

Advances in Applied Accounting Research

<https://advancesinresearch.id/index.php/AAAR>



Moderating Role of Human Resource Competence: Information Technology and Internal Control's Impact on Regional Financial Report Quality

Allung Prasetio¹ Jamaluddin Majid² Muhammad Sapril Sardi Juardi ✉

✉ Universitas Islam Negeri Alauddin Makassar, Makassar, 92113, Indonesia

^{1,2} Universitas Islam Negeri Alauddin Makassar, Makassar, 92113, Indonesia

Received: 2023, 04, 29 Accepted: 2023, 05, 30

Available online: 2023, 05, 31

Corresponding author. Muhammad Sapril Sardi Juardi

✉ sapril.sardi@uin-alauddin.ac.id

KEYWORDS	ABSTRACT
<p>Keywords:</p> <p>Information technology; internal control; human resources competence; quality of financial reports.</p> <p>Conflict of Interest Statement:</p> <p>The author(s) declares that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.</p> <p>Copyright © 2023 AAAR. All rights reserved.</p>	<p>Purpose: This study aims to investigate the impact of information technology and internal control on the quality of financial reports, with human resource (HR) competency serving as a moderating variable. The hypothesis tested is whether HR competency can strengthen or weaken the relationship between the independent variables and the quality of financial reports.</p> <p>Research Design and Methodology: This quantitative, causality-focused research involved 52 respondents from the SKPD (Regional Work Units) of the Luwu Utara Regency Government, selected through purposive sampling based on a minimum of one year of service. Primary data were collected via questionnaires and analyzed using SPSS 25. Standard assumption tests were conducted, including tests for normality, multicollinearity, heteroscedasticity, and autocorrelation. Hypotheses were tested using multiple linear regression and moderation regression analysis with interaction terms.</p> <p>Findings and Discussion: The results reveal that internal control has a positive and significant effect on the quality of financial reports, whereas information technology does not show a significant impact. However, HR competency successfully moderates the relationship between information technology and financial report quality but not between internal control and financial report quality.</p> <p>Implications: The findings suggest that strengthening HR competency is essential to maximizing the benefits of information technology in financial reporting. Further studies are recommended to investigate these dynamics across various regions and sectors, facilitating broader policy applications.</p>

Introduction

Government Accounting Standards play a pivotal role in preparing financial reports, with legal authority to enhance the dependability of financial statements for both local and national governments. To establish openness and accountability in the preparation and reporting of regional financial reports, the government must address the requirement for information technology. This technological intervention is necessary to enhance data processing speed, efficiency, and effectiveness (Diani, 2014). The advent of information technology has profoundly impacted the nature



and content of information, as well as its implications for accounting practices (Paranoan et al., 2019). The Accounting Information System (AIS) is an area of accounting that is impacted by the widespread use of Information Technology (IT) within a firm (Kabuhung, 2018). The accounting cycle in computer-based accounting mirrors the manual-based accounting cycle, as it entails no discernible variation in the tasks involved in preparing financial reports. Therefore, it is imperative to employ computer information technology to bolster the accounting information system (Dewi et al., 2021). Utilizing computer-based accounting information streamlines the process of generating financial statements, transitioning from a manual system to a computerized one. Additionally, the internal control of the Accounting Information System (AIS) and the accuracy and comprehensiveness of the information presented in the financial statements will also be affected. The utilization of AIS enables accountants to effectively handle various tasks, including, but not limited to, the addition, modification, retrieval, and removal of information (Al-Hawari, 2017; Taiwo, 2016).

The quality of utilizing or employing information technology in accounting information can be enhanced by implementing a suitable control system within the governmental framework. Implementing accounting information systems necessitates incorporating robust internal control measures that effectively assess and evaluate the strategy to attain organizational objectives (Utari et al., 2017). The assessment of the reasonableness of regional financial information by the BPK relies on the internal control criterion, specifically the efficacy of the Internal Control System (SPI). Nevertheless, it is worth noting that the Indonesian financial system exhibits several vulnerabilities, with one notable area of concern being the deficiencies observed in the design and execution of the internal control system (Sartono, 2012). According to Herawati (2016), the primary objective of the State Financial Performance Improvement (SPI) program is to enhance the efficiency, clarity, and responsibility of state financial management. According to Lestari (2020), successful deployment of the internal control system is expected to yield favorable financial statements. Warren (2016) posits that the primary aim of the internal control system is to verify the dependability and precision of accounting information. The government continues to encounter numerous challenges in generating regional financial reports. The fundamental issue in preparing financial statements is the need for more competence in human resources within each SKPD. Zetra (2009) examined the financial reporting procedures employed by ten local governments in West Sumatra Province between 2008 and 2009. The findings revealed that local government officials encountered challenges in promptly, responsibly, and transparently reporting financial information and preparing reports based on the Systems, Applications, and Products (SAP) framework. This can be attributed to the need for more adequate resources to execute fiscal responsibility, particularly in accounting, effectively. The production of high-quality financial reports necessitates the presence of skilled and competent human resources. According to Majid and Idward (2018), the development of HR competency requires the integration of skills, knowledge, and individual behavior in the execution of their duties and obligations by governmental requirements.

The issue observed within the government of North Luwu Regency pertains to the need for more incorporation of information technology in the financial reporting process. The study by Arona (2021) on the influence of information technology on financial reporting within the North Luwu Regency government supports this claim. His study's findings indicate that there is no significant effect of information technology on the quality of financial reporting. The effectiveness of the internal control system in North Luwu Regency remains inadequate, as noted in the 2011 financial statements of the North Luwu Regency government, which received a Reasonable Disqualification (WDP) judgment from the representative of the BPK RI in South Sulawesi. During its inspection, the BPK identified instances of non-compliance with laws and regulations within the financial sector, thereby impacting the integrity of the financial accounts of the northern Luwu regional government in 2011. Prior studies have shown that information technology can impact the quality of financial reports, both simultaneously and in part, according to a survey by Mutiana (2017). This study's findings align with earlier research by Chodijah and Hidayah (2018) and R. N. Rahmawati and Narsa (2019). These studies have demonstrated that the extent to which information technology is utilized notably impacts the quality of government financial reporting. However, there is a disparity between the present study and the research conducted by Hajra (2021), as the latter concluded that the utilization of information

technology does not influence the dependability of financial statements. Given the provided background information and the observed phenomena in previous studies about the various findings (GAP), there is a research interest in investigating the impact of information technology and internal control on the quality of financial reports. Additionally, this study examines the moderating role of HR competence in this relationship.

Jensen and Meckling initially proposed the idea of agency theory in 1976. They posited that agency relationships emerge when one or more individuals (or employers) compensate others (agents or workers) to act on their behalf by delegating decision-making authority to them. Within this setting, a connection emerges between shareholders and management, as well as between shareholders and creditors, specifically bondholders. The use of agency theory extends to the public sector as well. In a democratic nation, an agency connection exists between the general population, the government, and local and central government entities. The allocation of authority from the central government to regional governments necessitates a corresponding obligation on the part of local governments to be accountable for fulfilling their commitments to the central government. However, it is imperative for local governments also to optimize their welfare (Zelmiyanti, 2016). The Technology Acceptance Model (TAM) is a theoretical framework that explains and predicts individuals' acceptance and adoption of new technologies. The Technology Acceptance Model (TAM) is a theoretical framework that elucidates the factors influencing individuals' behavioral inclination toward adopting and utilizing information technology. Numerous other academics later adopted the theoretical framework that Davis (1989) had initially developed. The theoretical foundation of the Theory of Acceptance and Use of Technology (TAM) can be traced back to the Theory of Reasoned Action (TRA), initially formulated by Fishbein and Ajzen in 1975. The Theory of Reasoned Action (TRA) is a comprehensive framework that thoroughly examines the social psychology underlying individuals' conscious behavior. The authors Sayekti and Putarta (2016) discuss the concept of Technology Readiness Assessment (TRA) and its impact on user attitudes towards Information Technology (IT). They explore how users' reactions and perceptions of IT can influence their acceptance of the technology. Like the Technology Acceptance Model (TRA), the Technology Acceptance Model (TAM) also explains the adoption and usage of computers. The objective is ascertained from behavioral patterns, although the distinction resides inside the purpose. The review behavior exhibited by a collective is influenced by the individual's attitudes toward the practicality of system usage and their perceptions. The primary objective of the Technology Acceptance Model (TAM) is to comprehensively analyze the attitudes that users exhibit toward the technology they employ. The Theory of Planned Behavior (TAM) posits that an individual's beliefs significantly explain their overall behavior. According to Davis (1989), the effective utilization of information system technology by individuals is contingent upon two factors: the ease of use of the system and its ability to enhance performance, hence generating income and profit. Following the Technology Acceptance Model (TAM), an individual's inclination to adopt a system or technology is influenced by two key factors: perceived practicality, which pertains to the individual's level of trust in the technology's ability to enhance performance, and perceived ease of use, which refers to the individual's level of confidence in their ability to utilize the technology effectively.

Financial statements are documents that adhere to the guidelines outlined in Government Regulation No. 71 of 2010. These reports are structured in a manner that is closely linked to the statement of financial condition and encompass all relevant transactions conducted by each reporting company. According to Government Regulation No. 8 of 2006, which pertains to government financial and performance reports, the financial statements of both the central government and local governments demonstrate accountability for their financial activities within a specific budgetary term. According to Jalil (2022), a thorough compilation of an SKPD's financial data, which the financial statement preparer systematically prepares after a particular period, determines the quality of the financial statements. These statements serve as records that offer financial insights into an organization's operations over a defined timeframe. The financial report serves as a means of ensuring accountability for each institution's budget and expenditures. According to Ihsanti (2014), financial statements must be prepared by relevant accounting standards. This is necessary to ensure that the financial statements can be differentiated from those of other companies or previous years' financial statements. An entity's financial statements can be deemed satisfactory if the information is readily

comprehensible and a dependable resource for users to make informed decisions. The financial statements must contain misleading ideas or significant errors to ensure reliability. To ensure the utility of financial reports for stakeholders, the accounts must provide valuable and high-quality information that facilitates decision-making (Ikyarti & Aprila, 2019).

The advent of globalization, characterized by advancements in information technology, necessitates that all companies and organizations adapt to remain competitive in acquiring and assimilating information. The advent of information technology has led to significant transformations within firms and their respective business processes. The indispensability of details in the present era of globalization is a widely acknowledged fact (Kasandra & Juliarsa, 2016). Hajra (2021) defines information technology as a system rooted in the field of science and technology that is employed to handle data using processing, assembly, and storage, with the ultimate goal of generating pertinent and precise information that can be utilized for decision-making. Internal control refers to a system of procedures and policies established within an organization to instill sufficient confidence in management's ability to accomplish its goals and objectives (Rai, 2008). Karmila (2022) posits that internal control encompasses a set of rules and processes designed to ensure sufficient certainty in attaining specific objectives within a corporate unit. According to Lestari and Dewi (2020), internal control is a systematic procedure organizations or agencies establish to achieve goals. Both information technology and human resources impact this procedural framework. Internal control plays a crucial role in internal supervision, independently evaluating the performance of government agencies in fulfilling their responsibilities and executing their operations. The internal supervision arrangements encompass various aspects, including the institutional scope, human resource skills, scope of duties, audits, codes of ethics, peer reviews, and reporting (Aditya & Surjono, 2017). According to Yendrawati (2013), the primary objective of internal control at the organizational level is to generate accurate and dependable financial reports, effectively accomplish operational and strategic goals within specified timeframes, and adhere to relevant regulations and laws.

Human resources refers to the individuals within a business who are engaged in various activities (Suwatno, 2008). The concept of HR competence refers to the ability of individuals within an institution or organization to perform their roles and duties effectively and efficiently, thereby contributing to the achievement of organizational objectives (Hajra & Majid, 2021). According to Tuasikal (2012), those responsible for preparing financial reports must have accounting and financial management expertise to ensure the usefulness of financial statement information for users. An individual's level of competence can be evaluated based on their comprehension, capabilities, and proficiencies in executing specified duties. Human resources are a crucial component necessary for the functioning of any firm. The organization's capacity to accomplish its objectives will be contingent upon the caliber of its human resources. Information technology (IT) is an amalgamation of computer and telecommunications technology for data processing. This encompasses activities such as processing, acquiring, assembling, and manipulating data in diverse manners to generate high-quality information (Sari & Pamono, 2013). According to Ardi (2013), the utilization of information technology has the potential to support organizations in monitoring and enhancing internal control systems, as well as augmenting the quantity of high-quality financial reports, among other benefits. To improve the management capabilities of each agency, every institution or agency must adopt and develop technological advancements to support the government's financial processing process. Information technology will facilitate the preparation of financial reports, making it more efficient, expedient, and convenient (Mutiana et al., 2017). According to Sari (2016), the use of information technology is expected to impact the overall quality of financial reporting positively.

H₁: Information technology positively affects the quality of financial statements.

Warren (2016) posits that a critical aim of internal control is to verify the dependability and precision in the compilation of accounting information. According to Kiranayanti and Erawati (2016), implementing an accounting system can effectively mitigate errors in the computation and documentation of accounting transactions, reducing errors committed by local governments. Internal control is a crucial component of the accounting information system, as it plays a pivotal role in

ensuring the efficient functioning of the system. The internal control system is designed to identify and mitigate potential errors in the accounting process, as well as safeguard organizational data against possible system sabotage or fraud (Triyani, 2018). According to Herawati (2016), the Strategic Performance Indicators (SPI) framework, which encompasses risk assessment, control environment, information, and communication, as well as monitoring and control activities, has a favorable and statistically significant impact on the quality of financial reporting in local governments.

H₂: Internal control positively affects the quality of financial statements.

To enhance the accuracy and reliability of financial statements, an organization must prioritize improving its information technology infrastructure. This is due to the continuous evolution of technology, necessitating firms to adeptly navigate and effectively utilize the most up-to-date technological advancements (Kristanto et al., 2018). In the contemporary era of globalization, human resources inside organizations must possess the competence to effectively adapt and respond to the evolving conditions prevalent in the community environment (Furqon, 2018). The field of Information Technology (IT) facilitates enhanced efficiency and precision in many processes, hence augmenting the proficiency of human resources in executing jobs with elevated levels of quality and productivity. According to the findings of Agustiawan's 2016 study, it was determined that the competency of human resources has the potential to enhance the relationship between the exploitation of information technology and the quality of financial statements.

H₃: Human resource competencies strengthen the influence of information technology on the quality of financial statements.

A strong understanding of the internal control system's implementation is undeniably intertwined with the importance of user proficiency, particularly in the context of human resources. A comprehensive comprehension of a system will yield optimal outcomes in its implementation and ensure a consistent use of the system. According to Windiastuti (2014), although possessing skilled personnel with a background in accounting education, regional work units typically engage in accounting training and education initiatives, demonstrating proficiency in effectively managing restricted finances. According to a study by Agustiawan (2016), the results indicate that the competence of human resources can enhance the relationship between the internal control system and the quality of financial reports. Due to the involvement of human resources in the execution of these controls, Agustiawan (2016) asserts that HR competency has a significant impact on the effectiveness of the internal control system.

H₄: Human resource competencies strengthen the effect of internal control on the quality of financial statements.

Research Design and Methodology

This research was conducted in several regional work units (SKPDs) of the North Luwu Regency, involving employees and financial staff from each SKPD of the North Luwu Regency Government. This study employed the probability sampling method, utilizing a purposive sampling technique. Primary data, or information gathered directly from respondents using a questionnaire, is the primary data source. The questionnaire has questions regarding the respondent's data and the indicators of each variable used in this study. In measuring each variable in this study, a Likert scale with five alternative answers was used, namely: Strongly agree (SS) with a score of 5, Agree (S) with a score of 4, Disagree (KS) with a score of 3, Disagree (TS) with a score of 2 and Strongly Disagree (STS) with a score of 1. The data collected will be analyzed through several stages of testing. The first stage involves conducting a descriptive statistical test. The second stage consists of testing the research instrument, encompassing assessments of validity and reliability. The third stage involves the classic assumption tests, including the normality test, heteroscedasticity test, and multicollinearity test. The fourth stage

consists of testing all hypotheses proposed in this study, which will be verified through multiple regression analysis, a coefficient of determination test, a simultaneous test, and a partial test (t-test).

Table 1. Operational definitions and indicators

Variable	Code	Indicator	Major Reference
Information Technology	X1.1	Adequate number of computers	(Ardi, 2013; M. Sari & Pamono, 2013)
	X1.2	Internet network utilization	
	X1.3	Accounting processes are computerized.	
	X1.4	Use of software by the law	
Internal Control	X2.1	Control environment	(Triyani, 2018; Yendrawati, 2013)
	X2.2	Risk Assessment	
	X2.3	Control activities	
	X2.4	Information and communication	
	X2.5	Monitoring	
HR Competency	X3.1	Knowledge	(Kiranayanti & Erawati, 2016; Windiastuti, 2014)
	X3.2	Skills	
	X3.3	Ability	
	X3.4	Experience	
Financial Statement Quality	Y2.1	Relevant	(Aditya & Surjono, 2017; Kiranayanti & Erawati, 2016)
	Y2.2	Reliable	
	Y2.3	Understandable	
	Y2.4	Comparable	

Source: Primary Data

Findings and Discussion

Findings

The validity test is used to assess the validity of the questionnaire in the study. Statement items are valid if the *r*-calculated is greater than the *r*-estimated and has a positive value (Ghozali, 2018). An item will be considered valid if it significantly correlates with the total score and the *r*-calculated is greater than the *r*-estimated. In this study, the *r*-estimated value used was obtained from a significance level of 0.05 and *N* = 52, so the value on the *r*-table was 0.2306. So when the test result of the instrument value is more significant than the *r*-table, the instrument tested can be declared valid. The reliability test was conducted to assess the questionnaire, serving as an indicator of the variable. The questionnaire is reliable if someone's answer to the statement is consistent. The results of Cronbach's Alpha value (Alpha limit value) on the independent and dependent variables in this study show a number greater than 0.60 (Ghozali, 2018). Namely, the variables X1, X2, Y, and M are assigned values of 0.808, 0.845, 0.604, and 0.749, respectively. This indicates that all statements regarding the independent and dependent variables are reliable, suggesting that the questionnaire instrument is also trustworthy in measuring the variables in the research model.

The classic assumption test determines whether the assumptions necessary for analyzing linear regression have been met. A normality test was conducted to assess the normality of the research data. Suppose the significance value of the Kolmogorov-Smirnov test is less than 0.05. In that case, the regression equation is said to pass the normality test, indicating that the data is usually distributed. The results of the Kolmogorov-Smirnov test obtained are as follows: Asymp. Sig is above the 5% significance level of 0.200, which means that the data tested is normally distributed. A multicollinearity test is conducted to determine whether the independent variables of the regression model are correlated. Multicollinearity testing can be seen from the Tolerance Value or Variance Inflation Factor (VIF) number. If the tolerance value is more significant than 0.10 and the VIF is less than 10, the study has no multicollinearity. However, if the tolerance value is less than 0.10 and the VIF is greater than 10, it indicates that multicollinearity exists in the study. According to the results of multicollinearity testing in this study, the VIF values for all variables are smaller than 10. Namely, variables X1, X2, and M consecutively are worth 2.816, 2.758, and 1.130. This result is also confirmed by the tolerance value, which exceeds 0.10. Where respectively worth 0.355, 0.363 and 0.885. This shows no evidence of multicollinearity between independent variables.

Heteroscedasticity testing is used to determine whether there is an inequality of variance between the residuals of one observation and those of other observations in the regression model. To test heteroscedasticity, the Glesjer test can also be used. If the significant value is above 0.05, there will

be no heteroscedasticity. The results of the Glesjer test indicate that the probability for all independent variables is substantially above 0.05, suggesting that this regression model does not contain heteroscedasticity. The autocorrelation test is conducted to determine whether there is a correlation between confounding errors in period t and those in period $t-1$ (the previous period). The Durbin-Watson test can determine whether a model is free from autocorrelation. The results show that, based on a significance level of 5% with 52 respondents ($n = 52$), the value of $dW = 2.193$ and 4 variables ($k = 4$), the obtained value is $dL = 1.3929$, and the importance of $dU = 1.7223$. So, it is known that the value ($4-dU$) is 2.2777. Since 2.193 is still between the values above ($2.2777 > 2.193 > 1.7233$), this model does not exhibit autocorrelation disorder, making it suitable for further analysis.

Furthermore, the partial hypothesis test (t-test) aims to determine the influence of each independent variable on the dependent variable while controlling the effects of the other independent variables. The significance level used in this study is ($\alpha = 5\%$). This means that the researcher's decision to reject or fail to reject the null hypothesis has a 5% margin of error. The regression analysis results in Table 2 show that the information technology and internal control variables have t-counts of 0.232 and 2.390, respectively. The t-table with significance is $\alpha = 0.05$ and $df = n-k-1$, namely $52-2-1 = 49$. The t-table values are 1.67528 with a significance level of 0.818 and 0.0021. Therefore, it can be concluded that the information technology variable has no significant impact. In contrast, internal control has a substantial effect on the quality of financial statements, as evidenced by the rejection of Hypothesis 1 and the acceptance of Hypothesis 2.

Table 2. Partial Test Results (Coefficients^a)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	18,889	3,068		6,157	0,000
Information Technology	0,036	0,157	0,047	0,232	0,818
Internal Control	0,312	0,131	0,483	2,390	0,021

a. Dependent Variable: Financial Statement Quality (Y)

Table 3. Moderated Regression Analysis Test Results with Interaction Test Approach (Coefficients^a)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	86.823	26.897		3.228	0,002
Information Technology	-3.272	1.940	-4.216	-1.687	0,098
Internal Control	1.048	1.692	1.620	.620	0,539
HR Competency	-1.911	0,773	-2.390	-2.474	0,017
Moderating_1	0,092	0,054	6.295	1.697	0,097
Moderating_2	-0,020	0,048	-1.643	-.426	0,672

a. Dependent Variable: Financial Statement Quality (Y)

Source: SPSS V.23 Processed Data

The results of the interaction test, as shown in Table 3, indicate that the moderating variable Moderating 1 has a t-count of 1.697, which is greater than the t-table value of 1.67528 at a significant level of 0.097, exceeding the 0.05 threshold. The unstandardized beta coefficient value for the moderation between information technology variables and HR competencies is 0.092, and it is positive. This shows that the HR competency variable cannot significantly moderate the relationship between information technology and the quality of financial statements, and the hypothesis is rejected. Meanwhile, the moderating variable X2_M has a t-count of -0.426, which is smaller than the t-table value of 1.67528 with a significant level of 0.672, greater than 0.05. The unstandardized beta coefficient of moderation between internal control variables and HR competencies is -0.020. This indicates that the HR competency variable does not serve as a moderating variable that can strengthen the relationship between the internal control variable and the quality of financial statements. Therefore, H4, which states that HR competence enhances the relationship between internal control and the quality of financial statements, remains to be proven and accepted.

The coefficient of determination test is used to determine the extent to which the independent variable influences the dependent variable (Ghozali, 2018). The R-squared value of the regression model is used to determine how much the independent variable (independent) contributes to explaining the dependent variable (dependent).

Table 4. Determination Coefficient Test Results (Model Summary)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.521 ^a	.271	.242	2.329

a. Predictors: (Constant), X1, X2

b. Dependent Variable: Financial Statement Quality (Y)

Source: SPSS V.23 Processed Data

According to the data in Table 4, the R^2 (adjusted R-squared) value is determined to be 0.242. This finding indicates that the quality of financial reports is influenced by information technology and internal control variables, accounting for approximately 24% of the overall impact. The portion of the data that has not been explored in this study, accounting for 76% (100% - 24%), is subject to the influence of other variables. The F-test was employed to assess the collective impact of independent factors on the dependent variable (Ghozali, 2018). The examination compares the F-count value with the F-table value using a predetermined level of significance (α) and the corresponding degrees of freedom (df). Based on the results table of Table 5, multiple linear regression testing yielded an F count of 9.130 with a significance level of 0.000, which is smaller than 0.10. The acquisition of the calculated F value of 9.130 > F table in this case is 4.03 (df1 = 1 and df2 = 50). Therefore, it is well understood that information technology and internal control have a simultaneous impact on the quality of financial statements.

Table 5. Simultaneous Test Results (ANOVA^a)

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	99,085	2	49,542	9,130	,000 ^b
Residual	265,896	49	5,426		
Total	364,981	51			

a. Dependent Variable: Financial Statement Quality (Y)

b. Predictors: (Constant), Internal Control (X2), Information Technology (X1)

Source: SPSS V.23 Processed Data

Discussion

Information Technology and Financial Statement Quality

The analysis of the test results indicates that the initial hypothesis is rejected, suggesting that no statistically significant relationship exists between Information Technology and the Quality of Financial Statements. This suggests that the government of North Luwu Regency still needs to fully maximize the utilization of information technology in preparing financial reports. As a result, the first hypothesis is not supported and is thus rejected. The results of this study are consistent with those of earlier research by Hajra (2021), which concluded that the use of information technology has no impact on the dependability of financial accounts. Setyowati (2016) also observed similar findings, indicating that the impact of information systems adoption on the quality of financial reporting in regional government is not statistically significant. Nevertheless, the results presented in this study appear to be inconsistent with the outcomes of prior research undertaken by Mutiana et al. (2017), A. Rahmawati et al. (2018), and S. P. Sari & Witono (2016), whereby it was posited that the influence of information technology on the quality of financial statements was indeed significant.

Internal Control and Financial Statement Quality

The analysis of the test results indicates that the second hypothesis has been accepted, suggesting a positive and statistically significant relationship between Internal Control and the Quality of Financial Statements. This assertion posits that internal control exerts a favorable and substantial impact on the caliber of financial statements. This finding indicates a positive correlation between the level of internal control implemented by the North Luwu district government and the quality of the financial statements produced. The results of this study suggest that the internal control system

implemented by the government of North Luwu Regency is deemed effective and compliant with the regulatory framework established by the government. The meticulous production of financial reports involves painstaking scrutiny to identify potential leaks or inconsistencies within the financial accounts. The leadership monitors activities through regular assessment and evaluation of information, aiming to make necessary improvements. This approach ensures that the leadership consistently develops strategies for effective management and mitigates the danger of ongoing infractions. The Office of Public Development (OPD) in North Luwu Regency has implemented a systematic approach that aligns with the goals of government agencies and fully addresses activities at various levels. This approach thoroughly examines both external and internal elements, with a particular focus on assessing risks. The results of this study are consistent with Tuti Herawati's (2016) research, which shows that the internal control system has a positive and statistically significant impact on financial reporting. Triyani (2018), Ikyarti and Aprila (2019), and Chodijah and Hidayah (2018) also reported findings that there is a significant correlation between internal control and the caliber of financial statements. The internal control system, however, has little effect on the caliber of financial statement information, in contrast to the findings of earlier studies by Sambuaga et al. (2020) and Yendrawati (2013).

HR Competence Moderates the Relationship between Information Technology and the Quality of Financial Statements

The research findings indicate that the HR Competency variable does not have a substantial moderating effect on the association between information technology and the quality of financial reports. Consequently, the hypothesis is invalidated. The findings suggest that more than the presence of human resources and sufficient information technology is needed to guarantee an enhancement in the capacity of regional financial management to generate high-quality financial reports intended to disseminate regional financial information to the public. Local governments must identify and utilize proficient human resources to optimize the utilization of information technology, thereby enhancing the quality of financial reports produced by the local government. The findings of this study are consistent with those of Harahap's (2017) research, which suggests that HR competency can mitigate the impact of information technology on the quality of financial reports. While HR competence has the potential to enhance the quality of financial statements, its effectiveness is limited in situations where information technology is not optimally utilized. HR competence needs to reinforce or generate high-quality financial reports in such cases. Nevertheless, the findings in this study contrast the research conducted by Agustiawan (2016), which demonstrated that the competency of human resources can enhance the relationship between the adoption of information technology and the quality of financial reports.

HR Competence Moderates the Relationship between Internal Control and Financial Report Quality

The analysis results indicate that the HR competency variable does not possess the capacity to function as a moderating variable, hence lacking the ability to enhance or diminish the association between the internal control variable and the quality of financial statements. The proposition that HR competence enhances the association between internal control and the quality of financial statements, as stated in H4, has yet to be empirically validated or refuted. The results of this study are consistent with earlier research by Sambuaga et al. (2020) and Yensi et al. (2015), which came to the same conclusion that HR competency does not have a moderating effect on the relationship between internal control and the caliber of financial statements. However, the results of earlier studies by Agustiawan and Rasmini (2016) and Sambuaga et al. (2020) are inconsistent with those of this study. These studies above discovered that the relationship between the internal control system and the quality of financial reports can be enhanced through the presence of human resource skills.

The field of financial governance has witnessed significant advancements in recent times, particularly concerning the preparation of financial reports. Financial reports have emerged as a crucial element for both central and regional government agencies in their pursuit of producing accountable and transparent financial statements to the general public. Submitting financial reports serves as a means for the government, both at the central and local levels, to uphold transparency

and accountability in managing public finances. This practice aligns with the principles outlined in Law Number 17 of 2003, which pertains to Regional Government and establishes guidelines for the operation of the government system. According to Mardiasmo (2009), public accountability entails the responsibility of an agent, the trustee, to provide transparency and disclosure of all their actions and undertakings to the principal, who possesses the authority to hold them accountable. According to Mutiana (2017), the internal control system has both a simultaneous and indirect impact on the quality of financial statements. The findings presented here are consistent with prior studies undertaken by Herawati (2016), Ikyarti and Aprila (2019), and Triyani (2018), which also concluded that internal control has a significant impact on the quality of financial statements. However, a disparity exists between the present study and the research conducted by Yendrawati (2013), as the latter concluded that the internal control system has little influence on the quality of financial statement information.

According to Nasrudin (2010), human resources are crucial in achieving success inside a company or agency. The elevated worth of human resources within an organization can be attributed to skills, knowledge, and competencies. According to Tuasikal (2012), to generate financial information that is valuable for its intended users, it is imperative for the individuals responsible for preparing financial reports to possess expertise in the realm of accounting systems and regional financial processing. According to the findings of Hajra (2021) and Mutiana (2017), it has been determined that the quality of human resources has a collective impact on financial reporting. However, there is a divergence between the findings of Siwambudi et al. (2017), Wijayanti and Handayani (2017), and Yendrawati (2013) and the present study. These prior studies suggest that human resource competency has a low impact on the quality of regional financial reports.

Conclusion

This study aims to assess the favorable impact of independent variables, specifically information technology and internal control, on the dependent variable: the quality of financial statements. Additionally, the study examines the moderating effect of HR competence on this relationship. The findings indicate that the impact of information technology on the quality of financial statements is negligible. In contrast, internal control systems have a notable and favorable influence on the quality of financial statements. In the context of moderation testing, it has been observed that HR competence does not possess the ability to effectively moderate the impact of information technology on the quality of financial reports. Similarly, HR competence cannot moderate the influence of internal control on the quality of financial statements.

Future studies should employ a bigger sample size to enhance the precision of their research findings. The conclusions presented pertain solely to the state of several SKPDs within the governmental framework of North Luwu Regency. Future studies are anticipated to broaden the breadth of their population and sample, encompassing additional government agencies and corporate entities. A prospective study could consider incorporating more research variables that impact the quality of financial reports. Furthermore, it is essential to consider the diverse conditions prevalent in Indonesia to provide valuable insights to government agencies in their efforts to produce high-quality financial reports. For instance, the inclusion of additional variables as moderators or an examination of the factors contributing to the lack of significance observed in the variables under investigation. The necessity of acquiring expertise in specialized domains is growing in tandem with the rising diversity of crimes occurring within local government organizations. This is particularly true for competence in software, as it enables the effective and efficient attainment of goals.

References

- Aditya, O. R., & Surjono, W. (2017). Pengaruh sistem pengendalian intern terhadap kualitas laporan keuangan. *Jurnal Sikap*, 2(1), 49-62. <https://www.academia.edu/download/80542725/pdf.pdf>
- Agustiawan, N. T., & Rasmini, N. K. (2016). Pengaruh sistem berbasis akrual, TI, dan SPIP pada kualitas laporan keuangan dengan kompetensi SDM sebagai moderasi. *E-Jurnal Ekonomi Dan Bisnis Universitas Udayana*, 10(5), 3475-3500. <https://ojs.unud.ac.id/index.php/EEB/article/download/20579/16213>

- Al-Hawari, F. (2017). Analysis and design of an accounting information system. *International Research Journal of Electronics and Computer Engineering*, 3(2), 16-21. <http://dx.doi.org/10.24178/irjece.2017.3.2.16>
- Ardi, B. K. (2013). Pengaruh kemajuan teknologi informasi terhadap perkembangan sistem informasi akuntansi. *Jurnal Ekonomi* No, 38. <http://www.ejurnal.stiedharmaputra-smg.ac.id/index.php/DE/article/view/30>
- Arona, N. (2021). Pengaruh teknologi informasi dan peran audit internal terhadap kualitas laporan keuangan pemerintah daerah Kabupaten Luwu Utara. Universitas Muhammadiyah Palopo. <http://repository.umpalopo.ac.id/2101/>
- Chodijah, S., & Hidayah, N. (2018). Pengaruh pemanfaatan teknologi informasi dan sistem pengendalian internal terhadap kualitas pelaporan keuangan pemerintah daerah (studi kasus SKPD Provinsi DKI Jakarta). *Jurnal Tekun*, 8(1), 34-48. <https://publikasi.mercubuana.ac.id/files/journals/17/articles/2595/submission/copyedit/2595-5356-1-CE.pdf>
- Davis, F. D. (1989). Perceived usefulness, perceived ease of use, and user acceptance of information technology. *MIS Quarterly*, 319-340. <https://doi.org/10.2307/249008>
- Dewi, N. M. A. K., Arizona, I. P. E., & Ernawatiningsih, N. P. L. (2021). Pengaruh partisipasi pemakai sistem informasi akuntansi, kemampuan teknik personal, kecanggihan teknologi informasi, dan peran pengawas internal terhadap efektivitas sistem informasi. *Kumpulan Hasil Riset Mahasiswa Akuntansi (KHARISMA)*, 3(1). <https://ejournal.unmas.ac.id/index.php/kharisma/article/view/1715>
- Diani, D. I. (2014). Pengaruh pemahaman akuntansi, pemanfaatan sistem informasi akuntansi keuangan daerah dan peran internal audit terhadap kualitas laporan keuangan pemerintah daerah (studi empiris pada Satuan Kerja Perangkat Daerah di Kota Pariaman). *Jurnal Akuntansi*, 2(1). <https://ejournal.unp.ac.id/students/index.php/akt/article/view/897>
- Furqon, B. W. (2018). Pengaruh pemanfaatan teknologi informasi, perpustakaan dan lingkungan kampus terhadap prestasi belajar mahasiswa pendidikan ekonomi fakultas ekonomi Universitas Negeri Yogyakarta. *Universitas Negeri Yogyakarta*. <https://core.ac.uk/download/pdf/159118611.pdf>
- Hajra, D., & Majid, J. (2021). Factors Affecting the Reliability of Financial Reporting in Wajo County Local Government. *Jurnal Ilmu Manajemen Profitability*, 5(1), 21-31. <https://doi.org/10.26618/profitability.v5i1.4854>
- Harahap, A. Y. (2017). Faktor-faktor yang mempengaruhi kualitas laporan keuangan SKPD pemerintah kabupaten deli serdang dengan kualitas sumber daya manusia sebagai variabel moderating. Universitas Sumatera Utara. <https://repository.usu.ac.id/handle/123456789/40225>
- Herawati, T. (2016). Pengaruh sistem pengendalian intern terhadap kualitas laporan keuangan (survei pada Organisasi Perangkat Daerah Pemda Cianjur). *STAR-Study & Accounting Research*, 11(1), 1-14. <https://doi.org/10.55916/jsar.v11i1.44>
- Ihsanti, E. (2014). Pengaruh kompetensi sumber daya manusia dan penerapan sistem akuntansi keuangan daerah terhadap kualitas laporan keuangan daerah (Studi Empiris pada SKPD Kab. Lima Puluh Kota). *Jurnal Akuntansi*, 2(2). <https://ejournal.unp.ac.id/students/index.php/akt/article/view/1057>
- Ikyarti, T., & Aprila, N. (2019). Pengaruh penerapan standar akuntansi pemerintah, implementasi sistem informasi manajemen daerah, dan sistem pengendalian internal pemerintah terhadap kualitas laporan keuangan Pemerintah Daerah Kabupaten Seluma. *Jurnal Akuntansi*, 9(2), 131-140. <https://doi.org/10.33369/j.akuntansi.9.2.131-140>
- Jalil, M. M. F., & Majid, J. (2022). Peran Transparansi dalam memoderasi determinan kualitas laporan keuangan daerah. *Tangible Journal*, 7(1), 75-89. <https://doi.org/10.53654/tangible.v7i1.254>
- 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://www.taylorfrancis.com/chapters/edit/10.4324/9781315191157-9/theory-firm-managerial-behavior-agency-costs-ownership-structure-michael-jensen-william-meckling>
- Kabuhung, M. (2018). Sistem informasi akuntansi penerimaan dan pengeluaran kas untuk perencanaan

- dan pengendalian keuangan pada Organisasi nirlaba keagamaan. *Jurnal EMBA: Jurnal Riset Ekonomi, Manajemen, Bisnis Dan Akuntansi*, 1(3).
<https://doi.org/10.35794/emba.1.3.2013.1832>
- Kasandra, A. A., & Juliarsa, G. (2016). Pengaruh kualitas penerapan SIA, pemanfaatan, dan kepercayaan teknologi informasi pada kinerja karyawan. *E-Jurnal Akuntansi Universitas Udayana*, 8(14.1).
<https://ojs.unud.ac.id/index.php/akuntansi/article/download/11420/11857>
- Kiranayanti, I. A. E., & Erawati, N. M. A. (2016). Pengaruh sumber daya manusia, sistem pengendalian intern, pemahaman basis akrual terhadap kualitas laporan keuangan daerah. *E-Jurnal Akuntansi Universitas Udayana*, 16(2), 1290-1318.
<https://ojs.unud.ac.id/index.php/Akuntansi/article/download/18075/15122>
- Kristanto, C., Astuti, D. S. P., & Kristianto, D. (2018). Pengaruh sistem informasi akuntansi pemberian kredit dan efektivitas sistem pengendalian internal terhadap kinerja karyawan (studi kasus pada Koperasi Simpan Pinjam Artha Jaya Makmur Surakarta). *Jurnal Akuntansi Dan Sistem Teknologi Informasi*, 14(2). <http://ejurnal.unisri.ac.id/index.php/Akuntansi/article/view/2670>
- Lestari, N. L. W. T., & Dewi, N. N. S. R. T. (2020). Pengaruh pemahaman akuntansi, pemanfaatan sistem informasi akuntansi dan sistem pengendalian intern terhadap kualitas laporan keuangan. *KRISNA: Kumpulan Riset Akuntansi*, 11(2), 170-178.
<https://www.ejournal.warmadewa.ac.id/index.php/krisna/article/view/1435>
- Majid, J., & Idward, N. N. (2018). The effect of competence of human resources, information technology, and accountability on the quality of regional financial statements with the internal system as a moderation. *International Journal of Economics Management and Social Science (IJEMSS)*, 1(4), 142-155. <https://www.atlantis-press.com/proceedings/isbest-19/125940915>
- Malik, K., Majid, J., & Suhartono, S. (2022). Pengaruh self efficacy dan emotional stability terhadap corporate sustainability dengan sistem pengendalian intern sebagai variabel moderasi. *ISAFIR: Islamic Accounting and Finance Review*, 3(1), 82-101.
<https://doi.org/10.24252/isafir.v3i1.29131>
- Mardiasmo, D., & MBA, A. (2009). *Akuntansi sektor publik*. Yogyakarta: Andi.
- Mutiana, L., Diantimala, Y., & Zuraida, Z. (2017). Pengaruh sistem pengendalian intern, teknologi informasi, Kualitas sumber daya manusia dan komitmen organisasi terhadap Kualitas laporan keuangan (studi pada satker di lingkungan kementerian agama kabupaten aceh utara). *Jurnal Perspektif Ekonomi Darussalam (Darussalam Journal of Economic Perspec)*, 3(2), 151-167.
<https://doi.org/10.24815/jped.v3i2.8228>
- Nasrudin, E. (2010). *Psikologi manajemen*. Bandung: Pustaka Setia.
- Paranoan, N., Tandirerung, C. J., & Paranoan, A. (2019). Pengaruh pemanfaatan teknologi informasi dan kompetensi sumber daya manusia terhadap efektivitas sistem informasi akuntansi. *Jurnal Akun Nabelo: Jurnal Akuntansi Netral, Akuntabel, Objektif*, 2(1), 181-196.
<http://jurnal.untad.ac.id/jurnal/index.php/jan/article/view/13481>
- Rahmawati, A., Mustika, I. W., & Eka, L. H. (2018). Pengaruh penerapan standar akuntansi pemerintah, pemanfaatan teknologi informasi, dan sistem pengendalian intern terhadap kualitas laporan keuangan SKPD Kota Tangerang Selatan. *Jurnal Ekonomi, Bisnis, Dan Akuntansi*, 20(2). <http://jp.feb.unsoed.ac.id/index.php/jeba/article/view/1097>
- Rahmawati, R. N., & Narsa, I. M. (2019). Penggunaan e-learning dengan technology acceptance model (TAM). *Jurnal Inovasi Teknologi Pendidikan*, 6(2), 127-136.
<http://dx.doi.org/10.21831/jitp.v6i2.26232>
- Rai, I. G. A. (2008). *Audit kinerja pada sektor publik: konsep, praktik, studi kasus*. Penerbit Salemba.
- Sambuaga, F. R., Siahay, A. Z., & Falah, S. (2020). Pengaruh sistem pengendalian internal terhadap kualitas laporan keuangan dengan kompetensi sumber daya manusia sebagai variabel moderasi. *Jurnal Kajian Ekonomi & Keuangan Daerah*, 5(1), 105-124.
<https://core.ac.uk/download/pdf/327208629.pdf>
- Sari, M., & Pamono, Y. Y. (2013). Pengaruh pemanfaatan teknologi terhadap sistem informasi akuntansi. *Jurnal Ilmu & Riset Akuntansi*, 2(8).
https://www.academia.edu/download/51364939/165-614-1-SP_1.pdf

- Sari, S. P., & Witono, B. (2016). Keterandalan dan ketepatanwaktuan pelaporan keuangan daerah ditinjau dari sumber daya manusia, pengendalian internal dan pemanfaatan teknologi informasi. <http://hdl.handle.net/11617/4710>
- Sartono, A. (2012). Manajemen keuangan: teori dan aplikasi (4th Eds.). BPFE UGM.
- Sayekti, F., & Putarta, P. (2016). Penerapan technology acceptance model (TAM) dalam pengujian model penerimaan sistem informasi keuangan daerah. *Jurnal Manajemen Teori Dan Terapan*, 9(3), 196-209. <https://e-journal.unair.ac.id/JMTT/article/download/3075/2237>
- Setyowati, L., Isthika, W., & Pratiwi, R. D. (2016). Faktor-faktor yang mempengaruhi kualitas laporan keuangan Pemerintah daerah kota Semarang. <https://ojs.uaajy.ac.id/index.php/kinerja/article/view/843>
- Siwambudi, I. G. N., Yasa, G. W., & Badera, I. D. N. (2017). Komitmen organisasi sebagai pemoderasi pengaruh kompetensi sdm dan sistem pengendalian intern pada kualitas laporan keuangan. *E-Jurnal Ekonomi Dan Bisnis Universitas Udayana*, 6(1), 385-416. <https://ojs.unud.ac.id/index.php/EEB/article/download/22586/16636>
- Suwatno, T. Y. (2008). Manajemen sumber daya manusia. Bandung: Alfabeta.
- Taiwo, J. N. (2016). The Effect of ICT on Accounting Information Systems and Organizational Performance. *European Journal of Business and Social Sciences*, 5(02). <https://ssrn.com/abstract=3122462>
- Triyani, Z. (2018). Pengaruh sistem informasi akuntansi dan sistem pengendalian intern terhadap kualitas laporan keuangan daerah (studi pada Dinas kota Bandar Lampung dan kota Metro). <http://digilib.unila.ac.id/33735>
- Tuasikal, M. (2012). Analisis rasio keuangan untuk mengetahui kinerja perusahaan (studi pada perusahaan telekomunikasi yang listing di Bursa Efek Indonesia Periode 2006-2010). Universitas Brawijaya. <http://repository.ub.ac.id/106157/>
- Utari, N. M., Sulindawati, N. L. G. E., Ak, S. E., & Julianto, I. P. (2017). Pengaruh partisipasi pemakai sistem informasi, personal capability, kecanggihan teknologi informasi, dan peran pengawas internal terhadap efektivitas sistem informasi akuntansi (Studi pada Lembaga Perkreditan Desa (LPD) se-Kecamatan Banjar). *JIMAT (Jurnal Ilmiah Mahasiswa Akuntansi) Undiksha*, 8(2). <https://doi.org/10.23887/jimat.v8i2.13939>
- Warren, C. S., Reeve, J. M., & Duchac, J. (2016). Corporate financial accounting. Cengage Learning.
- Wijayanti, R., & Handayani, N. (2017). Pengaruh kompetensi SDM dan implementasi akuntansi akrual terhadap kualitas laporan keuangan daerah. *Jurnal Ilmu Dan Riset Akuntansi (JIRA)*, 6(3). <http://jurnalmahasiswa.stiesia.ac.id/index.php/jira/article/download/1025/1040>
- Windiastruti, R. (2014). Pengaruh sumber daya manusia bidang akuntansi dan sistem pengendalian internal terhadap kualitas laporan keuangan pemerintah daerah (Studi Kasus Pada Dinas Pengelolaan Keuangan dan Asset Daerah Kota Bandung). <https://repository.widyatama.ac.id/xmlui/handle/123456789/3039>
- Yendrawati, R. (2013). Pengaruh sistem pengendalian intern dan kapasitas sumber daya manusia terhadap kualitas informasi laporan keuangan dengan faktor eksternal sebagai variabel moderating. *Jurnal Akuntansi Dan Auditing Indonesia*, 17(2), 166-175. <https://doi.org/10.20885/jaai.vol17.iss2.art7>
- Yensi, D. S., Hasan, A., & Anisma, Y. (2015). Pengaruh kompetensi sumber daya manusia, penerapan sistem akuntansi keuangan daerah, dan sistem pengendalian intern (internal audit) terhadap kualitas laporan keuangan pemerintah daerah (studi empiris pada SKPD Kabupaten Kuantan Singingi). *Jurnal Online Mahasiswa (JOM) Bidang Ilmu Ekonomi*, 1(2), 1-15. <https://jnse.ejournal.unri.ac.id/index.php/JOMFEKON/article/view/4593>
- Zelmiyanti, R. (2016). Pendekatan teori keagenan pada kinerja keuangan daerah dan belanja modal (Studi pada Provinsi di Indonesia). *JRAK: Jurnal Riset Akuntansi Dan Komputerisasi Akuntansi*, 7(1), 11-21. <https://jurnal.unismabekasi.ac.id/index.php/jrak/article/download/727/613>
- Zetra, A. (2009). Strategi pengembangan kapasitas SDM pemerintah daerah dalam mewujudkan transparansi dan akuntabilitas pengelolaan keuangan daerah. *Jurnal Akuntansi*. <http://www.bpk.go.id/web/files/2009/07/270609-aidinil-zetra.pdf>.