

Moderation of Human Resource Competencies in Quality of Financial Statements: Application of Government Accounting Standards, Utilization of Information Technology, and Control Environment

Nina Yusnita Yamin¹, Muhammad Rizki Lawaidjo², Ridwan³

Abstract

This study aims to examine and analyze the important role of human resource competence as a determinant of the quality of financial statements. In addition, this study also analyzes the effect of the application of government accounting standards, the use of information technology, and the control environment on the quality of financial statements. Sampling is based on the saturated sampling technique (census) with a total sample size of 120 samples. Respondents in this study were the Head of the Finance Subdivision, the Regional Government Information System (SIPD) Operator, and the Spending Treasurer at the Regional Apparatus Organization (OPD) of the Central Sulawesi Provincial Government. The analysis method used is Structural Equation Modeling (SEM) analysis and uses the warppls 7.0 application. The results of this study indicate that the application of government accounting standards contributes positively to the quality of financial statements. However, the use of information technology and the control environment do not have a significant effect on the quality of financial statements. Interestingly, human resource competence does not show significant results as a moderating variable. This study provides implications for efforts to improve the quality of government financial reports. Especially in developing the competence of Human Resources, especially in the fields of accounting and information technology.

Keywords: *Government Accounting Standards, Information Technology Utilization, Control Environment, Human Resource Competence, Financial Statement Quality.*

Introduction

Public sector organizations in Indonesia have an obligation to provide information in an accountable and transparent manner. The existence of an obligation to the public is a form of realization of responsibility in government activities which includes the achievement of government financial performance to fulfill the needs of those who have the right to information. The agency concept illustrates that there is a form of responsibility that must be carried out by the executing party (agent) to the trustee (principal) in delivering accountability, which includes: providing; reporting; and disclosing the form of its activities (Mardiasmo (2002:87)).

Accountability is important for public administration in the context of information disclosure in the organizing process both at the central and regional levels. This is due to the phenomenon of increasing information needs regarding society. The real action that can be taken to achieve accountability and transparency is to present financial reports as accountability reports. The accountability report submitted is in the form of a Regional Government Financial Report (LKPD) in accordance with Law No. 17 of 2003 concerning State Finance and Law No. 23 of 2014 concerning Regional Government which regulates the form of accountability.

LKPD is said to be of quality if it can provide an overview of how well the government utilizes its financial resources. This LKPD is prepared following government accounting standards based on PP No. 71 Tahun 2010 concerning Government Accounting Standards. The existence of conformity with the standards used gives hope that the information produced can be used as material for decision-making that is easy to understand.

However, before being presented to interested parties in the financial statements, BPK first conducts an examination. In connection with that, from the results of the BPK LKPD examination in the Central Sulawesi Provincial Government, the audit opinion on the financial statements prepared from 2018 to 2022

¹ Department of Accounting, Universitas Tadulako, Indonesia; nyusnita.untad@gmail.com. (Corresponding Author)

² Department of Accounting, Universitas Tadulako, Indonesia; Rizkilawaidjo89@gmail.com.

³ Department of Accounting, Universitas Tadulako, Indonesia

has a good trend. The unconditional statement from BPK shows that the financial statements prepared are of higher quality. The following is BPK's opinion on LKPD in Central Sulawesi Province.

Table 1. Opinion on local government financial statements of central sulawesi province in 2019-2022

Local government entity	Opinion in 2018	Opinion in 2019	Opinion in 2020	Opinion in 2021	Opinion in 2022
Central Sulawesi province	WTP	WTP	WTP	WTP	WTP

Source: Data reprocessed, 2023

The unqualified opinion received by the Central Sulawesi Provincial Government does not mean that it has no shortcomings. In fact, there are still problems that need attention to be followed up, as reported at www.sulteng.bpk.go.id on May 15, 2023, including:

1. There are weaknesses in the management of PBBKB revenue, including monitoring taxpayer reporting compliance, and potential PBBKB revenue that has not been reported by taxpayers.
2. There are weaknesses in the collection of Surface Water Tax (SPT), including lack of compliance with taxpayer reports and inadequate calculation of SPT.
3. Insufficient volume of capital expenditure work on roads, irrigation, and networks.

The implementation of government accounting standards mandates structured and documented procedures for recording tax revenues and capital expenditures. In the context of PBBKB revenue, this standard emphasizes the importance of careful monitoring of taxpayer reporting compliance. Therefore, the government should strengthen supervision and improve communication with taxpayers, ensuring that all tax transactions are recorded correctly and in accordance with applicable standards. In addition, in the collection of LAP, the application of government accounting standards requires accurate and timely reports. Systems integrated with information technology can help automate the reporting process and ensure that LAP calculations are made accurately and can reduce potential revenue loss.

The implementation of government accounting standards is used to obtain better performance measurements in the completion of financial reports. The results of research conducted by Hartono & Ramdany (2021); Ikriyati and Aprila (2019); and Philadelphina et al., (2020) state that SAP implementation has a relationship with the quality of financial reporting. However, Pebriani's research (2019) obtained different results, where the implementation of SAP had no relationship with improving quality financial reports.

The utilization of information technology is also key in overcoming the weaknesses in the BPK findings. With a computerized information system, the government can monitor taxpayer reporting compliance in real time and recover potential unreported revenue. In addition, information technology enables electronic reporting of LAP, ensuring that reports are submitted on time and minimizing human error in calculations. In the context of capital expenditure, technology-based project management systems enable efficient project management, monitor work volumes, and ensure effective budget allocation.

With good IT utilization, it is expected to produce quality financial reports. This is proven by Mene et al., (2018) and Elfina & Agussalim, (2020) with the results of their research that IT utilization can provide a relationship in improving the quality of financial reporting. In contrast to the results of Mariana Tampubolon & Basid (2019), IT utilization cannot provide a relationship in improving the quality of financial reports. The research is also opposite to that conducted by Putri et al., (2020) where IT utilization has no relationship that can improve the quality of financial reports.

A strong control environment is a key factor in improving the quality of financial reporting. A strict control environment can ensure that policies and procedures are carried out consistently, reducing the risk of errors and misuse of funds. This explains that there is an important element in the control environment, which is the formation of a culture and behavior of humans which is the driving force in all activities.

Therefore, cooperation between the head of the OPD and employees is needed in creating and maintaining a control environment in an effort to form a positive impact that is conducive to the implementation of the internal control system in the work environment. This control process will become a culture in action on an activity that will occur consistently by the leadership and all employees. Therefore, human resources are needed which will be a positive foundation in shaping the control environment in the process of achieving government goals.

The results of financial reporting quality can be based on improving control environment factors. This is justified by Asbar (2017) and Fitriani (2017) in their research which shows that the control environment is related to improving the quality of financial reporting. The regional administrators of each OPD within the local government of Central Sulawesi Province play an important role in overcoming the above problems, especially related to human resource competition. Ihsanti (2014) in Sundari & Rahayu (2019) states that resource competence is part of an individual's ability in the process of carrying out their authority functions in an institution or organization. Therefore, human resources are needed who have the skills to realize financial reporting in accordance with the characteristics of financial statements. So that it can be used as information for decision-making.

Nurhasanah and Firmasnyahi (2018) show research in line with this which states that HR competence has a positive relationship with improving the quality of financial reporting. Different results according to Sa'adah and Nasrullah (2021) where HR competence does not have a positive relationship with improving the quality of financial reporting.

The inconsistency of some of the research above is a form of open-mindedness in expanding research by looking at factors that can realize quality financial reports. Researchers suspect that HR competence, in this case, local government officials, is able to moderate SAP, IT usage, and the control environment on the quality of reporting. The reason is, that if human resources have good competence in implementing SAP, using IT, and implementing a control environment, it will also have a good impact on improving the quality of the resulting financial statements. The difference between this study and previous research is the variation in the independent variable where there are differences in the object of research and then the moderating variable.

Literature Review

Agency Theory

Lane (2003) in Halim & Abdullah (2010) state that agency theory can be applied in public organizations. He stated that modern democracies are based on a series of principal-agent relationships. The principal-agent relationship framework is a very important approach to analyzing public policy commitments. In the agency relationship between the executive and the legislature, the executive is seen as the agent and the legislature as the principal.

Financial Statement Quality

The quality of financial statements can be said to be good if the information presented in the financial statements can be understood, meets the needs of the user in making decisions, is free from misleading notions, and material errors, and is reliable, so that the financial statements can be compared with previous periods.

Government Accounting Standards

Government Accounting Standards (SAP) are accounting principles applied in preparing and presenting government financial statements. In improving the quality of Central Government Financial Statements (LKPP) and Local Government Financial Statements (LKPD). The scope of arrangements contained in PP No. 71 of 2010, includes accrual-based government accounting standards and cash-based government accounting standards towards accrual.

Information Technology Utilization

In the explanation of Government Regulation No. 56 of 2005 concerning regional financial information systems, it is stated that the central government and regional governments are obliged to develop and utilize advances in information technology to improve the ability to manage regional finances and distribute regional financial information to the public. Another benefit offered in the utilization of information technology is the speed in processing information, especially about regional financial accounting information systems.

Control Environment

The Government Internal Control System (SPIP) adapted in Government Regulation Number 60 of 2008 defines the control environment as the leadership of government agencies and all employees who must create and maintain an environment within the entire organization that creates positive and supportive behavior towards sound internal control and management.

Human Resource Competencies

The definition of competence according to Armstrong and Murlis in Ramelan (2003), defines competence as a fundamental characteristic of individuals that is causally related to effectiveness or excellent performance.

Hypothesis

The explanation of the phenomena that occur, provides an understanding for researchers that in this study, researchers will develop the hypothesis below:

H₁: The application of government accounting standards has a significant positive effect on the quality of financial statements

H₂: Information Technology Utilization has a significant positive effect on the quality of financial statements.

H₃: The control environment has a significant positive effect on the quality of financial statements.

H₄: Human resource competence moderates the effect of the application of government accounting standards on the quality of financial statements.

H₅: Human resource competencies moderate the effect of information technology utilization on the quality of financial reports.

H₆: Human resource competence moderates the effect of the control environment on the quality of financial statements.

Methods

Research Type

This is a survey type of research that has a quantitative nature.

Population, Sample, and Sampling Technique

The entire accounting entity with a total of 120 people spread across 40 Regional Apparatus Organizations (OPD) in the Central Sulawesi Provincial Government, researchers used as a population. Determination of the number of samples using saturated sampling techniques. The selection of respondents based on the sample is 3 regional financial managers in each OPD, namely:

1. Head of OPD Finance Sub-Division
2. SIPD Operator
3. Expenditure Treasurer

The selection of these three respondents has considered their significant role and authority in the management and preparation of local government financial reports. Then the total sample of 40 OPDs amounted to 120.

Data Type and Source

Researchers utilize qualitative and quantitative data types consisting of primary data in the form of questionnaire data; Secondary data consists of data that supports this research, as well as data from literature related to the problem, namely the quality of financial reporting in Central Sulawesi province.

Analysis Method

A. Evaluation of the Measurement Model

Convergent Validity

Convergent validity in this study looks at the AVE value with the condition that it must be greater than 0.5. According to Chin in Ghozali and Latan (2015: 74) in initial research, a scale of 0.5-0.6 can be considered adequate.

Composite Reliability

It is said to be reliable if it meets the requirements for the composite reliability value and Cronbach's alpha value > 0.70 (Bambang and Lina, 2005: 73).

Discriminant validity

Discriminant validity is seen based on the AVE value > 0.5 (Ghozali, 2008: 25).

B. Structural Model Evaluation

The results of the inner model can be seen from several indicators, namely: Coefficient of Determination (R²); Predictive Relevance (Q²); and Goodness of Fit Index (GoF).

C. Hypothesis Testing

Hypothesis testing in this study was carried out by path analysis, which is the basis for the decision, including:

1. $p\text{-value} \geq 0.05$, then H_0 is accepted
2. $p\text{-value} \leq 0.05$, then H_0 is rejected and H_a is accepted

D. Moderation Testing

Human resource competencies which are moderating variables in this study are included in the types of moderation pure moderator, quasi-moderator, homologue moderator, and predictor moderator (Sugiyono, 2017).

Results and Discussion

Results

Outer Model Testing Results

a. Validity

Based on the results of convergent validity testing, shows that there is a standardized loading factor value < 0.5 , namely in statements X_{1_7} , X_{1_16} , X_{1_18} , and Z_{12} . After the researcher removed the measurement model, then the researcher tested again and found that there was a measurement model that needed to be removed again, namely the X_{1_14} statement. After removing the instrument, the results of this study for convergent validity were declared valid. Meanwhile, Discriminant validity in this study can be declared valid. This is based on the AVE value > 0.5 .

b. Reliability

Based on the results of composite reliability, it shows that in this study the results show that the composite reliability value is > 0.70 . This is illustrated in table 2 below:

Table 2. Nilai Composite Reliability Coefficients

Variable	Composite Reliability Value	Criteria	Description
X_1	0,0960	$> 0,70$	Reliable
X_2	0,937	$> 0,70$	Reliable
X_3	0,955	$> 0,70$	Reliable
Y	0,973	$> 0,70$	Reliable
Z	0,963	$> 0,70$	Reliable

Source: Data reprocessed 2023

However, the use of the Cronbach alpha value illustrates the strength of the reliability results, with the provision of Cronbach alpha > 0.6 , which is illustrated in Table 3 below:

Table 3. Cronbach's Alpha

Variable	Composite Reliability Value	Criteria	Description
X ₁	0,956	>0,60	Reliable
X ₂	0,928	>0,60	Reliable
X ₃	0,948	>0,60	Reliable
Y	0,970	>0,60	Reliable
Z	0,958	>0,60	Reliable

Source: Data reprocessed 2023

Structural Model Testing Results (Inner Model)

Table 4. Mode; Fit and Quality Indices

Average Path Coefficient (APC)=0.167, P=0.018
Average R-squared (ARS)=0.827, P<0.001
Average adjusted R-squared (AARS)=0.815, P<0.001
Average Block VIF (AVIF)=4652, acceptable if <= 5, Ideally <=3.3
Average Full Collinearity VIF (AFVIF)=4.413, acceptable if <=5, ideally <=3.3
Tenenhaus GoF (GoF)=0789, small >= 0.1, medium >= 0.25, large >=0.36
Sympson's paradox ratio (SPR)=0.571, acceptable if >=0.7, Ideally = 1
R-squared contribution ratio (RSCR)=0.952, acceptable if >=0.9, ideally =1
Statistical suppression ratio (SSR)=1.000, acceptable if >=0.7
Nonlinear Bivariate causality direction ratio (NLBCDR)=0.929, acceptable if >=0.7

The depiction of the results is shown in Table 4, namely APC of 0.167 with a p-value of 0.018 less than <0.05; ARS of 0.815 with a p-value of 0.001 less than <0.05; AVIF of 4.652 => 3.3. This means that the model fit is fulfilled.

Hypothesis Testing

Researchers use a standard significance level of 5%, this can be illustrated in Figure 1 below:

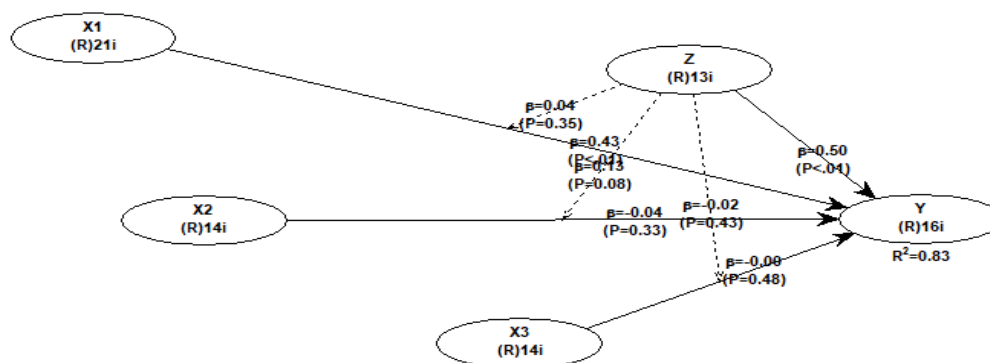


Figure 1 above is a form of partial and moderation testing using the WarpPLS 7.0 application. Based on information regarding the hypothesis results in this study, the researcher tries to summarize them in Table 5 below:

Table 5. Hypothesis testing results

Hipotesis	P-value	Koefisien regresi (b)	Keterangan
H ₁	0.001	0.432	Diterima
H ₂	0.328	-0.042	Ditolak
H ₃	0.482	-0.004	Ditolak
H ₄	0.348	0.037	Ditolak
H ₅	0.075	0.135	Ditolak
H ₆	0.433	-0.016	Ditolak

Source: Data reprocessed 2023

Based on the results of hypothesis testing above, the multiple regression analysis equation is obtained as follows:

$$Y = 0.001 \beta_1 X_1 + 0.328 \beta_2 X_2 + 0.482 \beta_3 X_3 + e \dots \dots \dots (1)$$

$$Y = 0.001 \beta_1 X_1 + 0.328 \beta_2 X_2 + 0.482 \beta_3 X_3 + 0.001 \beta_4 Z + e \dots \dots \dots (2)$$

$$Y = 0.001 \beta_1 X_1 + 0.328 \beta_2 X_2 + 0.482 \beta_3 X_3 + 0.001 \beta_4 Z + 0.348 \beta_5 X_1 Z + 0.075 \beta_6 X_2 Z + 0.433 \beta_7 X_3 Z + e \dots \dots \dots (3)$$

The form of the equation listed in equation 2 that the coefficient for variable β_4 shows the result of a p-value of $0.001 < 0.05$. Furthermore, the coefficients β_5 , β_6 , and β_7 show the results of the p-values of 0.348, 0.075, and 0.433 respectively. This means that this study is a moderator predictor.

Discussion

SAP Implementation Has a Positive Effect on the Quality of Financial Statements

The description of the test results explains that the application of SAP has a relationship with improving the quality of OPD financial reporting. This means that financial reporting will be of quality if accounting standards are implemented properly. As we know, the preparation of government financial reports requires accounting principles contained in SAP. This means that these principles can be used as a reference to ensure compliance with financial implementation in achieving predetermined targets and fulfilling statutory provisions.

Fulfillment of the criteria in the financial statements, which include relevant, reliable, comparable, and understandable will make the financial statements of quality. This is a form of responsibility of the government (agent) to the community, which is represented by board members who are part of the principal. The concept of agency theory describes the contractual relationship that occurs between principals and agents. This relationship occurs when there is a cooperative relationship in the process of hiring one party (principals to agents) and then delegating decision-making authority to another party (agent). In this study, the OPD, which is an agent mandated by the public as the principal, is represented by the House of Representatives.

This study supports the results of research by Ikriyati & Aprila (2019); Hasanah & Siregar (2021) and Philadelphina et al., (2020) which reveal that the application of SAP can improve quality financial reports.

IT Utilization Has No Effect on the Quality of Financial Statements

IT utilization has no relationship with improving the quality of financial reports, meaning that the better and higher or lower utilization of IT in the OPD of Central Sulawesi Province cannot make financial reports

of quality. Lack of knowledge competence in running the SIPD application is the cause. OPDs in Central Sulawesi Province have implemented good information technology in the form of hardware and software such as SIPD. However, Brainware such as employees is still not able to use it properly. Based on field facts, it shows that OPDs in Central Sulawesi Province have not fully used the SIPD application. The application of SIPD (Regional Government Information System) is still at the planning and budgeting stage so the use of information technology in the SIPD application has not been able to realize quality financial reports.

Conversely, the use of information technology can theoretically improve the quality of financial reports if sophisticated technological equipment such as software and hardware can be used in making financial reports so that work becomes more timely and more efficient. This technology can be used in the dissemination of financial information and non-financial information. This can affect the agent's accountability to the principal, where there is a requirement to present accurate and timely information.

Based on the results of the analysis, the researchers stated that the implementation of SIPD has not been maximally utilized because the preparation of human resources to carry out its implementation has not been fully prepared. The person in charge of the application used is mostly no longer productive so the understanding of the application is quite minimal, making it difficult to understand the process of using the application. This is reinforced based on the results of the questionnaire with the lowest average on the variable use of information technology on the indicator of the use of Brainware.

Empirically, the results of this study support the research of Putri et al. (2020) which states that IT utilization has no relationship with improving the quality of financial statements. However, different results according to researchers Elfina & Agussalim (2020); Chodijah and Hidayah (2018); and Mene et al., (2018) state that IT is related to improving the quality of financial statements. This means that the results of research conducted by the three researchers explain that IT can make financial reports more relevant, accurate, and timely.

The Control Environment Has No Effect on the Quality of Financial Statements

Testing H3 (Hypothesis 3), reveals that the control environment has no relationship to improve the quality of financial statements. This means that a better and higher or lower control environment cannot result in quality financial reports. However, in the field situation, the control environment within the internal OPD is good but still not implemented effectively, thus affecting information in producing quality financial reports.

Based on agency theory in government, in this case, the agency concept highlights the differences in interests and objectives between the party giving the mandate (principal) and the party carrying out the task (agent). Respondents' disagreement with the performance of the organizational structure can be interpreted as a form of dissatisfaction with the agency relationship. According to agency theory, goal disagreements between principals and agents can affect the implementation of internal controls, which in turn can affect the quality of financial statements. Although the control environment has been considered good, it has not been implemented effectively, creating uncertainty regarding the quality of the financial information produced.

Therefore, a strict control environment can ensure that policies and procedures are carried out consistently, reducing the risk of errors and misuse of funds. Good internal control, especially the control environment, must be well implemented in order to create a strong framework to overcome these weaknesses.

In addition, OPD requires a controlled environment in an effort to shape the culture and behavior of employees. Unfortunately, there are still many employees who feel that the organizational structure in the OPD (Regional Apparatus Organization) has not worked according to its function. The Head of OPD and employees are required to establish and maintain a controlled environment in an effort to create a conducive work environment. Research by Asbar (2017) and Fitriani (2017) rejected the results of this study, which in

their research showed that the control environment has a relationship to improve the quality of financial reports.

HR Competence Does Not Moderate the Effect of SAP Implementation on the Quality of Financial Statements

Hypothesis four in this study was rejected. This means that the competence of human resources is not able to moderate the relationship between SAP implementation in improving the quality of financial statements. Limited human resources are a problem that occurs. This is due to the understanding factor in mastering accounting knowledge.

Different things happen to HR who have accounting experience, where these HR will be able to produce quality financial reports due to their experience. In addition, it also creates time efficiency in the production process. These efforts include participating in training activities which are expected to make human resources more competent. Competent HR support must be able to moderate or support the application of accrual SAP in financial management so that it can overcome existing problems.

In agency theory in government, the concept of agency emphasizes the relationship between the client (the party who gives the mandate or is interested) and the agent (the party who carries out the task or job). In this context, the client can be considered as a citizen or authority that expects quality reports from the agent, i.e. the organization or public entity. HR is considered as the agent. In situations where human competence cannot moderate the relationship between SAP implementation and financial reporting quality, agency theory highlights the potential for goal incompatibility between principals and agents. Limited competence in understanding public accounting standards can create uncertainty and hinder the effectiveness of implementing these standards.

Based on the facts in the field, there are still employee positions that are not in accordance with their educational experience. This can be seen in the education of respondents where out of 120 respondents only 14.2% of respondents have a pure accounting education. This means that the competence of OPD staff in Central Sulawesi Province cannot moderate the effect of implementing public accountant standards.

The role of moderating variables should help reduce the negative impact of limited HR competencies on the relationship between the application of government accounting standards and the quality of financial statements. If the moderating variable actually acts as a predictor variable, this indicates that HR competency is considered a variable that directly affects the quality of financial statements, without moderating the relationship with the application of government accounting standards. These results provide an indication that improvements in employee positioning, increased application of government accounting standards, and improved HR competencies can be the main focus for improving the quality of financial statements in the OPD of Central Sulawesi Province.

The difference in the results of research by Setiawan & Tami (2018) which in their research explains that HR competence will be able to moderate the relationship between SAP implementation in improving the quality of financial statements. This means that employees who apply government accounting standards and are supported by their competence will improve the quality of the resulting financial statements. However, the results of Ernawati's research (2022) support the results of this study. The explanation is that accounting logic has an impact on translating the activities of preparing financial statements against established standards.

HR Competence Does Not Moderate the Effect of IT Utilization on the Quality of Financial Statements

The impact of IT usage on financial reporting quality cannot be moderated by HR competencies. This is due to the poor utilization of information technology. In addition, this is evidenced by the fact that there are still human resources who do not understand the function of implementing SIPD in OPD.

The development of the world of information technology in OPD requires OPD employees to have competence in running applications, such as SIMDA FMIS and most recently SIPD. But in reality, the competence possessed by OPD employees is still very lacking. This is due to the lack of readiness of employees to accept changes or increase the use of applications that continue to grow. Some factors that often hinder, such as age and device renewal factors in running these applications. In fact, the biggest obstacle is the age factor problem, where there are still many employees in the finance division who have an age above the productive period.

OPDs in Central Sulawesi Province already have information technology in the form of hardware such as computers and laptops, and software such as SIPD. However, the brainwave, namely the employees, still cannot use it properly. This can be seen from the lowest questionnaire score on statements related to understanding job functions in the SIPD application. In the context of agency theory in government, this situation reflects a mismatch of goals between the principal (government or community) and the agent (OPD). Although OPDs have been equipped with information technology such as computers and SIPD applications, limited “brainwave” or HR competencies, especially related to understanding SIPD functions, result in uncertainty in achieving the expected effectiveness and efficiency.

In addition, the HR competency variable which is a moderating variable, based on its criteria or type is a moderating predictor variable. This strengthens the research results that HR competence cannot moderate the effect of IT utilization on the quality of financial statements. HR competence is considered a factor that directly affects the quality of financial reports, without moderating its relationship with the use of information technology. In this case, the direct effect of HR competence on the quality of financial statements is recognized, and its role in moderating the relationship with the use of information technology is ignored.

Wahyuni's research (2021) can be strengthened through the results of this study, where HR competence cannot moderate the relationship between IT utilization in improving the quality of financial reports. This means that there is still a lack of utilization of accounting information systems. On the other hand, the application of the manual system is still visible. However, the transition process through training is still being pursued.

HR Competence Does Not Moderate the Effect of the Control Environment on the Quality of Financial Statements

HR competence is unable to moderate the relationship between the control environment in improving the quality of financial statements. This means that HR competence cannot moderate the relationship between the control environment and the quality of financial statements. The lack of competent human resources in OPD affects financial management. So the control environment function cannot function optimally and does not contribute much to providing quality information.

In this case, the control environment is a representation of the principal's role in creating structures and policies. HR competence should act as an internal control mechanism to ensure compliance and the quality of the financial statements produced. Employees who doubt or disagree with the statement that each employee in the organizational structure works according to their function may reflect information asymmetry and agency conflict. Some employees feel that the mismatch between the actual job and its function creates agency problems, where the agent does not fully meet the principal's expectations.

However, the lack of HR competence in moderating the control environment may indicate that management policies or practices have not been able to optimally accommodate these expectations, which has an impact on the quality of the resulting financial statements. HR in accordance with its competence when used as a moderating variable does not have the effect of strengthening or weakening the existing control environment in improving the quality of financial statements. This is based on the highest answer from the financial report quality variable questionnaire that the financial statements have indeed been made systematically so that they are easy to understand.

This financial report is taken from the output of the SIMDA FMIS application and the systematization of processes implemented by SIMDA FMIS has reached a high level of maturity so that the influence of HR as a moderating factor is limited in the sense that even good HR competence will not provide much reinforcement to the control environment in producing quality financial reports. Therefore, the existing control environment may be optimal in supporting the quality of financial reports without too much need for HR variable intervention.

Conclusion

The application of SAP has a relationship to improve the quality of financial statements. The application of accounting principles is a guideline for producing quality financial reports. IT utilization has no relationship with improving the quality of financial statements. Employee knowledge in operating SIPD is one of the obstacles. The control environment has no relationship with improving the quality of financial statements. The implementation of the control environment has not been implemented effectively. HR competence does not moderate the relationship between SAP implementation in improving the quality of financial statements. There are limited human resources to understand accounting knowledge to manage regional finances. HR competence does not moderate the relationship between the use of information technology in improving the quality of financial reports. Employee knowledge in understanding the operation of SIPD is one of the obstacles. HR competence does not moderate the relationship between the control environment in improving the quality of financial reports.

References

- Asbar, A. (2017). Pengaruh Kompensasi, Lingkungan Pengendalian dan Kompetensi Pengelola Keuangan terhadap Kualitas Laporan Keuangan (Survei pada Satuan Kerja Perangkat Daerah Kabupaten Sigi). *Jurnal Katalogis*, Volume 5 N, 41–50.
- Bambang, Prasetyo, dan Lina Miftahul Jannah. 2005. *Metode Penelitian Kuantitatif: Teori dan Aplikasi*. Jakarta: PT. Raja Grafindo Persada
- Elfina, N., & M, A. (2020). PENGARUH PEMANFAATAN TEKNOLOGI INFORMASI DAN KAPASITAS SUMBER DAYA MANUSIA TERHADAP KUALITAS LAPORAN KEUANGAN PADA DINAS PENDIDIKAN DAN KEBUDAYAAN KABUPATEN AGAM. *Pareso Jurnal*, 2(3), 123–132.
- Ernawati. (2022). Determinasi Kualitas Laporan Keuangan Dengan Kompetensi Sdm Sebagai Variabel Moderasi Pada Kementerian Agama Se Sulawesi Selatan. *Journal of Accounting Finance (JAF)*, Vol. 3 No.
- Fitriani, A. (2017). Pengaruh Komitmen Pimpinan dan Lingkungan Pengendalian Internal terhadap Kualitas Laporan Keuangan (Survei pada SKPD Provinsi Sulawesi Tengah). *e Jurnal Katalogis*, 5(4), 113–122.
- Hasanah, S., & Siregar, T. R. S. (2021). Pengaruh Penerapan Standar Akuntansi Pemerintahan, Efektivitas Sistem Pengendalian Intern Dan Kompetensi Sumber Daya Manusia Terhadap Kualitas Laporan Keuangan. *Jurnal Akuntansi dan Perpajakan Indonesia UNIMED*, 9(1), 14–23. <https://doi.org/10.37932/ja.v9i1.90>
- Ikriyati, 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>
- Mardiasmo. (2002). *Akuntansi Sektor Publik*. Andi.
- Mariana Tampubolon, F., & Basid, A. (2019). Pengaruh Komitmen Organisasi, Kompetensi Sumber Daya Manusia, dan Pemanfaatan Teknologi Informasi terhadap Kualitas Laporan Keuangan Pemerintah Daerah (Studi Empiris pada Pemerintah daerah di wilayah Provinsi DKI Jakarta). *Oikos: Jurnal Kajian Pendidikan Ekonomi dan Ilmu Ekonomi*, III(1), 55–65.
- Mene, R. E., Karamoy, H., & Warongan, J. D. . (2018). Pengaruh Pemanfaatan Teknologi Informasi Dan Penerapan Sistem Pengendalian Intern Pemerintah Terhadap Kualitas Laporan Keuangan Pemerintah Daerah Kabupaten Halmahera Utara. *Going Concern : Jurnal Riset Akuntansi*, 13(04), 133–143. <https://doi.org/10.32400/gc.13.03.20045.2018>
- Nurhasanah, & Firmasnyahi, K. sari. (2018). Pengaruh Penerapan standar Akuntansi, Pengendalian Internal dan Kompetensi Sumber Daya Manusia Terhadap Kualitas Laporan Keuangan Pemerintah Provinsi Sumatera Selatan. *Jurnal akuntanika*, 4(3), 121.
- Pebriani, R. A. (2019). Faktor-faktor yang Memengaruhi Kualitas Laporan Keuangan Pemerintah Daerah di Kabupaten Banyuwangi dengan Sistem Pengendalian Internal Pemerintah sebagai Variabel Moderasi. *Jurnal Ilmiah Ekonomi Global Masa Kini*, 10(1), 55–62. <https://doi.org/10.36982/jiegm.v10i1.744>
- Peraturan Pemerintah RI. (2008). *PERATURAN PEMERINTAH REPUBLIK INDONESIA NOMOR 60 TAHUN 2008 TENTANG SISTEM PENGENDALIAN INTERN PEMERINTAH*. Peraturan Pemerintah RI, 76(3), 61–64
- Peraturan Pemerintah RI. (2010). *Peraturan Pemerintah Republik Indonesia Nomor 71 Tahun 2010 tentang Standar Akuntansi Pemerintah (SAP)*. <https://doi.org/10.1017/CBO9781107415324.004>
- Peraturan Pemerintah RI. (2019). *Peraturan Pemerintah Nomor 12 Tahun 2019 tentang Pengelolaan Keuangan Daerah*. *Jurnal Media Hukum*, 184.

- Permendagri RI. (2020). Peraturan Menteri Dalam Negeri Republik Indonesia Nomor 77 Tahun 2020 Tentang Pedoman Teknis Pengelolaan Keuangan Daerah. Permendagri RI, 1–445.
- Philadelphialpha, I. S., Suryaningsum, S., & Sriyono, S. (2020). Pengaruh Kompetensi Sumber Daya Manusia, Standar Akuntansi Pemerintah, Good Governance, Dan Sistem Pengendalian Internal Terhadap Kualitas Laporan Keuangan Pemerintah Daerah. *J-ISCAN: Journal of Islamic Accounting Research*, 2(1), 17–35. <https://doi.org/10.52490/j-iscan.v2i1.777>
- Putri, U. A., Hafidhah, H., & Firmansyah, I. D. (2020). Pengaruh Kompetensi Sumber Daya Manusia, Pemanfaatan Teknologi Informasi, Pengawasan Keuangan Daerah, Dan Pengendalian Intern Terhadap Kualitas Laporan Keuangan Pada Opd Kabupaten Sumenep. *Journal of Accounting and Financial Issue (JAFIS)*, 1, 11–19. <https://doi.org/10.24929/jafis.v1i1.1202>
- Republik Indonesia. (2014). Undang-Undang Republik Indonesia No. 23 Tahun 2014 Tentang Pemerintah Daerah.
- Sa'adah, S., & Nasrullah, M. (2021). Pengaruh Kompetensi Sumber Daya Manusia, Pemanfaatan Teknologi Informasi dan Sistem Pengendalian Intern terhadap Kualitas Laporan Keuangan Pemerintah Daerah Kota Pekalongan. *Journal of Public Accounting (JPA)*, 1(1), 14–24. <https://doi.org/10.30591/jpa.v1i1.2614>
- Setiawan, A. B., & Tami, R. P. (2018). PENGARUH PENERAPAN SAP DAN SPIP TERHADAP KUALITAS LAPORAN KEUANGAN PEMERINTAH DAERAH KOTA BOGOR DENGAN KOMPETENSI SDM SEBAGAI VARIABEL MODERATING. *Jurnal AKUNIDA*, 4(1), 76–89. <https://doi.org/10.4135/9781412983907.n1200>
- Sundari, H., & Rahayu, S. (2019). Pengaruh Kompetensi Sumber Daya Manusia, Pemanfaatan Teknologi Informasi, Dan Sistem Pengendalian Intern Terhadap Kualitas Laporan Keuangan (Studi Kasus Pada Satuan Kerja Perangkat Daerah Kota Bandung Tahun 2018). *Jurnal E-Proceeding Of Management*, 6(1), 660–667.
- Undang-Undang RI. (2003). UNDANG-UNDANG REPUBLIK INDONESIA NOMOR 17 TAHUN 2003 TENTANG KEUANGAN DAERAH. *Demographic Research*, 49(0), 1–33: 29 pag texts + end notes, appendix, referen.
- Wahyuni, R. (2021). Pengaruh Pemahaman Standar Akuntansi Pemerintahan Dan Pemanfaatan Sistem Informasi Akuntansi Terhadap Kualitas Laporan Keuangan Dengan Kompetensi Sumberdaya Manusia Sebagai Variabel Moderasi (Studi Empiris Pada Pemerintahan Kabupaten Kuantan Singingi). *Journal of Chemical Information and Modeling*, 53(9), 1689–1699