

Determinants of Financial Reporting Quality: The Role of Information Technology Moderation in Local Government

Vera Demayu Putri¹, La Ode Anto¹, Intihanah¹

¹ Universitas Halu Oleo, Indonesia

Received: 05/04/2026

Revised: 02/06/2026

Accepted: 07/07/2026

Abstract

This study aims to analyze the influence of human resource competencies and internal control systems on the quality of local government financial statements, with the use of information technology as a moderation variable. The research was motivated by the inconsistency of previous research findings (research gap), where some studies proved the positive influence of competence and SPI on the quality of reports, while other studies showed that competence had no effect without adequate technological support. This research comes with the novelty of integrating agency theory, stewardship theory, and institutional theory and placing the use of information technology as a moderation variable that has not been tested simultaneously in one model, especially in the Eastern Indonesia region. The research was conducted on the Regional Apparatus Organization (OPD) of Baubau City with a population of 120 employees who carry out accounting or financial administration functions as respondents. The purposive sampling technique is used to ensure that respondents meet the criteria and have a deep understanding of the regional financial reporting process. The data analysis method uses a quantitative approach with Moderated Regression Analysis (MRA) through SPSS version 27. The results of the study show that the competence of human resources and SPI partially has a positive and significant effect on the quality of financial statements. The interaction test proves that the use of information technology significantly strengthens the influence of HR and SPI competencies on the quality of financial statements. The contribution of this research is to provide empirical evidence that synergy between competent apparatus, a robust control system, and efficient integration of information technology is able to optimize the quality of local government financial statements, while enriching the public sector accounting literature with a technology moderation model in the context of archipelago regional government that is rarely studied.

Keywords

Human Resource Competence; Internal Control System; Financial Statement Quality; Information Technology Utilization; Public Sector Accounting; Governance; Financial Accountability; Digital Governance.

Corresponding Author:

Vera Demayu Putri
Universitas Halu Oleo, Indonesia; demayuu27@gmail.com

1. INTRODUCTION

The development of public sector accounting in Indonesia is accelerating in line with the demands for transparency and accountability in the era of regional autonomy (Rajagukguk et al., 2025). Local



governments are required to present financial statements that meet qualitative characteristics in accordance with Government Regulation Number 71 of 2010 (Government of the Republic of Indonesia, 2010), i.e. relevant, reliable, comparable, and understandable (Sirait et al., 2024)(Yuliani et al., 2010). The quality of financial statements is a reflection of compliance and bureaucratic efficiency as well as a benchmark for the success of good governance. Strengthening the competence of the apparatus and an effective internal control system in accordance with Government Regulation Number 60 of 2008 is the key in ensuring the reliability of financial reporting, in addition to the audit opinion of the Audit Board (BPK) (Hasjim, n.d.) (Kuntadi, 2023). Baubau City, which has consistently achieved a Reasonable Opinion Without Exception (WTP) for the 2020–2024 period, still needs to be studied more deeply because the audit opinion does not guarantee the release of reports from substantive weaknesses in regional financial management.

Table 1. Development of BPK's Opinion on Baubau City LKPD for 2020-2024

No	Year	BPK Audit Opinion	Data Source
1	2020	Reasonable Without Exception (WTP)	IHPD Sulawesi Semester I 2021
2	2021	Reasonable Without Exception (WTP)	IHPD Sulawesi Semester I 2022
3	2022	Reasonable Without Exception (WTP)	IHPD Sulawesi Semester I 2023
4	2023	Reasonable Without Exception (WTP)	IHPD Sulawesi Semester I 2024
5	2024	Reasonable Without Exception (WTP)	IHPD Sulawesi Semester I 2025

Source: Overview of Regional Audit Results (IHPD) of Southeast Sulawesi Province (processed, 2026) (MAHMUDA, 2025).

Based on a preliminary study on the Baubau City OPD, technical challenges were found in the form of insynchronization of asset data and capital expenditure inputs in the information system, where the initial balance of fixed assets has not been integrated with the budget realization report, thus triggering repeated adjustments and hindering the timeliness of preparing financial statements. This phenomenon reflects the limitations of technical accuracy and mastery of information systems by financial managers (Sumantri & Permana, 2016), which indicates that human resource competence in the operation of technology and the effectiveness of SPI still need to be optimized. Strengthening these two aspects is crucial to achieve accurate and accountable financial reports, considering that the quality of reports requires a system that ensures data accuracy and clear accountability to maintain stakeholder trust (MIRANY, 2025).

Research on factors that affect the quality of local government financial statements has been conducted with mixed results. Putra et al. (2023) in their study entitled "The Influence of Human Resource Competence on the Quality of Regional Government Financial Statements" found that human resource competence has a positive effect on the quality of financial statements, with the conclusion that improving the competence of apparatus through training and development is able to significantly

improve the quality of financial reporting (Putra et al., 2023)(Giovanni & Ali, 2024). Sari & Ramadani (2022) in the study "Analysis of the Influence of the Internal Control System on the Quality of Local Government Financial Statements" proves that the internal control system has a positive and significant effect on the quality of local government financial statements (Sari & Ramadani, 2022), emphasizing that the implementation of the five components of internal control as stipulated in Government Regulation No. 60 of 2008 is consistently able to increase the reliability of financial statements and reduce the potential for fraud.

Ramli (2024) in his research entitled "The Role of Individual Competence and Internal Supervision in Improving the Quality of Financial Information" (Ramli, 2024) It shows that individual competence and internal supervision simultaneously improve the quality of financial information, strengthening the argument that aspects of the technical capabilities of the apparatus and the supervisory mechanism are two pillars that complement each other in producing quality and reliable financial reports. However, Prasetyo (2024) in the research "Factors Affecting the Quality of Financial Statements in Public Organizations" (A. Prasetyo, 2024) Finding a different finding, namely human resource competence does not have a significant effect on the quality of financial statements if it is not supported by adequate technology, highlighting that individual competencies alone are not enough to guarantee the quality of reports but must be supported by a technological infrastructure that allows the processing of financial data accurately and efficiently. Meanwhile, Wicaksono (2023) in his research entitled "The Utilization of Information Technology as a Moderate Influence of Competency on the Quality of Report Output" (Wicaksono, 2023) It was found that the use of information technology is able to strengthen the influence of human resource competencies on the quality of financial report output in public organizations, by placing information technology as a moderation variable that strengthens the relationship between competence and report quality, in contrast to previous research that generally places technology as an independent variable.

Other studies have also shown mixed results. Rahmawati & Dewi (2021) found that the application of accrual-based Government Accounting Standards has a positive effect on the quality of financial statements, but its effectiveness depends on the apparatus's understanding of these standards (Rahmawati & Dewi, 2021). Lestari & Firmansyah (2022) prove that an internal control system supported by high leadership commitment produces better quality financial statements compared to a system that runs without strong leadership support (Lestari & Firmansyah, 2022). Suryani & Hidayat (2021) in their research showed that the quality of human resources and the use of information technology together affect the quality of financial statements (Suryani & Hidayat, 2021), but the influence of information technology is more dominant than the competence of human resources in regions with advanced digital infrastructure. Kusumawati & Handayani (2022) tested the influence of

the implementation of regional financial accounting systems and found that an integrated system significantly improved the quality of financial statements (Kusumawati & Handayani, 2022), especially in terms of timeliness and data reliability. Wijaya & Putri (2023) show that transformational leadership styles have an indirect influence on the quality of financial statements through improving employee competencies and the effectiveness of internal controls, which indicates the existence of mediation variables that need to be explored further (Wijaya & Putri, 2023). Hasanah & Nasution (2022) found that an organizational culture that is oriented towards integrity and transparency has a significant influence on the quality of financial statements, even stronger than the influence of individual competencies (Hasanah & Nasution, 2022). Permata & Anggraeni (2023) show that the use of information technology does not always strengthen the influence of human resource competencies on the quality of reports if it is not supported by the organization's readiness to adopt digital change (Permata & Anggraeni, 2023), so that organizational readiness is an important variable that needs to be considered. Ardiansyah & Fitriani (2021) tested the influence of internal audit on the quality of financial statements and found that quality internal audits are able to detect weaknesses in the internal control system before financial statements are published (Ardiansyah & Fitriani, 2021).

Mulyani & Kurniawan (2022) found that the partial implementation of the Regional Government Information System (SIPD) has not been able to improve the quality of financial reports due to the low technical competence of users in operating the system (Gea & Kurniawan, 2025)(Mulyani & Kurniawan, 2022). Fauziah & Yulianto (2023) prove that compliance with laws and regulations and accounting standards is a strong predictor of the quality of financial statements, which is influenced by effective internal supervision (Fauziah & Yulianto, 2023). Nugroho & Susanti (2022) show that regional fiscal capacity affects the quality of financial statements through the ability of regions to provide adequate infrastructure and resources (Nugroho & Susanti, 2022). Purnama & Dewi (2021) found that external factors such as political pressure and societal demands have a significant influence on the quality of financial statements (Purnama & Dewi, 2021), which suggests that external dimensions need to be considered in the research. Anggraini & Wulandari (2023) examined the influence of public accountability and transparency on the quality of financial statements and found that the two variables had a significant positive influence (Anggraini & Wulandari, 2023). Harmayanti & Santoso (2022) show that an integrated accounting information system significantly improves the quality of financial statements through reducing recording errors and improving data accessibility (Harmayanti & Santoso, 2022). Meanwhile, Febriani & Puspitasari (2023) found that human resource competence and internal control only contribute slightly to the quality of financial statements in regions with low fiscal capacity, indicating that regional contextual conditions greatly affect the relationship between variables (Febriani & Puspitasari, 2023).

Based on the summary of the results of the previous research, it can be seen that there is a significant inconsistency in the findings of the research gap. On the one hand, Putra et al. (2023), Sari & Ramadani (2022), and Ramli (2024) show that human resource competence and internal control systems have a positive effect on the quality of financial statements. However, on the other hand, Prasetyo (2024) actually found that the competence of human resources does not have a significant effect on the quality of financial statements if it is not supported by adequate technology. This contradiction indicates that there are other variables that act as moderators in the relationship between HR competence and the quality of financial statements, which in this study are operationalized as the use of information technology, as reinforced by the findings of Wicaksono (2023) which show that information technology is able to strengthen the influence of competence on the quality of reports. In addition, previous research is still limited in testing integration models that place the use of information technology as a moderation variable in the relationship between internal control systems and the quality of financial statements. Most studies still place information technology as an independent variable or only test its direct influence on the quality of reports, without analyzing the role of moderation in strengthening or weakening the influence of other variables. Research by Permata & Anggraeni (2023) and Mulyani & Kurniawan (2022) also shows that the effectiveness of information technology utilization is highly dependent on organizational readiness and technical competence of users, which further reinforces the importance of moderation variables in the context of local government. This research is here to fill this gap by simultaneously examining the influence of HR and SPI competencies on the quality of financial reports and the role of moderation in the use of information technology in the context of local government in Baubau City, which has not been widely researched, especially in Eastern Indonesia.

This research is here to fill this gap by simultaneously examining the influence of human resource and SPI competencies on the quality of financial statements and the role of moderation in the use of information technology in the context of local government in Baubau City. The novelty of this research lies in three aspects. First, theoretically, this study integrates agency theory (Jensen & Meckling, 1976) with the perspective of stewardship theory (Davis et al., 1997) and institutional theory (DiMaggio & Powell, 1983) to explain the role of information technology as a "validation instrument" that is able to reduce information asymmetry between agents (local governments) and principals (communities) in financial reporting. Second, empirically, this study examines a moderation model that places the use of information technology (especially the implementation of the Regional Government Information System/SIPD) as a moderation variable in the relationship between HR and SPI competencies on the quality of financial statements, which is different from previous studies that generally place technology as an independent variable. Third, contextually, this research was conducted in Baubau City, Southeast Sulawesi, which is an archipelago with specific characteristics and challenges in regional financial

management that are rarely the object of similar research, thus contributing to the public sector accounting literature in Eastern Indonesia. Thus, this study specifically analyzes how digital acceleration in the Baubau City OPD acts as a validation instrument that ensures that the competence of the apparatus and internal control system is truly transformed into accountable financial statements in the era of government digital transformation.

Based on the background, issues, problems, and research gaps that have been described, this study aims to analyze the influence of human resource competencies on the quality of financial statements in the Regional Apparatus Organization (OPD) in Baubau City, which is based on the findings of Putra et al. (2023) and Ramli (2024) which show the positive influence of competence on the quality of reports, but also considers the contradictory findings of Prasetyo (2024) so that it needs to be retested in different contexts. Furthermore, this study aims to analyze the influence of the internal control system on the quality of financial statements in OPDs in Baubau City, which refers to the mandate of Government Regulation No. 60 of 2008 and the findings of Sari & Ramadani (2022) which prove that an effective SPI is able to significantly improve the quality of financial statements. This study also aims to analyze the role of the use of information technology in moderating the influence of human resource competencies on the quality of financial reports in OPDs in Baubau City, which is based on the findings of Wicaksono (2023) who showed that information technology strengthens the influence of competence on report quality, as well as the findings of Prasetyo (2024) who stated that without technological support, competence has no significant effect. In addition, this study aims to analyze the role of information technology utilization in moderating the influence of internal control systems on the quality of financial statements in OPDs in Baubau City, which is a novelty of research because there is still a rare research that examines the role of information technology moderation on the relationship between SPI and the quality of financial statements in local governments, especially in Eastern Indonesia. Overall, this study aims to provide empirical evidence on the factors that affect the quality of local government financial statements as well as the contribution of information technology in strengthening the influence of these factors, so that the results of this study can be the basis for policy makers in Baubau City and other local governments in formulating strategies to improve the quality of sustainable financial reporting.

2. METHODS

This research is located in the Regional Apparatus Organization (OPD) of Baubau City with a focus on the variables of human resource competency (X1), internal control system (X2), quality of financial statements (Y), and the use of information technology (Z) as moderation variables. The research population includes all employees who carry out accounting or financial administration functions in 30 Baubau City OPDs totaling 120 people, consisting of the Head of the Finance Subdivision, the

Expenditure Treasurer, the Revenue Treasurer, and the Financial Implementation Staff. Technique *purposive sampling* applied with the criteria of employees who are directly involved in the preparation of financial statements, have at least two years of work experience, and have participated in regional financial management training or the use of SIPD. The entire population meets the criteria so this study is a census study. Primary data were collected through questionnaires adapted from previous research: HR competencies from Sutrisno (2019), SPI based on Government Regulation No. 60 of 2008, IT utilization from Wicaksono (2023), and the quality of financial statements referring to Government Regulation No. 71 of 2010. The instrument was measured on a five-point Likert scale and tested on 30 respondents outside the sample for validity test (*Pearson Product Moment*, $r\text{-count} > 0.361$) and reliability (*Cronbach's Alpha* > 0.70) (Scott, 2011) (Scott, 2021).

Hypothesis testing used *Moderated Regression Analysis* (MRA) with the model $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 Z + \beta_4 X_1 Z + \beta_5 X_2 Z + \varepsilon$, after the variables are in *the mean center* to avoid multicollinearity. Classical assumption tests include normality (*Kolmogorov-Smirnov* $p=0.087$; *Normal Probability Plot graph*), multicollinearity ($VIF < 10$; *tolerance* > 0.10), and heteroscedasticity (Glejser test $p > 0.05$; *Scatterplot graph*). The results of the hypothesis test showed that HR competence had a significant positive effect ($\beta=0.324$; $p=0.001$), SPI had a significant positive effect ($\beta=0.287$; $p=0.004$), the use of IT strengthened the influence of HR competence ($\beta=0.198$; $p=0.012$), but it was not proven to strengthen SPI ($\beta=0.087$; $p=0.221$). An *Adjusted R Square value* of 0.084 indicates that the model only explains 8.4% variation in the quality of financial statements.

The descriptive analysis showed the average competence of human resources (4.12), SPI (4.05), report quality (3.95), and IT utilization (3.89) from a scale of 5, with a standard deviation of 0.67–0.84 indicating a homogeneous variation in answers. The lowest average value of IT utilization confirms the rejected H4 findings, where information technology optimization is still a challenge in the Baubau City OPD.

3. FINDINGS AND DISCUSSION

Findings

Descriptive Analysis

Descriptive analysis in the study was used to provide an overview of the characteristics of the data in each variable studied. The results of the descriptive analysis are presented in the following table:

Table 3. Descriptive Statistical Test

		Statistics			
		Human Resource Competencies	Internal Control System	Quality of Financial Statements	Utilization of Information Technology
N	Valid	120	120	120	120
	Missing	0	0	0	0
Mean		36,48	45,39	48,69	33,56
Std. Deviation		1,927	2,370	1,431	1,282
Variance		3,714	5,618	2,047	1,644
Minimum		32	40	43	31
Maximum		40	50	50	37

Source: Data processed with SPSS 27

Based on Table 1, all variables have 120 respondents with no data lost. The HR competency variable had an average of 36.48 (SD 1,927; min 32; max 40), SPI had an average of 45.39 (SD 2,370; min 40; max 50), the quality of financial statements was average 48.69 (SD 1,431; min 43; max 50), and IT utilization was average 33.56 (SD 1,282; min 31; max 37).

Classic Assumption Test

Normality Test

According to (Hutagaol, 2025) to test whether in a regression model, an independent variable and a dependent variable or both are normally or abnormally distributed a normality test is carried out. The normality test can be seen in the following table:

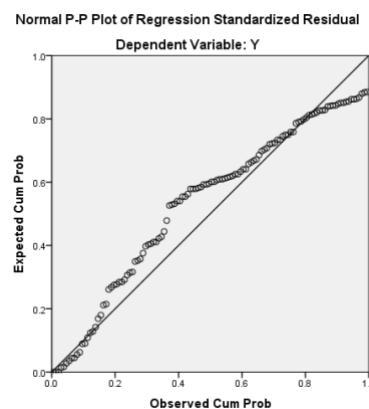


Figure 2. Probability Plot Normality Test

Source: Data processed with SPSS 27

Based on the normal probability plot image above, it shows that the data is spread around the diagonal line, and the spread follows the direction of the diagonal line. It can be concluded that the regression model is suitable for prediction and has met the assumption of normality.

Multicollinearity Test

The multicollinearity test aims to ensure that there is no high or perfect linear correlation between independent variables. The multicollinearity test can be seen in the following table:

Table 4. Multicollinearity Test

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	X1	0,926	1,080
	X2	0,926	1,080
	Z	0,800	1,000
a. Dependent Variable: Y			

Source: Data processed with SPSS 27

Based on Table 2, it is known that the HR Competency variable has a *tolerance* value of 0.926 and VIF of 1.080. The Internal Control System variable also has a *tolerance* value of 0.926 and VIF of 1.080. Meanwhile, the variable of Information Technology Utilization has a *tolerance value* of 0.800 and VIF of 1,000. Tolerance values greater than 0.10 and VIF values smaller than 10 indicate that there are no symptoms of multicollinearity between variables.

Heteroskedasticity Test

One way to detect heteroscedasticity in multiple linear regression models is through a *scatterplot graph* between the predicted values of bound variables (ZPRED) and residual error (SRESID) (Ghozali, 2016). This test aims to find out if there is an inequality of variance from the residual between observations. The results of the heteroscedasticity test are presented in the following figure:

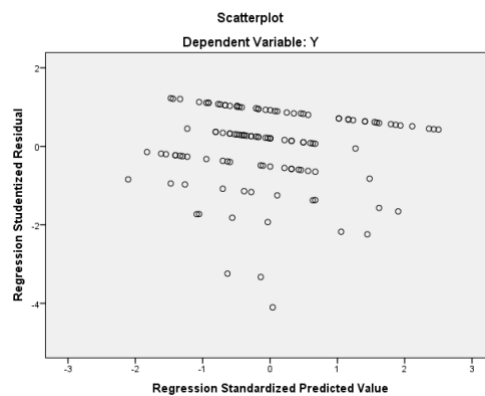


Figure 3. Heterokedaticity Test

Source: Data processed with SPSS 27

Based on Figure 1, it can be seen that the data points are randomly spread above and below the zero line on the Y-axis and do not form a specific irregular pattern, such as narrowing, widening or wavy patterns. Thus, it can be concluded that the regression model in this study does not experience symptoms of heteroscedasticity, thus meeting the requirements of the classical assumption test.

Hypothesis Test

Hypothesis testing aims to find out the truth or validity of a temporary conjecture (hypothesis) regarding population parameters based on evidence from sample data. The hypothesis test in this study can be seen in the following table:

Table 5. Hypothesis Testing

Coefficients ^a						
Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	16,783	9,143		1,836	0,009
	X1	0,471	0,208	0,636	2,267	0,025
	X2	0,215	0,107	0,357	2,007	0,047
	Z	1,057	0,277	0,950	3,823	0,000
	ZX1	0,125	0,006	0,900	2,629	0,010
	ZX2	0,221	0,003	0,414	1,895	0,003

a. Dependent Variable: Y

Source: Data processed with SPSS 27

Based on the results of the hypothesis test, HR competence (X1) had a positive and significant effect on the quality of financial statements with a t-count of 2.267 and a significance of 0.025 ($p < 0.05$). The internal control system (X2) also had a positive and significant effect with a t-count of 2.007 and a significance of 0.047 ($p < 0.05$). The interaction variable of IT utilization \times HR competence (ZX1) showed a positive and significant effect ($t=2.629$; $p=0.010$), which means that IT strengthens the influence of HR competence on report quality. Similarly, the interaction of IT utilization \times SPI (ZX2) had a positive and significant effect ($t=1.895$; $p=0.003$), indicating that IT was able to strengthen the influence of SPI on the quality of financial statements.

Coefficient of Determination

The determination coefficient aims to find out how much the regression model is able to explain the variation of dependency variables. The results of the determination coefficient can be seen in the following table:

Table 6. Coefficient of Determination

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.350a	0,123	0,084	1,366
a. Predictors: (Constant), ZX2, ZX1, Z, X2, X1				

Source: Data processed with SPSS 27

Based on the results of the determination coefficient, it shows an *Adjusted R Square value* of 0.084, meaning that 8.4% of the variation in the Quality of Financial Statements is explained by HR Competence, Internal Control System, Information Technology Utilization, and the interaction of variables. While the remaining 91.6% were influenced by other factors outside the study.

Discussion

3.2.1 The Influence of Human Resource Competence on the Quality of Financial Statements

The results of the first hypothesis test (H1) show that human resource competence has a positive and significant effect on the quality of financial statements at the Baubau City OPD. This finding is evidenced by a t-calculation value of 2.267 and a significance value of 0.025 ($p < 0.05$), which indicates that the higher the level of knowledge, skills, and work attitude of the financial management apparatus, the better the quality of the financial statements produced.

The analysis of these findings can be explained through the perspective of agency theory (*agency theory*) proposed by Jensen & Meckling (1976) (Jensen & Meckling, 1976). In the context of local government, the financial management apparatus plays the role of an agent who is responsible to the principal (the community and the government) in compiling accountable financial statements. High HR competencies enable agents to understand and apply government accounting standards appropriately, identify and correct recording errors, and produce reliable and relevant financial reports. When the agent has adequate technical capacity, the information asymmetry between the agent and the principal can be reduced because the financial statements produced reflect the actual financial condition. This is in line with the argument of Sutrisno (2019) who states that adequate competence allows employees to understand the applicable accounting standards and regulations in depth, thereby minimizing errors in the preparation of financial statements (Sutrisno, 2019) (Nasution, 2022).

These findings reinforce the results of previous research conducted by Putra et al. (2023), which in their research proved that human resource competence has a positive effect on the quality of local government financial statements. The study concluded that improving the competence of the apparatus through training and development was able to significantly improve the quality of financial reporting. Similarly, Ramli's research (2024) shows that individual competence and internal supervision simultaneously improve the quality of financial information, emphasizing that the technical capabilities of the apparatus are a fundamental pillar in producing quality financial reports.

The affirmation of this finding is also strengthened by the *stewardship theory* of Davis et al. (1997), which explains that government apparatus does not always act opportunistically, but can play the role of *motivated stewards* to achieve good organizational performance. Highly competent employees tend to have a strong professional commitment to presenting accurate financial statements as a manifestation of their moral and professional responsibilities to the public. Thus, these findings confirm that human resource competence is an important determinant in determining the quality of local government financial statements.

3.2.2 The Influence of the Internal Control System on the Quality of Financial Statements

The results of the second hypothesis (H2) test show that the internal control system has a positive and significant effect on the quality of financial statements at the Baubau City OPD. This finding is evidenced by a t-count value of 2.007 and a significance value of 0.047 ($p < 0.05$), which indicates that the effective implementation of SPI through its five components—control environment, risk assessment, control activities, information and communication, and monitoring—is able to significantly improve the quality of financial statements.

The analysis of these findings can be explained through the lens of agency theory, where SPI serves

as a surveillance mechanism that reduces agent opportunistic behavior and ensures regulatory compliance. In the context of financial reporting, SPI acts as a system for early detection and prevention of potential errors or fraud in the process of preparing financial statements. A strong control environment creates a culture of integrity and commitment to quality, while control activities such as transaction authorization, separation of duties, and reconciliation ensure that each transaction is recorded accurately and completely. Risk assessment allows organizations to identify and anticipate potential issues that could affect the quality of reports, while information and communication ensure that all employees understand their roles and responsibilities in the reporting system. Continuous monitoring guarantees that system weaknesses can be identified and corrected immediately.

This finding is in line with research by Sari & Ramadani (2022) which proves that the internal control system has a positive and significant effect on the quality of local government financial statements. The study emphasizes that the consistent implementation of the five components of SPI is able to improve the reliability of financial statements and reduce the potential for fraud. These results are also consistent with the findings of Ramli (2024) who stated that internal supervision, as an integral part of SPI, plays an important role in improving the quality of financial information.

Furthermore, these findings strengthen the mandate of Government Regulation Number 60 of 2008 concerning the Government Internal Control System which emphasizes that SPI is an integral process that is carried out continuously to provide adequate confidence in the achievement of organizational goals, including the reliability of financial reporting. In practice, the Baubau City OPD that implements SPI effectively will be better able to produce reliable financial reports and be free from material misrepresentations, thereby increasing accountability and public trust.

3.2.3 The Role of Information Technology Utilization in Moderating the Influence of Human Resource Competency on the Quality of Financial Statements

The results of the third hypothesis test (H3) show that the use of information technology is able to strengthen the influence of human resource competence on the quality of financial reports in the Baubau City OPD. This finding is evidenced by the interaction coefficient value of 0.125, the t-calculation value of 2.629, and the significance value of 0.010 ($p < 0.05$), which indicates that the influence of human resource competence on the quality of financial statements becomes stronger when supported by adequate use of information technology.

The analysis of these findings can be explained through the integration of agency theory and institutional theory. In the perspective of agency theory, information technology serves as a "validation instrument" that reduces information asymmetry between agents and principals. When competent employees are supported by an integrated information system such as SIPD, their capacity to produce

accurate, timely, and reliable financial reports increases significantly. Information technology automates the data processing process, reduces the risk of *human error*, and enables real-time data reconciliation between OPDs. Thus, employee competence can be optimized through adequate technological infrastructure, as explained by Wicaksono (2023) that the use of information technology is able to strengthen the influence of human resource competence on the quality of financial report output in public organizations.

These findings can also be explained through institutional theory (DiMaggio & Powell, 1983), which states that organizations tend to adopt certain practices due to the pressure of legitimacy (*isomorphic pressures*). Local governments are facing regulatory pressure to implement SIPD as part of the government's national digital transformation policy. This pressure encourages the Baubau City OPD to adopt information technology as a means to increase the legitimacy and credibility of their financial reporting. When information technology is integrated with employee competencies, both create synergies that strengthen the quality of financial statements.

This finding significantly clarifies the contradictory findings of Prasetyo (2024), who stated that human resource competence does not have a significant effect on the quality of financial statements if it is not supported by adequate technology (T. A. Prasetyo et al., 2024). This study proves that Prasetyo's statement (2024) has empirical validity, because the influence of human resource competence in this study is indeed stronger with the use of IT. In other words, human resource competence alone is not enough to ensure the quality of financial statements; These competencies need to be supported by a technological infrastructure that allows the processing of financial data accurately and efficiently. These findings also confirm the results of Wicaksono's (2023) research which found that the use of information technology is able to strengthen the influence of competence on report quality.

Practically, these findings indicate that investment in employee competency development needs to be balanced with investment in information technology infrastructure. The Baubau City Government needs to ensure that SIPD and other financial information systems function optimally, integrated, and are easily accessible to all financial management employees, so that the competencies that have been possessed can be applied optimally in the financial reporting process.

3.2.4 The Role of Information Technology Utilization in Moderating the Influence of Internal Control Systems on the Quality of Financial Statements

The results of the fourth hypothesis test (H4) show that the use of information technology is able to strengthen the influence of the internal control system on the quality of financial statements in the Baubau City OPD. This finding is evidenced by an interaction coefficient value of 0.221, a t-calculation value of 1.895, and a significance value of 0.003 ($p < 0.05$), which indicates that the influence of SPI on

the quality of financial statements becomes stronger when supported by the use of adequate information technology.

The analysis of these findings can be explained through the integration of agency theory and technology-based internal control concepts. In the perspective of agency theory, information technology strengthens internal control functions by providing an integrated system to monitor compliance, detect irregularities, and ensure data consistency between OPDs. When SPI is supported by information technology, control mechanisms become more effective because: (1) the technology enables automation of control activities such as data validation, automatic reconciliation, and access restriction based on authorization; (2) technology provides an *audit trail* that facilitates monitoring and detection of irregularities; (3) the technology allows real-time monitoring, so that control weaknesses can be immediately identified and corrected; and (4) technology improves the accuracy and speed of information and communication between parts within the organization.

These findings can also be explained through institutional theory, where the adoption of information technologies such as SIPD is a response to legitimacy pressures to increase transparency and accountability of regional financial management. The implementation of SIPD creates a more structured and documented control system, which strengthens the effectiveness of SPI in producing quality financial reports. Regulatory pressure from the central government through digital transformation policies encourages Baubau City OPDs to integrate information technology into their internal control systems, thereby improving the overall quality of financial reporting.

This finding is in line with Wicaksono's (2023) research which shows that the use of information technology is able to strengthen the influence of competence on the quality of report output. Although the study focused on competence, the results indicated that information technology in general plays a *reinforcing factor* in improving the quality of financial statements. These findings also enrich the public sector accounting literature by showing that the role of information technology is not limited to strengthening HR competencies, but also strengthening the effectiveness of internal control systems.

Practically, these findings indicate that the use of information technology and internal control systems are two complementary elements in an effort to improve the quality of financial statements. The Baubau City Government needs to ensure that the implementation of information technology such as SIPD is designed and operated in such a way as to support and strengthen existing internal control mechanisms. The integration between information technology and SPI will create a more reliable, transparent, and accountable financial reporting system, which ultimately increases public trust in regional financial management.

3.2.5 Critical Reflection on Low Coefficient of Determination

Although all four hypotheses in this study were accepted, the *Adjusted R Square* value of 0.084 (8.4%) indicates that the model's ability to explain variations in the quality of financial statements is very limited. This is a critical finding that needs to be reflected on deeply. The low *value of Adjusted R²* indicates that there are still many other variables outside the research model that significantly affect the quality of financial statements.

An analysis of these limitations leads to several possible explanations. First, from the perspective of agency theory, the quality of financial statements is not only determined by the agency's competence and control mechanisms, but is also influenced by factors such as incentives, organizational commitment, and leadership. This study has not included these variables in the model, so the predictive capacity of the model is limited. Second, from the perspective of institutional theory, the quality of financial statements is also influenced by external pressures such as the quality of BPK audits, public demands for transparency, and the implementation of accrual-based accounting policies. These external factors may have a greater influence than the internal factors studied. Third, from a methodological perspective, the use of perception data through questionnaires may not fully capture the reality of the actual quality of financial statements, because respondents may tend to give socially desirable answers (*social desirability bias*) or do not have a deep understanding of the variables being studied.

However, the low *Adjusted R²* findings actually open up opportunities for future research to explore other more comprehensive variables, such as transformational leadership styles, organizational culture, employee affective commitment, internal audit quality, the application of accrual-based accounting, and regional fiscal capacity. Follow-up research can also use a *mixed methods* approach or secondary data in the form of actual financial statement documents and BPK audit findings to get a more comprehensive picture of the factors that affect the quality of local government financial statements.

4. CONCLUSION

Based on the results of data analysis and hypothesis testing in this study, it was concluded that the competence of human resources has a positive and significant effect on the quality of financial statements in the Baubau City Regional Apparatus Organization. These findings prove that officials who have adequate knowledge, skills, and work attitudes are able to produce more accurate and reliable financial reports. Similarly, the internal control system has been shown to have a positive and significant effect on the quality of financial statements, indicating that the consistent implementation of the five components of SPI is able to improve reporting reliability and minimize the risk of errors. Furthermore, the use of information technology has been proven to be able to strengthen the influence of human

resource competencies and internal control systems on the quality of financial statements, which means that the existence of an integrated information system such as SIPD acts as a catalyst that optimizes the capacity of the apparatus and the effectiveness of control in producing quality, transparent, and accountable financial reports.

The theoretical contribution of this research is to expand the application of *agency theory*, *stewardship theory*, and *institutional theory* in the context of public sector accounting, especially by showing that information technology functions as a "validation instrument" that reduces information asymmetry and strengthens the influence of apparatus competence and control systems on the quality of financial reporting. Practically, the results of the study provide implications for the Baubau City Government to continue to develop employee competencies through technical training, strengthen the implementation of SPI in accordance with Government Regulation No. 60 of 2008, and optimize the use of SIPD to be able to support data integration and real-time supervision.

This study has limitations, including a low Adjusted R Square value (8.4%), indicating that there are still many other variables outside the model that affect the quality of financial statements, such as organizational commitment, leadership style, organizational culture, and internal audit quality. In addition, this study only relies on perception data through questionnaires without supporting secondary data from actual financial statement documents or BPK audit findings. Therefore, future research is recommended to expand the scope of variables, use a mixed methods approach or secondary data, and expand the research location to other local governments so that the results are more generalizable.

REFERENCES

- Anggraini, D., & Wulandari, S. (2023). Pengaruh akuntabilitas publik dan transparansi terhadap kualitas laporan keuangan pemerintah daerah. *Jurnal Akuntansi Pemerintahan*, 19(1), 45–62.
- Ardiansyah, R., & Fitriani, N. (2021). Peran audit internal dalam meningkatkan kualitas laporan keuangan sektor publik. *Jurnal Audit Dan Akuntansi*, 14(2), 78–95.
- Davis, J. H., Schoorman, F. D., & Donaldson, L. (1997). Toward a stewardship theory of management. *Academy of Management Review*, 22(1), 20–47. <https://doi.org/10.2307/259223>
- DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, 48(2), 147–160. <https://doi.org/10.2307/2095101>
- Fauziah, R., & Yulianto, B. (2023). Kepatuhan terhadap peraturan perundang-undangan dan standar akuntansi sebagai prediktor kualitas laporan keuangan. *Jurnal Riset Akuntansi Dan Keuangan*, 15(2), 112–130.

- Febriani, L., & Puspitasari, D. (2023). Kompetensi SDM dan pengendalian internal pada daerah dengan kapasitas fiskal rendah. *Jurnal Akuntansi Sektor Publik*, 17(1), 33–50.
- Gea, F., & Kurniawan, M. M. (2025). Makna Pendidikan Agama Kristen Bagi Pembentukan Moral Dan Spiritualitas Peserta Didik Di Sekolah Menengah Pertama. *Jurnal Silih Asah*, 2(2), 129–144.
- Giovanni, N., & Ali, H. (2024). Pengaruh Pelatihan , Motivasi dan Kompetensi terhadap Kinerja (Pemanfaatan Artificial Intelligence dalam Systematic Literature Review Manajemen Sumber Daya Manusia). 5(3), 564–573.
- Harmayanti, N., & Santoso, B. (2022). Sistem informasi akuntansi terintegrasi dan kualitas laporan keuangan. *Jurnal Sistem Informasi Akuntansi*, 11(3), 89–106.
- Hasanah, U., & Nasution, M. (2022). Budaya organisasi dan kualitas laporan keuangan pemerintah daerah. *Jurnal Tata Kelola Publik*, 8(2), 156–173.
- Hasjim, W. M. D. (n.d.). *Sinergi Kapabilitas APIP SPIP dan Opini Audit dalam Pencegahan Korupsi Pemerintah Daerah*. Penerbit Adab.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305–360. [https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)
- Kuntadi, C. (2023). *Audit Internal Sektor Publik*. Penerbit Salemba.
- Kusumawati, R., & Handayani, T. (2022). Penerapan sistem akuntansi keuangan daerah dan kualitas laporan keuangan. *Jurnal Akuntansi Dan Auditing Indonesia*, 26(1), 67–84.
- Lestari, M., & Firmansyah, A. (2022). Komitmen pimpinan dan sistem pengendalian internal dalam meningkatkan kualitas laporan keuangan. *Jurnal Manajemen Dan Akuntansi*, 13(2), 98–115.
- MAHMUDA, D. (2025). DETERMINAN KUALITAS LAPORAN KEUANGAN PEMERINTAH DAERAH: PERAN PSYCHOLOGICAL CAPITAL SEBAGAI VARIABEL MODERASI= DETERMINANTS OF LOCAL GOVERNMENT FINANCIAL STATEMENT QUALITY: THE MODERATING ROLE OF PSYCHOLOGICAL CAPITAL. Universitas Hasanuddin.
- MIRANY, M. (2025). PENGARUH AKUNTABILITAS, KOMPETENSI SUMBER DAYA MANUSIA & SISTEM INFORMASI AKUNTANSI TERHADAP KUALITAS LAPORAN KEUANGAN BLUD PUSKESMAS SE-KOTA METRO LAMPUNG. UNIVERSITAS LAMPUNG.
- Mulyani, S., & Kurniawan, D. (2022). Implementasi Sistem Informasi Pemerintahan Daerah (SIPD) dan kualitas laporan keuangan. *Jurnal Sistem Informasi Pemerintahan*, 7(1), 45–62.
- Nasution, I. (2022). Implementasi Kebijakan Peraturan Pemerintah Nomor 17 Tahun 2020 tentang Perubahan atas Peraturan Pemerintah Nomor 11 Tahun 2017 tentang Manajemen Pegawai Negeri Sipil dalam Pengembangan Karier pada Badan Kepegawaian dan Pengembangan Sumber Daya Manusia Ko.
- Nugroho, A., & Susanti, E. (2022). Kapasitas fiskal daerah dan kualitas laporan keuangan. *Jurnal*

- Keuangan Publik*, 10(2), 134–151.
- Pemerintah Republik Indonesia. (2010). *Peraturan Pemerintah Nomor 71 Tahun 2010 tentang Standar Akuntansi Pemerintahan*. Sekretariat Negara.
- Permata, R., & Anggraeni, D. (2023). Kesiapan organisasi dan pemanfaatan teknologi informasi dalam pelaporan keuangan. *Jurnal Transformasi Digital Dan Akuntansi*, 5(2), 78–95.
- Prasetyo, A. (2024). Faktor-faktor yang memengaruhi kualitas laporan keuangan pada organisasi publik. *Jurnal Akuntansi Sektor Publik*, 15(2), 112–128.
- Prasetyo, T. A., L, C. A., P, A. O., Rahmawati, R., & Supardi, A. (2024). *Pengaruh Likuiditas , Profitabilitas , Leverage dan Pertumbuhan Perusahaan Terhadap Kebijakan Dividen Perusahaan Manufaktur di BEI Pasca-Pandemi (2020-2023)*.
- Purnama, I., & Dewi, K. (2021). Tekanan politik dan tuntutan masyarakat terhadap kualitas laporan keuangan. *Jurnal Politik Dan Pemerintahan*, 9(1), 56–73.
- Putra, I. G. A., Suryandari, N., & Pratiwi, P. E. (2023). Pengaruh kompetensi sumber daya manusia terhadap kualitas laporan keuangan pemerintah daerah. *E-Jurnal Akuntansi Universitas Udayana*, 33(4), 1012–1028.
- Rahmawati, S., & Dewi, L. (2021). Penerapan Standar Akuntansi Pemerintahan berbasis akrual dan kualitas laporan keuangan. *Jurnal Standar Akuntansi*, 12(3), 89–106.
- Rajagukguk, G. P. J., Simanjuntak, L., Pane, M. G. O. V., Harmain, H., & Hamidah, H. (2025). Evolusi Teori Akuntansi Sektor Publik: Analisis Perkembangan Dan Tantangan Di Era Digital. *Jurnal Ilmu Ekonomi Dan Bisnis*, 3(1), 11–18.
- Ramli, M. (2024). Peran kompetensi individu dan pengawasan internal dalam meningkatkan kualitas informasi keuangan. *Jurnal Riset Akuntansi Dan Keuangan*, 12(1), 45–62.
- Sari, D. P., & Ramadani, F. (2022). Analisis pengaruh sistem pengendalian internal terhadap kualitas laporan keuangan pemerintah daerah. *Jurnal Akuntansi Dan Auditing Indonesia*, 26(2), 89–104.
- Sastrini, K., & Anantawikrama Tungga Atmadja. (2025). Pengaruh Prinsip Good Corporate Governance terhadap Kinerja LPD di Kecamatan Tejakula dengan Sistem Pengendalian Internal Sebagai Variabel Moderasi. *Vokasi : Jurnal Riset Akuntansi*, 13(3), 110–121. <https://doi.org/10.23887/vjra.v13i3.81990>
- Sirait, D. E., Fau, E. Y., Hutabarat, L., & Silaen, N. R. (2024). PENGARUH LINGKUNGAN KERJA DAN MOTIVASI KERJA TERHADAP PRODUKTIVITAS KERJA KARYAWAN DI PT. JAYA ANUGRAH SUKSES ABADI MEDAN. *JURNAL GLOBAL MANAJEMEN*, 13, 57–65.
- Sugiyono. (2011). *Metode Penelitian Kualitatif & Kuantitatif*. Alfabeta.
- Sugiyono. (2021). *Qualitative, Quantitative, and R & D Research Methods*. Alfabeta.
- Sumantri, B. A., & Permana, E. P. (2016). *Manajemen Koperasi dan UMKM*. 1–23.

- Suryani, E., & Hidayat, R. (2021). Kualitas SDM dan pemanfaatan teknologi informasi terhadap kualitas laporan keuangan. *Jurnal Akuntansi Dan Teknologi*, 8(2), 67–84.
- Sutrisno, E. (2019). *Manajemen Sumber Daya Manusia Edisi Revisi*. Kencana Prenada Media Group.
- Wicaksono, R. (2023). Pemanfaatan teknologi informasi sebagai moderasi pengaruh kompetensi terhadap kualitas output laporan. *Jurnal Sistem Informasi Dan Akuntansi*, 18(3), 201–218.
- Wijaya, T., & Putri, A. (2023). Gaya kepemimpinan transformasional dan kualitas laporan keuangan. *Jurnal Manajemen Publik*, 14(1), 34–51.
- Yuliani, S., Nadirsyah, N., & Bakar, U. (2010). Pengaruh pemahaman akuntansi, pemanfaatan sistem informasi akuntansi keuangan daerah dan peran internal audit terhadap kualitas laporan keuangan pemerintah daerah (Studi pada Pemerintah Kota Banda Aceh). *Jurnal Telaah Dan Riset Akuntansi*, 3(2), 206–220.