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The Influence of Human Resource Competency, Internal Control System, Utilization of Information Technology and Regional Financial Accounting System on the Quality of Financial Statements in the Regional Apparatus Organization of North Maluku Province

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Kata Kunci

Kompetensi Sumber Daya Manusia;
Kualitas Laporan Keuangan;
Pemanfaatan Teknologi Informasi;
Pengendalian Internal;
Sistem Akuntansi Keuangan Daerah

Abstrak

Penelitian ini bertujuan menguji hubungan kompetensi sumber daya manusia (SDM), sistem pengendalian intern (SPI), pemanfaatan teknologi informasi (TI), dan sistem akuntansi keuangan daerah (SAKD) dengan kualitas laporan keuangan pemerintah daerah (LKPD) Provinsi Maluku Utara. Penelitian menggunakan pendekatan asosiatif dengan desain survei potong lintang. Unit analisis adalah penelaah kebijakan teknis pada organisasi perangkat daerah (OPD) yang terlibat dalam penyusunan laporan keuangan. Penelitian dilaksanakan pada 48 OPD Pemerintah Provinsi Maluku Utara. Responden dipilih dengan teknik purposive sampling dengan alokasi kuota tiga responden per OPD, sehingga kuesioner yang dibagikan berjumlah 144. Kriteria inklusi adalah penelaah kebijakan teknis yang terlibat langsung dalam penyusunan laporan keuangan OPD. Kuesioner disebarkan langsung ke masing-masing OPD. Kuesioner yang kembali dan layak dianalisis berjumlah 127 (tingkat respons 88,2%. Data dikumpulkan melalui kuesioner terstruktur berskala Likert dan dianalisis dengan structural equation modeling berbasis partial least squares (SEM-PLS) menggunakan PLS 4, dengan bootstrapping untuk pengujian hipotesis. Model pengukuran memenuhi kriteria validitas konvergen dan reliabilitas. Nilai R^2 sebesar 0,080 menunjukkan bahwa keempat variabel menjelaskan 8,0% variasi kualitas LKPD yang dipersepsikan responden. Koefisien jalur SDM (β = 0,161; p = 0,432), SPI (β = −0,138; p = 0,149), dan TI (β = −0,098; p = 0,570) tidak signifikan, sedangkan SAKD berasosiasi positif dan signifikan (β = 0,251; p = 0,001).

Keyword

Human Resource Competence;
Financial Report Quality;
Utilization of Information Technology;
Internal Control;
Regional Financial Accounting System

Abstract

This study aims to examine the associations of human resource (HR) competence, the internal control system (ICS), information technology (IT) utilization, and the regional financial accounting system (RFAS) with the quality of local government financial statements (LKPD) in North Maluku Province, Indonesia. The study employed an associative research approach with a cross-sectional survey design. The unit of analysis comprised technical policy analysts involved in preparing financial statements within local government agencies (Organisasi Perangkat Daerah [OPDs]). The study covered 48 OPDs of the North Maluku Provincial Government. Respondents were selected using purposive sampling, with a quota of three respondents per OPD, resulting in 144 questionnaires distributed. The inclusion criterion was direct involvement in preparing OPD financial statements as a technical policy analyst. Questionnaires were distributed directly to each OPD. A total of 127 completed questionnaires were returned and deemed suitable for analysis, yielding a response rate of 88.2%. Data were collected using a structured Likert-scale questionnaire and analyzed using partial least squares structural equation modeling (PLS-SEM) with SmartPLS 4. Hypotheses were tested using bootstrapping. The measurement model met the criteria for convergent validity and reliability. The R^2 value of 0.080 indicated that the four variables explained 8.0% of the variance in respondents' perceived financial statement quality. The path coefficients for HR competence (β = 0.161; p = 0.432), ICS (β = −0.138; p = 0.149), and IT utilization (β = −0.098; p = 0.570) were not statistically significant, whereas RFAS was positively and significantly associated with financial statement quality (β = 0.251; p = 0.001).

INTRODUCTION

Accountability and transparency in regional financial management are the main pillars of good *governance* (Wardoyo, Rahmadani, and Hanggoro 2021). Local government financial statements (LKPD) function as an instrument of public accountability as well as a source of information for the government, the Regional House of Representatives (DPRD), the Financial Audit Agency (BPK), the public, and other stakeholders in assessing the management of regional budgets and resources (Sumaryati, Novitasari, and Machmuddah 2020; Agustina and Setyaningrum 2020). Therefore, the quality of LKPD is one of the important indicators of local governance (Safkaur et al. 2019; Jatmiko et al. 2020).

The Regional Government Financial Statements (LKPD) are one of the important instruments in realizing transparency and accountability in regional financial management (Sumaryati et al., 2020). Local government financial statements not only function as an administrative document, but also as a source of information for the government, the Regional People's Representative Council (DPRD), the Financial Audit Agency (BPK), the public, and other stakeholders in assessing how regional budgets and resources are managed (Agustina & Setyaningrum, 2020). Therefore, the quality of the LKPD is one of the important indicators in assessing local governance (Safkaur et al., 2019).

In addition, local government finance must be able to provide financial information that is relevant, reliable, comparable, and understandable by its users (Ningsih, 2016). This principle is in line with the Government Accounting Standards (SAP) as stipulated in Government Regulation Number 71 of 2010 concerning Government Accounting Standards. SAP is the basis for the government in compiling and presenting financial statements so that the information produced can be used as a basis for decision-making and accountability to the public. Government Regulation Number 71 of 2010 has the status of validity and is an important basis in the preparation of government financial statements (Indonesia, 2010).

On the other hand, the quality of financial statements also cannot be separated from the entire financial management process, starting from planning, budgeting, implementation, administration, reporting, accountability, to supervision (Craja et al., 2020). Permendagri Number 77 of 2020 emphasizes that regional financial management covers all of these stages and in its implementation can involve information, data flow, and the use and presentation of documents electronically (Permendagri, 2020). Thus, the quality of financial statements is ultimately the result of a financial management process involving human resources, control systems, accounting systems, and information technology (Tambingon et al., 2018).

One of the indicators that can be used to see the problem of financial statement quality is the development of BPK's opinion on LKPD (Naviantia 2020). BPK's opinion is not the only measure of the quality of financial statements, but changes in ospini can be an important indication that there are still problems in presentation, management, control, or compliance that need the attention of local governments. This is in line with the Compliance theory, which states that compliance is reflected in the ability of local governments to carry out financial management in accordance with laws and regulations, government accounting standards, and established procedures (Peat et al., 2022).

The change in opinion between these periods shows that the quality of financial

reporting is not always stable from year to year, so an understanding of local government internal factors associated with the quality of financial statements is required. However, BPK's opinion is aggregate at the level of the provincial government entity and does not automatically commensurate with the financial statement quality perception score measured through a questionnaire at the individual level of the examiner in the OPD. This study measures respondents' perceptions, not audit opinions; BPK's opinions are used only as contextual background.

Previous research findings on the determinants of LKPD quality have not been consistent. Bestari and Wahyuni (2023) found that human resource competence, the use of information technology, the implementation of regional financial accounting systems, and internal control systems had a positive effect on the quality of LKPD, while the implementation of government accounting standards had a negative effect. Yaya and Ramadhani (2024) reported that good governance and human resource competence improve the quality of financial statements, internal control systems strengthen the influence of information technology, but the use of information technology itself has no effect. These inconsistencies indicate theoretical gaps (it is not clear which factors remain associated with the quality of the LKPD when tested together), methodological gaps (evaluation reports of measurement and structural models need to be presented complete and consistent), and contextual gaps (the context of North Maluku with changes in WTP-WDP-WTP opinions in 2021–2025).

Four variables were chosen because each represents elements of the regional financial management process and is often studied in the literature, namely human resources (competence), control system (SPI), technological facilities (IT utilization), and accounting system (SAKD) (Tambingon, Yadiati, and Kewo 2018; Sumaryati, Novitasari, and Machmuddah 2020) . The contribution of this study is to provide empirical evidence from the OPD of the North Maluku Provincial Government about the four factors in one SEM-PLS model, as well as show which factors are statistically associated with the perceived quality of LKPD.

The theoretical framework used is competency theory (Spencer, in Busro 2018) for HR variables, COSO internal control framework (Moeller 2013) for SPI, technology acceptance model (Davis 1989) and information system success model (DeLone and McLean 2003) for IT utilization, as well as SAP (Government of the Republic of Indonesia 2010) as a reference for SAKD and LKPD quality. Based on this framework, the hypothesis of this study is:

H1: Human resource competence is positively associated with the quality of LKPD.
H2: SPI is positively associated with the quality of LKPD.
H3: IT utilization is positively associated with the quality of LKPD.
H4: SAKD is positively associated with LKPD quality.

RESEARCH METHODOLOGY

This study uses an associative approach with a *cross-sectional survey design*, which examines the relationship between variables at a single point in time (Abubakar 2021). The goal is to test the relationship between human resource competence, SPI, IT utilization, and SAKD with the quality of LKPD. The research was carried out at the OPD of the North Maluku Provincial Government in August 2026. The analysis

unit is an individual technical policy reviewer involved in the preparation of OPD financial statements. Sample A total of 127 respondents were selected by purposive sampling with a quota allocation of three respondents per OPD, based on inclusion criteria in the form of technical policy reviewers who are directly involved in the preparation of OPD financial statements and exclusion criteria in the form of employees who do not fill out complete questionnaires. The questionnaires distributed totaled 144, returned 127, and were worth analyzing 127 (response rate 88.2%).

Data were analyzed with SEM-PLS using SmartPLS version 3.0 with a PLS algorithm using a *path weighting scheme*, a maximum of 300 iterations, and a stop criterion of 10^{-7}. All constructs were modeled reflexively because the indicators are manifestations of constructs and can be interchangeable. The measurement model was evaluated through indicator loading, AVE ≥ 0.50 (convergent validity), HTMT < 0.90 and Fornell–Larcker criteria (discriminant validity), as well as composite reliability and Cronbach's alpha ≥ 0.70 (reliability) (Fornell and Larcker 1981; Henseler, Ringle, and Sarstedt 2015; Hair et al. 2022). The structural model was evaluated through R^2 and path coefficients tested by bootstrapping as many as 5,000 subsamples in the double-sided test; the hypothesis is supported if $p < 0.05$, the confidence interval is 95%.

RESULTS AND DISCUSSION

The model evaluation consists of an outer *model*, which explains the relationship between each indicator and its construction, and an inner *model* (Sholihin and Ratmono 2021). Before testing the model, respondent characteristics and descriptive statistics are presented first.

Table 1 details the distribution and return of the questionnaire. Of the 144 questionnaires distributed to technical policy analysts at the North Maluku Provincial Government OPD, 127 questionnaires returned (response rate of 88.2%) and 17 questionnaires (11.8%) were not returned. All questionnaires that were returned were filled out completely so that none were issued and 127 questionnaires were analyzed. This response rate is relatively high, so the risk of non-response bias is relatively small.

Table 1. Questionnaire Deployment and Return Details

Remarks	Quantity	Percentage
Questionnaires shared	144	100,0%
Questionnaire back	127	88,2%
Questionnaire does not return	17	11,8%
Questionnaire cannot be processed	0	0,0%
Questionnaire processed (eligible)	127	88,2%

Source: primary data processed (SPSS), 2026.

Table 2. Characteristics of Respondents

Category	Frequency	Percent	Valid Percent	Cumulative Percent
Gender				
Male	68	53,5	53,5	53,5
Women	59	46,5	46,5	100,0
Total	**127**	**100,0**	**100,0**	
Age				
21–30 years old	11	8,7	8,7	8,7
31–40 years	40	31,5	31,5	40,2
41–50 years	35	27,6	27,6	67,7
> 50 years	41	32,3	32,3	100,0
Total	**127**	**100,0**	**100,0**	
Education				
High School Equivalent	22	17,3	17,3	17,3
Diploma	11	8,7	8,7	26,0
Bachelor	87	68,5	68,5	94,5
Magister	7	5,5	5,5	100,0
Total	**127**	**100,0**	**100,0**	
Tenure				
< 1 year	4	3,1	3,1	3,1
1–5 years	16	12,6	12,6	15,7
5–10 years	50	39,4	39,4	55,1
> 10 years	57	44,9	44,9	100,0
Total	**127**	**100,0**	**100,0**	

Source: primary data processed (SPSS), 2026.

Table 2 shows the characteristics of 127 respondents. Based on gender, male respondents numbered 68 people (53.5%) and women 59 people (46.5%), so the

composition was relatively balanced. According to age, the largest group was respondents over 50 years old (41 people; 32.3%), followed by 31–40 years old (40 people; 31.5%) and 41–50 years old (35 people; 27.6%), while the age of 21–30 years was the least (11 people; 8.7%). In terms of education, the majority of respondents had a bachelor's degree (87 people; 68.5%), followed by high school equivalent (22 people; 17.3%), diploma (11 people; 8.7%), and master's (7 people; 5.5%). Based on the length of service, most of the respondents have worked for more than 10 years (57 people; 44.9%) and 5–10 years (50 people; 39.4%), so that 84.3% of respondents have more than five years of experience. This profile shows that respondents are generally mature in terms of age, highly educated, and experienced, so they are considered to have sufficient understanding of the process of preparing regional financial statements and can provide adequate assessments.

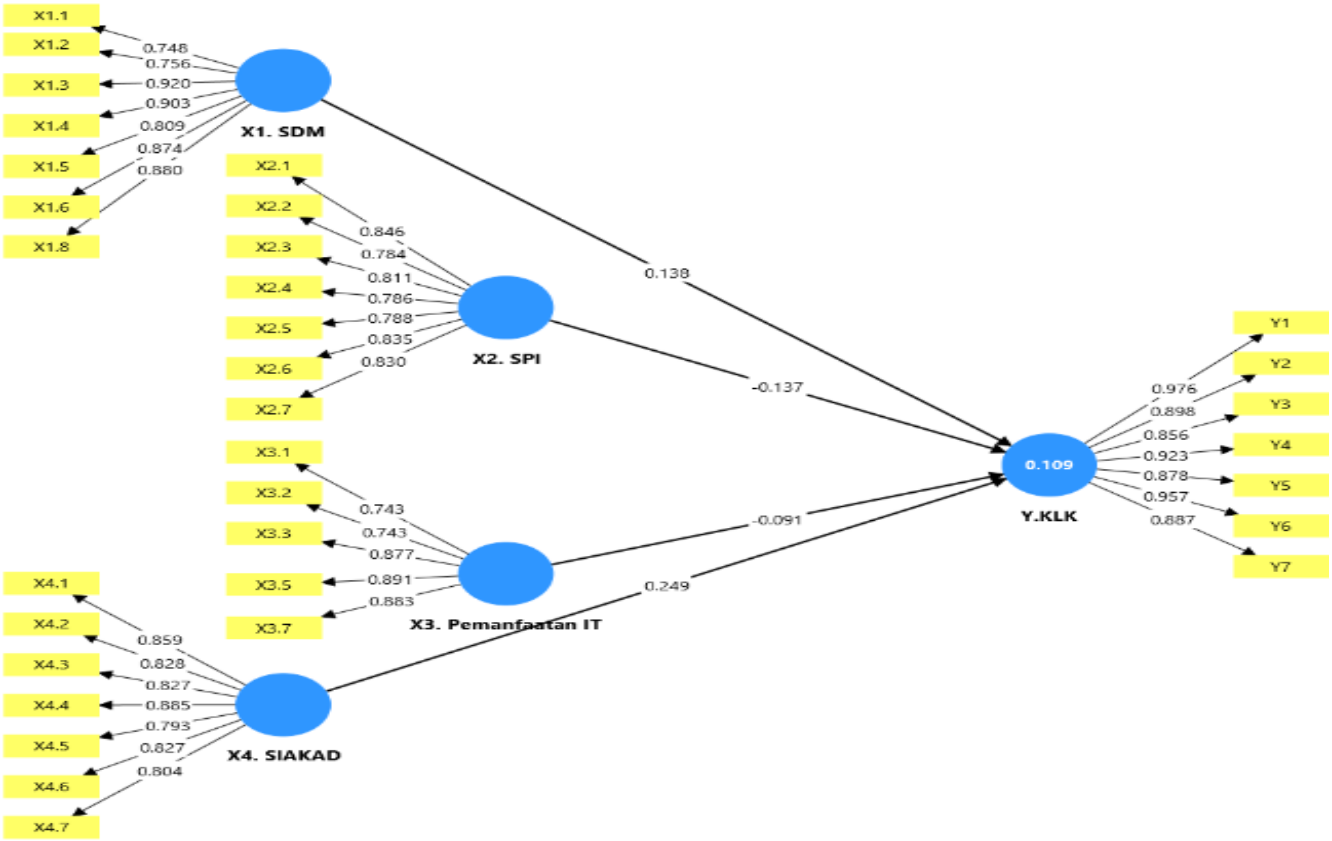


Figure 1. Research Model

Evaluation of the measurement model includes convergent validity, discriminant validity, and construct reliability. The entire construct is modeled reflectively. Loading ≥ 0.70 is generally considered adequate, but this threshold is not an absolute rule: indicators with a load of 0.40–0.70 are removed only when removal increases AVE or *composite reliability* beyond the threshold, while still taking into account content validity (Hair et al. 2022). In the initial estimate, indicators X1.7, X3.6, and X4.4 are excluded because they have loads below 0.70; the estimate is then repeated so that the final loading is obtained in Table 3.

Table 3. Loading Factor Values

Variabel	Indicator	*Factor Loading*
Human Resource Competencies	X1.1	0.718
	X1.2	0.721
	X1.3	0.909
	X1.4	0.894

	X1.5	0.790
	X1.6	0.865
	X1.8	0.861
Internal Control System	X2.1	0.836
	X2.2	0.785
	X2.3	0.802
	X2.4	0.778
	X2.5	0.776
	X2.6	0.820
	X2.7	0.825
Utilization of Information Technology	X3.1	0.742
	X3.2	0.734
	X3.3	0.875
	X3.4	0.782
	X3.5	0.871
	X3.7	0.875
Regional Financial Accounting System	X4.1	0.859
	X4.2	0.827
	X4.3	0.827
	X4.5	0.886
	X4.6	0.792
	X4.7	0.828
	X4.8	0.804
Quality of Local Government Financial Statements	Y1	0.975
	Y2	0.892
	Y3	0.857
	Y4	0.923
	Y5	0.878
	Y6	0.955
	Y7	0.886

Source : processed, 2026

All indicators maintained in Table 3 have a loading ≥ 0.70 so that they meet the criteria of convergent validity at the indicator level. The convergent validity at the construct level is assessed via AVE in Table 4.

Discrimination Validity Test

Discriminant validity indicates that a construct is empirically different from other constructs in the model. The test used the *heterotrait–monotrait* ratio (HTMT; < value 0.90 meets) and the Fornell–Larcker criterion, i.e. the AVE root of each construct is greater than its correlation with the other construct (Fornell and Larcker 1981; Henseler, Ringle, and Sarstedt 2015). The AVE roots in this model are 0.826 (HR), 0.803 (SPI), 0.816 (TI), 0.832 (SAKD), and 0.910 (LKPD quality).

Tabel 4. *Average Variance Extracted* (AVE)

Remarks	Ave
Quality of Financial Statements	0.538
Human Resource Competence	0.571
Internal Control System	0.504
Utilization of Information Technology	0.511
Regional Financial Accounting System	0.581

Source: Processed, 2026

All constructs have an AVE above 0.50 so that the convergent validity is met. AVE is calculated from the final loading in Table 3 (average square loading). The highest AVE is found in the quality of LKPD (0.829) and the lowest in SPI (0.646).

Reliability Test

Reliability test is a test that is carried out to find out the extent to which research instruments or indicators used to measure a variable can provide consistent, stable, and reliable results.

Table 5. Construct Reality Test Results

Remarks	Composite Reliability	Cronbach's Alpha
Quality of Financial Statements	0.972	0.966
Human Resource Competence	0.945	0.952
Internal Control System	0.931	0.915
Utilization of Information Technology	0.917	0.908
Regional Financial Accounting System	0.940	0.927

Source: Processed, 2026

The value of each variable in composite reliability and Cronbach's alpha is more than 0.70, so the answers given by the respondents to each question item are consistent and stable so that they produce a good or reliable reliability value.

Uji R-Square

The R-Square (R^2) test is a test used in SEM-PLS to determine the ability of independent (exogenous) variables to explain the variation of dependent (endogenous) variables in the research model.

Tabel 6. *R-Square*

Variabel	R *square*
Quality of Financial Statements (Y)	0.080

Source: Processed, 2026

It is known that the R-Square (R2) value of financial report quality is 0.080. Therefore, it can be assumed that human resource competence, internal control systems, the use of information technology and regional financial accounting systems contribute 8.0% to the quality of financial statements and the remaining 92.0% explain that there are other influences.

Statistical Water

Path coefficients show the direction and magnitude of the relationship between variables in the structural model (Pering 2020). The original sample coefficient (O) is the estimated path coefficient, while the sample mean (M) is the average estimate for all *bootstrap* samples. The hypothesis was tested using t = | O/STDEV| and the p-value in the double-sided test with a significance level of 5%. All results were interpreted as associations in cross-cut data.

Table 7. Path Coefficient (*Bootstrapping*)

Hubungan	O	M	STDEV	t	p
HR → KLK	0,161	0,020	0,205	0,785	0,432
SPI → KLK	−0,138	−0,161	0,095	1,444	0,149
TI → KLK	−0,098	−0,003	0,172	0,569	0,570
SAKD → KLK	0,251	0,247	0,077	3,275	0,001

Source: Processed, 2026

Table 8. Hypothetical Confidence Intervals and Decisions

Hipotesis	95% confidence interval	Verdict
H1: HR → KLK	−0.241 to 0.563	Not supported (p > 0.05)
H2: SPI → KLK	−0.324 to 0.048	Not supported (p > 0.05)
H3: TI → KLK	−0.435 to 0.239	Not supported (p > 0.05)
H4: SAKD → KLK	0.100 to 0.402	Supported (p < 0.05)

Source: Processed, 2026

The hypothesis results are supported if p < 0.05 and the direction of the coefficient according to the hypothesis.

The coefficient of the HR competency pathway to the quality of LKPD (H1) was 0.161 (t = 0.785; p = 0.432; 95% confidence interval −0.241 to 0.563). The coefficient was positive but not significant at the level of 5%, so H1 was not supported.

The coefficient of the SPI pathway to LKPD quality (H2) was −0.138 (t = 1.444; p = 0.149; 95% confidence interval −0.324 to 0.048). The coefficient was marked negative and insignificant, so H2 was not supported. The negative sign was not interpreted as a negative relationship because its confidence interval included zero.

The coefficient of the IT utilization pathway on the quality of LKPD (H3) was −0.098 (t = 0.569; p = 0.570; 95% confidence interval −0.435 to 0.239). The coefficient was marked negative and insignificant, so H3 was not supported; these results were not evidence of a positive or negative relationship.

The coefficient of the SAKD pathway to LKPD quality (H4) was 0.251 (t = 3.275; p = 0.001; 95% confidence interval 0.100 to 0.402). The coefficient was positive and significant, so H4 was supported.

Human Resource Competence and Financial Statement Quality

HR competence was positively but not significantly associated with the quality of LKPD (β = 0.161; p = 0.432). This finding is not in line with Spencer's competency theory which states that competent human resources are better able to record, classify, measure, present, and disclose financial transactions appropriately so as to support relevant, reliable, comparable, and understandable financial statements (Busro 2018). These findings are also different from Bestari and Wahyuni (2023) and Yaya and Ramadhani (2024) who reported the positive influence of HR competencies on the quality of financial statements.

Findings Results are not significant does not mean that HR competence is not important or has no substantive effect; these results only show that insufficient statistical evidence was found in this sample. The wide 95% confidence interval (−0.241 to 0.563) includes zero as well as a large enough positive effect that the estimate is less precise, and the test power with n = 127 is limited to detect small effects. Alternative explanations that can be tested in follow-up research, and not the findings of this study, include relatively homogeneous competencies between respondents so that the variation is narrow and competency gaps in aspects of knowledge, technical skills, and professional attitudes that limit the use of accounting systems (Dwinanda, Tatariyanto, and Sugiyanto 2026).

Internal Control System and Quality of Financial Statements

SPI was negatively and insignificantly associated with the quality of the LKPD (β = −0.138; p = 0.149). This negative direction differs from theoretical expectations. According to the COSO framework, SPI is a process that leaders and all members of an organization run to provide adequate confidence in the achievement of organizational goals (Moeller 2013), including the reliability of financial reporting. Since the confidence interval (−0.324 to 0.048) includes zero, these results cannot be interpreted as lowering the quality of reports; it can be concluded that no evidence of a significant positive relationship was found, different from Bestari and Wahyuni (2023).

The explanation, which is still in the form of a hypothesis to be tested, is as follows. First, SPI measurement based on employee perception can capture the existence of procedures formally, not the effectiveness of its implementation. Second, BPK itself found weaknesses in the SPI in the North Maluku Province LKPD (Halmahera Daily 2023), so that the implementation of SPI may vary between OPDs and be perceived differently by respondents. Third, the high correlation between explanatory variables can affect the estimation. Normatively effective control helps prevent and detect recording and reporting errors, but these benefits depend on implementation, which is not objectively measured in this study.

Effective control can help prevent and detect errors and irregularities in the financial recording and reporting process. In addition, internal control can ensure that transactions have obtained proper authorization, supported by adequate evidence, recorded correctly, and presented in financial statements in accordance with government accounting provisions. The better the internal control system implemented by local governments, the more likely it is that the financial statements produced are of good quality.

Utilization of Information Technology and Quality of Financial Statements

IT utilization was negatively and insignificantly associated with the quality of LKPD (β = −0.098; p = 0.570; 95% confidence interval −0.435 to 0.239). These results do not support H3 and differ from Bestari and Wahyuni (2023), but are in line

with Yaya and Ramadhani (2024) who found that the use of IT alone has no effect on the quality of financial statements. The technology acceptance model (Davis 1989) states that technologies that are perceived to be useful and easy to use tend to be more readily accepted and utilized (Lucyanda 2010); in this data, the perceived IT utilization has not been associated with the quality of the LKPD. The model of information systems success states that system quality and information quality determine the net benefits of the information system (DeLone and McLean 2003). Based on this model, it can be hypothesized that the influence of IT on the quality of reports works through the quality of accounting information systems, e.g. SAKD; this intermediary mechanism was not tested in this study and was proposed as a direction for further research.

The use of information technology has a positive but not significant relationship with the quality of local government financial statements. This is not in line with Davis who explained that a person's acceptance of technology is influenced, among others, by the perception of usefulness and the perception of ease of use. Technology that is perceived to be able to improve performance and ease of use tends to be easier to accept and utilize by users (Lucyanda, 2010). The results of this study are not in line with the research of Jauhari et al. (2019) stating that the use of information technology has a significant positive impact on the reliability of local government financial statements.

Regional Financial Accounting System and Quality of Financial Statements

SAKD was positively and significantly associated with LKPD quality (β = 0.251; t = 3.275; p = 0.001; 95% confidence interval 0.100 to 0.402), so H4 was supported. An increase of one standard deviation of the SAKD score was associated with an increase of 0.251 standard deviation of the LKPD quality score, with other variables being statistically controlled; the magnitude was relatively small to medium. SAKD here is understood as a system and procedure for recording, source documents, and reconciliation from the SKPD to PPKD level, not just the individual understanding of accounting by employees. Weak accounting systems produce financial statements that are less reliable and relevant for decision-making, while strong SAKD minimizes recording errors and increases the effectiveness of internal supervision (Purnamawati and Hatane 2020). In line with that, Safkaur et al. (2019) explain that SAKD is designed in a structured manner from the SKPD to PPKD level to ensure reliability and *timeliness*.

An orderly system simplifies the process of data reconciliation between work units and ensures that all transactions are recorded in accordance with government accounting standards (SAP). Through optimal management of SAKD, local government financial statements can meet four main qualitative criteria according to government accounting regulations, namely relevant, reliable, comparable, and understandable by stakeholders (Sumaryati et al., 2020)

An orderly system facilitates the process of data reconciliation between work units and ensures that all transactions are recorded in accordance with government accounting standards (SAP). Through optimal management of SAKD, local government financial statements can meet four main qualitative criteria according to government accounting regulations, namely relevant, reliable, comparable, and understandable by stakeholders (Sumaryati et al., 2020).

The results of this study reinforce the findings of Jauhari et al. (2019) stating that the regional financial accounting system has a positive and significant influence on the reliability of local government financial

statements.

CONCLUSIONS AND SUGGESTIONS

Conclusion

1. Human Resources Competence shows that there is no relationship with the quality of the financial statements of the Regional Government of North Maluku Province.
2. The Internal Control System (SPI) shows that there is no evidence of a relationship with the quality of the financial statements of the Regional Government of North Maluku Province.
3. The use of Information Technology shows that there is no evidence of a relationship with the quality of the financial statements of the Regional Government of North Maluku Province.
4. The Regional Financial Accounting System (SIAKAD) shows that there is a positive and significant relationship with the quality of the financial statements of the Regional Government of North Maluku Province.

Suggestions

1. Evaluation and strengthening of SAKD in all OPDs, because only SAKD is significantly associated with the quality of financial statements. The target of each indicator is determined based on the results of the initial evaluation of SAKD in each OPD, and the OPDs with the most BPK findings are prioritized. The implementation is coordinated by the Regional Financial and Asset Management Agency as the regional financial manager, with application and network support by the Communication, Informatics and Encryption Office, employee training by the Human Resources Development Agency, and annual monitoring and evaluation by the Inspectorate. Normative proposals: training of financial human resources, strengthening of Inspectorate supervision, and provision of adequate IT infrastructure are still worthy of consideration as supporting efforts, but are not empirical recommendations of this study because HR, SPI, and IT are not significant. Training should be focused on the practice of using SAKD and preparing financial statements.
2. Optimizing the role of the Inspectorate by increasing the examination of financial statements from the beginning, is not just a formality of rules.
3. The availability of adequate IT facilities ensures that the internet network is stable and the supporting devices in each OPD function well to support system operations.
1. For the next researcher, it is recommended to (a) use objective data such as BPK findings/opinions, timeliness, and accrual quality as a measure of the quality of financial statements; (b) use a multilevel (individual in OPD) or longitudinal design; (c) evaluate the bias of the shared method and improve the validity of the construct; (d) test the mediating role of the quality of the accounting information system and add variables such as leadership commitment (tone at the top) or SAP implementation; and (e) enlarge the sample due to low R^2 (0.080) and limited test power.

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