THE MODERATING ROLE OF THE GOVERNMENT INTERNAL CONTROL SYSTEM ON FACTORS INFLUENCING THE QUALITY OF LOCAL GOVERNMENT FINANCIAL REPORTS

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INFORMASI ARTIKEL	ABSTRAK
	Penelitian ini menguji dan menganalisis pengaruh kompetensi SDM, penerapan standar akuntansi daerah dan penggunaan sistem akuntansi daerah terhadap kualitas laporan keuangan pemerintah daerah (LKPD) dengan Sistem Pengendalian Intern Pemerintah (SPIP) sebagai variabel pemoderasi. Penelitian ini menggunakan teknik *purposive sampling* dan terdapat total 146 responden yang terlibat dalam pengelolaan keuangan di Dinas Sosial Provinsi DKI Jakarta. Penelitian ini merupakan penelitian kuantitatif dengan menggunakan data primer berupa kuesioner yang diukur dengan skala Likert dan diuji dengan menggunakan analisis regresi data panel. Hasil kajian menunjukkan bahwa kompetensi SDM, penerapan standar akuntansi daerah dan penggunaan sistem akuntansi daerah berdampak pada kualitas LKPD. SPIP terbukti mampu memperkuat pengaruh kompetensi sumber daya manusia, penerapan standar akuntansi daerah dan penggunaan sistem akuntansi daerah terhadap kualitas laporan keuangan pemerintah daerah. Hasil penelitian ini mengimplikasikan pemerintah daerah mampu menyajikan laporan keuangan pemerintah daerah yang berkualitas dan berguna bagi pihak yang berkepentingan. Kata Kunci: Laporan keuangan, pengendalian internal, sistem akuntansi
	ABSTRACT
	This study examines and analyzes the influence of human resource competence, implementation of regional accounting standards, and the utility of regional accounting systems on the quality of local government financial reports, with the Government Internal Control System (GISC) as a moderating variable. This study used a purposive sampling technique, and there were a total of 146 respondents who were involved in financial management at the DKI Jakarta Provincial Social Service. This research is a quantitative study using primary data in the form of a questionnaire measured by a Likert scale and tested using panel data regression analysis. The results of the study show that human resources competence, implementation of regional accounting standards, and use of regional accounting systems have an impact on the quality of local government financial reporting. The GICS strengthens the influence of human resource expertise, the implementation of regional accounting standards, and the use of regional accounting systems on the quality of local government financial reports. The results of this study imply that local governments can present quality and useful local government financial reports for interested parties. *Keywords: Financial reports, internal control, accounting system*

1. Introduction

The local government is responsible for important work within its jurisdiction according to Laws of the Republic of Indonesia Number 32 of 2004 about local government. According to the concept of self-governance and management, local government experiences maximum independence in the management and administration of federal affairs that fall under regional authority. As a local democracy, local governments are responsible for managing their finances under applicable laws and regulations and are therefore required to prepare government finance reports. Government financial accountability reports are prepared promptly following generally accepted government standards and are an attempt to ensure transparency and accountability in capital management. Public institution. This concept is contained in Article 17 of the Law. 17, 2003 on Finance of the Republic of Indonesia.

Since the Ministry of home affairs of the Republic of Indonesia issued Law No. 64 of 2013 on the implementation of accrual-based Government Accounting Standards for local governments, local governments have been required to use this method of accounting when compiling the Local Government Financial Reports, known as LKPD. LKPD contains information about the regional financial management of the government in the form of regional fiscal responsibility. The LKPD defines the financial, fiscal, and fiscal functions of local government (Suhardjo, 2019). Employees understand the rules and regulations related to local financial management and reporting, the adequacy of internal controls to ensure effective financial management and reporting, and the use of information technology to produce good government financial reports. The ability to understand is critical to disseminating good financial reporting in government (Kusnadi et al., 2022).

Importance of the Government Internal Control System known as SPIP to know good management in the use of government programs and activities so that they run smoothly and efficiently. SPIP is designed to ensure that state administration, financial reporting, asset protection, and legal compliance are managed efficiently and effectively, respectively. According to the Government of Indonesia Law No. 60 of 2008 on the Internal Regulation of the Government. The social implementation of SAP in financial information production can also improve the quality of municipal government financial information. Government Standards (SAP) are principles for the compilation and presentation of government financial information that are requirements that should be used as guidelines for effective government performance. Financial information in the city can be improved (Nuraini et al., 2019). According to the Government of Indonesia No. 71 regarding Federal Law of 2010, the standard of financial statements is the measures that should be taken in financial information so that it can achieve its objectives. These four characteristics are essential to ensure that government financial information can meet the requirements, such as 1) relevance, 2) reliability, 3) constant comparability, and 4) comprehensibility.

Many studies have been conducted to analyze the factors that influence the quality of local government financial reporting, but the results are mixed. Mirnawati et al. (2021), Kusnadi et al. (2022), Fitriana et al. (2020), and Trisnawati & Wiratmaja (2018) investigate the relationship between staff competence and the quality of local government financial reports and discover that insights into staff competence influence the quality of

local government financial reports. Another study examines the relationship between the implementation of regional accounting standards and the quality of local government financial reports. Kapriana & Agung (2020), Nuraini et al. (2019), Philadhelphia et al. (2020), and Harahap et al. (2018) concluded that local accounting standards influence the quality of local government financial reporting. The impact of using a regional financial accounting system on the quality of local government financial reports was examined by Setiawan et al. (2021), Maydiyanti et al. (2020), Defitri (2018), and Husna (2022) contain research findings of local financial accounting systems that have a significant impact on the quality of local government financial reporting. Government internal control systems study has been reviewed by Nuraini et al. (2019), and it was studied to reduce the impact of human resource competence on the quality of local government financial reports. Kapriana & Agung (2020), Sari & Priyadi (2020), and Fauziyah (2019) show that government internal control systems reduce the impact of human resource competence on the quality of local government financial reports. A study of government internal control systems will reduce the impact of the implementation of regional accounting standards on the quality of local government financial reports. Kapriana & Agung (2020) moderated findings on government internal control systems. The impact of regional financial accounting systems on the quality of financial reports contrasts with the findings of Nuraini et al. (2019) and Laoli & Mukti (2022) find that government internal control systems have failed to mitigate the relationship between the quality of local government financial reporting and the implementation of government accounting standards. Other research findings conclude that government internal control systems mitigate the impact of the use of regional financial accounting systems on the quality of local government financial reporting Muhid et al. (2021) and Fauziyah (2019). Current findings that government internal control systems can mitigate the impact of the use of local financial accounting systems on the quality of local government financial reporting show the survey results. This contrasts with a Diny & Syam (2016) study that found that internal control systems acting as facilitators weakened the link between the use of local financial accounting information systems and the quality of local financial reports.

Each local government has different characteristics and contextual factors, including the competence of human resources in managing financial reporting. Thus, this study wants to provide new evidence by conducting tests at different regional work unit locations, in this case at the DKI Jakarta Provincial Social Service, using different measurement variables and indicators. This study aims to fill the gaps in previous research by examining the role of the local government's internal system in interacting with the relationship between the influence of quality local government financial reports, namely human resource competence, the implementation of regional financial accounting standards, and the utilization of the regional financial accounting system. The results of this study contribute to improving the quality of financial reports in the work unit of the DKI Jakarta Province Social Service by strengthening relevant key factors to support the improvement of quality local government financial reports so that these financial reports can be useful in providing accurate information in the stakeholder's needs of local government financial reports.

2. Theoretical Framework and Hypotheses Development

Basic understanding of agency theory related to conflicts of interest between parties involved in contractual relationships. According to Jensen, C. & Meckling, H. (1976), agency theory describes the connection between a principal and an agent, or the party to whom authority is delegated and the party to whom authority is delegated. This is vulnerable to conflict because both parties are trying to achieve interests that can cause agency costs. Agency Theory, in the context of municipal financial reporting, is concerned, in this case, the municipality acts as an agency with an obligation to provide high-quality and useful financial reporting information to users of municipal financial information. In this case, users of local government financial information take the lead in assessing whether financial reports submitted are transparent, understandable, and useful for decision-making on social, economic, and political issues increase.

The term "New Public Management" refers to a set of principles that emphasize an organizational culture that is more flexible, innovative, entrepreneurial, and outcomes-oriented than a culture of adherence to principles oriented to pragmatism. These principles include: paying attention to market mechanisms; encouraging competition and contracts to achieve outcomes; being more responsive to customer needs; steering rather than rowing; deregulating; empowering implementers to be more creative; and so on (Taufiqurokhman & Satispi, 2018). Taufiqurokhman & Satispi (2018) argue that the notion of New Public Management represents a new paradigm in public sector management, drawing comparisons between it and the older style of management known as Old Public Management. NPM is a term from the 1980s that describes a method of reforming the public sector utilized primarily in the United Kingdom and New Zealand. National Performance Management emphasizes customer (citizen) oriented services, decentralization of management authority, the adoption of markets and quasi-market mechanisms, and control over government policy output.

Financial statements should be aware of the benefits of financial statements, which are measures of the Indonesian Government Law No. 71 of 2010, to obtain accurate information. The quality of official financial information is ensured by the following four requirements: relevance, reliability, comparability, and comprehensibility. The quality of a financial report can determine whether it meets the needs of its users, how free it is from errors that are material and fraudulent, and the same report for the previous (April 2019).

According to Made & Sari's (2019) research, human resources are the employees who work for the organization and provide ideas and different types of work to help it reach its goals. Human resource capacity is the extent to which an organization's employees can perform their roles and responsibilities and carry out the policies and procedures necessary to achieve the company's goals. Regional offices (OPD) should have good human resources according to research on accounting history education, attendance at education and training, and financial literacy (Wuriasih, 2019). In local government, people problems are frequent in local government agencies, known as OPD, due to potential resource inequities in the receipt of funds (Firmansyah Bagjana & Arifian Rachman, 2021). Human resources, as stated in a study by Made & Sari (2019), are the people in an organization who provide both ideas and work to achieve the company's goals. People competence is

the ability of a person, organization, or work to organize its work or policies to achieve its goals.

Previous research by Nuraini et al. (2019) human resource competence does not affect the quality of municipal financial information. Similar outcomes were found in a study by Maydiyanti et al. (2020) which concluded that human resources skills do not affect the reliability of financial information in municipalities. The outcomes of the following research contradict Fitriana et al. (2020) and claim that people can be effective and influence the quality of information. Researchers (Dewi et al. (2019) have found a similar pattern, concluding that the ability of people to work effectively and efficiently affects the quality of financial information for the government in a city. Similar outcomes are reached by researchers (Susanto et al., 2021). The ability of people is required to complete the work correctly, where competent employees will be associated with the development of good financial knowledge. Since financial information is a product of human resources, obtaining good financial information requires human resources in accounting.

H_1: Human resource competence has a positive effect on the quality of local government financial reports

Accounting principles that are used to prepare and present government financial reports are known as Government Accounting Standards (GAS). These standards were established by Regulation of the Government of the Republic of Indonesia Number 71 of 2010 regarding Government Accounting Standards. The purpose of the Government Accounting Standards is to provide a framework for the administration and compilation of government financial statements. Government Accounting Standards are the guidelines for preparing and reporting government finances in accordance with Government Regulation No. 12 of 2019 on Regional Financial Management. The government is obligated to include information of value to users of government financial information in its financial reports. With government accounting standards, quality financial reports can be obtained (Ikyarti (Ikyarti & Aprila, 2019).

Previous research by Made & Sari (2019) found that an understanding of Government Accounting Standards partially affects the information value of financial reports from the East Sumba district because preparing financial reports requires an in-depth understanding of Government Accounting Standards. There is evidence that the use of Government Accounting Standards affects the reliability of local government budgets (Maydiyanti et al., 2020). Local government financial reports were found to be of higher quality when government accounting standards were used (Ikyarti & Aprila, 2019). According to the research conducted (Kapriana & Agung, 2020), regional financial accounting has greatly enhanced the reliability of financial reports issued by local governments. Accounting standards are guidelines and basics in regulating the implementation of accounting when preparing financial reports. The provisions in the Accounting Standards serve as guidelines in the preparation of financial reports so as to produce quality local government financial reports that are beneficial to the public.

H_2: The implementation of Financial Accounting Standards has a positive effect on the quality of local government financial reports

According to Government Regulation Number 12 of 2019 concerning Regional Financial Management territorial administration, the Local Government Accounting System is a standardized set of processes, organizers, and tools for carrying out accounting tasks within an organization, from transaction analysis to financial reporting. The local government should be able to account for regional finances with the use of high-quality financial reports made possible by the existence of a regional financial accounting system. According to the findings, the regional financial accounting system significantly improves the quality of regional financial reporting (Kapriana & Agung, 2020). Local government financial report quality is impacted by the adoption of local financial accounting systems, according to studies by Maydiyanti et al. (2020). The outcomes of the research on the utilization of the Regional Financial Accounting System in regional financial management can improve transaction processing, accuracy in calculations, and timely preparation of financial reports, in other words, the use of a good Regional Financial Accounting System will improve the quality of financial reports.

H_3: Utilization of the local financial accounting system has a positive effect on the quality of local government financial report

Referring to Law No. 60 of 2008 on the Government Internal Control System of the Republic of Indonesia senior management and all employees should take regular steps to ensure moderation and to ensure participation in the process together. Achieving the organization's goals through effective and efficient measures, such as efficiency, reliability of financial reporting, protection of national assets, and compliance. Human resources competence is important for the success of the organization, through the competence of human resources in their work, the goals of the organization can be achieved effectively (Sari et al., 2019). Previous research has shown that internal control moderates the impact of government officials' ability on financial reporting quality (Fauziyah, 2019). Nuraini et al. (2019) stated that internal government control can affect the relationship between human capital and local government financial reporting effectiveness. Internal government controls are a prerequisite for local government entities to properly manage their finances and provide reasonable assurance of the achievement of local government goals. An effective internal control system is also supported by competent persons and is expected to produce financial statements that are useful, useful, understandable, and comparable.

H_4: The government's internal control system strengthens the influence of human resource competence on the quality of local government financial statements

To ensure that local governments have good financial information, it is recommended that they must follow government accounting standards (Sari & Priyadi, 2020). A government's internal controls are a way to ensure that employees of a local government, particularly a financial institution, follow the government's accounting standards when compiling financial information in the area. This standard is the process of ensuring that local government financial information is presented in the best possible light. According to previous research by Kapriana & Agung (2020), the quality of local government financial information improves when regional accounting standards are used. The outcomes of the following research differ from those of Nuraini et al. (2019) who stated that the

government's internal control system cannot influence the relationship between the use of government accounting standards for the quality of local government financial reports.

H₅: The government's internal control system strengthens the influence of the implementation of financial accounting standards on the quality of local government financial reports

A municipal financial accounting system supports local governments to conduct their day-to-day activities, safeguard public assets and produce high-quality local government financial reports, thereby increasing the efficiency and effectiveness of local government financial report preparation. Improving to ensure that local governments obtain reliable financial reports, the government's internal control system known as SPIP was developed. It is important to verify the extent to which the local financial accounts are operating. The outcomes of the study indicate that the government's internal control system moderates the influence of the regional financial accounting system on the quality of financial reports (Laoli & Mukti, 2022). Previous research by Kapriana & Agung (2020) shows that the quality of local government financial reports is improved by the government's internal control system through its increasing influence on the regional financial accounting system.

H₆: The government's internal control system (GICS) strengthens the influence of the regional accounting system on the quality of local government financial reports.

3. Research Method

The purpose of this study is to examine the effect of staff competency, implementation of financial accounting standards, and use of regional financial accounting systems on local government financial reports. In addition, research aim of this research was to examine whether government internal control standards moderate the relationship between staff competency, implementation of financial accounting standards, and use of regional financial accounting systems. The unit of analysis for this research is the DKI Jakarta Social Service staff and units that are part of the DKI Jakarta Social Service. This study uses primary data with employees from the DKI Jakarta Provincial Social Service as respondents. The sampling technique uses a purposive sampling technique, which is a way to obtain a random sample using certain criteria. The sample in this research is employees who are involved in managing financial reports in the work unit of the DKI Jakarta Provincial Social Service and work units under the DKI Jakarta Provincial Social Service, totaling 146 respondents. Data was obtained by distributing questionnaires containing statements that had been prepared with alternative answers.

The variables used in the following research are grouped into dependent variables, independent variables, and moderating variables. The variable measurement used in the following research is the Likert scale in ordinal form with five alternative answers with "an assessment of 1 = Strongly Disagree (SD), 2 = Disagree (D), 3 = Neutral (N), 4 = Agree (A), 5 = Strongly Agree (SA). The definition and operationalization of the variables in this study are presented in Table 1 regarding variable measurements.

Table 1. Variables Measurement

Variables	Definition	Indicators	References
Dependent Variable: Quality of Local Government Financial Reports (Y)	Quality financial reports must contain information that is relevant, reliable, comparable, and understandable	1. Relevant 2. Reliable 3. Comparability 4. Understandable	Regulation of the Government of the Republic of Indonesia Number 71 of 2010 regarding Government Accounting Standards
Independent Variable: Human Resource Competency (X1)	Competence is a characteristic of someone who has the skills, knowledge, and ability to carry out a job.	1. Understanding of functions 2. Understanding of financial regulations 3. System mastery 4. Technical guidance or training 5. Employee rotation	Dewi (2021)
Implementation of financial accounting standards (X2)	Government Accounting Standards (GAS) are accounting principles that are applied in preparing and presenting government financial reports.	1. Confession 2. Recording 3. Report 4. Presentation.	PP 71 of 2010 concerning Government Accounting Standard Regulation of the Government of the Republic of Indonesia Number 71 of 2010 regarding Government Accounting Standards
Utilization of the Regional Financial Accounting System (X3)	The regional financial accounting system is an application that has a very important role in terms of regional financial management	1. Financial accounting standards understanding 2. Financial accounting standards capability 3. Financial accounting standards mastery.	Dewi (2021)
Moderating Variable: Government Internal Control System (Z)	Integral process of actions and activities carried out continuously by leaders and all employees to provide adequate assurance of achieving organizational goals through effective and efficient activities, reliability of financial reporting, safeguarding state assets, and compliance with laws and regulations.	1. Control environment; 2. Risk assessment; 3. Control activities; 4. Information and communication 5. Internal control monitoring.	Regulation of the Government of the Republic of Indonesia Number 60 of 2008 concerning the Government Internal Control System

The multiple linear regression equation models in this research are formulated as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e \quad \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots \quad (1)$$

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 Z + \beta_1 X_1 * Z + \beta_2 X_2 * Z + \beta_3 X_3 * Z + e \quad \dots\dots\dots\dots\dots\dots \quad (2)$$

Where,

Y	= Quality of local government financial reports
X1	= Human resource competency
X2	= Implementation of financial accounting standards
X3	= Utilization of the regional financial accounting system
Z	= Government internal control system
α	= Constanta
β_1- β_4:	= Regression coefficient;
e	= error

4. Result and Discussion

The results of this study present (1) descriptive analysis; (2) data quality testing which includes: validity and reliability; (3) classical assumption test which consists of normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test; (4) regression analysis test includes multiple regression analysis and moderated multiple regression analysis and (5) hypothesis testing includes simultaneous F-test, coefficient of determination (R^2), and partial t-test which will be discussed further.

Based on the results of the questionnaires distributed, the questionnaires received from each respondent, there were 146 respondent data. Data on the characteristics of the respondents are presented in Table 2 including gender, age, work experience, education level, and position. The data is grouped according to gender, age, period of work experience, level of education, and position. Based on gender, the majority of respondents were men with a total of 94 (64.4%) and 52 women (35.6%). The age of most respondents was at the age of 46-55 years as many as 80 people (54.8%) and at the age of 36-45 years as many as 43 people (29.5%). Furthermore, the age of 26-35 years as many as 10 people (6.8%), ≥56 years as many as 12 people (8.2%), and the number of respondents at least ≤ 25 years old is 1 person (0.7%). Based on years of service (work experiences), ≤5 years 5 people (3.4%), 6-10 years 17 people (11.6%), 11-20 years 79 people (54.1%), and ≥21 years 45 people (30,8%). Based on the level of education, the majority of respondents had an undergraduate degree of 74 people (50.7%) and a master's degree of 42 people (28.8%). The number of respondents with high school/equivalent education was 27 people (18.5%) and 3 D3 people (2.1%). Related to the position, most respondents had positions as budget users 34 people (23.3%) and financial administrative officers - regional work units 28 people (19.2%) and treasurer of goods 1 person (0.7%), expenditure assistant treasurer 28 people (19.2%). Furthermore, positions as budget users 1 person (0.7%), financial administrative officer - regional apparatus task force 1 person (0.7%), head of the finance subdivision expenditure treasurer 1 person (0.7%), treasurer of goods 1 person (0.7%) and others involved in managing financial reports as many as 18 people (12.3%). This shows the diverse backgrounds of the respondents but in their duties related to financial management in the DKI Jakarta Provincial Social Service

Table 2. Respondent Characteristics

Characteristics	Detail Indicators	Respondent	Percentage
Gender	Male	94	64.4
	Female	52	35.6
Age	≤ 25 year	1	0.7
	26 – 35 year	10	6.8
	36 – 45 year	43	29.5
	46 – 55 year	80	54.8
	≥ 56 year	12	8.2
Work experience	≤ 5 year	5	3.4
	6 – 10 year	17	11.6
	11 – 20 year	79	54.1
	≥ 21 year	45	30.8
	Senior High School	27	18.5
Education level	3-Year Diploma	3	2.1
	Undergraduate	74	50.7
	Post-Graduate	42	28.8
Position	Budget Users	1	0.7
	Power User Budget	34	23.3
	Financial Administration Officer – Regional Apparatus Task Force	1	0.7
	Financial Administration Officer – Regional Apparatus Work Unit	28	19.2
	Head of Finance Subdivision Treasurer of Expenditures	1	0.7
	Goods Steward	2	1.4
	Auxiliary Expenditure Manager	28	19.2
	Other	18	12.3

Source: Primary Data (processed)

Table 3 describes the tabulation of respondents' answers. The human resource competency variable (X1) with a sample size of 146 in statements 1 to 5 has the lowest score of 3 and the highest of 5, which means that the respondents' answers varied from neutral to strongly agree. The average value of each statement 1 to 9 is 4.49, 4.44, 4.40, 4.38, and 4.49 indicating that the average respondent tends to answer in the direction of agreeing. Implementation of financial accounting standards variable with a sample size of 146 in statements 1 to 9 has the lowest score of 2 and the highest of 5, which means that the respondents' answers varied from disagree to strongly agree. The average value is 4.21 indicating that the average respondent tends to answer in the direction of agreeing. The regional financial accounting system utilization variable with a sample size of 146 in statements 1 to 3 has the lowest score of 2 and the highest of 5, which means that the respondents' answers varied from disagree to strongly agree. The average value of each statement 1 to 3 is 4.49, 4.47, and 4.28 indicating that the average respondent tends to answer in the direction of agreeing.

The variable quality of local government financial reports with a sample size of 146 in statements 1 to 9 has the lowest score of 2 and the highest of 5, which means that the respondents' answers varied from disagree to strongly agree. The average value of each statement 1 to 9 is 3.98, 3.88, 3.77, 3.92, 3.79, 3.93, 3.90, 3.99, and 4.10 indicating that the average respondent tends to answer in a neutral direction and agree. The government's

internal control system variable with a sample size of 146 in statements 1 to 10 has the lowest score of 3 and the highest of 5, which means that the respondents' answers varied from neutral to strongly agree. The average value of each statement 1 to 10 is 4.29, 4.27, 4.42, 4.40, 4.36, 4.39, 4.42, 4.40, 4.40, dan 4.25 indicating that the average respondent tends to answer in the direction of agreeing.

Table 3. Tabulation of Respondent's Answer

Variables	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
	Σ	%	Σ	%	Σ	%	Σ	%	Σ	%
Quality of Local Government Financial Reports	68	46.7	74	50.7	4	2.6	0	0	0	0
Human Resource Competency	18	12.6	118	81.1	9	6.2	0	0	0	0
Implementation of Financial Accounting Standards	75	51.1	63	43.4	7	4.6	1	0.9	0	0
Utilization of the Regional Financial Accounting System	9	6.2	114	78.2	23	15.5	0	0	0	0
Government Internal Control System	56	38.2	87	59.8	3	2.1	0	0	0	0

Source: Primary Data (processed)

The results of testing the validity and reliability are presented in Table 4. A validity test is a tool used to determine if a questionnaire is valid (Ghozali, 2018). If the answers to the questions on a questionnaire can provide light on the variable being assessed, then the questionnaire can be considered legitimate. The validity test in the following research used Pearson Correlation analysis, where if r count > r table, means that the question is declared valid and vice versa. The validity test was tested on 146 employees of the DKI Jakarta Provincial Social Service and work units under the DKI Jakarta Provincial Social Service who were involved in managing financial reports by comparing the r count values with r table values. In obtaining the r table, it is known that "the degree of freedom (df) = n-k, where 146-3 or df = 143 with an alpha of 0.05 (5%) and an r table value of 0.163 is obtained. Table 4 shows that the r count for the 5 variables each; 0.663, 0.534; 0.687; 0.663, 0.692 > from the r table of 0.163 and has a positive value, so it can be concluded that the statement items on each variable are declared valid.

A reliability test, as defined by Ghozali (2018), is a method for measuring the accuracy of a questionnaire used as a proxy for an observable variable or concept. If a respondent's answers to a questionnaire are stable over time, it can be stated that the questionnaire has high reliability. If the Cronbach alpha value of the variable is more than 0.70, then it can be considered dependable. The result of the reliability test in Table 4 below, identifies that the independent variables of human resource competency, implementation of financial accounting standards and utilization of regional financial accounting systems, the moderation variable of the government's internal control system, and the dependent variable of the quality of local government financial reports have their respective Cronbach alpha values 0.711; 0.768; 0.724; 0.716; 0.763 > 0.70. This means that the independent variables, moderating variables, and dependent variables used are

declared reliable. The results of the validity and reliability tests of the research data are presented in Table 4 below:

Table 4. Validity and Reliability Test Result

Variables	r count	r table	Cronbach Alpha
Human resource competency	0.692	0.163	0.711
Implementation of Financial Accounting Standards	0.676	0.163	0.768
Utilization of the regional financial accounting system	0.687	0.163	0.724
Quality of local government financial reports	0.663	0.163	0.716
Government internal control system	0.692	0.163	0.763

Source: Primary Data (processed)

The results of multiple linear regression testing and moderation testing are presented in Table 5. The test results on model 1 and model 2 show a significant f test value so that the model is feasible to use for prediction. This is indicated by the significance value of the F test which is less than 0.05. This shows that simultaneously the dependent variable is significantly influenced by the independent variable. F-test outcomes for each model were 77.863 and 68.469. The F (statistic) for each of 0.000 is less than the significance of 0.05, indicating that human resource capacity, use of accounting standards, use of regional budgets, and government internal controls play significant roles in the credibility of local government financial reporting.

The coefficient of determination (R^2) is a measure of how well a model fits the observed data for a variable. The increase in the decision-making ratio shows that there are many effects of independence and change of different variables (Ghozali, 2018). The adjusted R-squared coefficient of determination is 0.614, indicating that human resource competence, implementation of financial accounting standards, and utilization of the regional financial accounting system strongly influence (61.4%), and are themselves correlated with, the quality of local government financial reports. The outcomes of the coefficient of determination for model 2 identify that the coefficient of determination adjusted R square is 0.765 which indicates that human resource competence, implementation of financial accounting standards, utilization of regional financial accounting systems, and the moderating variable of the government's internal control system have a strong influence on report quality local government financial reports and has a proportion of influence of 76.5 percent while the remaining 23.5 percent (100–76.5 percent) is influenced by other variables not examined in the study.

Based on Table 5, the results of testing the significance of individual parameters are indicated by the value of the t-test. T-test was performed to determine whether or not each independent variable had an independent influence on the dependent variable and whether or not the moderating variable could moderate the effect between the independent factors on the dependent variable (Ghozali, 2018). In this evaluation, a significance level of 0.05 (α=5%) was chosen. The value of the t table at a significance level of 0.05 and degrees of freedom (df) is df = n-k-1 = 146-3-1 = 142 so a t table value of 1,976 is obtained.

Table 5. Summary of Regression Test Results

Model 1 : Y = α+β1X1+β2X2+β3X3+e

Variables	Coefficient	T-test	P value
Constant	9.541	5.085	0.000***
Human resource competency (X1)	0.437	5.397	0.000***
Implementation of Financial Accounting Standards (X2)	0.261	3.698	0.000***
Utilization of the Regional Financial Accounting System (X3)	0.476	5.002	0.000***

F test   = 77.863
Sig F test   =   0.000
R Square   =   0.622
Adjusted R Square =   0.614

Model 2 : Y= α+β1X1+ β2X2+β3X3+β4Z+β1X1*Z+β2X2*Z+ β3X3*Z+e

Variables	Coefficient	T-test	P value
Constant	143.504	7.744	0.000
Human resource competency (X1)	-2.548	-2.624	0.010**
Implementation of financial accounting standards (X2)	-1.338	-2.126	0.035**
Utilization of the regional financial accounting system (X3)	-1.254	-2.136	0.034**
Government internal control system (Z)	-2.953	-6.922	0.000***
Human resource competency (X1) * Government Internal Control System (Z)	0.065	2.911	0.004***
Implementation of Financial Accounting Standards (X2) * Government Internal Control System (Z)	0.037	2.467	0.015**
Utilization of the regional financial accounting system (X3)* Government Internal Control System (Z)	0.036	2.551	0.012**

F test   = 68.469
Sig F test   =   0.000
R Square   =   0.776
Adjusted R Square =   0.765

Source: Primary Data (processed)

The results of the first hypothesis testing show that the significance of human resources competency variable < critical probability value (α = 5%) of 0.000 <0.05 and t count > t table of 5,397 > 1,976, this indicates that human resource competence influences the quality of local government financial reports. The regression coefficient of 0.437 indicates a positive direction. This means that the competence of human resources has a positive effect on the quality of local government financial reports. Based on these outcomes, the first hypothesis (H1) proposed is declared accepted. The outcomes of this research indicate that in preparing financial reports, the competence of human resources is a very important aspect in obtaining quality and accountable local government financial reports. These research findings are in line with previous research by Fitriana et al. (2020), Wuriasih (2019), Nengsy & Sarimaulina (2019), and Dewi et al. (2019) which states that human resource competence affects the quality of regional financial reports. However, the result of this research contradicts the research conducted by Nuraini et al. (2019) and Philadhelphia et al. (2020) which states that human resource competence does not affect the quality of regional financial reports.

The results of the second hypothesis testing show that significance value 0.000 < 0.05 and t count > Table 3.698 > 1.976, shows that implementation of financial accounting standards related to local government financial reports. The regression coefficient of 0.261 shows a positive coefficient direction. This means that the implementation of financial accounting standards has a good effect on the local government's financial reports. Based on these results, the second hypothesis was confirmed. The implementation of government accounting standards (SAP) can improve the quality of local government financial information. It shows that SAP has used principles in preparing and presenting local government financial information. SAP guarantees that the financial information presented is consistent with publicly available financial information. The outcomes of the following research are consistent with the previous research (Susanto et al., 2021; Made & Sari, 2019; Kapriana & Agung, 2020; Ikyarti & Aprila, 2019) which states that the implementation of the government financial system affects local government financial information.

In addition, the evaluation result test of the third hypothesis (H3) shows that the use of financial resources in the financial region has a significant value of 0,000 < significance 0.05 and t count> Table 5.002> 1.976. It means that the use of regional financial resources affects the quality of local government financial reports. The regression coefficient of 0.476 shows a positive coefficient direction. This means that the use of a regional financial accounting system has a positive effect on the financial information of the government. Based on these findings, the third hypothesis was confirmed. It proposes the use of regional financial resources to improve the accountability and credibility of public financial managers through the development and improvement of government accounting standards. The findings of the following research are consistent with the previous research of Kapriana & Agung (2020), Maydiyanti et al. (2020), Fauziyah (2019), and Diny & Syam (2016) who stated that the use of financial resources in the financial district affects the quality of government financial information.

The result of the fourth hypothesis (H4) identifies the significance of human capital and internal control of the government have a significant value of 0,004 < 0.05 and t count> Table 2.911> 1.976, which shows that the internal control of the government can moderate the role. This means that the government's internal control system strengthened the influence of human resources on the financial report performance of the local government. Based on these outcomes, the proposed fourth hypothesis is accepted. This indicates that the government's internal control system (SPIP) which is a plan to monitor staff in the management of the local government's ability to effectively process financial information. This result supports the research of Kapriana & Agung (2020), Nuraini et al. (2019), Sari & Priyadi (2020), Fauziyah (2019), and Aries & Suhartono (2021) which indicate that the human resource capacity of the government financial report quality. The result of testing indicates that the fourth hypothesis (H4) was supported.

Based on the test results on the fifth hypothesis shows that the significance value of the government internal control system is 0.015 < 0.05 and the table of t count > 2.467 > 1.976, implying that the internal control of the government can moderate the effect of the implementation of financial accounting standards on local government financial report. The regression coefficient of 0.037 shows a positive coefficient direction. This means that

the government's internal control supports the finding of the government's financial information. Based on these results, the fifth hypothesis is confirmed. This indicates that the government's internal control system is a way of monitoring the government officials in the region who prepare the financial information in the region and must adhere to the government's accounting standards for preparing and presenting the government's financial information. This research contradicts the research of Kapriana & Agung (2020), Nuraini et al. (2019), and Laoli & Mukti (2022) who stated that the government's internal control system cannot affect the relationship between the use of government accounting standards and the quality of local government financial reports.

Based on the test results on the sixth hypothesis shows that the significance between the use of regional finance and the internal control of the government is 0.012 < 0.05 and the table of t value 2.551 > 1.976, shows that the government internal control system can moderate positively the regional financial accounting system on local government financial report. The regression coefficient of 0.036 shows a positive coefficient direction. This means that the internal control of the government strengthens the use of financial resources on local government financial report quality. Based on these outcomes, the sixth hypothesis is accepted. This shows that the government's internal control system is a method that monitors the use of regional funds by employees that are done correctly and can improve financial information. The research findings support the research of Kapriana & Agung (2020), Fauziyah (2019), and Muhid et al. (2021) who stated that central government policy affects local financial management of local government financial information quality. Contrary to the research findings of Diny & Syam (2016) which stated that the internal control system acts as a weak moderator for the relationship between the use of financial information in regional and regional financial reporting.

5. Conclusions, Implications, and Limitations

The findings of the research identified that the quality of local government financial information is affected by the competency of human resources, the implementation of financial accounting standards, and the use of regional financial accounting systems. Local government management can influence the relationship between human resources, the use of regional financial accounting standards, and the use of regional financial accounting systems to improve local government financial reports. The impact of this research is to create more effective and efficient government financial information for users by increasing the capacity of human resources in accounting, using the regional financial model, and using the regional financial accounting system in the preparation and presentation of local government financial reports. This study has limitations, related to the limited number of samples and the variables tested. Further research can extend respondents on a larger scale in other areas with different characteristics and examine other determinants that can explain the quality of local government financial reports.

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