



Research Paper

Determinants of the Quality of Local Government Financial Reports with Human Resources Competence as Moderating Variables

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ABSTRACT: This study aims to test and analyze the use of government accounting standards, use of information technology, and the role of internal audit on the quality of local government financial reports with human resource competence as a moderating variable. The object of the research is the Mamuju Regency Government with the sample used in this study are 102 respondents from 45 SKPD in Mamuju Regency. The data used in this study is primary data, with the method of data collection is done by distributing questionnaires. Data were analyzed using moderated regression analysis. The results of hypothesis testing indicate that the simultaneous use of government accounting standards, the use of information technology, and the role of internal audit have a positive effect on the quality of local government financial reports. However, human resource competence only increase the use of government accounting standards, but cannot increase the use of information technology, and the role of internal audit on the quality of local government financial reports in Mamuju Regency.

KEYWORDS: government accounting standards, information technology, meinternal audit, quality of financial reports.

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I. INTRODUCTION:-

The paradigm of the government system in Indonesia is currently undergoing a change, from centralized to decentralized, where the impact is on the relationship between the central government and local governments. The centralized government system emphasizes the role of the central government in determining the direction and all aspects of development throughout Indonesia, different with the decentralized government system which is a government system that prioritizes the direct role of the region to do regional development. The system also makes local governments the main actors in encouraging and moving the direction of development in Indonesia so that local governments have a greater obligation to drive regional development. Regional autonomy gives a large amount of authority to regional governments to be able to manage their respective regional finances. Local governments are given the right and authority, as well as the obligation to regulate and manage their own regions. Local government financial reporting is basically an assertion from government management that informs other parties, that is stakeholders, about the government's financial condition.

The accounting principles applied in preparing and presenting government financial reports are Government Accounting Standards (SAP). Understanding of SAP is very important in the preparation of regional financial reports. Government Regulation Number 71 Year 2010 states that the purpose of preparing government financial reports is to provide information that is useful in decision making and to demonstrate the accountability of reporting entities for the resources entrusted to them.

In the preparation and management of regional finance, a system that regulates the process of classifying, measuring and disclosing financial transactions is needed, which is called the accounting system. The regional financial accounting information system is a system of grouping, recording and processing local government financial activities into a financial report as information that can be used by certain parties in decision making (Yuliani, et al, 2010).

According to Arfianti (2011), in the process of preparing regional financial reports to comply with laws and regulations, it must also be supported by adequate information technology. Utilization of information technology is the main component that affects the process of preparing financial reports. It is known that the total volume of APBD (Regional Revenue and Expenditure Budget) from year to year shows a remarkable increase. Government Regulation Number 56 Year 2005 about Regional Financial Information Systems which is a substitute for Government Regulation Number 11 of 2001 about Regional Financial Information requires the use of information technology from the Government and Regional Governments. According to Wilkinson et al (2000) information technology includes computers, software (software), databases, networks (internet, intranet), electronic commerce, and other types related to technology.

Regional financial reports until now are still experiencing problems in the preparation process. The most basic problem in the preparation of financial reports is the Human Resources (HR) in each Regional Government Work Unit (SKPD), in this case the regional apparatus. In fact, many of the parties responsible for the preparation of financial reports are not people with an accounting education background. This is an obstacle for the regional apparatus in submitting financial reports because employees are not fully ready to prepare and submit financial reports so that the quality of the financial reports produced also does not meet the normative financial reporting rules as required by Government Accounting Standards (SAP), therefore, an internal control is necessary.

Internal control is a way to direct, monitor and measure the resources of an organization, and plays an important role in preventing and detecting fraud. At organizational level, the objectives of internal control are related to the reliability of financial reports, timely feedback on the achievement of operational and strategic objectives, and compliance with laws and regulations (Anggraeni, 2014). The results of supervision over the quality of regional financial accountability since the implementation of the accrual basis in the preparation of financial reports, in 2015-2019, show that there has been an increase in the quality of regional financial accountability in the Mamuju District Government. The measurement of financial reporting accountability is indicated by the opinion given by the external auditor (Audit Board/BPK) on the presentation of the government's financial report.

Tabel 1. Audit Board (BPK)'s Opinion on the 2015-2019 Government Financial Report*

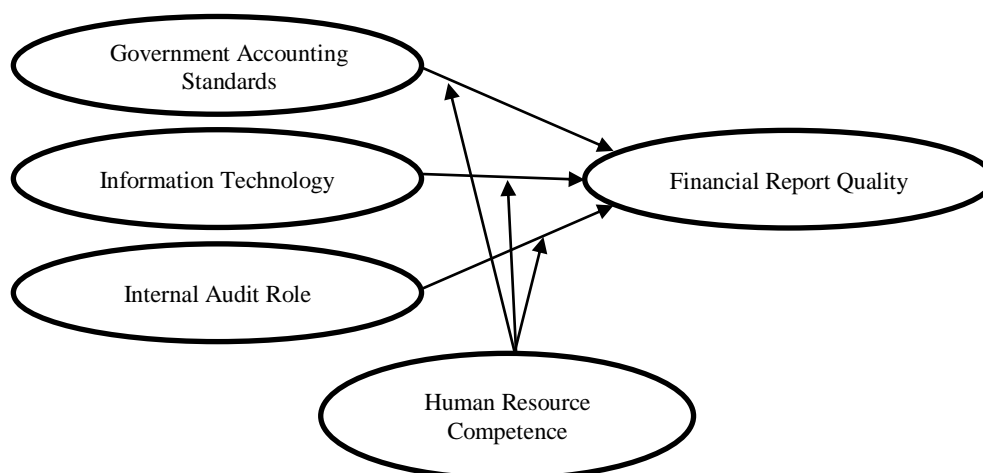
Regional Government Financial Report (LKPD) Year	Indonesian Audit Board Opinion
2015	Unqualified Opinion
2016	Qualified Opinion
2017	Unqualified Opinion
2018	Unqualified Opinion
2019	Unqualified Opinion

BPK's opinion on LKPD Mamuju District which has again achieved Unqualified Opinion for the last 3 years, after being dropped in 2016. It does not mean that there are no deficiencies in the presentation of financial reports or free from irregularities. The phenomenon that occurs when viewed from the BPK Audit Results Report, there are still findings that must be corrected, both in terms of non-compliance with government accounting standards, internal control systems, and compliance with laws and regulations. The low quality of financial reports can be caused by several things, including the lack of implementation of financial accounting information systems, understanding of accounting, internal control systems, human resource competencies, and the weak role of internal audit. To follow up on the results of the BPK RI examination, researchers need to examine in depth the Mamuju District Government. The research was limited to several causes of the low quality of local government reports, including the use of financial accounting information systems, human resource competencies, and the role of internal audit. The aim is to analyze the size of the influence of each on the quality of financial reports.

Several researches have been conducted to determine the factors that affect the quality of local government financial reports. One of them is the research conducted by Sulistyoratih and Riharjo (2019). The independent variables in this research are the quality of human resources, the use of information technology and internal control. Meanwhile the dependent variable in this research is the reliability of regional financial reporting. The research that will be conducted is a development of the research and what makes the difference is adding government accounting standards as an independent variable with the consideration that an understanding of SAP is very important in making regional financial reports, because the accounting principles applied in preparing and presenting government financial reports that is SAP and is a requirement that has legal force in an effort to improve the quality of local government financial reports. In addition, HR competence is used as a moderating variable, with the consideration that HR can be a strong influence in understanding SAP,

utilizing information technology, and its role in internal audit to produce quality output, that is the local government financial reports.

Conceptual Framework



Picture 1. Conceptual Framework

Research Hypothesis

Based on the background of the problems, the theoretical basis, and the results of previous research, the following hypotheses are generated.

H1: Understanding of government accounting standards has a positive effect on regional government financial reports quality

H2: The utilization of information technology has a positive effect on regional government financial reports quality

H3: Internal audit role has a positive effect on regional government financial reports quality

H4: Human Resource Competence moderates the effect of government accounting standards understanding towards regional government financial reports quality.

H5: Human Resource Competence moderates the effect of information technology utilization towards regional government financial reports quality.

H6: Human Resource Competence moderates the effect of internal audit role towards regional government financial reports quality.

The dependent variable in this research is the quality of financial reports, meanwhile the independent variable in this research is the understanding of government accounting standards, the utilization of information technology, and the role of internal audit, while the competence of human resources is the moderating variable. The following is an operational definition of each research variable:

Financial Report Quality

Financial reports are accounting structures and processes that describe how financial information is presented and reported to achieve the country's economic and social objectives. According to Albab in Khaeruddin (2017), the variable quality of regional financial reports can be measured by the following indicators:

- a. Financial reports prepared in accordance with Government Accounting Standards
- b. The information in the resulting financial reports can be used as a tool to predict future events (predictive value).
- c. Financial reports are presented on time so that they can be used as material in current decision making
- d. The information generated from the SKPD's financial reports has honestly described transactions and other events that should have been presented in the financial reports
- e. The information contained in the financial reports can be compared with the financial reports of the previous period
- f. The information generated from the SKPD's financial report is clear
- g. Financial reports are arranged systematically so that they are easy to understand

Government Accounting Standards Understanding

Government Accounting Standards (SAP) is a requirement as well as a guide that has legal force in an effort to improve the quality of government financial reporting information in Indonesia. Indicators to measure the competency variable quoted from the research of Sari, et al (2014), those are:

- a. PSAP 01 Presentation of financial Report
- b. PSAP 02 Cash-based budget realization report
- c. PSAP 03 Cash flow report
- d. PSAP 04 Notes on Financial Report
- e. PSAP 05 Inventory accounting
- f. PSAP 06 Investment accounting
- g. PSAP 07 Fixed asset accounting
- h. PSAP 08 Construction in progress accounting
- i. PSAP 09 Liability accounting
- j. PSAP 10 Correction of Errors, Changes in Accounting Policies, Changes in Accounting Estimates, and Discontinued Operations
- k. PSAP 11 Consolidated financial Report
- l. PSAP 12 Operational Report

Utilization of Information Technology

Information technology is a general term for any technology that assists humans in creating, converting, storing, communicating and/or disseminating information. The indicators for measuring the independence variable are adopted from the research of Albab and Khaeruddin (2017) is as follows.

- a. Computers are available to support work implementation
- b. The existence of internet signals on work units
- c. Internet signal is utilized for data transmission
- d. Applied accounting system is in accordance with Government Accounting Standards (SAP)
- e. In every financial transaction, a transaction analysis/identification is needed
- f. Able to make journals
- g. Make financial report in every accounting period

Internal Audit Role

Internal audit is an activity designed to add value and improve the operations of an independent entity. Its purpose is to help agencies achieve their objectives in a systematic, detailed approach to assessing and improving the effectiveness of the organization's risk management, control, processes. According to Yuliana, et al (2010) the use of information technology is measured using the following indicators:

- a. Financial informal reliability assessment
- b. Obedience assessment
- c. Performance assessment
- d. Program efficiency and effectiveness assessment
- e. Internal auditor's level of objectivity

Human Resource Competence

Human resource competence is the human ability to carry out the duties and responsibilities assigned to someone with adequate education, training, and experience. The HR competency variable according to Albab in Khaeruddin's research (2017) is measured by the following indicators:

- a. Understand the components of local government financial reports
- b. Work by prioritizing ethics and code of ethics as an accountant

II. RESEARCH METHODS:

Research on the effect of understanding government accounting standards, the use of information technology, and the role of internal audit on the quality of financial reports with human resource competence as a moderating variable is a type of quantitative research. The data taken in the testing of this research is primary data. The population in this research are all institutions that include government offices, agencies, and agencies in Mamuju District. As many as 45 Regional Apparatus Organization (OPD)s as accounting entities, where each OPD consists of OPD Financial Administration Officers and/or OPD accounting staff. As well as employees in the accounting sector of the Mamuju District Regional Financial and Asset Management Agency (BPKAD) who have the function of consolidating financial Report. The research sample was selected using purposive sampling technique, with the following criteria:

- a. Structural officials and officers who do accounting/financial administration functions in each OPD.
- b. Structural officials and officers who do accounting/financial administration functions in the BPKAD

Accounting field.

c. Have a minimum working period of 1 year in the period of preparing financial report.

III. RESULTS:-

Description of Research Results

Descriptive Statistics Test

Descriptive statistics provide an overview of the characteristics of the observed research variables. The data obtained from the results of descriptive statistical analysis showed the highest value (maximum), lowest value (minimum), average (mean), and standard deviation of the variables studied which can be seen in more detail in the following table:

Table 2. Descriptive Statistics Test Result

Variable	No. of Respondents (N)	Min	Max	Mean	Std. Deviation
Government Accounting Standards Understanding (X1)	102	25	35	30.69	2.972
Information Technology Utilization (X2)	102	30	40	34.58	3.334
Internal Audit Role (X3)	102	18	30	25.62	3.077
Regional Financial Report Quality (Y)	102	29	40	35.49	3.111
Human Resource Competence (Z)	102	15	25	21.15	2.566
Valid N (listwise)	102				

In the table above, it can be seen that the X1 variable, that is Understanding Government Accounting Standards, has the lowest value of 25 and the highest value of 35 with an average value of 30.69 and a standard deviation (level of data distribution) of 2.97. Then the X2 variable, that is Information Technology Utilization, has the lowest value of 30 and the highest value of 40 with an average value of 34.58 and a standard deviation (level of data distribution) of 3.33. Then the X3 variable, that is Internal Audit Role, has the lowest score of 18 and the highest value of 30 with an average value of 25.62 and a standard deviation (level of data distribution) of 3.07.

Meanwhile the Y variable, that is the Quality of Financial Reports, has the lowest value of 29 and the highest value of 40 with an average value of 35.49 and a standard deviation (level of data distribution) of 3.11. And variable Z, that is HR Competence, has the lowest score of 15 and the highest value of 25 with an average value of 21.15 and a standard deviation (level of data distribution) of 2.56.

Hypothesis Test

The results of testing the Regression I model between the dependent variable Y, that is the Quality of Financial Report with the independent variable X, that is Understanding Government Accounting Standards (X1), Utilization of Information Technology (X2), and the Role of Internal Audit (X3) are presented through the Coefficient of Determination Test (R²), Simultaneous test (F), Partial test (t) is as follows:

Regression Test with Determination Coefficient (R²)

Table 3. Test Results with Determination Coefficient (R²)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.857 ^a	.734	.726	1.628

a. Predictors: (Constant); Total_X1, Total_X2, Total_X3

Numbers in the Adjusted R Square in table 10 show that the Coefficient of Determination of the role of the independent variable in relation to the dependent variable is 0.726 meaning that there are about 72.6% of the Y variable (Quality of Financial Reports) which can be explained by the three X variables (Understanding Government Accounting Standards, Utilization of Information Technology, Role of Internal Audit) the remaining 27.4% is explained by other factors.

Simultaneous Regression Test (F)

This test is used to determine the extent to which the three independent variables simultaneously affect the dependent variable. Simultaneous regression test results (F) can be seen in the following table:

Table 4. Simultaneous Regression Test Result (F)
ANOVA^a

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	717.776	3	239.259	90.281	.000 ^b
	Residual	259.714	98	2.650		
	Total	977.490	101			

a. Dependent Variable: Total_Y

b. Predictors: (Constant), Total_X1, Total_X2, Total_X3

The results of the F statistical test in table 11 show that the effect of the independent variable (Understanding Government Accounting Standards, Utilization of Information Technology, Role of Internal Audit) on the dependent variable (Quality of Financial Report) which has an F-count of 90.281 with a significance value of 0.000. This means the level of significance $< 5\%$ ($\alpha = 0.05$) and F-count of $90.281 > F$ -table of 2.46 it can be concluded that the understanding of government accounting standards, utilization of information technology, the role of internal audit simultaneously has a significant effect on the Mamuju District Government Financial Reports.

Partial Regression Test (t)

The t-test was used to determine the effect of the independent variables, that is Understanding Government Accounting Standards (X1), Utilization of Information Technology (X2), and the Role of Internal Audit (X3) partially or one by one on the dependent variable, that is Financial Report Quality (Y). The reference in making the decision of the Partial Test is seen from the Significance Value (Sig.) and the comparison between the calculated t value and the t table, with the following conditions:

a. Based on Significance (Sig.) Value

- If the value of Sig. < 0.05 then there is an effect of the independent variable (X) on the dependent variable (Y) or the hypothesis is accepted.

- If the value of Sig. > 0.05 then there is no effect of the independent variable (X) on the dependent variable (Y) or the hypothesis is rejected.

b. Based on the comparison between t count and t table values

- If the value of t count $> t$ table, then there is an influence of the independent variable (X) on the dependent variable (Y) or the hypothesis is accepted.

- If the value of t count $< t$ table, then there is no influence of the independent variable (X) on the dependent variable (Y) or the hypothesis is rejected.

To find the value of t table, with probability (α) 0.05 is based on the formula $t \text{ table} = (\alpha/2:n-k-1 \text{ or } df \text{ residual})$, then in this research $t \text{ table} = (0.025;98) = 1.987$. The results of partial regression testing can be seen in the following table:

Table 5. Partial Test Result (t)
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
		B	R Square			
1	(Constant)	5.968	1.820		3.279	.001
	Total_X1	.469	.080	.448	5.858	.000
	Total_X2	.305	.081	.327	3.782	.000
	Total_X3	.179	.080	.177	2.226	.028

a. Dependent Variable: Total_Y

In the table above, it is known that the output or results obtained through the SPSS application on Coefficients to see whether the X1, X2, and X3 variables partially affect the Y variable based on the hypothesis without using the Z moderating variable in this research are:

a. H1: There is an effect of Government Accounting Standards Understanding (X1) towards Financial Report Quality (Y)

From the table above, it is known that the value of Sig. variable X1 is 0.000 and the t value is 5.858. This means the value of Sig. $0.000 < \text{probability } 0.05$, and the t value is $5.858 > t \text{ table } 1.987$, therefore, it is concluded that **H1 is accepted**, meaning that the understanding of Government Accounting Standards has a significant influence on the Quality of Financial Reports in the Mamuju District Government.

b. H2: There is an effect of Information Technology Utilization (X2) towards Financial Report Quality (Y)

From the table it is known that the value of Sig. variable X2 is 0.000, meaning the value of Sig. $0.000 <$

probability 0.05, and t count $3.782 > t$ table 1.987, it is concluded that **H2 is accepted**, meaning that the use of Information Technology has a significant influence on the Quality of Financial Reports in the Mamuju District Government.

c. H3: There is an effect of Internal Audit Role (X3) towards Financial Report Quality (Y)

From the table it is known that the value of Sig. variable X3 of 0.028 means the value of Sig. $0.028 <$ probability 0.05, and t value $2.226 > t$ table 1.987, it is concluded that **H3 is accepted**, meaning that the role of Internal Audit also has a significant influence on the Quality of Financial Reports in the Mamuju District Government.

1. Regression II Analysis (With Moderation)

The results of the Regression II model testing between the dependent variable Y, that is the Quality of Financial Report with the independent variable X, that is Understanding Government Accounting Standards (X1), Utilization of Information Technology (X2), and the Role of Internal Audit (X3) and Human Resources Competence (Z) as moderating presented through the Coefficient of Determination Test (R²), Simultaneous Test (F), Partial Test (t) is as follows:

Regression Test by Determinant Coefficient (R²) with Moderation

Table 6. Regression Test by Determinant Coefficient (R²) with Moderation (Z) results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.769 ^a	.591	.578	2.020

a. Predictors: (Constant): Total_X1Z, Total_X2Z, Total_X3Z

Numbers in Adjusted R Square in table 13 show that the coefficient of determination of the role of variable X in relation to variable Y after being moderated by variable Z is 0.578 indicating that there is 57.8% of variable Y (Quality of Financial Report) which can be explained by the three X variables (Standard Understanding Government Accounting, Utilization of Information Technology, Role of Internal Audit) after being moderated by variable Z (Human Resource Competence). The remaining 42.2% is explained by other factors.

When compared with the effect of variable X on variable Y without moderating variable Z, that is 0.726 or 72.6%, it means that there is a decrease in value of 14.8% after being moderated by variable Z, that is the Human Resource Competence.

Regression Test Simultaneously (F) with Moderation

This test is used to determine the extent to which the three X variables simultaneously affect the Y variable after being moderated by the Z variable. The results of the simultaneous regression test (F) can be seen in the following table:

Table 7. Simultaneous Test Result (F) with Moderation
ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	577.452	3	192.484	47.154	.000 ^b
	Residual	400.038	98	4.082		
	Total	977.490	101			

a. Dependent Variable: Total_Y

b. Predictors: (Constant), Total_X1Z, Total_X2Z, Total_X3Z

The results of the F statistical test in table 14 show that the effect of variable X (Understanding Government Accounting Standards, Utilization of Information Technology, Role of Internal Audit) on variable Y (Quality of Financial Report) after being moderated by variable Z (Human Resource Competence) has an F-count of 47,154 with a significance value of 0.000, this means that the significance level is $< 5\%$ ($\alpha = 0.05$) and the F-count $47,154 >$ the F-table 2.46, therefore, it can be concluded that the Understanding of Government Accounting Standards, Utilization of Information Technology, Role of Internal Audit simultaneously has a significant effect on the Quality of Financial Reports after being moderated by Human Resource Competence at the Mamuju District government.

Regression Test Partially (t) with Moderation

To determine the effect of the independent variables, that is Understanding Government Accounting Standards (X1), Utilization of Information Technology (X2), and the Role of Internal Audit (X3) partially or one by one on the dependent variable, that is Quality of Financial Reports (Y) after being moderated by the Source Competency variable. Human Resources (Z) by performing the t-test as follows:

Table 8. Partial Test Result (t) with Moderation Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	R Square			
1	(Constant)	23.180	1.066	21.741	.000
	Total_X1Z	.015	.005	.612	3.058
	Total_X2Z	.003	.004	.153	.713
	Total_X3Z	.000	.005	.012	.067

a. Dependent Variable: Total_Y

In table 8 it can be seen that the output or results obtained through the SPSS application on Coefficients to see whether the X1, X2, and X3 variables partially affect the Y variable based on the hypothesis using the Z moderating variable in this research are:

d. H4: There is an effect of Government Accounting Standards Understanding (X1) towards Financial Report Quality (Y) after moderated by Human Resource Competence (Z).

From table 15 it is known that the value of Sig. X1Z variable is 0.003. This means the value of Sig. 0.003 < probability 0.05, and the t value 3.058 > t table 1.987, therefore, it is concluded that **H4 is accepted**, meaning that the understanding of Government Accounting Standards has a significant effect on the Quality of Financial Report after being moderated by Human Resource Competence at the Mamuju District Government.

e. H5: There is an effect of Information Technology Utilization (X2) towards Financial Report Quality (Y) after moderated by Human Resource Competence (Z).

From table 15 it is known that the value of Sig. X2Z variable is 0.477. This means the value of Sig. 0.477 > probability 0.05, and the t value 0,713 < t table 1.987, therefore, it is concluded that **H5 is rejected**, meaning that the Information Technology Utilization does not have a significant effect on the Quality of Financial Report after being moderated by Human Resource Competence at the Mamuju District Government.

f. H6: There is an effect of Internal Audit Role (X3) towards Financial Report Quality (Y) after moderated by Human Resource Competence (Z).

From table 15 it is known that the value of Sig. X3Z variable is 0.947. This means the value of Sig. 0.477 > probability 0.05, and the t value 0,067 < t table 1.987, therefore, it is also concluded that **H6 is rejected**, meaning that the Internal Audit Role does not have a significant effect on the Quality of Financial Report after being moderated by Human Resource Competence at the Mamuju District Government.

IV. DISCUSSION:

Effect of Government Accounting Standards (SAP) Understanding Towards Financial Report Quality

In this research, the first hypothesis is that the understanding of Government Accounting Standards (SAP) has a positive and significant effect on the quality of the financial reports of the local government of Mamuju District. This means that respondents who have an adequate understanding of SAP will improve the quality of making local government financial reports in Mamuju District. These results show that respondents generally realize that knowledge of SAP can complete a job well, it will have implications for improving the quality of financial reports for the local government of Mamuju District. This research is in line with research conducted by Hanaffi (2017) which concludes that understanding SAP has a significant and positive effect on the quality of regional financial reporting at the Regional Work Unit in Pati District. This justifies the theory of Stewardship which describes where management is not motivated by individual goals but rather is directed to their main outcome goals for the benefit of the organization. This theory assumes that there is a close relationship between satisfaction and success of an institution or organization. Judging from the apparatus' understanding of SAP which can improve the quality of financial reports in the Mamuju District government.

Effect of Information Technology Utilization Towards Financial Report Quality

The second hypothesis in this research is that the utilization of information technology has a positive and significant effect on the quality of the financial report of the local government of Mamuju District. This hypothesis is accepted because the use of information technology has an important role in improving the quality of local government financial reports at the Regional Work Units (SKPD) in Mamuju District. This also means that the realization of the quality of local government financial reports depends on the latest technological advances that are used properly so that the results obtained can be more accurate and systematic with the help of technology. The results of this research are in line with the research of Efendi, Darwanis, and Abdullah (2017) which concludes that the quality of the regional apparatus, the use of information technology, and the supervision of regional finances together affect the quality of regional financial reporting in the Regional Apparatus Work Unit in Central Aceh District. So did research from Sukmaningrum (2012) which found empirical evidence that human resource capacity, utilization of IT and Government Internal Control System (SPIP) affect the quality of Local Government Financial Reports (LKPD) in District and City Governments of

Semarang. This second hypothesis also justifies the theory of Stewardship which assumes a strong relationship between satisfaction and success of the institution or organization. Judging from the use of good information technology can affect the improvement of the Quality of Financial Reports in Mamuju District.

Effect of Internal Audit Role Towards Financial Report Quality

The role of Internal Audit has a positive and significant impact on the quality of the financial report of the local government of Mamuju District. This is in accordance with the third hypothesis in this research, seen from the implementation of budget management activities in related agencies, a Standard Operating Procedure (SOP) has been made properly, and in the process Internal Audit has assessed the reliability, compliance, and good performance of regional financial information. The Internal Auditor has also conducted an effective and efficient assessment of programs and activities, as well as conducted audits in an objective manner. In accordance with Hanaffi (2017) who concludes that in addition to understanding SAP, the role of internal audit also has a significant positive effect on the quality of regional financial reporting at the Regional Apparatus Work Unit in Pati District. This third hypothesis also justifies the theory of Stewardship which assumes a strong relationship between satisfaction and success of an institution or organization. Judging from the role of a good internal audit can affect the improvement of the Quality of Financial Reports in Mamuju District.

Human Resource Competence Moderating the Effects of SAP Understanding towards Financial Report Quality

With the good competence of Human Resources in the Mamuju District Government towards understanding SAP, it can improve the quality of reports, according to the results of hypothesis 4 in this research which describes that the competence of human resources in Mamuju District can moderate the influence of understanding on the quality of reports produced. This is not in accordance with the research from Suhardjo and Adhi (2013) which found that the application of SAP and the quality of the apparatus affected the quality of LKPD, there was no moderating relationship between the application of SAP and the quality of the apparatus on the quality of the LKPD. This indicates that if the competence of human resources is not improved, the quality of financial reports can decrease, but if competence is added to resources as happened in Mamuju District, which conducts training related to Government Accounting Standards, reading literatures in the form of accounting journals and accounting books in order to improve knowledge, especially in the field of accounting, and other activities can affect the improvement of the quality of regional financial reports properly.

Human Resource Competence Moderating the Effects of Information Technology Utilization towards Financial Report Quality

After adding a moderating variable, in this case Human Resource Competence, in the utilization of information technology, was not able to improve the quality of the financial reports of the local government of Mamuju District. According to the results of the study, hypothesis 5 was rejected. This is due to several things, including because the existing resources in the financial sub-section (accounting/budget) have not been maximized in using information technology to facilitate work such as working on the accounting process from the beginning of the transaction to making computerized financial reports or managing financial transaction data using software properly so that the management of financial transaction data cannot be analyzed and identified automatically, consistently and periodically. This result is different from the research conducted by Sukmaningrum (2012) which found empirical evidence that human resource capacity, IT utilization and Government Internal Control System (SPIP) can actually affect the quality of Local Government Financial Reports (LKPD). For this reason, training on sustainable information technology is needed for human resources in the Mamuju District government in order to improve the quality of regional financial reports.

Human Resource Competence Moderating the Effects of Internal Audit Role towards Financial Report Quality

After adding Human Resource Competence as a moderator of the internal audit role, it was not able to improve the quality of regional financial reports. This is evidenced by the rejection of Hypothesis 6 in this research, which states that HR competence cannot moderate the role of internal audit on the quality of financial reports. This is not in line with research conducted by Hanaffi (2017) which concludes that understanding of SAP, the role of internal audit, and HR competence have a significant positive effect on the quality of regional financial reporting at SKPD in Pati Regency. If viewed from the theory of Stewardship, it is certainly not appropriate where this theory illustrates that management is not motivated by individual goals but rather is shown to their main results goals for the benefit of the organization. That is, if HR competencies are added to the role of internal audit, it will affect the quality of reports better in an organization, in this case the Mamuju District Government.

V. CONCLUSION:

Based on the results of the research and discussion above, it can be concluded:

Based on the results of research and discussion in this study, it can be concluded that the understanding of government accounting standards has an effect on the quality of regional financial reports. This means that the understanding of government accounting standards has been well implemented in the Mamuju Regency government in preparing financial report. Meanwhile, the use of information technology affects the quality of regional financial reports. This means that information technology has really been put to good use in the Mamuju District government in preparing financial reports. So does the role of Internal Audit affects the quality of regional financial reports. This means that internal audit has a good role in the Mamuju District government in the process of preparing financial reports.

Then for HR competencies, it can moderate the influence of understanding SAP on the quality of regional financial reports. This means that HR in understanding SAP is already good and if the existing human resources in the Mamuju District Government are given training, education, and self-capacity improvement, it will increase the understanding of SAP in order to increase the quality of financial reports. However, HR competence cannot moderate the effect of the use of information technology on the quality of regional financial reports. This means that this information technology cannot be maximized properly by the existing human resources in the Mamuju District government in the process of preparing financial reports. And for the competence of human resources, it cannot moderate the influence of the role of internal audit on the quality of regional financial reports. This means that this internal audit cannot be maximized by existing human resources in the Mamuju District government in the process of preparing financial reports.

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