlation (r = 0.852), implying that better-performing and more reliable systems contribute substantially to perceived reporting accuracy.

Table 5 presents the results of the multiple regression analysis used to determine the effect of the three independent variables on perceived financial reporting accuracy.

Table 5
Regression Analysis

Variable	Beta	Sig.
Extent of Use	0.359	0.000
System Quality	0.271	0.001
User Competency	0.353	0.000
R	0.967	
R Square	0.935	
Durbin-Watson	2.389	

Source: Processed Data

The model shows a very strong overall fit, with an R value of 0.967 and an R^2 of 0.935, indicating that

approximately 93.5% of the variation in perceived financial reporting accuracy is explained by the extent of use, system quality, and user competency. The Durbin–Watson statistic of 2.389 suggests that there is no serious autocorrelation in the residuals, confirming the model's reliability. Among the predictors, extent of use ($\beta = 0.359$, $p < 0.05$) and user competency ($\beta = 0.353$, $p < 0.05$) show the strongest influence on perceived financial reporting accuracy, followed by system quality ($\beta = 0.271$, $p = 0.05$), which also has a significant positive effect. These findings indicate that all three factors significantly and positively contribute to improving the accuracy of financial reporting in Sri Lankan universities.

Extent of Use and Perceived Financial Reporting Accuracy

The findings of this study reveal that the extent of digital accounting tool use has a significant and positive effect on perceived financial reporting accuracy among accounting staff in Sri Lankan universities ($\beta = 0.359$, $p < 0.05$). This result supports Hypothesis 1 (H_1), indicating that greater frequency and range of digital tool usage lead to higher confidence in the accuracy of financial reports.

This finding aligns with the conclusions of Weerawickrama (2023), who found that higher usage intensity of e-accounting tools among SMEs in Sri Lanka significantly improved efficiency and reduced human errors. Similarly, Sohhlem, Kayurin, & Narklor (2023) observed that practitioners in Thailand who frequently use digital accounting systems report improved accuracy and effectiveness in their work. The present study extends these findings to the higher education sector, suggesting that regular and comprehensive use of digital accounting modules covering journal entries, reconciliations, and financial statement preparation enhances precision and consistency in reporting outcomes.

From a theoretical perspective, this result is consistent with the DeLone and McLean IS Success Model (2003), which posits that system use is a key antecedent of system success. When university accounting staff engage more deeply with digital systems, they benefit from automated processes, reduced manual data entry, and standardized workflows, all of which contribute to accurate financial outputs. Thus, the findings emphasize the importance of encouraging continuous and extensive use of digital accounting systems to sustain accuracy in financial reporting across Sri Lankan universities.

System Quality and Perceived Financial Reporting Accuracy

The regression analysis shows that system quality significantly and positively influences perceived financial reporting accuracy ($\beta = 0.271$, $p = 0.05$), thereby supporting Hypothesis 2 (H_2). This result indicates that accounting staff who perceive their digital accounting systems as reliable, user-friendly, and well-integrated tend to have greater confidence in the correctness and reliability of financial reports.

This outcome is consistent with previous findings by Shagari, Abdullah, & Mat Saat (2022), who reported that system quality is a

critical determinant of AIS effectiveness and output accuracy in Nigerian banks. Likewise, Binh, Tran, Thanh, & Pham (2022) demonstrated that system quality significantly enhances information quality, which directly affects the accuracy and trustworthiness of financial outputs in Vietnamese organizations. In the Sri Lankan context, Weerawickrama (2023) also emphasized that system quality factors such as ease of use and reliability predict user satisfaction and reduce accounting errors.

Theoretically, this result reinforces the information systems success model, which highlights system quality as a major contributor to overall system success and information accuracy (DeLone & McLean, 2003). In the context of universities, where multiple departments rely on interconnected accounting modules, high system quality ensures data integrity and consistency, thereby enhancing perceived reporting accuracy. Conversely, any deficiencies in system performance such as poor integration or frequent downtimes can undermine user trust in financial outputs. Therefore, maintaining high-quality, reliable, and integrated accounting systems is crucial for accuracy and compliance within Sri Lankan higher education institutions.

User Competency and Perceived Financial Reporting Accuracy

The study also found that user competency has a significant and positive effect on perceived financial reporting accuracy ($\beta = 0.353$, $p < 0.05$), thus confirming Hypothesis 3 (H_3). This suggests that accounting staff with stronger technical and digital skills, supported by adequate training and experience, perceive their financial reports as more accurate.

This finding is in line with Haleem & Low (2018), who reported that user competency, particularly technical and experiential skills significantly predicts AIS success in Sri Lankan banks. Similarly, Sohhlem, Kayurin & Narklor (2023) found that digital skills among Thai accounting practitioners positively affect work accuracy and performance. Additionally, Peter (2024) noted that higher levels of digital competence among accounting students are associated with improved confidence in producing accurate data and reports.

These findings are theoretically grounded in the Technology Acceptance Model (TAM) and competency frameworks, which emphasize that perceived ease of use and user skill levels directly influence system outcomes. In the context of Sri Lankan universities, well-trained and digitally competent accounting personnel can better navigate software functions, identify discrepancies, and apply controls that improve report reliability. Conversely, limited user competency could reduce the benefits of even high-quality systems. Hence, continuous professional training and digital upskilling are essential to ensure that user competency translates into improved financial reporting accuracy.

Conclusion and Recommendation

Conclusion

This study examined how the extent of digital accounting tool use, system quality, and user competency influence perceived financial reporting accuracy among accounting staff in Sri Lankan universities. The findings revealed that all three factors significantly and positively affect perceived reporting accuracy, with extent of use and user competency showing the strongest impacts. These results emphasize that frequent, integrated use of digital tools and the presence of skilled, competent users are essential for ensuring accuracy in financial reporting. Moreover, system quality through reliability, usability, and integration enhances trust and confidence in financial outputs. However, the study is limited to perceptions rather than objective accuracy measures and focuses solely on Sri Lankan universities, which may constrain generalizability.

Recommendation

Based on the research findings, several practical and policy-oriented suggestions can be made. Since the extent of digital accounting tool use and user competency emerged as the strongest predictors of perceived financial reporting accuracy, Sri Lankan universities should encourage more comprehensive and consistent utilization of digital accounting systems across all accounting functions. This can be achieved by standardizing system modules and ensuring that all financial operations from budgeting to reporting are fully digitized and interconnected.

Given that user competency significantly influences reporting accuracy, universities should prioritize continuous professional development programs focused on digital accounting skills. Regular training, workshops, and certification programs would help accounting staff stay updated on evolving digital tools and strengthen their confidence in handling complex financial tasks.

Furthermore, as system quality also showed a significant positive relationship with perceived accuracy, management should invest in improving system reliability, user-friendliness, and integration across departments. Upgrading existing accounting platforms and enhancing IT support services can minimize system errors and downtime, thereby fostering greater trust in financial reports.

Finally, policymakers such as the University Grants Commission and the Ministry of Finance should develop sector-wide digital accounting standards and guidelines to ensure uniformity, data security, and accuracy in financial reporting across Sri Lankan universities. These measures will help sustain the benefits of digital transformation and strengthen the overall financial governance of higher education institutions.

Implementation Strategies

To operationalize the above recommendations, Sri Lankan universities can adopt a structured implementation approach. First, institutions should conduct a system audit to identify gaps in existing digital accounting practices, followed by the

standardization of accounting modules across departments to ensure consistency in financial processes. Second, universities can introduce phased training programs, beginning with basic system usage and progressing to advanced functionalities such as report customization and data integration. These training programs may include workshops, hands-on sessions, and certification courses to enhance user competency.

In addition, universities should establish dedicated IT support units within finance divisions to provide continuous technical assistance and promptly address system-related issues. Regular system upgrades and maintenance schedules should also be implemented to improve reliability, processing speed, and integration capabilities. Furthermore, management can introduce performance monitoring mechanisms, such as periodic system usage reviews and accuracy assessments, to ensure that digital tools are being effectively utilized.

At a policy level, collaboration with regulatory bodies such as the University Grants Commission can facilitate the development of standardized digital accounting guidelines and best practices. Finally, universities may adopt a continuous improvement approach by collecting user feedback and periodically evaluating system performance to ensure long-term sustainability and effectiveness of digital accounting systems

Future Research Directions

Future research should extend this study by examining objective measures of financial reporting accuracy, rather than relying solely on perceived accuracy, to provide a more comprehensive assessment of reporting quality. Additionally, further studies could include other sectors such as private organizations, government institutions, and SMEs to enhance the generalizability of the findings. Longitudinal research designs may also be employed to capture changes over time in digital accounting practices and reporting outcomes. Moreover, future researchers may explore additional variables such as organizational culture, internal controls, and technological readiness as potential factors influencing financial reporting accuracy.

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