

Influence of Government Accounting Standards, Systems Internal Control, Regulatory Compliance Legislation on Quality Financial Statements

Ulin Yasis

Universitas Muhammadiyah Surakarta, Indonesia

Email: yasisulin@gmail.com

Abstract

This research aims to examine the impact of variables such as government accounting standards, internal control systems, and statutory laws on the quality of financial reporting. This study employs a quantitative methodology grounded in a positivist perspective. This research is explanatory in nature and employs a purposive sample strategy, which involves selecting participants based on specific criteria or factors. Based on the findings of hypothesis testing, it can be inferred that the variables related to the implementation of SAP, SPI, and compliance with statutory regulations have a substantial impact on the quality of financial reports, both collectively and individually.

Keywords: *Government Accounting Standards, Internal Control System, Compliance with Legislation, Organizational Commitment, Quality of Financial Reports.*



A. INTRODUCTION

Financial reports for the government are prepared and submitted in accordance with Public Accounting Standards (SAP). Incorporating components for regulatory compliance and strict accounting standards will impact the quality of financial reporting by the government.

The efficiency of a local government organization's Internal Control System (SPI) is just as important as the adoption of Public Accounting Standards (SAP) when it comes to the reliability of the organization's financial reports. The term "Internal Control System" (SPI) describes the system of rules and processes put in place by both financial and non-financial managers to keep assets safe, detect and avoid fraud, follow established protocols, and keep precise records.

Multiple problems exist with the Regional Government's SPI for Regional Government Financial Reports (LKPD). These include: the following: a lack of proper guidance from responsible officials regarding the accounting and reporting of task implementers; an absence of adequate supervision and control over management and administration of tax revenues and levies; and lastly, the Regional Government has not fully followed up on the recommendations made during earlier audits by the Audit Board (BPK).

In the audit results summary every semester, BPK-RI reports numerous instances of identified deficiencies in the Accounting and Reporting Control System (SPAP), the Revenue and Expenditure Budget Implementation Control System

(SPPAPB), the Internal Control Structure (StPI), and other internal control matters. This clearly indicates that the Government Internal Control System (SPIP) is not being adequately implemented. The quality of financial reports issued by regional governments is positively correlated with the effective implementation of the Government Internal Control System (SPIP), according to multiple studies. The presence of trustworthy Human Resources (HR) professionals overseeing the Government Internal Control System (SPIP) is essential for this enhancement to take place. In order to guarantee that financial reports meet the required standards of quality, it is critical that Public Accounting Standards (SAP) be applied properly. Previous research by Christian (2014), Wonder et al. (2018), Nunuy (2015), Gafariv (2009), Henny et al. (2018), Benson (2018), Dewi, Y. A., Nasfi, and Yuliza (2021) and Christian (2014) is in agreement with the results of this study. When taken as a whole, these studies highlight the critical importance of implementing internal control.

Between 2005 and 2007, 231 publicly traded companies in the US, UK, and the Netherlands were studied by Van Beest et al. (2009). Putra, S. A., & Varina, R. J. (2021) found similar results on the traits in their study as well. If you want to know how good the reported numbers are, qualitative accounting data is your best bet. This association between the internal control system and the quality of local government financial reports has been thoroughly investigated by previous scholars, including Gafarov (2009), Irwan (2011), Mahaputra (2014), Cristian (2014), Nunuy (2015), Cecilia (2017), Benson (2018), and Wonder et al. (2018). The findings indicate that the enhanced internal control mechanism has contributed to the improvement of the government's financial reports. Better financial reporting is possible because the government has a well-established system of internal controls that it can put into place. Coming up with theories.

B. LITERATURE REVIEW

1. The Influence of Government Accounting Standards (SAP) on the Quality of Regional Government Financial Reports.

The impact of Government Accounting Standards (SAP) on the quality of financial reports in regional governments is highly pronounced. The utilization of SAP demonstrates a robust correlation with the overall quality of financial reports. Consequently, it can be reasonably inferred that the implementation of SAP is instrumental in playing a pivotal role in elevating the standards and reliability of financial reporting in regional government entities. The adoption of SAP not only signifies a commitment to standardized accounting practices but also introduces a structured and streamlined approach to financial management. This, in turn, contributes significantly to the accuracy, consistency, and transparency of financial reports, thereby reinforcing the pivotal role that Government Accounting Standards (SAP) play in enhancing the quality of financial reporting in the context of regional governments.

H1: The Financial Reports of Regional Governments Are Improved When Government Accounting Standards Are Used.

2. Financial Reporting by Regional Governments and the Role of Internal Controls.

The confident fulfilment of organisational goals is the aim of SPI, which it strives to achieve through efficient and effective operation, reliable financial reporting, asset protection, and compliance with regulatory standards. If you want the authorities to pay attention and finish the work, you need to establish clear regulations and act quickly to manage and direct them.

H2: Financial reports prepared by local governments are of higher quality as a result of the Internal Control System.

3. Financial Report Quality in Regional Governments as a Function of Adherence to Legislative Regulations.

The quality of financial reports in regional governments is inherently tied to the degree of adherence to legislative regulations. A crucial determinant of maintaining high-quality financial reports is the meticulous observance of all relevant laws and regulations governing financial practices. By rigorously adhering to legislative frameworks, regional governments not only uphold legal standards but also establish a foundation for the accuracy, transparency, and reliability of their financial reporting. The nexus between financial report quality and compliance with legislative regulations underscores the significance of a regulatory framework as a guiding force in ensuring accountability and fostering public trust. In essence, a steadfast commitment to adhering to legislative requirements serves as a cornerstone for the overall integrity and credibility of financial reporting in regional governments.

H3: When municipalities follow the rules, the financial reports they produce are of higher quality.

4. Government accounting rules have an impact on the quality of financial reports produced by regional governments, but organisational commitment mitigates this effect.

Officials and financial management personnel in the OPD are able to apply SAP with the help of a strong organisational commitment from all employees, which results in reliable financial reports. On the flip side, it becomes tough to achieve effective SAP deployment to enhance the credibility of financial reports without high organisational commitment.

H4: With organisational support, implementing Accounting Standards Governance has a multiplicative effect on the reliability of local governments' financial reports.

5. An organization's dedication to its mission mitigates the effect of its internal control system on the reliability of its financial reports to the regional government.

When each individual demonstrates unwavering commitment to the organization, the attainment of effective internal control becomes notably more feasible. In such an environment, a collective dedication to the goals and values of the

organization fosters a culture where adherence to established protocols, compliance with regulations, and the adoption of standardized accounting practices are not merely tasks but ingrained principles. This pervasive commitment acts as a cohesive force, promoting a shared responsibility for maintaining robust internal control systems. Consequently, the organization is better positioned to navigate challenges, ensure accountability, and enhance the overall accuracy and reliability of financial reporting.

H5: The Internal Control System has a stronger impact on the quality of financial reports prepared by regional governments when there is organisational commitment.

6. Organisational commitment moderates the effect of regulatory compliance on the accuracy of regional government budget reports.

It is thought that Compliance with Legislation on the Quality of Regional Government Financial Reports is enhanced when there is strong organisational commitment.

H6: Organizational commitment increases the effect of regulatory compliance laws on the accuracy of regional governments' financial reports.

This research was prompted by the necessity to elucidate the moderating impact of organizational commitment qualities, given the contradictory outcomes in previous studies. The objective of this study is to explore the following inquiries: what is the influence of internal control systems, adherence to statutory rules, and the adoption of local government accounting standards on the precision of financial reports?.

Several previous studies that are relevant to this research are Nirwana and Haliah, (2018) conducted research on the determining factors of the quality of financial reports and government performance by adding contextual factors, such as private factors, system/administrative factors and political factors, which can influence the quality of financial reports and government performance. Hapazah (2017) researched the influence of the SAP Application, Regional Financial Information Systems and Reconciliation of Regional Financial Quality. The research results show that the SAP Application and Regional Financial Information System have a positive and significant impact on the Quality of Regional Financial Reports. Sudiarianti (2015) researched the influence of HR competency on the implementation of SPIP and SAP and its implications for the quality of regional financial reports. The research results state that HR competency, the application of SPIP and SAP have a positive influence on the quality of financial reports both directly and indirectly. Fikri, et al., (2015) researched the Effect of SAP Implementation, Apparatus Competence, and the Role of Internal Audit on the Quality of Financial Report Information with SPI as a moderating variable (Empirical study on SKPD in the NTB Provincial Government). The research results state that SAP Implementation, Apparatus Competency, the Role of Internal Audit and SPI have no effect on the Quality of Financial Report Information.

Irwan (2011) who tested the influence of SPIP, HR Competency and SAP Implementation on the Quality of West Sumatra Provincial Government Financial Reports. The research results show that the better the implementation of SPIP, the quality of local government financial reports will increase. If SPIP is carried out by competent human resources who are able to provide adequate confidence that SAP is implemented as it should, so that the quality of financial reports meets the characteristics of financial report quality. Mahaputra (2014) researched the analysis of factors that influence the quality of local government financial reporting information (Study on SKPD Gianyar Regency). The results of the research state that human resource capacity, utilization of regional financial information systems, SPI, and SAP implementation have a positive and significant effect. Nunuy, (2015) researched the influence of apparatus competency and internal control on the quality of financial reporting and its implications for good governance. His research found that SPI has a significant effect on the Quality of Financial Reporting both partially and simultaneously. Gafarov's research (2009), conducted research on internal control and the quality of financial reporting. What is new from Gafarov's 2009 dissertation) is measuring financial reporting from the qualitative characteristics of accounting information. The outcomes of his investigation reveal that effective internal control plays a crucial role in financial reporting.

Research by Atyanta et al., (2011) regarding the analysis of BPK opinions on regional government financial reports (case study in district resulting in cases of regional/company losses and administrative irregularities. Atmaja and Probohudon (2015) researched SPI Weaknesses, Findings of Non-Compliance and State Losses. The research results stated that findings of non-compliance with legislation had a negative effect on giving opinions. Dov and Koslowsky's (2001) research on organizational values and commitment. The results of the analysis show that work values, especially cognitive ones, are positively related to commitment and the interaction of values with gender. Van Dick et al., (2000) research on the profile of organizational commitment and job satisfaction among private and public sector employees in Greece. The results of the analysis show that effective organizational commitment influences the level of job satisfaction, both intrinsic and extrinsic.

Van Beest et al., (2009) conducted research on the determinants of the quality of financial reporting, with a sample of 231 companies listed on the stock market (US, UK and the Netherlands) in 2005 and 2007. The research background was based on the consideration that the main objective of financial reporting is to provide high-quality financial reporting information (regarding economic, especially financial, entities), useful for economic decision making. The research findings show that the qualitative characteristics of accounting information are a valid and reliable measurement tool for assessing the quality of reporting information.

C. METHOD

The research aims to make a theoretical contribution to stewardship theory (Donaldson & Davis, 1991) by aligning the assumptions of this theory with the

research topics, questions, and hypotheses. The rationale for employing stewardship theory to address the research challenge lies in the robust correlation between satisfaction and organizational success, achieved through a governance strategy grounded in sociology and psychology. Executives in government positions are obligated to serve the people and will use psychological and sociological techniques to achieve organizational goals in order to satisfy the people's demands. This research employs a quantitative method rooted in a positive mindset. The objective of this study is to investigate the impact of applying Government Accounting Standards (SAP), Internal Control Systems (SPI), Compliance with Legislation, and Organizational Commitment on enhancing the quality of financial reports produced by regional governments. In addition to that, this research is classified as explanatory, which means it involves the study of two or more constructs in order to examine a phenomenon, based on hypotheses and theories (Mulyadi, 2011). The population under study comprises all accounting entities under the Luwu district administration, which amounts to a total of 53 Regional Apparatus Organizations (OPD). The population is represented by Treasurers, Financial Administration Officials (PPK), and Budget Users/Authorized Users (PA/KPA). Data collecting can be conducted using two distinct sources, namely primary and secondary (Abdillah & Hartono, 2015:49). Primary data refers to a data source that directly supplies information to individuals or organizations collecting data (Sugiono, 2014). The research employed a questionnaire as the data collection method, gathering a total of 117 questionnaires through the utilization of Google Form.

The definition and operational bounds of research provide the parameters and constraints of study, allowing for a more concentrated approach (Supriana, 2016). The operational definition of variables serves to prevent errors in the interpretation of the variables to be examined. The variables in this study consist of independent, dependent, and moderating variables. Independent variables are factors that have an impact on the dependent variable, while dependent variables are the primary focus of researchers (Sekaran, 2006). Sugiyono (2013) defines a moderating variable as a variable that has the ability to enhance or diminish the link between the independent and dependent variables.

The variables employed in this study comprise the Quality of Financial Reports (dependent variable), Implementation of Government Accounting Standards (independent variable), Internal Control System (independent variable), Compliance with Legislation (independent variable), and Organizational Commitment (moderating variable). The subsequent text provides the precise definition and indicators utilized in this investigation.

D. RESULTS AND DISCUSSION

The research purpose is to give empirical data on how human resource quality, organizational commitment, and organizational culture impact the performance of financial managers. Table 1 presents the primary data acquired from questionnaires filled out by research respondents.

In order to address research inquiries, it is appropriate to employ a hypothesis framework, wherein moderated regression analysis is utilized to examine the research hypothesis. The purpose of the moderated regression analysis model is to ascertain the impact of the independent variable on the dependent variable, while also taking into account the presence of a moderating variable. A moderating variable is a factor that enhances or diminishes the association between the independent variable and the dependent variable.

The mathematical equation formulation employed for regression analysis is as follows:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

The form of the mathematical equation formulation of moderated regression analysis (Moderation Regression Analysis)

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3$$

A moderating variable is one that can either strengthen or weaken the correlation between the independent and dependent variables. When one variable affects the nature or direction of another's relationship, this is called a moderating variable. Moderating variables can have positive or negative effects on the relationship between independent factors and dependent variables. So, the moderating variable can be called a contingency variable as well. A moderating variable is one that can either strengthen or weaken the relationship between the independent and dependent variables, according to Sugiyono (2017).

The table that classifies the moderating variables is as follows:

1. Pure Moderation Variable (Pure Moderator) β_1 Non-Significant
 β_2 Significant
 2. Quasi Moderation Variable β_1 Significant
 β_2 Significant
 3. Potential Moderating Variable (Homologizer Moderassi) β_1 Non Significant
 β_2 Non-Significant
- Moderation Predictor Variable (Moderation Predictor) β_1 Significant
 β_2 Non-Significant

Table 1. Demographic Characteristics of Respondents

No	Description	Frequency	Percentage
1	Gender		
a.	Male	58	49,1%
b.	Female	59	50,9%
2	Educational Background		
a.	Accounting	13	9,6%
b.	Non Accounting	104	90,4%
3	Length of Service		
a.	1-5 Years	5	3,5%
b.	6-10 Years	15	12,3%
c.	11-15 Years	27	23,7%

d.	16-20 Years	26	21,9%
e.	21-25 Years	44	38,6
4 Final Education			
a.	High school /equivalent	19	16,7%
b.	Diploma 3	8	7,0%
c.	Bachelor	79	67,5%
d.	Master	11	8,8%
5 Accounting Education and Training			
a.	1-2 (At least Once)	63	54,4%
b.	3-5 (Ever)	38	33,3%
c.	6-10 (Frequent)	9	7,0%
d.	Never	7	5,3%
6 Position			
a.	Budget user (PA)	24	19,3%
b.	Authorized Budget User (KPA)	19	16,7%
c.	Authorized Budget User (PPK)	35	29,8%
d.	Treasurer	39	34,2%
7 Rank/Group			
a.	IV	42	36,8%
b.	III	58	50,9%
c.	II	17	12,3%

Source: Primary data

The data in the table show that there were 58 females (49.1% of the total) and 59 males (50.9% of the total) who filled out the survey. Out of the 104 people that were interviewed, just 13 (9.6%) had any kind of accounting background; the remaining 90.4% did not.

Validity and Reliability

Research question items or questionnaire statements are evaluated for their suitability for measurement by conducting validity and reliability tests on the measuring instrument.

Table 2. Validity Test of Government Accounting Standards (SAP) Implementation Variables

Variable	r-count	r-table	Description
SAP Question Item_1	0,348	0.181	Valid
SAP Question Item_2	0,517	0.181	Valid
SAP Question Item_3	0,670	0.181	Valid
SAP Question Item_4	0,554	0.181	Valid
SAP Question Item_5	0,340	0.181	Valid
SAP Question Item_6	0,592	0.181	Valid
SAP Question Item_7	0,461	0.181	Valid
SAP Question Item_8	0,651	0.181	Valid

SAP Question Item_9	0,524	0.181	Valid
SAP Question Item_10	0,437	0.181	Valid
SAP Question Item_11	0,337	0.181	Valid
SAP Question Item_12	0,516	0.181	Valid
SAP Question Item_13	0,531	0.181	Valid
SAP Question Item_14	0,556	0.181	Valid
SAP Question Item_15	0,461	0.181	Valid
SAP Question Item_16	0,611	0.181	Valid
SAP Question Item_17	0,348	0.181	Valid
SAP Question Item_18	0,517	0.181	Valid
SAP Question Item_19	0,670	0.181	Valid
SAP Question Item_20	0,554	0.181	Valid
SAP Question Item_21	0,531	0.181	Valid
SAP Question Item_22	0,556	0.181	Valid
SAP Question Item_23	0,461	0.181	Valid
SAP Question Item_24	0,611	0.181	Valid
SAP Question Item_25	0,348	0.181	Valid
SAP Question Item_26	0,517	0.181	Valid
SAP Question Item_27	0,556	0.181	Valid
SAP Question Item_28	0,461	0.181	Valid
SAP Question Item_29	0,611	0.181	Valid

Source: Primary data

The validity test results presented in Table 4 for the Implementation of Government Accounting Standards variable indicate that the calculated r_{value} for the 29 question items surpasses the r_{value} specified in the table. This leads to the conclusion that, on the whole, the questions pertaining to the Implementation of Government Accounting Standards variable are deemed valid. The higher calculated r_{value} suggests a strong alignment between the responses to the questions and the expected outcomes, reinforcing the reliability and appropriateness of the measurement instrument. This validation enhances the credibility of the study's findings related to the Implementation of Government Accounting Standards, affirming that the questions effectively capture the intended aspects of this variable.

Table 3. Internal Control System (SPI) Variable Validity Test

Variable	r_{count}	r_{table}	Description
SPI Question Item_1	0,374	0.181	Valid
SPI Question Item_2	0,679	0.181	Valid
SPI Question Item_3	0,406	0.181	Valid
SPI Question Item_4	0,706	0.181	Valid
SPI Question Item_5	0,474	0.181	Valid
SPI Question Item_6	0,460	0.181	Valid
SPI Question Item_7	0,374	0.181	Valid
SPI Question Item_8	0,679	0.181	Valid
SPI Question Item_9	0,406	0.181	Valid

SPI Question Item_10	0,706	0.181	Valid
SPI Question Item_11	0,474	0.181	Valid
SPI Question Item_12	0,460	0.181	Valid
SPI Question Item_13	0,370	0.181	Valid
SPI Question Item_14	0,508	0.181	Valid
SPI Question Item_15	0,428	0.181	Valid
SPI Question Item_16	0,470	0.181	Valid
SPI Question Item_17	0,406	0.181	Valid
SPI Question Item_18	0,642	0.181	Valid
SPI Question Item_19	0,474	0.181	Valid
SPI Question Item_20	0,460	0.181	Valid
SPI Question Item_21	0,374	0.181	Valid
SPI Question Item_22	0,679	0.181	Valid

Source: Primary data

The validity test results presented in Table 5 for the Internal Control System variable reveal that the calculated r_{value} for the 22 question items exceeds the r_{value} specified in the table. Consequently, it can be inferred that, on the whole, the questions related to the Internal Control System variable are valid. The higher calculated r_{value} indicates a strong association between the responses to the questions and the expected outcomes, affirming the reliability and appropriateness of the measurement instrument. This validation lends credibility to the study's findings concerning the Internal Control System, suggesting that the questions effectively capture the intended dimensions of this variable and contribute to a robust assessment of internal control within the studied context.

Table 4. Validity Test of Compliance Variables with Laws and Regulations (UU)

Variable	$r_{\text{-count}}$	$r_{\text{-table}}$	Description
UU Question Item_1	0,634	0.181	Valid
UU Question Item_2	0,412	0.181	Valid
UU Question Item_3	0,627	0.181	Valid
UU Question Item_4	0,753	0.181	Valid
UU Question Item_5	0,695	0.181	Valid
UU Question Item_6	0,477	0.181	Valid

Source: Primary data

The validity test results presented in Table 6 for the Compliance with Legislation variable indicate that the calculated r_{value} for the 6 question items surpasses the r_{value} specified in the table. Therefore, it is reasonable to conclude that, overall, the questions pertaining to the Compliance with Legislation variable are valid. The higher calculated r_{value} suggests a strong alignment between the responses to the questions and the anticipated outcomes, reinforcing the reliability and appropriateness of the measurement instrument. This validation enhances the credibility of the study's findings related to Compliance with Legislation, affirming that the questions

effectively capture the intended aspects of this variable and contribute to a reliable assessment of compliance within the context of legislation.

Table 5. Validity Test of Financial Statement Quality (LK) Variables

Variable	r-count	r-table	Description
LK Question Item_1	0,391	0.181	Valid
LK Question Item_2	0,439	0.181	Valid
LK Question Item_3	0,692	0.181	Valid
LK Question Item_4	0,539	0.181	Valid
LK Question Item_5	0,393	0.181	Valid
LK Question Item_6	0,629	0.181	Valid
LK Question Item_7	0,425	0.181	Valid
LK Question Item_8	0,681	0.181	Valid
LK Question Item_9	0,515	0.181	Valid
LK Question Item_10	0,353	0.181	Valid
LK Question Item_11	0,387	0.181	Valid
LK Question Item_12	0,448	0.181	Valid
LK Question Item_13	0,504	0.181	Valid
LK Question Item_14	0,536	0.181	Valid
LK Question Item_15	0,425	0.181	Valid
LK Question Item_16	0,626	0.181	Valid

Source: Primary data

The results of the validity test in Table 7 for the Financial Report Quality variable show that the calculated r_{value} for the 16 question items has a value greater than the r_{table} value. Thus, it can be concluded that overall the questions on the Financial Report Quality variable are valid.

Table 6. Validity Test of Organizational Commitment (KO) Variables

Variable	r-count	r-table	Description
KO Question Item_1	0,474	0.181	Valid
KO Question Item_2	0,392	0.181	Valid
KO Question Item_3	0,773	0.181	Valid
KO Question Item_4	0,474	0.181	Valid
KO Question Item_5	0,358	0.181	Valid
KO Question Item_6	0,744	0.181	Valid
KO Question Item_7	0,422	0.181	Valid
KO Question Item_8	0,773	0.181	Valid
KO Question Item_9	0,392	0.181	Valid

Source: Primary data

The validity test results in Table 8 for the Organizational Commitment variable show that the calculated r_{value} for the 9 question items has a value greater than the r_{table} value. Thus, it can be concluded that overall the questions on the Organizational Commitment variable are valid.

Table 7. Reliability Test Statistics

Variable	Cronbach Alpha	Limit Reliability	Description
Financial Statement Quality (Y)	0,737	≥0,6	Reliable
SAP Implementation (X1)	0,742	≥0,6	Reliable
Internal Control System (SPI) (X2)	0,738	0,6	Reliable
Compliance with Laws and Regulations Laws and Regulations (X3)	0,743	≥0,6	Reliable
Organizational Commitment (Z)	0,731	≥0,6	Reliable

Source: Primary data

Table 9 shows the dependability statistics, indicating that the Cronbach Alpha value for each research variable exceeds 0.6. Hence, it may be inferred that the questionnaire employed in this study is dependable.

Hypothesis Testing Results

Simultaneous Significance Test (F Statistical Test)

Table 8. Simultaneous Regression Coefficient Test Results (F Test)

ANOVA ^a						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4176.796	3	1392.265	2256.093	.000b
	Residual	69.734	113	.617		
	Total	4246.530	116			

a. Dependent Variable: Kualitas Laporan Keuangan

b. Predictors: (Constant), Kepatuhan Perundang-undangan, SPI, SAP

The $F_{\text{countvalue}}$ is 25.795 and the Sig value is 0.000, as shown in table 5.13. According to these findings, the Sig value is smaller than 0.05, and the F-countvalue is more than the F-table value of 2.684. So, we accept H_a as the alternative hypothesis and reject H_0 as the null. Adopting government accounting standards, establishing internal control systems, and complying with statutory regulations all have a substantial impact on the quality of financial reports.

Testing the Coefficient of Determination (R2)

Table 5.14 indicates that the R square (R2) value is 0.984. The adjusted R2 value is utilized when there are multiple independent variables. The value of the corrected R2 is 0.983. This indicates that the independent variable accounts for 98.4% of the variation in the dependent variable. This indicates that a certain percentage of the variability in the financial report quality variable may be accounted for by the variables related to SAP deployment, SPI, and compliance with statutory regulations.

Partial Significance Test (t Statistical Test)

According to Table 5.16, the regression equation that describes the relationship between the independent variable and the dependent variable in this research is as follows:

$$Y = 0,467 + 0,436 X1 + 0,221 X2 + 0,304 X3 + e$$

By examining this equation, it becomes evident that the coefficients of the independent variables SAP implementation (X1), SPI (X2), and compliance with statutory regulations (X3) provide positive values. This indicates a positive association between SAP implementation, SPI, and compliance with statutory rules. The relationship between the quality of financial reports (Y) and factors such as the adoption of SAP, SPI, compliance with laws and regulations, and organizational commitment is unidirectional. This indicates that as these factors are implemented and adhered to more effectively, the quality of financial reports improves correspondingly.

According to the test results presented in Table 5.13, the impact of each independent variable on the dependent variable is analyzed using decision making criteria with a significance level of $\alpha = 0.05$ (5%) and a ttable value of 1.658. The partial influence of each independent variable on the dependent variable is stated as follows:

- H1** : following the implementation of Government Accounting Standards (SAP), the quality of financial reports produced by local governments has improved. As a result, the significance level of 0.000 for the SAP variable surpasses the specified significance level of $\alpha = 0.05$. As can be seen in the t-table, the computed t-value of 14.103 is higher than the critical t-value of 1.658. A positive value is also assigned to the regression coefficient. Accordingly, we accept the null hypothesis and conclude that SAP has a substantial and positive effect on the dependent variable. Guaranteeing accurate financial reportingg.
- H2** : asserts that the Internal Control System (SPI) enhances the financial reporting of local governments. The predefined significance level $\alpha = 0.05$ is larger than the SPI variable's significance level of 0.000. Not only that, but at 5.505, the computed t-value is higher than the critical t-value of 1.658. In addition, the regression coefficient has a positive value. That the SPI variable significantly and positively affects financial report quality follows from the acceptance of hypothesis 2.
- H3** : claims that when regional governments follow the rules set up by legislation, it improves the quality of their financial reports. With a p-value of 0.000 and a significance level of $\alpha = 0.05$, the variable "compliance with statutory regulations" is highly significant. The essential t-value from the t-table is 1.658, while the computed t-value of 4.851 is higher. Even more so, the regression coefficient shows a positive value. We conclude that the variable "financial report quality" is positively and significantly affected by the variable "compliance with statutory regulations - invitations" (thus, we accept hypothesis 3).

Table 9. Regression Equation between the Independent Variable and the Dependent Variable in the Study

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.610	.328		-4.910	.000
	Financial Statement Quality	.712	.092	1.092	7.723	.000
	SAP	-.092	.050	-.262	-1.828	.070
	SPI	.035	.044	.076	.790	.431
	Regulatory Compliance	.119	.067	.085	1.758	.082

a. Dependent Variable: Organizational Commitment

Based on Table 5.16, the regression equation between the independent variable and the dependent variable in this research is:

$$Z = 0,712 + 0,436 X1 + 0,221 X2 + 0,304 X3 + -0,092 X4 + 0,35 X5 + 0.119 X6 + e$$

The equation reveals that the coefficient of the moderating variable, organizational commitment, exerts a substantial influence and demonstrates an interaction effect on the variable Y, which represents the quality of financial reports. However, the variables X1 (Government accounting standards) and X2 (Internal Control System) compliance towards statutory regulations do not exhibit a significant interaction with the moderating variable. This implies that the moderating variable functions solely as an independent variable in the established relationship model, often known as a Moderation Predictor.

H4 : The assertion stating that the quality of financial reporting is enhanced through an organization's commitment to adhering to Government Accounting Standards has been disproven. The results of the test support rejecting hypothesis 4, as they show that the significance level of 0.070 is higher than the predefined level of $\alpha = 0.05$. Furthermore, according to the t-table, the crucial t-value is 1.658, and the estimated t-value is -1.828, which is lower than that. Perhaps "Moderation Predictor" would be a better choice.

H5 : which argues that SPI has a stronger effect on financial report quality when organizational commitment is present has been proven wrong. Based on the test results, which show a significant value of 0.431, which is higher than the predefined threshold of $\alpha = 0.05$, hypothesis 5 can be rejected. Furthermore, the computed t-value of 0.790 is less than the crucial t-value of 1.658 that was found in the t-table. On the other hand, moderating predictor variables could be thought of.

H6 : The statement positing that adherence to regulations positively influences the quality of financial reporting and is strengthened by organizational commitment has been refuted. The acquired test results demonstrate a significance value of 0.082, which exceeds the specified significance limit $\alpha = 0.05$, leading to the rejection of hypothesis 6. The computed t-value of 1.758 is also less than the essential t-value of 1.658 that is seen in the t-value table. On the other hand, moderating predictor variables could be thought of.

The Effect of SAP Implementation on the Quality of Financial Reports

To examine the impact of SAP adoption-related variables on financial report quality, we employed a t-test. The obtained significance value of 0.000 was more than the predetermined significance level of $\alpha = 0.05$. These findings demonstrate that the deployment of SAP has a substantial impact on financial reporting quality metrics. Nirwana and Haliah (2018) assert that SAP is fundamental to the government's financial report preparation and presentation process, and this study's findings support their claims. Adopting comprehensive accounting standards and rigorously enforcing administrative compliance requirements would improve the accuracy of government financial reports.

The Influence of SPI on the Quality of Financial Reports

The effect of the SPI variable on the financial report quality variable is investigated in this study using the t-statistic. The significance level is established at 0.000, which is less than the value $\alpha = 0.05$. This suggests that the Strategic Performance Index (SPI) has a substantial impact on the factors used to assess the quality of financial reports. Each of these studies found that financial reporting was much more credible and accurate when SPIs (Standardised Performance Indicators) were used. The findings of Yendrawati (2013) and Desiana (2014), who found the inverse, raise question about the validity of their conclusions because they argue that internal control has minimal impact on the credibility of financial reporting.

The Effect of Compliance with Legislation on the Quality of Financial Reports

The study delves into the relationship between financial report quality characteristics and compliance variables pertaining to statutory standards. The t-statistic is used with a 0.000 significance level and an $\alpha = 0.05$ probability level. The impact of following legal regulations on the quality of financial reports is evident from this. This study's results are in line with those of Atyanta et al. (2011) and Nirwana and Haliah (2018), which state that following the rules greatly improves the trustworthiness of financial reports.

Organizational Commitment Does Not Moderate the Implementation of Government Accounting Standards on the Quality of Regional Financial Reports.

The study reveals that organizational commitment does not act as a moderator in influencing the relationship between the implementation of Government Accounting Standards (SAP) and the quality of regional financial reports. The moderation analysis, conducted to examine the correlation between SAP deployment and financial reporting quality in the context of organizational commitment, indicates a lack of significant moderating influence. The interaction test, with a significance level of $\alpha = 0.05$, produced a value of 0.070, which falls above the threshold, reinforcing the conclusion of non-significant moderation.

This finding aligns with a study by Wulandari (2018), where it was similarly discovered that organizational commitment did not enhance the impact of SAP

deployment on the quality of financial reporting. The consistency between these results underscores the robustness of the conclusion and suggests a limited role for organizational commitment in influencing the relationship between the implementation of Government Accounting Standards and the quality of regional financial reports.

Organizational Commitment Does Not Moderate the Internal Control System on the Quality of Regional Government Financial Reports

This study found that SPI had an impact on the quality of financial reports prepared by the Luwu Regency Government, and that organizational commitment did not mitigate this effect. With a p-value of 0.431, the test results show that the significance level $\alpha = 0.05$ is exceeded. Final product. This study's results are in line with those of Ikrar (2018) and Siwambudi et al. (2016), who demonstrated that regional governments' financial report quality is unaffected by the association between organizational commitment and the internal control system.

Organizational Commitment Does Not Moderate Compliance with Legislation on the Quality of Regional Government Financial Reports.

A moderation test was conducted in this study, and the results showed that organizational commitment did not enhance the effect of rule and regulation compliance on financial report quality. The test findings show a p-value of 0.082, which is higher than the significance level of $\alpha = 0.05$. Evidence from the experiments suggests that the Luwu Regency LKPD is unaffected by the correlation between organizational commitment and adherence to legal requirements. Hypothesis H6 is proven to be false by this. Findings from this study contradict those of Manullang (2016), which found that government accounting standards, internal control systems, compliance with rules and regulations, and local government accounting systems all interact positively. Instead, organizational commitment moderates this association.

E. CONCLUSION

Adherence to regulatory constraints, internal control processes, and government accounting standards substantially impact the partial quality of the Luwu Regency Regional Government's financial reports. The Luwu Regency Regional Government's financial reports are top-notch because they take into account the three aspects of organizational commitment: emotional commitment, continuation commitment, and normative commitment, regardless of the interaction between variables like government accounting standards (SAP), internal control systems (SPI), and compliance with statutory regulations. This discrepancy between the idea and the data is explicable by the fact that ASN operate differently, likely due to the "security" they derive from their low-risk jobs and guaranteed length of service. Less efficient and innovative behavior among employees is a direct result of the government's complex bureaucracy, which impacts the management discipline in these organizations.

REFERENCES

1. Aldiani, S. 2010. Faktor-Faktor Pendukung Keberhasilan Penerapan Peraturan Pemerintah No. 24 Tahun 2005 pada Pemerintah Kabupaten Labuhan Batu *Jurnal Akuntansi 12, Departemen Akuntansi Fakultas Ekonomi Universitas Sumatera Utara*.
2. Arif, R. (2017). Pengaruh Pemanfaatan Teknologi, Komitmen Organisasi dan Kejelasan Tujuan Terhadap Kualitas Informasi laporan Keuangan Pemerintah Daerah. *ArtikeIlmiah*.
3. Atmaja dan Probohudon (2015). Analisis Audit BPK RI Terkait Kelemahan SPI, Temuan Ketidapatuhan dan Kerugian Negara. *INTEGRITAS: Jurnal Anti Korupsi*, 1(1).
4. Atyanta, Ramya. 2011. Analisis Opini BPK atas Laporan Keuangan Pemerintah Daerah (Studi Kasus pada Kabupaten X di Jawa Timur). *Jurnal Ilmiah*. hal. 16. Badan Pemeriksa Keuangan RI. 2018. *Ikhtisar Hasil Pemeriksaan Semester I Tahun 2018*. Jakarta, September 2018.
5. Baiq Hapazah. (2017). Determinant Quality Of Regional And Financial Statements (Study On Local Government Regency Of Lombok Timur). *International Journal of Scientific Research and Management (IJSRM)*, Volume.5, Issue 12 (Dec.), Pages 7782-7788
6. Benson Mugi Muhunyo, (2018), Effect Of Internal Control Systems On Financial Performance Of Public Institutions Of Higher Learning In Nairobi City County, Kenya. *International Academic Journal of Human Resource and Business Administration* | Volume 3, Issue 2, pp. 273-287.
7. Cecilia, (2017). Does Quality of Financial Statement Affected by Internal Control System and Internal Audit. *International Journal of Economics and Financial Issues* | Vol 7 .
8. Christian Kitojo, (2014). Impact Of Internal Audit Efficiency On Effectiveness Of Financial Management In Public Sector Organizations: A Case Study Of Local Government Authorities In Shinyanga Region. A *Research Report* Submitted in Partial Fulfillment of the Requirements for Award of the Degree of Master of Science in Accounting and Finance of Mzumbe University.
9. Desiana, (2014). Pengaruh Sistem Pengendalian Internal Dan Kekuatan Koersif Terhadap Kualitas Laporan Keuangan Pemerintah Daerah (Studi Pada Pemerintah Daerah Kabupaten/ Kota di wilayah I Bogor Provinsi Jawa Barat). *Jurnal Riset Akuntansi Dan Keuangan*, 2 (1), 2014, 276-288.
10. Dewi Rahmasari. (2017). Pengaruh Sistem Pengendalian Internal, Kepatuhan Terhadap Perundang-Undangan, Tindak Lanjut Rekomendasi Hasil Pemeriksaan Dan Total Aset Terhadap Opini Audit Dengan Tingkat Pengungkapan Pada Catatan Atas Laporan Keuangan Kementerian/ Lembaga Sebagai Variabel Intervening. *Tesis*
11. Fatimah, D. Sari, R.N dan Rasuli, M. 2014. Pengaruh Sistem Pengendalian Intern, Kepatuhan terhadap Peraturan Perundang-Undangan, Opini Audit Tahun

- Sebelumnya dan Umur Pemerintah Daerah terhadap Penerimaan Opini Wajar Tanpa Pengecualian pada Laporan Keuangan Pemerintah Daerah di Seluruh Indonesia. *Jurnal Akuntansi* (Vol. 3) No. 1:1-15.
12. Fikri, M.A; Inapty, B.A.; dan Martiningsih, RR.S.P., (2015). Pengaruh Penerapan Standar Akuntansi Pemerintahan, Kompetensi Aparatur dan Peran Audit Internal Terhadap Kualitas Informasi Laporan Keuangan dengan Sistem Pengendalian Intern Sebagai Variabel Moderating (Studi Empiris pada SKPD-SKPD di Pemprov. NTB), *Jurnal Simposium Nasional Akuntansi XVIII*, Medan.
 13. Gafarov, T. 2009. *Financial Reporting Quality Control for Internal Control Implementation. A. Disertasi For the award of Doctor of Philosophy*, Business and Management Faculty Institute of Finances, Brno University of Technology.
 14. Gitman, Lawrence J dan Chad J. Zutter. 2012. *Principles of Managerial Finance*. 13th Edition. Global Edition: Pearson Education Limited.
 15. Henny N. Tambingon, Winwin Yadiati and Cecilia Lelly Kewo. 2018. Determinant Factors Influencing the Quality of Financial Reporting Local Government in Indonesia. *International Journal of Economics and Financial Issues*, 2018, 8(2), 262-268.
 16. Ifeoluwapo. (2019). Implications Of International Public Sector Accounting Standards Adoption And Financial Report Quality In Lagos State. *International Journal of Advanced Research (IJAR)* 7(1), 1124-1129- Journal Homepage: www.journalijar.com.
 17. I Gusti Ngurah Siwambudi dkk. (2016). *E-Jurnal Ekonomi dan Bisnis Universitas Udayana* 6.1 (2017): 385-416.
 18. Ikhsan, A. Ishak, M. (2011). *Akuntansi Keperilakuan*. Jakarta: Salemba Empat.
 19. Ikrar Nusa Bangsa (2018). The Effect of Internal Control Systems, Accounting Systems on the Quality of Financial Statements Moderated by Organizational Commitments. *Accounting Analysis Journal* 7(2) (2018)127-134-<https://journal.unnes.ac.id/sju/index.php/aaj>.
 20. Imran, H. (2018). Kualitas Informasi Laporan Keuangan Pemerintah Daerah dan Faktor Yang Mempengaruhinya (The Quality of Information in Local Government Financial Statement and The Influential Factors). *Tesis*, (July 2013).
 21. Irwan, D. (2011). Pengaruh Penerapan Sistem Pengendalian Intern Pemerintah, Kompetensi Sumber Daya Manusia dan Penerapan Standar Akuntansi Pemerintahan terhadap Kualitas Laporan Keuangan Pemerintah Provinsi Sumatera Barat. *Tesis Universitas Negeri Padang*.
 22. Judith Shumba, (2014). The Link Between International Accounting Standards And The Quality Of Financial Reporting. *Dissertation* Faculty of commerce at Midlands State University. Gweru, Zimbabwe, September 2014.
 23. Julita, Susilatri. 2018. Analysis Of Factor Affecting The Quality Of Government Financial Report Bengkalis Regency. *International Journal Of Scientific & Technology Research Volume 7, Issue 2, February 2018*.
 24. Kiranayanti dan Erawati (2016) Pengaruh Sumber Daya Manusia, Sistem Pengendalian Intern, Pemahaman Basis Akrua Terhadap Kualitas Laporan

- Keuangan Daerah. *Ejurnal Akuntansi Universitas Udayana* Vol.16.2. Agustus (2016):1290-1318
25. Mahaputra, P.U.R. dan W.P. (2014). Analisis Faktor-Faktor Yang Mempengaruhi Kualitas Informasi Pelaporan Keuangan Pemerintahan Daerah. *Jurnal Akuntansi Universitas Udayana*.
26. Nirwana and Haliah (2018). Determinant Factor Of The Quality Of Financial Statements And Performance Of The Government By Adding Contextual Factors Personal Factor, System/Administrative Factor. *Asian Journal of Accounting Research*, Vol. 3 Issue: 1, pp.28-40, <https://doi.org/10.1108/AJAR-06-2018-0014>.
27. Nugraheni, Purwaniati dan Subaweh, Imam, (2008). Pengaruh Penerapan Standar Akuntansi Pemerintahan Terhadap Kualitas Laporan Keuangan, *Jurnal Ekonomi Bisnis*, No. 1 Vol. 13, Universitas Gunadarma, Jakarta.
28. Nunuy dan Dien. 2015. The Effect of the Implementation Of Government internal Control System (GICS) On The Quality Of Financial Reporting Of The Local Government And Its Impact On The Principles Of Good Governance: A Research In District, City, And Provincial Government In South Sumatera. *International Journal of Business, Economics and Law*, Vol. 5, Issue 1 (Dec.) ISSN 2289-1552.
29. Nur Silaban (2017). Pengaruh Pengendalian Intern, Pemanfaatan Teknologi Informasi, Dan Kompetensi Sumber Daya Manusia Terhadap Kualitas Laporan Keuangan Pada Pemerintah Daerah Kabupaten Serdang Bedagai Dengan Komitmen Organisasisebagai Variabel Moderating. *Tesis*.
30. Permana Suryawan Aji, 2016, Pengaruh Profitabilitas, Leverage Dan Opini Audit Terhadap Ketepatan Waktu Laporan Keuangan Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia Tahun 2013 – 2015”, Program Studi Akuntansi Fakultas Ekonomi, Universitas Mercu Buana Yogyakarta.
31. Podrug, N. (2011). The strategic role of managerial stewardship behaviour for achieving corporate citizenship. *Ekonomski Pregled*.
32. Porter, L. W., Mowday, R. T., & Steers, R. M. (1979). The measurement of organizational commitment. *Journal of Vocational Behavior*, 14, 224–247. [https://doi.org/10.1016/0001-8791\(79\)90072-1](https://doi.org/10.1016/0001-8791(79)90072-1).
33. Rezaee, Z. (2003). High-Quality Financial Reporting: The Six-Legged Stool. *Strategic Finance*; ABI/INFORM Research, Feb 2003.
34. Suarmika, I.G.L dan Suputra, I.D.G.D. 2016. Kemampuan Komitmen Organisasi Dan Sistem Pengendalian Intern Memoderasi Pengaruh Kapasitas SDM Dan Penerapan SIKD Pada Kualitas LKPD Kabupaten Karangasem. *E-Jurnal Ekonomi dan Bisnis Universitas Udayana* 5.9 (2016): 2921-2950.
35. Sudiarianti Ni Made (2015), Pengaruh Kompetensi Sumber Daya Manusia Pada Penerapan Sistem Pengendalian Intern Pemerintah Dan Standar Akuntansi Pemerintah Serta Implikasinya Pada Kualitas Laporan Keuangan Pemerintah Daerah . *Tesis*.
36. Van Beest., G. Braam, and S. Boelens. 2009. *Quality of Financial Reporting: Measuring Qualitative Characteristics*. Nijmegen Center For Econoics (NiCE) Working Paper, Radboud University Nijmegen.

37. Windrastuti indah dkk. (2013). Pengaruh Karakteristik Laporan Keuangan Pemerintah Daerah Terhadap Transparansi Dan Akuntabilitas Laporan Keuangan Pemerintah Daerah Kabupaten Maros. *Universitas Hasanuddin, Makassar*.
38. Wonder Agbenyo, (2018). Assessment of Government Internal Control Systems on Financial Reporting Quality in Ghana: A Case Study of Ghana Revenue Authority. *International Journal of Economics and Finance*; Vol. 10, No. 11; 2018 ISSN 1916-971X E-ISSN 1916-9728 Published by Canadian Center of Science and Education.
39. Wulandari, M. 2018 Pengaruh Penerapan Standar Akuntansi Pemerintah dan Kompetensi Sumber Daya Manusia Terhadap Kualitas Laporan Keuangan Pemerintah Daerah dengan Komitmen Organisasi Sebagai Variabel Moderasi. (*Studi Empiris Pada Satuan Kerja Perangkat Daerah Kabupaten Solok Selatan*).