ANALYSIS OF FACTORS AFFECTING THE QUALITY OF LOCAL GOVERNMENT FINANCIAL STATEMENTS IN SUMBAWA DISTRICT WITH INTERNAL CONTROL SYSTEM AS MODERATING VARIABLE

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Abstract. This study is motivated by an increase in the opinion of the BPK examination results on the Local Government Financial Statements (LKPD) from 2017 to 2021. However, in LKPD in 2022 there was a decrease in opinion, one of which was sumbawa district which received a WDP opinion after being able to maintain WTP opinion for 12 years. The purpose of the study was to determine the effect of human resource competence and information technology utilization on the quality of Sumbawa Regency government financial reports with the internal control system as a moderating variable. This study uses quantitative methods using primary data in the form of questionnaires. The population in this study were all financial staff in all SKPDs of Sumbawa Regency totaling 60 people. In this study the authors took a sample using purposive sampling technique in 30 SKPDs with the criteria used for several considerations. Hypothesis testing in this study used SEM-PLS analysis through the SmartPLS 4.0 application. The results of this study indicate that Human Resource Competence and Information Technology Utilization have a positive effect on the Quality of Local Government Financial Statements. The Information Control System is unable to strengthen the effect of Human Resources Competence on the Quality of Local Government Financial Reports, while the Information Control System is able to strengthen the effect of Information Technology Utilization on the Quality of Local Government Financial Reports.

Keywords: Human Resources Competence, Information Technology Utilization, Internal Control System, Quality of Local Government Financial Statements.

I. INTRODUCTION

Based on the Law of the Republic of Indonesia Number 17 of 2003 concerning State Finance, it states that one of the concrete efforts to realize transparency and accountability in state financial management is the submission of government financial accountability reports that meet the principles of timely and prepared following accounting standards. In this case the SKPD is obliged to prepare and submit financial reports in the context of accountability and transparency in state financial management, including work achievements achieved for the use of the budget. This is in line with the Law of the Republic of Indonesia Number 23 of 2014 concerning Regional Government that regional financial management must be carried out in an orderly manner, obedient to the provisions of laws and regulations, efficient, economical, effective, transparent, and responsible with due regard to a sense of justice, propriety, and benefits for the community.

Based on the Overview of Audit Results for Semester I of 2022, it states that in the last five years, starting from 2017-2021, there has been an increase in the evaluation of Local Government Financial Reports (LKPD). Based on the examination results of the Supreme Audit Agency (BPK) in the first semester of 2022, it examined 541 Local Government Financial Reports (LKPD) in 2021 from 542 local governments. Of the 541 regional governments, as many as 500 of them received WTP opinions (92.4 percent). Then 38 local governments received an unqualified opinion (WDP) (7 percent) and three local governments received an opinion not expressing an opinion / TMP (0.6 percent).
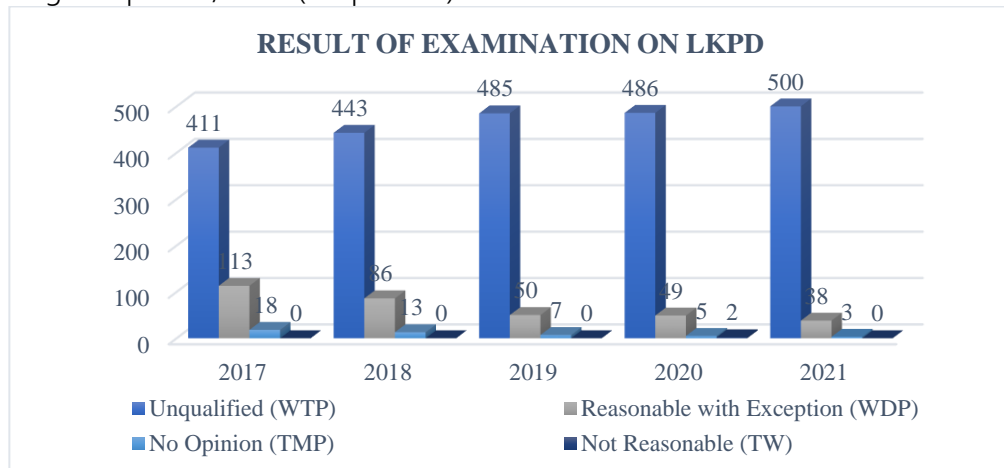

Figure 1. Audit Opinion on Local Government 2017-2021
Source: BPK RI, (2023)

The Provincial Government of West Nusa Tenggara (NTB) has achieved the WTP opinion for the 12th time from BPK RI since 2011 (BPK NTB, 2023b). This shows that the NTB Provincial Government has consistently maintained quality standards in its regional financial management. This reflects NTB's commitment to maintaining the quality of its finances. However, based on the results of the examination of the Sumbawa Regency Regional Government Financial Report in 2022, BPK gave a WDP opinion, while 9 district and city governments in NTB this year maintained a WTP opinion (BPK NTB, 2023a). Amid the increase and achievement achieved by NTB against the opinion given by BPK, this shows that the NTB Provincial Government has consistently maintained quality standards in regional financial management. Meanwhile, Sumbawa Regency received a WDP opinion, this WDP predicate became material for joint evaluation to improve all existing weaknesses. This is a trigger for researchers to conduct further research.

Based on a search of previous research, there are inconsistencies in previous research in testing factors that affect the quality of reports. In addition, research on the quality of local government financial reports has been carried out by many previous researchers. However, there are several things that distinguish this research from previous research, namely: First, this research was conducted in Sumbawa Regency. This is because little research has been conducted on the quality of local government financial reports in the district. Thus, this research is expected to provide a more comprehensive picture of the quality of local government financial reports in Sumbawa Regency. Second, this study uses human resource competency variables, information technology utilization, and uses internal control system

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variables as moderating variables. These variables are factors that have been proven to affect the quality of local government financial reports.

Based on the description of the problem, the purpose of this study is to see how the competence of human resources and the use of information technology affect the quality of financial reports in the local government of Sumbawa Regency, besides that, it wants to see the effect of the Internal Control System in moderating the effect of human resource competence and information technology utilization on the quality of local government financial reports so that this study is entitled: "Analysis of Factors Affecting the Quality of Sumbawa Regency Government Financial Statements with the Internal Control System as a Moderating Variable".

II. LITERATURE REVIEW

A. Stewardship Theory

The stewardship theory describes a situation where management is not driven by individual goals alone, but its main goals are directed more towards the interests of the organization (Donaldson & Davis, 1991). This study suggests that local government acts as a steward and the community as a principal. In a principal-steward relationship, a steward will place the interests of the principal above his own interests (Ghozali, 2020). the application of stewardship theory in the context of local government not only increases the effectiveness and efficiency of public resource management, but also strengthens the relationship between government and society. The implication of stewardship theory in this study shows that local governments that function as good managers have a crucial role in achieving economic goals and community welfare. A government that is trustworthy, responsive to the aspirations of the community, able to provide quality public services, and transparent in financial accountability so as to contribute to the welfare of society.

B. The influence of human resource competencies on the quality of financial reports in the Sumbawa Regency Government

Human resource competencies include capacity, namely the ability of a person or individual, an organization (institution), or a system to carry out its functions or authority to achieve its goals effectively and efficiently (Indrayani & Widiastuti, 2020). The quality of human resources, especially in terms of competence, is very necessary to achieve good quality financial reports in the context of local government. With competent human resources in accounting and finance, they will be able to produce quality financial reports. The application of stewardship theory in this study is that local governments need to direct all the capabilities and competencies of their human resources so that they can prepare quality financial reports. This is done to gain public trust in quality financial reports.

H1 : Human Resource Competence has a positive effect on the quality of local government financial reports

C. The effect of Information Technology Utilization on the quality of financial reports in the Sumbawa Regency Government

In accordance with Government Regulation of the Republic of Indonesia Number 56 of 2005 concerning Regional Financial Information Systems states that the central and regional governments have an obligation to develop and utilize advances in information technology to improve the ability to manage regional finances and provide regional financial information to public services. By utilizing information technology, the quality of financial reports will be of

high quality. The application of stewardship theory in this study is how information technology can provide benefits to the government so that it can prepare higher quality and accurate financial reports. This will increase public trust in the government and encourage transparency and accountability in state financial management.

H2 : Information technology utilization has a positive effect on the quality of local government financial reports.

D. The Internal Control System moderates Human Resource Competence on the quality of financial reports in the Sumbawa Regency Government

According to (Indrayani & Widiastuti, 2020) the internal control system of an organization is very important and is needed because operational activities require certain policies that can effectively monitor and manage every activity carried out. So that an adequate internal control system improvement can assist the government in creating the necessary HR competencies to improve the quality of government financial reports. The application of stewardship theory to this research is that an adequate internal control system can assist the government in creating the human resource competencies needed to improve the quality of government financial reports.

H3 : The Internal Control System strengthens the influence of Human Resource Competencies on the quality of local government financial reports.

E. Internal Control System moderates Information Technology Utilization on the quality of financial statements in Local Government

With an adequate internal control system, it can optimize the use of information technology (Hardyansyah, 2016). This system includes control over applications to ensure their optimal use. Accounting system-based information technology is designed to reduce errors in recording and calculating financial transactions (Idward, 2017). The application of stewardship theory in this study is that the internal control system for information technology needs to be carried out to ensure that the information technology used has been used optimally. In this case, the principal is the public who has the right to receive accurate financial information.

H4 : The Internal Control System strengthens the effect of Information Technology Utilization on the quality of local government financial reports.

III. RESEARCH METHODOLOGY

A. Type of Research

This type of research is quantitative research. Quantitative research is a method based on the philosophy of positivism, used to examine certain populations or samples, data collection using research instruments, data analysis is quantitative / statistical, with the aim of testing predetermined hypotheses (Sugiyono, 2023).

B. Population and Sample

Population is a generalization area consisting of objects / subjects that have certain qualities and characteristics that are applied by researchers to study and then draw conclusions (Sugiyono, 2023). The population in this study were all finance staff in all SKPDs in Sumbawa Regency. The sample is a small part of the characteristics and number of the research population selected to represent the population in the analysis or research conducted (Sugiyono, 2023). In this study, the authors took samples using purposive sampling techniques

in 30 SKPDs of Sumbawa Regency consisting of 2 people each for each SKPD with the criteria used being judgment sampling (certain considerations).

C. Data Type and Source

This study uses primary data obtained through distributing questionnaires to finance and accounting function officials, as well as financial management officials in the Sumbawa Regency Government. Primary data is research data obtained or collected directly from the original source (without intermediaries) (Sugiyono, 2023).

D. Data Collection Method

The data collection technique used in this study was through a questionnaire. The questionnaire is a data collection technique that is done by giving a set of questions or written statements to respondents to answer (Sugiyono, 2023). In this study the data was measured using a Liker scale. The Likert scale is a measurement tool used to evaluate a person's attitude or opinion towards a statement or event (Sugiyono, 2023).

E. Operational Definition

Table 1. Operational Definition

VARIABLES	OPERATIONAL DEFINITION OF VARIABLES	INDICATOR	MEASUREMENT
Quality of Government Financial Statements (Y)	A normative measure that is realized in the form of accounting information so that it is able to fulfill the objectives of financial statements which include four qualitative characteristics. (Government Regulation No. 71 Year 2010)	• Relevant • Reliable • Comparable • Understandable	
Human Resource Competency (X1)	An ability to perform a task with the support of aspects of skills and knowledge, as well as work attitudes that are guided by the task. (Aziyah & Yanto, 2022)	• Knowledge • Skills • Attitude	Likert Scale 1 = STS (Strongly Disagree) 2 = TS (Disagree) 3 = N (Neutral) 4 = S (Agree) 5 = SS (Strongly Agree).
Information Technology Utilization (X2)	Utilization of Information Technology is the optimal use of information technology such as computer networks used by humans to facilitate and streamline tasks and improve performance. (Ridzal et al., 2022)	• Computer Usage • Network	
Internal Control System (Z)	An integral process of actions and activities carried	• Control Environment	

VARIABLES	OPERATIONAL DEFINITION OF VARIABLES	INDICATOR	MEASUREMENT
	out continuously by leaders and all employees to provide adequate assurance of the achievement of organizational goals through effective and efficient activities, reliability of financial reporting, safeguarding state assets, and compliance with laws and regulations. (Government Regulation No. 60 Year 2008)	• Risk Assessment • Control Activities • Information and Communication • Monitoring	

Source: Processed, 2024

F. Data Analysis Method

The data analysis method that will be used in this study with Smart PLS 4.0. This study uses structural equation modeling (SEM) with partial least squares (PLS). Evaluation of the PLS-SEM model is carried out through the value of the results of the measurement model (outer model), structural model (inner model) and hypothesis testing. The equation model in this study is:

$$Y1 = \beta_1 KSDM + \beta_2 PTI + e$$
$$Y1 = \beta_1 KSDM * SPI + \beta_2 PTI * SPI + e$$

Description:
Y   = Quality of Local Government Financial Statements
·   = Regression Coefficient
KSDM = Human Resource Competence
PTI   = Information Technology Utilization
SPI   = Internal Control System
e   = Eror)

IV. RESULT AND DISCUSSION

A. Evaluation of the Measurement Model (Outer Model)

Evaluation of the measurement model (outer model) aims to assess the validity and reliability of construct data. The following are the results of testing the measurement model (outer model) in this study:

1. Convergent Validity

Testing convergent validity in this study is seen through outer loading which reflects the level of correlation between each indicator and its variable. Outer loading that has a value> 0.7 can be declared valid and meets the convergent validity test.

Table 3. *Outer Loading of the* 1st Test

Variables	Code	Outer Loading
Quality of Local Government Financial Statements (Y)	KLKPD 1	0.829
	KLKPD 2	0.788
	KLKPD 3	0.829
	KLKPD 4	0.837
	KLKPD 5	0.794
	KLKPD 6	0.701
	KLKPD 7	0.837
	KLKPD 8	0.757
	KLKPD 9	0.452
	KLKPD 10	0.869
	KLKPD 11	0.815
	KLKPD 12	0.311
Human Resource Competency (X1)	HUMAN RESOURCES OFFICER 1	0.351
	HRM 2	0.803
	HRM 3	0.752
	HRM 4	0.860
	HRM 5	0.617
	HRM 6	0.723
	HRM 7	0.413
	HRM 8	0.735
	HRM 9	0.750
	HRM 10	0.667
Information Technology Utilization (X2)	PTI 1	0.790
	PTI 2	0.747
	PTI 3	0.735
	PTI 4	0.792
	PTI 5	0.875
	PTI 6	0.825

Variables	Code	Outer Loading
Internal Control System (Z)	SPI 1	0.784
	SPI 2	0.797
	SPI 3	0.769
	SPI 4	0.787
	SPI 5	0.814
	SPI 6	0.762
	SPI 7	0.742
	SPI 8	0.691
	SPI 9	0.730
	SPI 10	0.701

Source: Processed, 2024

Based on the table above, it shows that there are 7 indicators that have a value below the convergent validity test standard, namely KLKPD 9, KLKPD 12, KSDM 1, KSDM 5, KSDM 7, KSDM 10 and SPI 8. The indicator is invalid because it has an Outer loading value that is below 0.7. Therefore, several indicators that do not meet the requirements can be removed and retested to obtain valid values. Furthermore, retesting was carried out which showed that all indicators were valid because they had met the Outer Loadings value limit of> 0.7 (Ghozali & Latan, 2023). The following are the results of the retest, namely:

Table 4. *Outer Loading of* the 2nd Test after Modification

Variables	Code	Outer Loading
Quality of Local Government Financial Statements (Y)	KLKPD 1	0.833
	KLKPD 2	0.796
	KLKPD 3	0.831
	KLKPD 4	0.836
	KLKPD 5	0.794
	KLKPD 6	0.707
	KLKPD 7	0.834
	KLKPD 8	0.755
	KLKPD 10	0.873
	KLKPD 11	0.817
Human Resource Competency (X1)	HRM 2	0.798
	HRM 3	0.758

Variables	Code	Outer Loading
	HRM 4	0.881
	HRM 6	0.715
	HRM 8	0.790
	HRM 9	0.728
Information Technology Utilization (X2)	PTI 1	0.790
	PTI 2	0.747
	PTI 3	0.737
	PTI 4	0.791
	PTI 5	0.875
	PTI 6	0.825
Internal Control System (Z)	SPI 1	0.793
	SPI 2	0.813
	SPI 3	0.750
	SPI 4	0.784
	SPI 5	0.812
	SPI 6	0.770
	SPI 7	0.742
	SPI 9	0.724
	SPI 10	0.709

Source: Processed, (2024)

Apart from being seen through the loading factor, in testing convergent validity, it can be seen through the Average Variance Extracted (AVE) value and can be said to be valid if the value is> 0.5 which indicates a good measure of convergent validity (Ghozali & Latan, 2023). Based on the tests carried out by researchers, the AVE value has indicated that> 0.5 so that convergent validity can be said to be good (Ghozali & Latan, 2023). The AVE value in this study can be seen in the following table:

Table 5. Average variance extracted (AVE)

	Average variance extracted (AVE)
KLKPD	0.654

HUMAN RESOURCES	0.609
PTI	0.633
SPI	0.589

Source: Primary data processed, 2024

2. Discriminant Validiy Test

Discriminant Validity testing in this study was carried out in 2 ways, namely through cross-loadings and Fornell-Larcker Criterion.

a). Cross-Loadings

Table 6. *Cross-Loading*

	KLKPD	HUMAN RESOURCES	PTI	SPI
KLKPD 1	0.833	0.660	0.568	0.651
KLKPD 10	0.873	0.641	0.638	0.754
KLKPD 11	0.817	0.631	0.632	0.697
KLKPD 2	0.796	0.648	0.577	0.635
KLKPD 3	0.831	0.675	0.576	0.639
KLKPD 4	0.836	0.706	0.540	0.583
KLKPD 5	0.794	0.600	0.629	0.751
KLKPD 6	0.707	0.555	0.500	0.656
KLKPD 7	0.834	0.766	0.670	0.769
KLKPD 8	0.755	0.601	0.541	0.641
KSDM2	0.636	0.798	0.432	0.559
KSDM3	0.517	0.758	0.236	0.382
KSDM4	0.722	0.881	0.516	0.630
KSDM6	0.604	0.715	0.434	0.506
KSDM8	0.718	0.790	0.533	0.651
KSDM9	0.518	0.728	0.394	0.546
PTI1	0.516	0.383	0.790	0.642
PTI2	0.525	0.368	0.747	0.548
PTI3	0.538	0.371	0.737	0.585
PTI 4	0.737	0.603	0.791	0.676
PTI5	0.556	0.432	0.875	0.669
PTI6	0.543	0.430	0.825	0.651
SPI 1	0.633	0.529	0.600	0.793
SPI 10	0.683	0.579	0.669	0.709
SPI 2	0.660	0.577	0.745	0.813
SPI 3	0.597	0.547	0.584	0.750
SPI 4	0.617	0.585	0.521	0.784
SPI 5	0.714	0.596	0.731	0.812

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	KLKPD	HUMAN RESOURCES	PTI	SPI
SPI 6	0.719	0.544	0.574	0.770
SPI 7	0.571	0.434	0.485	0.742
SPI 9	0.576	0.481	0.540	0.724

Source: Processed, 2024

Based on the test results shown in the table above, it states that the correlation value of the construct with its indicator is greater than the correlation value with other constructs, so that all constructs or latent variables already have good *discriminant validity*. (Ghozali & Latan, 2023).

b). *Fornell-Larcker Criterion*

Table 7. *Fornell-Larcker Criterion*

	KLKPD	HUMAN RESOURCES	PTI	SPI
KLKPD	0.809			
HUMAN RESOURCES	0.804	0.780		
PTI	0.729	0.556	0.795	
SPI	0.841	0.709	0.795	0.767

Source: Processed, 2024

In the *Fornell-Larcker Criterion* test, the AVE of each latent variable must be higher than the squared correlation with all other latent variables. (Ghozali & Latan, 2023). Based on the table above, it shows that the AVE value is higher than the correlation between variables and other variables, so that based on the test results all constructs or latent variables already have good *discriminant validity*.

c). *Composite Reliability*

Table 8. *Composite Reliability*

	Cronbach's alpha	Composite reliability
KLKPD	0.941	0.943
HUMAN RESOURCES	0.871	0.881
PTI	0.884	0.893
SPI	0.912	0.915

Source: Processed, 2024

In testing *composite reliability* in this study, it was carried out to be able to prove the consistency and accuracy of the instrument in measuring constructs which can be seen from the *Cronbach's alpha* value and the *composite reliability* value must be> 0.7. (Ghozali & Latan, 2023). Based on the results of the tests carried out, it shows that the *composite reliability* on all variables has shown that the value is> 0.7 so it can be said that all variables are reliable.

B. *Structural Model Evaluation Results (Inner Model)*

The structural model (Inner model) is a model that functions to measure the accuracy of the relationship between latent variables. Measurement of this structural model is done by looking at the coefficient of determination (R-Square) value (Ghozali & Latan, 2023).

Table 9. *Adjusted R-Square* value

	R-square	Adjusted R-square
KLKPD (Y)	0.828	0.812

Source: Processed, 2024

Based on the test results from the table above, it shows that the Adjusted R-Square value is 0.812 so it can be concluded that the effect of the constructs of Human Resources Competence, Information Technology Utilization, and Information Control Systems in explaining the constructs of Local Government Financial Report Quality is 81.2%, the remaining 18.8% is influenced by other constructs outside this research model.

C. Hypothesis Testing

Based on the results of this test, there are criteria that must be met in the hypothesis test, namely the Original sample is used to conclude that the direction of the hypothesis is positive or negative. Then for the t-statistic and P value are used to show significance.

Table 10. *Path Coefficient*

	Original sample (O)	T statistics (|O/STDEV|)	P values
KSDM -> KLKPD	0.436	4.048	0.000
PTI -> KLKPD	0.283	2.349	0.009
SPI x KSDM -> KLKPD	-0.171	1.623	0.052
SPIx PTI -> KLKPD	0.184	1.988	0.023

Source: Processed, 2024

Based on the test results contained in the table above, if the t-statistic value> 1.66 and p value <0.05, it can be said to be significant. Then the results of hypothesis testing in this study are as follows:

1. *Human Resources Competence has a positive effect on the Quality of Local Government Financial Statements*

Based on the results of testing the first hypothesis, it shows a positive original sample value of 0.436 with a t-statistic value of 4.048> 1.66 and a probability value (p-value) of 0.000 < 0.05. Then H1 is accepted, so that Human Resource Competence has a positive effect on the Quality of Local Government Financial Statements.

Human resource competencies include capacity, namely the ability of a person or individual, an organization (institution), or a system to carry out its functions or authority to achieve its goals effectively and efficiently (Indrayani & Widiastuti, 2020). Human Resource competencies include not only knowledge and skills but also the ability of individuals or organizations to achieve goals effectively and efficiently.

This is in line with stewardship theory which suggests that stewards are not driven by individual goals alone, but their main goals are directed more towards the interests of the organization. Based on this, the quality of human resources is needed to achieve good quality financial reports in the context of local government. With human resources that have a high level of competence, especially in the field of accounting, local governments have the potential to produce higher quality financial reports. Therefore, HR competence plays a crucial role in

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achieving good quality financial reports, so as to increase public confidence in the transparency and accountability of local government finances.

Based on this, this study is in line with research conducted by (Ridzal et al., 2022); (Hendri Meisy & Erinos NR, 2020) and (Mulia, 2018) showing that Human Resource Competence affects the quality of local government financial reports.

2. Information technology utilization has a positive effect on the quality of local government financial reports

Based on the results of testing the second hypothesis, it shows a positive original sample value of 0.283 with a t-statistic value of 2.349> 1.66 and a probability value (p-value) of 0.019 <0.05. So H2 is accepted, so that Information Technology Utilization has a positive effect on the Quality of Local Government Financial Statements.

Utilization of information technology is the processing, processing and dissemination of data obtained from combining computer equipment with telecommunications (Thompson et al. 1991). Utilization of Information Technology in financial data processing can increase the relevance of the information generated by ensuring that the data used in preparing financial reports is accurate, relevant, and in accordance with the needs of interested parties, information technology can play a role in improving the quality of financial information.

This is in accordance with stewardship theory which states that there is a principal-steward relationship, a steward will place the interests of the principal above self-interest (Donaldson & Davis, 1991). In this case, by using information technology in preparing financial reports, the government (steward) can be more effective and efficient so that it can distribute financial information to the public (principal). The application of information technology in the process of preparing local government financial reports is an effort to improve the quality and accuracy of information distributed to the public. Thus, the results of this study support the concept that information technology can be an effective tool for stewards (local governments) to convey financial information to principals (the public). With increased effectiveness and efficiency in the use of information technology, local governments can fulfill their responsibilities in presenting accurate and transparent financial information.

Based on this, this study is in line with research conducted by (Ramadhani et al., 2018); (Alminanda Marfuah, 2018) and (Herindraningrum & Yuhertiana, 2021) showing that the use of information technology has a positive effect on the quality of Government financial reports.

3. The Internal Control System strengthens the effect of Human Resources Competence on the quality of local government financial reports

Based on the results of testing the third hypothesis, it shows that the original sample value is -0.171 with a t-statistic value of 1.623 < 1.66 and a probability value (p-value) of 0.105> 0.05. Then H3 is rejected, so the System. Internal Control is unable to strengthen the influence of Human Resource Competence on the Quality of Local Government Financial Statements.

The Internal Control System aims to achieve good governance. Therefore, the government needs an effective control system to improve the competence of human resources and the accuracy of government financial reporting.

However, this study is not in line with stewardship theory which states that management situations are not driven by individual goals alone, but are more directed towards the interests of the organization (Donaldson & Davis, 1991). The application of stewardship theory in this study explains that improving an adequate internal control system can assist the government

in creating the necessary HR competencies to improve the quality of government financial reports. In this study, it was found that there were still employees who had not participated in training in improving their skills to prepare financial reports. So that the internal control system needs to be carried out to be able to optimize the competence of human resources so as to create quality financial reports.

Based on this, this research is not in line with research conducted by (Pebriani, 2019) which states that the internal control system is able to moderate the effect of Human Resources Competence on the Quality of Sumbawa Regency Local Government Financial Statements.

4. Internal Control System strengthens the influence of Information Technology Utilization on the Quality of Local Government Financial Statements

Based on the results of testing the second hypothesis, it shows a positive original sample value of 0.184 with a t-statistic value of 1.988> 1.66 and a probability value (p-value) of 0.047 <0.05. So H4 is accepted, so that the Internal Control System strengthens the effect of Information Technology Utilization on the Quality of Local Government Financial Statements. The implementation of an internal control system on the use of information technology can ensure that information technology has been implemented optimally, so that the internal control system can help ensure that financial data is presented accurately to the public.

This is in accordance with the stewardship theory in (Donaldson & Davis, 1991) which states that a steward will place the interests of the principal above self-interest. In this case, the principal is the public who has the right to receive financial information so that control of technology can provide more accurate and efficient results. Controls are carried out to ensure that the organization continues to use technology effectively in providing information related to organizational activities, because internal control has been connected to technology. This study shows that the internal control system has been implemented properly in the use of information technology. Optimal utilization of information technology on the use of computers and networks used in facilitating and streamlining tasks and increasing performance.

Based on this, this research is in line with research conducted by (Hardyansyah, 2016) which states that the internal control system is able to moderate the relationship between information technology utilization and the quality of financial reports.

V. CONCLUSION

This study aims to analyze the effect of human resource competence (HR) and information technology utilization on the quality of local government financial reports in Sumbawa Regency, with the internal control system as a moderating variable. This study used purposive sampling technique, involving 30 SKPDs in Sumbawa Regency with 2 respondents each per SKPD selected based on judgment sampling criteria. Based on the results of the research that has been conducted, it can be concluded as follows:

1. Based on the test results, Human Resources Competence has a positive effect on the Quality of Local Government Financial Statements so that the results of hypothesis testing are accepted.
2. Based on the test results, Information Technology Utilization has a positive effect on the Quality of Local Government Financial Statements so that the results of hypothesis testing are accepted.

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3. Based on the test results, the Information Control System is unable to strengthen the influence of Human Resources Competence on the Quality of Local Government Financial Statements so that the results of hypothesis testing are rejected.

4. Based on the test results, the internal control system is able to strengthen the influence of human resource competence on the quality of local government financial reports so that the results of hypothesis testing are accepted.

Based on the research conducted, there are several suggestions that can be used as a reference for further research:

1. Further research is recommended to use the interview method directly to respondents. This aims to elaborate on the results of the questionnaire collection that has been collected so that it can be used as more complete and in-depth data.

2. Increase the number of samples at other SKPDs that are not covered in this study. In addition, increasing the number of respondents in each agency will help in obtaining more representative and comprehensive research results.

3. Future research is expected to develop this research by adding other variables that might affect the quality of local government financial reports. Variables that can be considered are the application of government accounting standards, organizational commitment, the role of the inspectorate and so on.

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