THE EFFECT OF HUMAN RESOURCE COMPETENCIES, IMPLEMENTATION OF GOVERNMENT ACCOUNTING STANDARDS, FINANCIAL ACCOUNTING SYSTEMS, INTERNAL CONTROL SYSTEMS AND UTILIZATION OF INFORMATION TECHNOLOGY ON THE QUALITY OF LOCAL GOVERNMENT FINANCIAL REPORTS

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Abstract

The purpose of this research is to examine the influence of human resource competency, implementation of government accounting standards, financial accounting systems, internal control systems, and utilization of information technology on the quality of local government financial reports. This research is an empirical study conducted on Regional Work Units (SKPD) in Ngawi Regency using a quantitative approach. The type of data used is primary data, collected through questionnaire distribution to respondents. The respondents in this study are employees in the financial departments of SKPD in Ngawi Regency, with a sample size of 54 people. The sampling technique was conducted using non-probability sampling method. The obtained data was then processed and analyzed using SmartPLS 3 application. The research results show that human resource competency, implementation of government accounting standards, and utilization of information technology do not influence the quality of local government financial reports. Meanwhile, financial accounting systems and internal control systems are proven to have an influence on the quality of local government financial reports.

Keywords : Human Resource Competency, Government Accounting Standards, Financial Accounting Systems, Internal Control, Information Technology, Quality of Financial Reports, Local Government.

1. INTRODUCTION

Regional government financial reports are one of the important tools in regional financial management. To improve community welfare, regional governments have a great responsibility to manage and allocate public resources. Accurate and reliable regional government financial reports are important means to fulfill these responsibilities. As expressed by Davidson (2020:4), financial reports are records of financial information from a company in an accounting period and the existence of financial reports can be used to describe company performance, especially in the financial sector. The quality of financial reports reflects the extent to which the financial management of a company or organization is good or not (Miftahul, 2019). The phenomenon of regional government financial reporting is an interesting matter to discuss further. For example, Ngawi Regency has achieved 10 consecutive times receiving WTP opinions on LKPD for 2013-2022 from BPK.

The quality of regional government financial reports is influenced by various factors, including human resource competence, implementation of government accounting standards, financial accounting systems, internal control systems and utilization of accounting technology.

HR background is the biggest factor that influences the work and results of financial reports, because with a good educational background all aspects of human resource quality will be fulfilled (Admaja, D. D., & Wahyundaru, S. D., 2020). Government Accounting Standards (SAP) according to PP No. 71 are accounting principles applied in the process of preparing and presenting government financial reports, the financial process that has been produced from the implementation of SAP is intended to benefit the parties concerned, both users and auditors of government financial reports (Jati, 2019). According to PP No. 60 of 2008, internal control is a set of continuous actions carried out by leaders or employees as a form of supervision to achieve optimal results through effective and efficient processes, high-quality financial reporting, protection of state assets, and compliance with laws.

From previous research, different results have been obtained. This inconsistency encourages researchers to examine the variable quality of financial reports, especially regional government financial reports. This research is a development of research conducted by (Rizkiyah Utami Lestari and Misni Erwati, 2023). The difference between this research and previous research is that this research adds two independent variables, namely financial accounting systems and utilization of information technology. The reason for adding the financial accounting system variable is because the financial accounting system has a series of interrelated steps that are implemented in accordance with a comprehensive plan designed to produce data in the form of financial reports that will be used in the economic decision-making process by internal and external parties of regional government. The objectives of this research are as follows:

a. To analyze the influence of human resource competence on the quality of local government financial reports in Ngawi Regency.
b. To analyze the influence of the implementation of government accounting standards on the quality of local government financial reports in Ngawi Regency.
c. To analyze the influence of the financial accounting system on the quality of local government financial reports in Ngawi Regency.
d. To analyze the influence of the internal control system on the quality of local government financial reports in Ngawi Regency.
e. To analyze the influence of information technology utilization on the quality of local government financial reports in Ngawi Regency.

2. LITERATURE REVIEW

Agency Theory

Agency theory focuses on contracts involving one or more individuals, namely the principal and the agent. This theory explains the existence of a contractual relationship between two or more parties with the aim of providing services, where one party acts as an owner who hires another party called an agent (Jensen & Meckling, 1976 in Vista Yulianti et al., 2023). Agency theory explains the possibility of conflicts between owners and agents, so that reporting, accountability, and supervision mechanisms are needed to reduce or overcome conflicts and information asymmetry (Jensen & Meckling, 1976).

The concept of agency theory is applied in the practice of public sector organizations, particularly in local government financial reporting. In this context, the public acts as a principal who gives a mandate to the State Civil Apparatus (ASN) as an agent to manage public finances and services. This agency relationship emphasizes the importance of Human Resources (HR) competence and the existence of an Internal Control System (ICS) to ensure that agents act in accordance with the interests of the principal. SPI plays a role in maintaining alignment of interests through systematic procedures and policies, while

competent human resources help implement SPI effectively, thereby reducing information asymmetry between agents and principals.

In addition, the implementation of Government Accounting Standards (SAP) and Financial Accounting Systems (FAS) is an important instrument in creating transparency and accountability, and reducing the potential for opportunistic actions by agents. SAP serves as a frame of reference for the preparation of consistent and precise government financial reports. Information Technology is also a key driver in improving the quality of financial reports by presenting accurate and timely data. Good reporting not only strengthens accountability, but also supports decision making in various fields, thereby minimizing conflicts between the government as an agent and the public as a principal.

Quality of Local Government Financial Statements

Financial reports are the result of an accounting process that presents financial information to external parties as a tool for controlling and evaluating managerial and organizational performance, both in the private and government sectors (Setiawan & Kurniasih, 2021). Based on Government Accounting Standards Statement (PSAP) Number 1 paragraph 9 in Government Regulation Number 71 of 2010, financial statements are prepared to provide sustainable information about the financial position and transactions of the reporting entity. The quality of local government financial statements is reflected in the accuracy of identifying, measuring, and recording economic transactions, with the aim of meeting general reporting needs, although not always intended for specific users. In addition to general purposes, reports can also be prepared for entity-specific needs. Financial reports are very important in assessing the value of economic resources used, evaluating financial condition, effectiveness, operational efficiency, and compliance with regulations. Reports are considered quality if they meet characteristics such as relevance, reliability, comparability, and ease of understanding (Zai et al., 2020).

Human Resource Competencies

Human resource competence is an economic value that includes abilities, knowledge, and experience that are very important in improving organizational performance. Organizations that have superior and reliable human resources will find it easier to carry out their functions and authorities effectively and efficiently, and achieve the expected goals (Rahmadani & Zulaika, 2023; Widodo & Puspitasari, 2024). These competencies include not only technical skills and knowledge, but also experience that can optimize the work process and increase the chances of success. In the context of preparing local government financial reports, the existence of competent human resources who understand accounting is crucial so that the reports produced meet characteristics such as relevance, reliability, comparability, and ease of understanding (Suwarno et al., 2023). Without a good understanding of accounting systems and logic, the reports prepared are at risk of containing errors and not in accordance with the standards set by the government.

Government Accounting Standards

Government Regulation Number 71 of 2010 concerning Government Accounting Standards (SAP) establishes the principles that form the basis for the government in preparing and presenting financial reports, both at the central and regional levels. By referring to SAP, local government financial reports can be presented in a relevant and reliable manner, so that they become a strong basis for decision making (Rahmadani &

Zulaika, 2023). SAP has significant legal strength in improving the quality of financial statements and serves as a guideline in implementing the regional financial accounting system (Rahayu & Kanita, 2023). The application of SAP also plays an important role in overcoming accounting problems that have not been regulated in the examination standards, thus facilitating the process of assessing financial statements (Lantu et al., 2023). With this standard, users of financial statements can more easily understand and interpret the information presented because of the consistency in preparing reports in accordance with applicable standards.

Regional Financial Accounting System (SAKD)

Based on Permendagri No. 21 of 2011, the Regional Financial Accounting System (SAKD) consists of a series of procedures, organizers, equipment, and other elements used to collect data, record transactions, calculate, and produce financial reports, either manually or through computer applications (Vidyantari et al., 2024). SAKD includes accounting techniques to identify and record economic transactions related to money, calculated in certain units with the appropriate accounting basis, to finally produce financial reports as the output of the entire process. The quality and effectiveness of the SAKD greatly affects the quality of the financial statements. If this system is weak, then internal control becomes ineffective, so that the resulting financial statements tend to be less reliable and irrelevant as a basis for decision making (Sri Hartati Apriliah et al., 2024).

Internal Control System

Internal control is a process designed to provide reasonable assurance that organizational objectives can be achieved effectively and efficiently (Patricia & Putri, 2024). In the context of government, this system is known as SPIP (Government Internal Control System), as stipulated in Government Regulation No. 60/2008. SPIP includes planning that aims to protect assets, verify the accuracy of accounting data, improve efficiency, and ensure compliance with management strategies. In order for the internal control system to run optimally, it requires a clear organizational structure, appropriate techniques, and activities that are coordinated and adaptive to change, with continuous monitoring (Deni, 2022). Regional internal control is also the main foundation of good governance, with an important role in ensuring the effectiveness and efficiency of governance, the reliability of financial reports, safeguarding state assets, and compliance with laws and regulations.

Information technology utilization

Information technology utilization includes the use of various components such as personnel, computers, networks, data sources, and information policies and procedures to support the communication and data management process (O'Brien & Marakas, 2014 in Ega T., 2024). In the context of financial management, information technology plays an important role in producing relevant, accurate, and timely financial reports, thereby increasing the effectiveness of financial management (Shanti et al., 2024). This technology also has a direct impact on improving individual and organizational performance, especially for accounting staff in preparing reports efficiently and with quality (Parwati, 2024). In order for information technology to be optimally utilized, all personnel in the organization need to understand how to use it, because data management through IT devices aims to produce quality accounting information without changing the core activities that have been running.
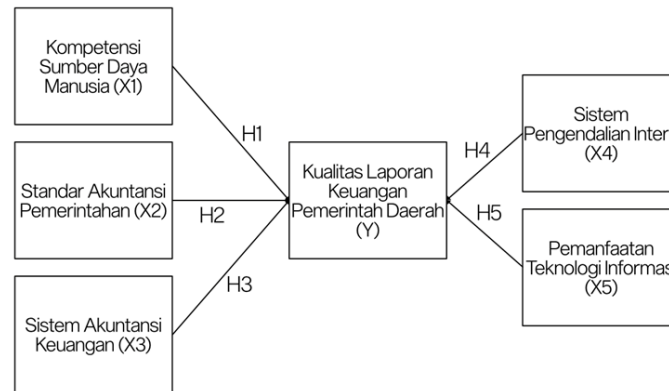
Framework of Thought

Figure 1 Framework of Thought
Source: Data processed by researchers

Hypothesis

The Effect of Human Resource Competencies on the Quality of Local Government Financial Statements

Based on the concept of agency theory, every organization, including government agencies, certainly wants competent and reliable human resources to carry out their functions and authority effectively. The competence of government employees (agents) is crucial in implementing the accounting system, because competence as an economic value includes abilities, knowledge, and experience that directly affect the improvement of organizational performance. Employees who have good accounting understanding and skills will be able to prepare financial reports accurately and in accordance with established standards, while lack of understanding can lead to errors and discrepancies in reports. Experience also plays an important role in optimizing the work process and increasing the chances of achieving overall organizational suitability and success (Widodo & Puspitasari, 2024). The results of research by Saputra and Muhyarsyah (2024) and Muthaher (2019) show empirical evidence that human resource competence affects the quality of financial reports. Based on theory and previous research, researchers propose the following hypothesis:

H1 : Human Resources Competence Affects the Quality of Local Government Financial Statements

The Effect of Implementation of Government Accounting Standards on the Quality of Local Government Financial Statements

Government Accounting Standards (SAP) are guidelines and accounting principles used by agents in preparing and presenting government financial reports. The application of SAP has a major effect on the quality of financial statements because it can increase transparency and accountability in government financial management, in accordance with the qualitative characteristics of financial statements and become a reference for auditors in the audit process (Rahmadani & Zulaika, 2023). In addition, SAP helps solve accounting problems that have not been covered in the examination standards, thus facilitating the process of evaluating financial statements (Lantu et al., 2023). With the proper application of SAP, information asymmetry between principals and agents can be reduced, in line with the concept of agency theory. Research by Kuntadi et al. (2022) and Muthaher (2019) provides empirical evidence that the application of SAP has a significant effect on the quality of

financial statements. Based on theory and previous research, researchers propose the following hypothesis:

H2 : The Application of Government Accounting Standards Affects the Quality of Local Government Financial Statements

The Effect of Financial Accounting System on the Quality of Local Government Financial Statements

Based on Permendagri No. 21 of 2011 concerning Regional Financial Management Guidelines, the Regional Government Financial Accounting System (SAKD) is a series of procedures, both manual and computerized, which includes the process of collecting data, recording, summarizing, and reporting the financial position and operations of the government. SAKD plays a role in identifying economic transactions related to money, and aims to produce complete, accurate, and accountable financial statement information. The resulting financial information is used to evaluate past performance and support future economic decision making (Binawati, 2022). A weak system will cause ineffective internal control, which has an impact on the low quality of financial reports. Research by Binawati (2022) and Sinulingga et al. (2022) shows empirical evidence that the financial accounting system has a significant effect on the quality of financial statements. Based on theory and previous research findings, researchers propose the following hypothesis:

H3 : Financial Accounting System Affects the Quality of Local Government Financial Statements

The Effect of Internal Control System on the Quality of Local Government Financial Statements

Internal control is a plan designed to protect organizational assets, verify the accuracy of accounting data, improve efficiency, and ensure compliance with established managerial strategies (Patricia & Putri, 2024). In the context of agency theory, an effective internal control system is very important in preparing accurate, transparent and reliable financial reports. The Internal Control System (ICC) can only function optimally if it is supported by continuous monitoring, adequate organizational structure, and coordinated activities and techniques to respond to environmental dynamics (Deni, 2022). Research conducted by Budiyani et al. (2024) and Saputra and Muhyarsyah (2024) shows empirical evidence that the Internal Control System has a significant effect on the quality of financial statements. Based on theory and previous research, researchers propose the following hypothesis:

H4 : Internal Control System Affects the Quality of Local Government Financial Statements

The Effect of Information Technology Utilization on the Quality of Local Government Financial Statements

According to Lantu et al. (2023), the availability of adequate technology and adherence to Government Accounting Standards are vital for enhancing financial accountability and local government performance. This aligns with agency theory, which stresses the significance of transparency and accountability between principals and agents. Therefore, the government strives to optimize the use of information technology to promote good governance. The effective use of information technology supports efficient financial management by generating relevant, accurate, and timely financial report information (Shanti et al., 2024). For technology to be utilized effectively, it is crucial that all personnel understand how to operate it properly. By leveraging information technology, the government can enhance operational efficiency, accelerate the financial reporting process,

and improve public accessibility to financial information. Research by Budiyani et al. (2024) and Binawati (2022) provides empirical evidence that the utilization of information technology significantly affects the quality of financial statements. Based on the theory and previous research, the researcher proposes the following hypothesis:

H5 : Information Technology Utilization Affects the Quality of Local Government Financial Statements

3. RESEARCH METHODS

Data Analysis Method

This study uses multiple linear regression analysis methods with the Partial Least Square Structural Equation Modeling (PLS-SEM) approach to test the effect of several independent variables on the dependent variable. The PLS-SEM method was chosen because it is able to handle models with high complexity, relatively small samples, and data that do not have to be normally distributed. This analysis aims to determine the effect of each variable partially or simultaneously on the quality of financial reports as measured through the results of questionnaire data processing. By using this approach, it is hoped that the research results will be able to provide a comprehensive picture of the relationship between internal organizational factors and the quality of financial reporting in the local government environment.

Population And Sample

The population in this study was all employees in the finance department of the Ngawi Regency SKPD (Regional Work Unit). Since this study made it possible to reach the entire population, the sampling method used was total sampling. This technique was chosen because the population size was relatively small, making it possible to collect data from each individual. Thus, the sample in this study consisted of all 54 employees in the finance department of the Ngawi Regency SKPD.

Table 1 Operational Definition and Measurement of Variables

Variable	Definition	Indicator
Quality of Local Government Financial Statements	Financial statements are active products of the accounting system that applies to an organization, both private organizations and government organizations.	1. Relevant 2. Reliable 3. Comparable 4. Understandable (Qomah dan Ismunawan, 2021)
Human Resource Competencies	Human resource competencies are economic values that include abilities, knowledge, and experience, which play an important role in improving the performance of an organization.	1. Knowledge. 2. Expertise/skills. 3. Attitude/behavior. (Qomah dan Ismunawan, 2021)
Government Accounting Standards	Government Regulation No. 71 of 2010 concerning Government Accounting Standards (SAP) is the principles for the government in preparing and presenting	1. Presentation of financial statements 2. Budget realization report 3. Cash flow statement

	government financial reports.	4. Notes to the financial statements 5. Inventory accounting 6. Investment accounting 7. Fixed asset accounting 8. Construction in progress accounting 9. Liability accounting (Pratiwi dan Wahyundaru, 2020)
Regional Financial Accounting System (SAKD)	Based on Permendagri No. 21 of 2011 concerning Regional Financial Management Guidelines, the local government financial accounting system (SAKD) consists of various procedures, organizers, equipment, and other elements that include data collection, recording transactions, calculations, to produce financial reports.	1. Accounting for cash receipts 2. Accounting for cash disbursements 3. Asset accounting 4. Accounting other than cash (Pratiwi dan Wahyundaru, 2020)
Internal Control System	Internal control refers to a process carried out to provide sufficient assurance that control objectives are achieved effectively and efficiently (Patricia & Putri, 2024).	1. Control environment. 2. Risk assessment. 3. Control activities. 4. Information and communication. 5. Supervision/monitoring activities (Suhardjo, 2019)
Information Technology Utilization	Information technology utilization is the expected benefit of using technology that includes personnel, computers, networks, data sources, policies, and information procedures.	1. intensity of utilization. 2. frequency of utilization. 3. number of software used (Binawati, 2022)

Source: Data processed by researchers

4. **RESULT AND DISCUSSION**

This study uses multiple linear regression analysis methods with the Partial Least Square Structural Equation Modeling (PLS-SEM) approach to test the effect of several independent variables on the dependent variable. The PLS-SEM method was chosen because it is able to handle models with high complexity, relatively small samples, and data that do not have to be normally distributed. This analysis aims to determine the effect of each variable partially or simultaneously on the quality of financial reports as measured through the results of questionnaire data processing. By using this approach, it is hoped that the research results will be able to provide a comprehensive picture of the relationship between internal organizational factors and the quality of financial reporting in the local government environment.

3.1. Data Analysis Results

1. Instrument Test

This test consists of validity and reliability tests which are prerequisites for measuring latent variables or constructs in research. A research instrument must be valid and reliable in order to be able to present accurate data.

a. Validity Test

The validity test is a measuring instrument used to measure the variable to be measured. The validity test relates to the principle that the measures of a construct should be highly correlated, the validity is assessed based on the factor loading of each indicator that measures the variable through the outer loading value> 0.7 and the AVE value> 0.5. In this study, the validity test was completed on 54 respondents from the total sample. Based on the results of the validity test analysis on the variables of Human Resources Competence, Application of Government Accounting Standards, Financial Accounting System, Internal Control System, Utilization of Information Technology, and Quality of Local Government Financial Statements, all indicators show an outer loading value greater than 0.7 (the minimum standard commonly used). The outer loading value varies from 0.707 to 0.893, which indicates that all question items in this research instrument are valid and can represent the aspects being measured. The Average Variance Extracted (AVE) value for each variable also shows good results with values above 0.5.

b. Reliability Test

Reliability test is a test used to measure the consistency of a series of question items in their reliability in measuring variables. The reliability test in PLS can use two methods, namely Cronbach's alpha and composite reliability. Cronbach's alpha measures the lower limit of the reliability value of a construct while composite reliability measures the actual reliability value of a construct. The rule of thumb used for Cronbach's Alpha and Composite Reliability values is that each has a value of> 0.7, although 0.6 is still acceptable (Achmad et al., 2022). Based on the results of the reliability test calculation, it is known that the variables of Human Resources Competence, Application of Government Accounting Standards, Financial Accounting System, Internal Control System, Utilization of Information Technology and Quality of Financial Statements have a value of crombach's alpha and composite reliability> 0.70. so that the results obtained can be declared reliable (consistent).

Table 2. Reliability Test Table

Variable	Cronbach's Alpha	Composite Reability	Desc.
HR Competencies	0,900	0,924	Valid
Government Accounting Standards	0,931	0,943	Valid
Regional Financial Accounting System	0,903	0,923	Valid
Government Internal Control System	0,930	0,942	Valid
Information Technology Utilization	0,815	0,890	Valid
Quality of Financial Statements	0,885	0,913	Valid

Source: Smart PLS 3 Data Processing Results, 2025

c. Test Coefficient of Determination (R-Square).

The coefficient of determination (R-Square) is a test stage used to measure the proportion of variation in the value of the dependent variable that can be explained by the independent variable (Rafik & Suardhita, 2023). This test can be used to predict whether the model is good or bad. According to (Juliandi, 2018) the criteria for R-Square, if the value of R2 (adjusted) = 0.75 means that the model is substantial (good). If the value of R2 (adjusted) = 0.50 means that the model is moderate (moderate). If the value of R2 (adjusted) = 0.25 means that the model is weak (bad). Based on the test results, the R-square value on the Quality of Financial Statements is the Adjusted R-square of 0.799, which means that the ability of Human Resource Competencies, Implementation of Government Accounting Standards, Financial Accounting Systems, Internal Control Systems and Utilization of Information Technology on the Quality of Financial Statements is 79.9%. Thus, the model is classified as substantial (good).

Table 3. The coefficient of determination (R-Square)

Variable	R-Square	R-Square Adjusted	Desc.
Quality of Financial Statements	0,818	0,799	Good

Source: Smart PLS 3 Data Processing Results, 2025

d. F² Test (Size Effect / F-Square)

The F-Square value is used to measure changes in the R-Square value when certain constructs are removed from the model to evaluate whether the removed constructs have a substantive impact on endogenous constructs (Juliandi, 2018). The F-Square value is 0.02 for small effect effects, 0.15 for medium effect effects, and 0.35 for large effect effects. Based on the test results, the F-square value shows that the Government Internal Control System (0.352) and the Regional Financial Accounting System (0.300) show a moderate effect on the quality of financial statements. Meanwhile, HR Competence (0.024), Government Accounting Standards (0.016), and Information Technology Utilization (0.013) have a relatively small effect. This shows that the Government Internal Control System and Regional Financial Accounting System have a more significant contribution than other variables.

Table 4. F-Square Test

Variable	F-Square	Desc.
HR Competencies	0,024	Weak
Government Accounting Standards	0,016	Weak
Regional Financial Accounting System	0,300	Strong
Government Internal Control System	0,352	Strong
Information Technology Utilization	0,013	Weak

Source: Smart PLS 3 Data Processing Results, 2025

e. Test Hypothesis

Hypothesis testing is used to assist researchers in decision making based on analysis of the data obtained. This hypothesis test is carried out through a comparison between the p-value value and the alpha significance level of 0.05. In this research there are ten (6) hypotheses that will be tested by researchers. Criteria for determining a decision occur if the p-value value is ≤ 0.05 and the estimated value is positive (Farasandy & Arafah, 2023).

Table 5. Hypothesis Test

Variable	T Statistics	P Values	Desc.
HR Competencies	1,342	0,180	H1 Rejected
Government Accounting Standards	0,838	0,403	H2 Rejected
Regional Financial Accounting System	3,824	0,000	H3 Accepted
Government Internal Control System	3,485	0,001	H4 Accepted
Information Technology Utilization	0,812	0,417	H5 Rejected

Source: Smart PLS 3 Data Processing Results, 2025

Based on the hypothesis test table, the test results show that:
a. The t-statistical value of the influence of HR Competency on the Quality of Financial Reports (1,342) is smaller than the t-table (1,655) with a p-value of 0.180 (>0.05). Thus, the first hypothesis (H1) is rejected.
b. The t-statistical value of the influence of Government Accounting Standards on the Quality of Financial Reports (0.838) is smaller than the t-table (1.655) with a p-value of 0.403 (>0.05). It can be concluded that Government Accounting Standards have no effect on the Quality of Financial Reports, so the second hypothesis (H2) was rejected.
c. The t-statistical value of the influence of the Regional Financial Accounting System on the Quality of Financial Reports (3,824) is greater than the t-table (1,655) with a p-value of 0.000 (<0.05). This shows that the Regional Financial Accounting System has a significant influence on the Quality of Financial Reports, so the third hypothesis (H3) is accepted.
d. The t-statistical value of the influence of the Government Internal Control System on the Quality of Financial Reports (3,485) is greater than the t-table (1,655) with a p-value of 0.001 (<0.05). It can be concluded that the Government's Internal Control System has a significant effect on the Quality of Financial Reports, so the fourth hypothesis (H4) is accepted.
e. The t-statistical value of the influence of Information Technology Utilization on the Quality of Financial Reports (0.812) is smaller than the t-table (1.655) with a

p-value of 0.417 (>0.05). It can be concluded that the use of information technology has no effect on the quality of financial reports, so the fifth hypothesis (H5) is rejected.

3.2. Discussion

a. The Influence of HR Competency on the Local Government Financial Statements

The results of the analysis show that Human Resources Competency does not have a significant influence on the quality of local government financial reports, shown by the T-Statistic value of 1.342 which is smaller than the t-table (1.655) and the P-Value of 0.180 > 0.05. Thus, the H1 hypothesis was rejected, indicating that increasing HR competency has not effectively driven improvements in the quality of financial reports. This finding contradicts the research results of Saputra and Muhyarsyah (2024) and Muthaher (2019), which show a positive influence between HR competence and the quality of financial reports. Theoretically, this result is also inconsistent with Agency Theory which states that increasing agent competency (local government apparatus) will improve the ability to prepare reliable and transparent financial reports, as well as reduce information asymmetry between agents and principals. Even though employees have good knowledge, expertise and work behavior, this does not guarantee the achievement of quality financial reports. Therefore, improving the quality of financial reports is not solely determined by HR competence, but is also influenced by other factors such as the effectiveness of the internal control system, financial governance, and the organization's commitment to transparency and accountability.

b. The Influence of Government Accounting Standards on the Local Government Financial Statements

The results of the analysis show that Government Accounting Standards (SAP) do not have a significant influence on the quality of financial reports, indicated by a T-Statistic value of 0.838 which is smaller than the t-table (1.655) and a P-Value of 0.403 > 0.05. Thus, the H2 hypothesis in this study was rejected, indicating that the implementation of SAP has not effectively improved the quality of local government financial reports. These findings contradict the studies of Kuntadi et al. (2022) and Muthaher (2019), who concluded that the application of SAP positively affects the quality of financial statements. Theoretically, these results are also inconsistent with the view of agency theory, which places accounting standards as a control tool to reduce information asymmetry between agents (government) and principals (society or authority). In reality, the existence of regulations such as SAP does not automatically encourage agents to produce more transparent and accountable financial reports, because their effectiveness depends largely on real compliance and strong incentives and supervision. This indicates that the existence of formal standards is not sufficient without being accompanied by consistent oversight mechanisms and implementation commitments on the ground.

c. The Influence of the Regional Financial Accounting System on the Local Government Financial Statements

The results of the analysis show that the Regional Financial Accounting System (SAKD) has a significant influence on the quality of financial reports, shown by the T-Statistic value of 3,824 which is greater than t-table (1,655) and P-Value of 0,000 < 0.05. Thus, the H3 hypothesis in this study was accepted, which

indicates that the effective implementation of SAKD is able to improve the quality of local government financial reports. This finding is in line with research by Binawati (2022) and Sinulingga et al. (2022), which concluded that SAKD has a positive effect on the quality of financial reports. Theoretically, these results also support the agency theory view, which emphasizes the importance of control mechanisms to direct the behavior of agents (government financial managers) to align with the interests of principals (society). A structured and consistently applied accounting system is instrumental in reducing recording errors, improving the comparability and reliability of financial information and making the audit and oversight process easier. Thus, the existence of good and effective SAKD is a crucial factor in creating transparent, accountable and trustworthy financial reports.

d. The Influence of the Government's Internal Control System on Local Government Financial Statements

The results of the analysis show that the Government Internal Control System (SPI) has a significant influence on the quality of financial reports, shown by the T-Statistic value of 3.485 which is greater than t-table (1.655) and P-Value of $0.001 < 0.05$. Thus, the H4 hypothesis in this study was accepted, indicating that the implementation of SPI effectively contributed to improving the quality of local government financial reports. These findings are in line with research by Budiyani et al. (2024) and Saputra and Muhyarsyah (2024), which shows that SPI has a significant influence on the quality of financial reports. Theoretically, these results support the agency theory view, where the internal control system acts as a control mechanism that can reduce information asymmetry between agents (financial managers) and principals (peoples or authorities). Effective implementation of SPI can minimize the risk of errors, prevent irregularities, and increase accountability and transparency of financial reports. In other words, the existence of a strong and sustainable internal supervisory system is one of the main pillars in ensuring the creation of reliable and trustworthy local government financial reports.

e. The Effect of Using Information Technology on the Local Government Financial Statements

The results of the analysis show that the use of information technology does not have a significant effect on the quality of financial reports, shown by the T-Statistic value of 0.812 which is smaller than the t-table (1.655) and the P-Value of $0.417 > 0.05$. Thus, the H5 hypothesis in this study was rejected, indicating that the use of information technology has not been able to effectively improve the quality of local government financial reports. This finding contradicts the results of research by Budiyani et al. (2024) and Binawati (2022), who concluded that information technology has a positive effect on the quality of financial reporting. Theoretically, these results are also inconsistent with the view of agency theory, which views information technology as an important control tool in increasing transparency and reducing information asymmetry between agents (regional financial managers) and principals (society). The fact that information technology has not had a significant impact can be attributed to implementation constraints, such as lack of training and technical mastery by the apparatus, limited infrastructure, as well as resistance to change from manual to digital systems. This shows that the existence of technology alone is not enough; its effectiveness

depends largely on the readiness of the organization to adopt and manage it optimally.

5. Conclusion

looking at the results of the research conducted above on the influence of human resource competence, the application of government accounting standards, financial accounting systems, internal control systems, and the use of information technology on the quality of regional government financial reports. The conclusions of the thesis research results are as follows:

a. Human Resource Competency (HR) does not have a significant effect on the Quality of Regional Government Financial Reports, as evidenced by a t-calculation value of 1.342 < t-table 1.655 and a p-value of 0.180 > 0.05. This result contradicts agency theory which assumes that an apparatus with good competence will produce accountable and transparent reports. The findings suggest that HR competencies alone are not sufficient, and need to be supported by adequate oversight mechanisms as well as institutional incentives.

b. Government Accounting Standards do not have a significant effect on the Quality of Regional Government Financial Reports, as evidenced by a t-calculated value of 0.838 < t-table 1.655 and a p-value of 0.403 > 0.05. This result contradicts agency theory which assumes that the adoption of accounting standards can reduce information asymmetry and increase accountability. These findings suggest that formal rules such as SAP have not been effective without consistent implementation support, close oversight, and a strong culture of accountability.

c. The Regional Financial Accounting System has a significant influence on the Quality of Regional Government Financial Reports, as evidenced by a t-calculation value of 3,824 > t-table 1,655 and p-value of 0,000 < 0.05. These findings are in line with agency theory which emphasizes the importance of control systems to reduce information asymmetry between agents and principals. Structured and consistent implementation of SAKD serves as a control tool in ensuring transparency and accountability in local government financial reporting.

d. The Government Internal Control System has a significant influence on the Quality of Regional Government Financial Reports, with a t-calculate value of 3,485 > t-table 1,655 and p-value 0.001 < 0.05. These results support agency theory which emphasizes the importance of internal oversight and control mechanisms for agents to act in the interests of the principal. A strong internal control system prevents irregularities, improves the reliability of financial information, and strengthens accountability thereby improving the quality of financial reports.

e. The use of Information Technology does not have a significant effect on the Quality of Regional Government Financial Reports, as evidenced by a t-calculate value of 0.812 < t-table 1.655 and p-value 0.417 > 0.05. These results contradict agency theory which considers information technology as a surveillance tool to reduce information asymmetry between agents and principals. These findings indicate that information technology has not been optimally utilized due to infrastructure limitations, lack of training, and resistance to system changes.

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