

The relationship between statements of government accounting standards, internal control systems, and human resources on the quality of financial reports: A literature review

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ABSTRACT

The aim of this research is to analyze the management and quality of financial report. The research method we uses is by using systematic review. Through searching for articles in the SINTA journal database, this research identified significant findings related to implementing PSAP, Government Internal Control System, and Human Resources competency on the quality of financial reports in the regional government, cooperative and Public Service Agency sectors. Various existing studies highlight the positive impact of implementing accounting standards and SPIP on the quality of financial reports, with a good understanding of accounting by HR being key. Optimizing Government Internal Control System, implementing SAPD, and effective internal control are the focus to ensure the integrity and quality of financial reports. Increasing understanding of accounting by HR through investment in training is vital, along with consistent implementation of SAPD to ensure compliance with government accounting standards. Focusing on optimizing Government Internal Control System is essential in preventing errors and improving the quality of financial information, ultimately resulting in more reliable and accountable financial management and strengthening stakeholder trust.

KEYWORDS

Statements of Government Accounting Standards; Internal Control System; Human Resources; Quality of Financial Reports

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Introduction

In managing BLUD at the Bandar Lampung City Health Center, several problems affect the effectiveness and quality of financial management. One of the main problems is the need for more harmony and understanding between related parties, such as community health centers, related departments, and internal regional government supervisors, regarding BLUD regulations and governance. Incompetent human resources, especially accounting, are also obstacles to preparing quality financial reports. The survey results show that implementing the PPK BLUD pattern in several community health centers still needs to abide by applicable regulations, and constraints on employee competency, especially those from medical staff backgrounds, result in delays in submitting financial reports.

The issues of a deficient internal control system and non-compliance with regulatory frameworks further compound the complexities in the management. Addressing these challenges and fortifying the reliability and accountability of regional financial management necessitates adhering to regional government accounting standards (SAPD) and enhancing the competencies of human resources engaged in financial governance. Therefore, to elevate the efficacy of financial report management, strategic improvements in human resource competencies, implementing SAPD, and enhancing internal control systems are imperative. Additionally, targeted training initiatives within the financial sector, coupled with the adoption of accrual-based SAP, stand as potential remedies to surmount the obstacles encountered by Community Health Centers.

In the landscape of regional financial management, the qualitative attributes of the financial reports originating from BLUD Community Health Centers in Bandar Lampung City are profoundly influenced by human resources (HR) competence. As emphasized by Kurniawan and Wahyuni (2023), the need for more comprehension and application of accounting logic by HR within Regional Government echelons may precipitate errors in financial reporting and engender non-compliance with governmental standards. The implementation of regional government accounting standards (SAPD) assumes a pivotal role in augmenting the reliability and accountability of regional financial management, as corroborated by the findings of Drama (2014), indicating a positive influence of the regional financial accounting system on the quality of financial reports. Furthermore, cultivating a salubrious work culture, as advocated by regulations set forth by the Minister of Administrative and Bureaucratic Reform, can enhance employee performance.

While the trajectory of information technology development is envisioned as a catalyst for preparing quality financial reports, Tampubolon and Hasibuan (2019) postulate contrasting findings, suggesting a potentially harmful and statistically insignificant impact of information technology utilization on the quality of financial reports.

This research, situated within the nexus of Understanding Government Accounting Standards (PSAP), Internal Control System (SPI), and Human Resource Competency (HR), seeks to delineate a comprehensive understanding of the interplay between the implementation of PSAP, the efficacy of SPI, and the levels of HR competency. Moreover, the study endeavors to distill noteworthy insights from antecedent research endeavors, furnish nuanced perspectives on the ramifications of each factor vis-à-vis the quality of financial reports, and pinpoint lacunae in the existing body of knowledge warranting further exploration. Thus, this scholarly discourse's overarching objective is to contribute to the nuanced comprehension of factors influencing the quality of financial reports, offer guidance for future research pursuits, and proffer valuable insights for practitioners and policymakers navigating the complex terrain of the health sector.

Methods

The employed research methodology entails a systematic review and a rigorous exploration of a diverse array of antecedent studies utilizing a qualitative approach to succinctly summarize the accrued research findings (Sugiyono, 2017). The systematic quest for pertinent scholarly articles was conducted through the auspices of the SINTA journal database website. SINTA, overseen by the Ministry of Education and Culture, Research, and Technology, is a reputable scientific platform offering a curated repository of accredited national journals. This repository, distinguished by its acknowledgment from the Ministry of Education and Culture, Research, and Technology, is a preeminent resource for procuring reference materials in national journals, distinguished by their recognized quality. The deliberate curation of accredited national journals ensures the reliability and scholarly rigor of the identified reference sources, thereby augmenting the credibility and academic robustness of the systematic exploration undertaken in this research endeavor.

The available articles will then be filtered in the relevant database based on the criteria set to meet the requirements, such as journal articles published in the last ten years (2014 - 2023). After that, an initial screening process will be carried out by manually checking the relevant titles and abstracts, after which a review or analysis of the full-text articles will be carried out. The reference list of each selected article will also be manually reviewed to identify additional relevant articles.

Based on the filter and screening process that has been carried out, the following are the articles that will be reviewed in this research:

Table 1. Article to review

No.	Researcher	Research title
1	Ricardo, Wen Via Trisna, Fitriani Astika (2023)	Analysis of Factors Affecting the Quality of Financial Reports (BLUD) of Community Health Centers in the Pekanbaru City Government
2	Setiawan. I M.H., & Rasmini, N.K. (2021)	Application of Government Accounting Standards, Internal Control Systems and Employee Quality to the Quality of Financial Reports
3	Ayem, S., & Nugroho, M. M. (2020)	The Effect of Understanding Cooperative Accounting Based on Financial Accounting Standards for Entities without Public Accountability, Competency Levels, and Internal Control Systems on the Quality of Financial Reports in the Republic of Indonesia Employee Cooperatives.
4	Ni Luh Wayan Tiya Lestari dan Ni Nyoman Sri Rahayu Trisna Dewi (2020)	The influence of understanding accounting, utilization of accounting information systems and internal control systems on the quality of financial reports
5	Tri Ikyarti dan Nila Aprilia (2019)	The Influence of Implementing Government Accounting Standards, Implementing Regional Management Information Systems, and Government Internal Control Systems on the Quality of Regional Government Financial Reports in Seluma Regency
6	Astika Rahmawati, I Wayan Mustika, Lilik Handaya Eka (2018)	The influence of implementing government accounting standards, use of information technology, and internal control systems on the quality of South Tangerang City SKPD financial reports
7	Widiani, N. W. Z. P., & Budiasih, I. G. A. N (2017)	The Influence of Education Level, Experience, and Use of Accounting Information Technology on the Implementation of SAK Etap
8	Mahayani, N. P. L (2017)	The Influence of the Quality of Human Resources in the Field of Accounting, Internal Control Systems, and the Use of Information Technology on the Quality of Financial Reports (Study of Savings and Loans Cooperatives in Jembrana Regency)
9	Arismawati, K. N., Sulindawati, N. L. G. E., SE Ak, M., Atmadja, A. T., & SE, A. (2017).	The Influence of Understanding SAK-ETAP Based Cooperative Accounting, Utilization of Accounting Information Systems, and Internal Accounting Control on the Quality of Financial Reports (Case Study of Savings and Loans Cooperatives in Buleleng District)
10	Kalumata, Merlyn C. T., Hat, Ventje dan Warongan, Jessy D. L. (2016)	The Influence of Human Resources Competency, Information Technology, Financial Report Review and Internal Control Systems on the Quality of Financial Reports in the North Sulawesi Provincial Government.

Results

Article identity

Table 2. Article identity

No.	Research and year published	Sinta	Citations	Result
1	Ricardo, Wen Via Trisna, Fitriani Astika (2023)	S4	0	The outcomes derived from the analytical testing of variables underscore the discernible impact of human resources on the quality of financial reports within regional public service agencies, specifically those affiliated with community health centers in the urban milieu of Pekanbaru City. The empirical analysis further elucidates that the implementation of the regional government accounting system constitutes a significant determinant influencing the quality of financial reports emanating from regional public service agencies, particularly those falling under the purview of community health centers. These findings contribute to a nuanced understanding of the intricate interplay between human resources and the regional government accounting system in shaping the quality dynamics of financial reporting within the domain of community health centers in urban settings.
2	Setiawan, I.M.H., & Rasmini, N.K. (2021)	S3	2	The findings gleaned from this research underscore the noteworthy impact that the implementation of government accounting standards, internal control systems, and employee quality collectively exerts on the quality of financial reports. It is evident that the variables pertaining to the implementation of government accounting standards, internal control systems, and employee quality play pivotal roles in influencing and shaping the overall quality of financial reports. These identified variables contribute substantively to the intricate dynamics of financial reporting, highlighting their individual and collective significance in fostering a higher quality standard in the reporting processes.
3	Ayem, S., & Nugroho, M. M. (2020).	S4	2	The outcomes derived from this research indicate several notable findings regarding the variables under investigation. Firstly, the variable associated with cooperative accounting understanding based on SAK ETAP demonstrates a positive and substantial impact on the quality of financial reports. Secondly, the competency level variable exhibits a negative and statistically significant influence on the quality of financial reports. Thirdly, the external pressure variable is found to have no significant effect on the quality of financial reports. Lastly, the internal control system variable emerges as having a positive and significant effect on the quality of financial reports. These identified variables contribute distinctively to the understanding of factors affecting financial reporting quality, presenting nuanced insights into their respective roles and impacts within this context.
4	Ni Luh Wayan Tiya Lestari dan Ni Nyoman Sri Rahayu Trisna Dewi (2020)	S4	135	The findings from this research highlight that the variables related to understanding accounting, utilization of accounting information systems, and internal control systems exert both partial and simultaneous influence on the quality of financial reports. This implies that each of these factors, when considered individually, demonstrates a discernible impact on financial reporting quality. Simultaneously, when these variables are collectively taken into account, their combined effects contribute significantly to shaping the overall quality of financial reports. The multifaceted nature of these influences underscores the complexity of the relationship between the identified variables and the quality of financial reporting, providing valuable insights for further exploration and practical applications.
5	Tri Ikyarti dan Nila Aprilia (2019)	S4	85	The outcomes of the research reveal a positive correlation between the implementation of government accounting standards and the quality of financial reports within local government entities. Additionally, the study establishes a positive impact of the implementation of regional management information systems and regional government internal control systems on the quality of financial reports in the context of regional government operations. As a suggestion for future research endeavors, it is recommended to explore additional predictor variables, such as human resources, aiming to enhance and enrich the understanding of the factors influencing the quality of financial reports comprehensively. Expanding the scope of investigation to include these variables could contribute to a more nuanced and holistic understanding of the dynamics shaping financial reporting quality in the local government sector.
6	Astika Rahmawati, I Wayan Mustika, Lilik Handaya Eka (2018)	S4	8	The findings derived from this research underscore the substantial positive impact of the implementation of government accounting standards, the utilization of information technology, and the internal control system on enhancing the quality of financial reports within the Regional Work Units (SKPD) of South Tangerang City. Corroborating these

7	Widiani, N. W. Z. P., & Budiasih, I. G. A. N. (2017)	S3	101	results, several antecedent studies have consistently affirmed the positive influence of information technology on the quality of financial reports. The robust support from the existing literature further reinforces the significance of information technology as a contributing factor to the heightened quality of financial reporting. This aligns with the overarching theme in the current research, emphasizing the multifaceted aspects that play pivotal roles in elevating the quality of financial reports in the specific context of SKPD in South Tangerang City. The degree of experience and the adept utilization of accounting information technology significantly impact the effective implementation of SAK Etap. The level of proficiency and hands-on experience in leveraging accounting information technology resources emerges as a critical determinant in the successful application and adherence to the standards set forth by SAK Etap. This intricate relationship underscores the importance of both experiential knowledge and the strategic use of cutting-edge accounting technologies in ensuring the seamless and compliant implementation of SAK Etap principles.
8	Mahayani, N. P. L. (2017)	S4	23	The findings derived from the research elucidate that the caliber of human resources specializing in accounting, the efficacy of internal control systems, and the adept utilization of information technology collectively exert a substantial influence on the quality of financial reports. The comprehensive investigation underscores the interconnected impact of these factors, elucidating their collective role in shaping and determining the overall quality and integrity of financial reporting within the studied context.
9	Arismawati, K. N., Sulindawati, N. L. G. E., SE Ak, M., Atmadja, A. T., & SE, A. (2017).	S4	23	The research outcomes delineate that the comprehension of Cooperative Accounting based on SAK-ETAP, the effective utilization of Accounting Information Systems, and the robust implementation of Internal Accounting Control collectively wield a discernible influence on the quality of financial reports. This comprehensive examination underscores the intricate relationships and combined effects of these variables, illuminating their collaborative impact on shaping and determining the overall quality and reliability of financial reporting within the examined framework.
10	Kalumata, Merlyn C. T., Hat, Ventje dan Warongan, Jessy D. L. (2016)	S5	25	The research findings elucidate that each of the independent variables, including but not limited to human resource competence, regional financial accounting systems, utilization of information technology, and the robustness of internal control systems, collectively and significantly exerts a positive influence on the dependent variable, which is the quality of regional government financial reports. This comprehensive analysis underscores the noteworthy impact of each individual variable and emphasizes the synergy and collaborative effect they contribute to enhancing and ensuring the quality of financial reporting within the regional government context.

The tabular presentation encapsulates a comprehensive synthesis of several empirical investigations delving into the intricate dynamics governing the nexus between diverse determinants and the quality of financial reports within the ambit of regional public service agencies and governmental entities. The corollary of these studies reveals a discernible congruence in the salient variables that exert notable influence. Notably, the adherence to government accounting standards, the efficacy of internal control systems, the deployment of accounting information systems, and the proficiency of human resources emerge as pivotal determinants impacting the fidelity of financial reports. The collective body of research coalesces into a unified consensus, affirming the substantive role played by these identified variables in shaping the landscape of financial reporting quality. Multiple investigations consistently underscore the positive ramifications emanating from these determinants, signifying their indispensable role in safeguarding the precision and dependability of financial information. This confluence of evidence imparts heightened credibility to the research outcomes, underscoring the centrality of these constituent elements in the multifaceted arena of financial reporting processes integral to regional public service agencies.

Moreover, these empirical inquiries traverse beyond establishing the individual significance of the identified variables. They aptly acknowledge the intricate interplay and interdependence characterizing their collective impact on the quality of financial reports. For instance, specific investigations posit a positive correlation between implementing government accounting standards and concurrent advancements in the utilization of information technology and internal control systems. This nuanced understanding of the interconnections among these factors enriches the comprehension of their holistic contributions to the overarching framework governing the quality of financial reporting.

Research object

Table 3. Research object

No.	Researcher and year	Sample	Respondent
1	Ricardo, Wen Via Trisna, Fitriani Astika (2023)	BLUD community health center in Pekanbaru City	Head of Community Health Center, Head of administrative sub-division, treasurer

2	Setiawan, I M.H., & Rasmini, N.K. (2021)	Udayana University	Udayana University Finance Department employees who include the Planning and Finance Bureau of the Financial Sub Unit
3	Ayem, S., & Nugroho, M. M. (2020).	Purworejo Regency	Cooperative Employees
4	Ni Luh Wayan Tiya Lestari dan Ni Nyoman Sri Rahayu Trisna Dewi (2020)	Badung Regency Regional Financial and Asset Management Agency (BPKAD)	BPKAD Badung Regency
5	Tri Ikyarti dan Nila Aprila (2019)	Seluma Regency	26 Regional Apparatus Organizations
6	Astika Rahmawati, I Wayan Mustika, Lilik Handaya Eka (2018)	South Tangerang City SKPD	37 Regional Work Units
7	Widiani, N. W. Z. P., & Budiasih, I. G. A. N. (2017)	Cooperative in Denpasar	74 Cooperative managers
8	Mahayani, N. P. L. (2017)	Jembrana Regency	Cooperative finance department employees regarding human resources in the field of accounting, internal control systems, use of information technology and the quality of financial reports
9	Arismawati, K. N., Sulindawati, N. L. G. E., SE Ak, M., Atmadja, A. T., & SE, A. (2017).	Savings and Loans Cooperatives in Buleleng, Sawan, Kubucepatn and Tejakula Districts	40 finance/accounting employees
10	Kalumata,Merlyn C. T., Hat, Ventje dan Warongan, Jessy D. L. (2016)	North Sulawesi Provincial Government	PPK-SKPD, treasurer and PPK-SKPD staff

The compilation of studies delineated in the presented table encapsulates a spectrum of domains, illustrating the diverse contextual dimensions explored in the realm of research on financial reporting quality. A particular domain of interest encompasses Health Services Management, exemplified by the work of Ricardo, Wen Via Trisna, and Fitriani Astika (2023), who scrutinize the financial reporting quality of community health centers (BLUD) in Pekanbaru City. Their investigation delves into the intricate interplay between human resources and the implementation of regional government accounting systems, shedding light on the dynamics influencing financial reporting quality within the health sector. In a parallel vein, Setiawan, I M.H., and Rasmini, N.K. (2021) significantly contribute to the academic discourse by focalizing their inquiry on Udayana University. Their study delves into the nuanced dynamics whereby government accounting standards, internal control systems, and employee quality collectively impact the quality of financial reports within the precincts of higher education institutions. Collectively, these studies underscore the paramount importance of comprehending the intricacies of financial reporting across diverse sectors, offering invaluable insights pertinent to practitioners, policymakers, and researchers engaged in multifarious realms of interest.

Research design

Table 4. Research design

No.	Researcher and year	Data	Data Analysis Method	Software
1	Ricardo, Wen Via Trisna, Fitriani Astika (2023)	Primer	Validity and reliability test, Partial Regression Coefficient Test, Determination Coefficient	SPSS
2	Setiawan, I M.H., & Rasmini, N.K. (2021)	Primer	Validity and reliability test, descriptive analysis, classical assumption test, partial regression coefficient test, coefficient of determination	SPSS
3	Ayem, S., & Nugroho, M. M. (2020).	Primer	Validity and reliability test, descriptive analysis, classical assumption test, partial regression coefficient test, coefficient of determination	SPSS
4	Ni Luh Wayan Tiya Lestari dan Ni Nyoman Sri Rahayu Trisna Dewi (2020)	Primer	Validity and reliability test, descriptive analysis, classical assumption test, partial regression coefficient test, coefficient of determination	SPSS
5	Tri Ikyarti dan Nila Aprila (2019)	Primer	Validity and reliability testing, descriptive analysis, classical assumption testing, hypothesis testing	SPSS
6	Astika Rahmawati, I Wayan Mustika, Lilik Handaya Eka (2018)	Primer	Descriptive analysis, classical assumption test, regression analysis	SPSS
7	Widiani, N. W. Z. P., & Budiasih, I. G. A. N. (2017)	Primer	Descriptive analysis, classical assumption test, regression analysis	SPSS
8	Mahayani, N. P. L. (2017)	Primer	Descriptive analysis, classical assumption test, regression analysis	SPSS
9	Arismawati, K. N., Sulindawati, N. L. G. E., SE Ak, M., Atmadja, A. T., & SE, A. (2017).	Primer	Regression analysis	SPSS
10	Kalumata,Merlyn C. T., Hat, Ventje dan Warongan, Jessy D. L. (2016)	Primer	Validity and reliability test, descriptive analysis, classical assumption test, regression analysis	SPSS

The table provides an overview of the research methodology employed by various researchers, detailing their approach to data collection, data analysis methods, and the software utilized for analysis. All the studies mentioned follow a primer data collection approach. The data analysis methods include a range of statistical techniques, such as validity and reliability tests, descriptive analysis, classical assumption tests, and regression analysis. The widely used statistical software for conducting these analyses across the studies is SPSS (Statistical Package for the Social Sciences). This consistency in the choice of software suggests a commonality in the analytical tools employed, facilitating comparability and standardization across these research endeavors. The application of robust statistical techniques and a uniform software platform enhances the credibility and reliability of the findings, fostering a more cohesive body of knowledge in the field of financial reporting quality.

Research variable

Table 5. Research variable

No.	Researcher and year	Variable
1	Ricardo, Wen Via Trisna, Fitriani Astika (2023)	Independent: HR, Regional Government Accounting System, Organizational Culture Dependent: LK BLUD
2	Setiawan, I M.H., & Rasmini, N.K. (2021)	Independent: Implementation of Government Accounting Standards, Internal Control System, Employee Quality Dependent: Quality of Financial Reports
3	Ayem, S., & Nugroho, M. M. (2020).	Independent: Understanding of Cooperative Accounting Based on SAK ETAP, Competency Levels, Internal Control Dependent: Quality of Financial Reports in the Indonesian Employee Cooperative
4	Ni Luh Wayan Tiya Lestari dan Ni Nyoman Sri Rahayu Trisna Dewi (2020)	Independent: Understanding of Accounting, Utilization of accounting information systems, Internal control systems Dependent: Quality of financial reports
5	Tri Ikyarti dan Nila Aprila (2019)	Independent: Government Accounting Standards, Regional Management Information System, Government Internal Control System Dependent: Quality of Financial Reports
6	Astika Rahmawati, I Wayan Mustika, Lilik Handaya Eka (2018)	Independent: implementation of government accounting standards, use of information technology, internal control system Dependent: quality of financial reports
7	Widiani, N. W. Z. P., & Budiasih, I. G. A. N. (2017)	Independent: Level of Education, Experience, Use of information technology Dependent: Implementation of SAK ETAP
8	Mahayani, N. P. L. (2017)	Independent: Quality of Human Resources in Accounting, Internal Control System, Utilization of Information Technology Dependent: Quality of Financial Reports
9	Arismawati, K. N., Sulindawati, N. L. G. E., SE Ak, M., Atmadja, A. T., & SE, A. (2017).	Independent: level of education, understanding of SAK-ETAP based accounting, age maturity, behavior and performance effectiveness Dependent: quality of financial reports
10	Kalumata, Merlyn C. T., Hat, Ventje dan Warongan, Jessy D. L. Independen: Dependen: (2016)	Independent: HR Competency, Information Technology, Financial report review, Internal Control System Dependent: quality of financial reports

The presented tabular delineation encapsulates a comprehensive overview of distinct research endeavors, wherein various scholars have meticulously examined and probed into the multifaceted domain of financial reporting and its associated quality. A diverse array of independent variables has been scrutinized by researchers across disparate studies, each endeavoring to shed light on the intricate interplay of factors that contribute to the quality of financial reports. The investigation conducted by Ricardo, Wen Via Trisna, and Fitriani Astika (2023) expounds upon Human Resources (HR), the Regional Government Accounting System, and Organizational Culture as independent variables, juxtaposed against the dependent variable of Financial Reports (LK) emanating from Regional Public Service Agencies (BLUD).

Likewise, Setiawan, I M.H., and Rasmini, N.K. (2021) undertake a meticulous examination of the Impact of Implementation of Government Accounting Standards, Internal Control System, and Employee Quality as independent variables, offering insights into their collective influence on the Quality of Financial Reports, elucidated as the dependent variable. The ambit of other scholarly inquiries spans an array of variables such as Understanding of Cooperative Accounting Based on SAK ETAP, Competency Levels, and Internal Control (Ayem, S., & Nugroho, M. M., 2020), Understanding of Accounting, Utilization of Accounting Information Systems, and Internal Control Systems (Ni Luh Wayan Tiya Lestari dan Ni Nyoman Sri Rahayu Trisna Dewi, 2020), as well as Government Accounting Standards, Regional Management Information System, and Government Internal Control System (Tri Ikyarti dan Nila Aprila, 2019), among others.

Discussion

The effect of implementing PSAP on the quality of financial reports

The Republic of Indonesia, as per Government Regulation Number 71 of 2010, has established a comprehensive framework to ensure the effective management of finances, and the preparation of financial reports has been instituted as a tangible demonstration of accountability by government accounting standards. However, empirical research has yet to unveil a discernible gap in the effective implementation of these standards, as expounded by Setiawan and Rasmini (2021). In response, local governments have proactively introduced measures to bolster the reliability and accountability of financial management at the regional level. This proactive stance is exemplified by adopting Regional Government Accounting Standards (SAPD), which individual Regional Governments customarily formulate. SAPD serves as a guiding framework for the meticulous preparation of Financial Reports, with the overarching objective of elevating the quality of Regional Government financial reports. The articulation of these Government Accounting Standards is explicitly delineated in the accounting policies and systems stipulated in the regulations of Regional Heads, as articulated by Ricardo et al. (2023). These enunciated accounting principles are strategically designed to facilitate the generation of transparent and accountable government financial reports, aligning with the qualitative characteristics of financial reports, which encompass aspects such as relevance, reliability, comparability, and understandability, as underscored by Rahmawati et al. (2018).

In the broader governmental context, spanning both the national and regional echelons, the preparatory process of financial reports confronts challenges inherent in the effective implementation of accounting standards and the attainment of optimal comprehension. The research findings underscore the imperative need to fortify the implementation of government accounting standards to ensure heightened accountability. Precisely at the regional level, the utilization of Regional Government Accounting Standards (SAPD) emerges as pivotal in fostering transparency and accountability in local financial management. A profound grasp of SAPD, coupled with a dedicated focus on the qualitative attributes of financial reports, assumes paramount significance in guaranteeing that the disseminated information remains pertinent, reliable, comparable, and comprehensible to stakeholders. Consequently, the ongoing refinement of understanding, steadfast adherence to standards, and the perpetual enhancement of financial report quality are imperative facets in optimizing financial management within the public sector.

The effect of implementing SPI on the quality of financial reports

In adherence to the tenets of Government Regulation Number 60 of 2008, the Government Internal Control System (SPIP) has been strategically crafted to uphold the efficacy and efficiency of state government administration objectives, ensuring the dependability of financial reporting, safeguarding state assets, and enforcing compliance with regulatory frameworks. The Minister of Home Affairs Regulation Number 4 of 2008, delineating the Guidelines for Implementing Reviews of Regional Government Financial Reports, accentuates the pivotal role of appraising the internal control system in determining the quality of financial reports, as elucidated by Ikyarti and Aprilia (2019). This regulatory framework compels regional authorities to optimize SPIP, thereby augmenting the effectiveness of internal control mechanisms in addressing challenges associated with the quality of financial information, a sentiment echoed by Kalumata et al. (2016).

Internally, the internal control system assumes a paramount position, especially within the cooperative context. Positioned within the organizational framework, the internal control system is an indispensable managerial function instrumental in steering the accomplishment of organizational objectives. The essence of control encompasses endeavors to direct, supervise, and assess an organization's resources while concurrently averting and detecting potential instances of fraud, as articulated by Widiani and Budiasih (2017). The interplay between the accounting system and internal control is indispensable in organizational governance, effectively mitigating intentional and inadvertent errors within accounting information systems. Consequently, the intrinsic relationship between the accounting system and internal control becomes instrumental in organizational management, as Mahayana (2017) asserts.

At the regional level, the regulatory framework encapsulated in Government Regulation Number 60 of 2008 is geared towards ensuring the effectiveness and efficiency of state government administration, the dependability of financial reporting, the protection of state assets, and adherence to statutory regulations. The Guidelines for Implementing Reviews of Regional Government Financial Reports accentuates the importance of evaluating the internal control system, emphasizing that the quality of financial reports is contingent not only upon adherence to accounting standards but also on the robustness of the internal control infrastructure. Consequently, the optimization of SPIP is envisaged to augment the efficacy of internal control mechanisms at the local government level, thereby redressing challenges related to the quality of financial information. In the cooperative sector, the discernment of the critical role played by internal control as an indispensable managerial function underscores the necessity for synergistic collaboration between accounting and internal control systems, a synergy indispensable for safeguarding the integrity and quality of financial reports. In summation, the implementation and upkeep of SPIP, coupled with the maintenance of robust internal controls, wield substantial influence over the quality of financial information and engender a heightened level of stakeholder trust.

The influence of HR implementation on the quality of financial reports

Individuals are considered to possess an aptitude for accounting when they demonstrate proficiency and a comprehensive grasp of the accounting processes involved in generating financial reports. This proficiency is guided by established principles and standards for preparing financial reports. This assertion aligns with the research findings conducted by Lestari and Dewi (2020), which posit that a profound understanding of accounting significantly influences the quality of financial reports. Therefore, an elevated proficiency in accounting principles among human resources positively correlates with the heightened quality of financial reports within the local government contexts, as articulated by Arismawati (2017). Conversely, the lack of comprehension of accounting principles among local government human resources may lead to inaccuracies in financial reports and deviations from the government's standards, as Kalumata et al. (2016) asserted.

Institutions necessitate personnel who are not only competent but also well-versed in financial accounting practices to enhance the quality of financial reports. The competence of cooperative administrators who possess a comprehensive understanding of financial accounting standards is instrumental in augmenting the quality of financial reports within cooperative entities, as argued by Ayem and Nugroho (2020). The enhancement of financial report quality within Budget Implementation Units (BLU) is contingent upon the proficiency of employees in financial management. Competence in knowledge, skills, attitudes, and behavior becomes imperative for employees to elevate their performance in executing their duties, as posited by Setiawan and Rasmini (2021).

A nuanced grasp of accounting concepts and processes substantially influences the quality of financial reports, spanning across various organizational domains such as local governments, cooperatives, and Public Service Bodies (BLU). The comprehension of accounting principles by human resources within organizations, encompassing local government employees, cooperative administrators, and BLU personnel, emerges as a pivotal determinant in averting errors in financial reporting and ensuring alignment with government-prescribed standards. Consequently, strategic investments in cultivating competency and understanding of accounting principles among human resources across diverse institutions emerge as indispensable measures for ameliorating financial report quality, thereby fortifying trust and accountability in financial management.

Conclusion

The effective implementation of accounting standards, specifically PSAP and SAPD, alongside the execution of the Government Internal Control System (SPIP), plays a pivotal role in influencing the quality of financial reports across diverse sectors, encompassing regional governments, cooperatives, and Public Service Bodies (BLU). The principal challenge lies in optimizing the application of accounting standards and fostering a profound comprehension of accounting principles. The utilization of SAPD to enhance transparency and accountability in local financial management emerges as a notable emphasis within the sphere of local government. Furthermore, the deployment of SPIP and the establishment of efficient internal control mechanisms in various sectors, such as cooperatives and BLU, assume critical significance in rectifying errors and elevating the overall quality of financial information.

Concerning human resources, a comprehensive understanding of accounting principles substantially contributes to the heightened quality of financial reports. This pertains to individuals within the purview of local government, cooperative administration, and BLU, who possess a discerning grasp of the applied accounting standards and principles. Inadequacies in comprehending accounting logic have the potential to introduce errors in the preparation of financial reports and foster non-compliance with established standards. Consequently, strategic investments directed towards the development of competency and understanding of accounting principles within the cadre of human resources manifest as pivotal endeavors for advancing the quality of financial reports and fortifying trust among stakeholders.

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