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Effects of Human Resource Competence and Internal Control Systems on Financial Statement Quality in Makassar: Information Technology as a Moderator

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ABSTRACT
This study aims to analyze the effects of human resource competence and the implementation of internal control systems on the quality of financial statements, with information technology utilization as a moderating variable in each Regional Government Organization (Organisasi Perangkat Daerah, OPD) of the Makassar City Government. This study employs a quantitative approach using Partial Least Squares Structural Equation Modeling (PLS-SEM), with data processed using SmartPLS version 3.0. Data were collected through questionnaires distributed to OPDs across Makassar City and analyzed to identify the relationships among the research variables. The results indicate that the quality of the Makassar City Government's financial statements is directly and significantly influenced only by information technology utilization, which helps accelerate data processing and improve the accuracy and reliability of financial reporting. In contrast, human resource (HR) competence and the internal control system (ICS) do not have significant direct effects on financial statement quality; therefore, hypotheses H1 and H2 are rejected. Furthermore, information technology utilization does not significantly moderate or strengthen the relationships between HR competence and financial statement quality or between the ICS and financial statement quality. Consequently, moderation hypotheses H3 and H4 are rejected. These findings suggest that information technology remains primarily an administrative tool and has not been optimally integrated with employees' competencies and existing oversight procedures. Therefore, the Makassar City Government needs to align its digital transformation initiatives with improvements in HR competence and stronger internal control systems to ensure more transparent, accountable, and high-quality local government financial management.

Keywords: Human Resource Competence, Internal Control System, Information Technology Utilization, Financial Statements.

I. Introduction

Local government financial statements are a key instrument of public accountability, providing information on the management of public funds and supporting planning, evaluation, and decision-making. In Indonesia, the preparation of government financial statements is governed by Government Regulation No. 71 of 2010 on Government Accounting Standards. High-quality financial statements should meet the

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qualitative characteristics of understandability, relevance, reliability, and comparability to ensure transparency and accountability in public financial management. The quality of local government financial statements depends partly on human resource competence and the effectiveness of internal control systems. Competent personnel with adequate accounting knowledge and skills are essential for preparing financial statements in accordance with applicable accounting standards (Abdul & Rahman, 2021). However, local governments may face challenges in ensuring that the quantity and quality of their personnel meet organizational requirements (Zubaidi et al., 2019). Internal control systems are equally important because they support operational effectiveness, reliable financial reporting, asset protection, and compliance with applicable regulations, as stipulated in Government Regulation No. 60 of 2008. Information technology utilization may further contribute to financial reporting quality by accelerating data processing, improving calculation accuracy, and facilitating the management of large volumes of financial information. Nevertheless, its effectiveness may be constrained by inadequate hardware and software, outdated data, limited human resource capabilities, and budgetary constraints.

These limitations suggest that information technology may not automatically improve financial reporting quality unless it is adequately supported by competent personnel and effective internal control procedures. The financial reporting experience of the Makassar City Government illustrates the importance of these factors. In fiscal year 2020, the government received a qualified opinion (*Wajar Dengan Pengecualian*, WDP) from the Audit Board of the Republic of Indonesia (BPK RI), following several years of unqualified opinions (*Wajar Tanpa Pengecualian*, WTP). Reported audit findings involved issues related to expenditure accountability, procurement, asset administration, and cash management. However, the Makassar City Government subsequently regained an unqualified opinion for its fiscal year 2024 financial statements. These developments highlight the continuing importance of maintaining reliable financial reporting and strengthening accountability and internal oversight. Despite these developments, the relationships among human resource competence, internal control systems, and financial statement quality require further empirical examination, particularly regarding the role of information technology utilization as a moderating variable. Technology may strengthen the contribution of competent personnel and effective internal controls to financial reporting quality, but this relationship cannot be assumed without empirical evidence. Therefore, this study examines the effects of human resource competence and internal control system implementation on the quality of financial statements across 33 Regional Government Organizations (Organisasi Perangkat Daerah, OPDs) in Makassar City, while investigating whether information technology utilization moderates these relationships. The findings are expected to provide empirical insights for improving the quality, transparency, and accountability of local government financial reporting.

II. Literature Review and Hypothesis Development

2.1. Stewardship Theory

Stewardship Theory emerged from developments in accounting that incorporated perspectives from psychology and sociology, particularly in management accounting. The theory emphasizes the alignment of interests between principals and stewards in achieving common organizational goals. It explains the relationship between organizational leaders and stakeholders through management philosophy, organizational culture, and leadership practices that promote collective success. According to Stewardship Theory, managers are motivated primarily by organizational objectives rather than individual interests. Executives, acting as stewards, are therefore expected to act in the best interests of the principals and remain committed to achieving organizational goals (Donaldson & Davis, 1989, 1991). The theory provides a framework for examining situations in which managers are motivated to perform their responsibilities in ways that benefit the organization. Furthermore, Stewardship Theory assumes that stewards favor cooperative and organizationally oriented behavior over self-serving actions. Although the interests of principals and stewards may differ, stewards are expected to prioritize collective benefits and organizational success. This perspective

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suggests that cooperative behavior can provide greater utility than individualistic behavior and is therefore considered a rational and acceptable approach to organizational management (Davis et al., 2010).

2.2. Financial Statement Quality

According to Government Regulation No. 71 of 2010 on Government Accounting Standards (SAP), high-quality financial statements must possess four qualitative characteristics: relevance, reliability, comparability, and understandability. These characteristics are essential for ensuring transparency and accountability in local government financial management. Financial statements provide structured information about an entity's financial position and transactions. Their primary purpose is to provide information on financial position, financial performance, and cash flows that is useful for economic, social, and political decision-making (Natanael & Jamaris, 2023). In the public sector, financial statement quality is particularly important because it enables stakeholders to evaluate the use of public funds and assess the accountability of government entities. The Audit Board of the Republic of Indonesia (Badan Pemeriksa Keuangan, BPK) examines local government financial statements and issues audit opinions based on the results of financial audits. Under Law No. 15 of 2004 on the Audit of State Financial Management and Accountability, BPK issues four types of audit opinions:

a. Unqualified Opinion (*Wajar Tanpa Pengecualian*, WTP): Indicates that the financial statements are fairly presented, in all material respects, in accordance with the applicable financial reporting framework.
b. Qualified Opinion (*Wajar Dengan Pengecualian*, WDP): Indicates that the financial statements are fairly presented in all material respects, except for the effects of specific matters identified by the auditor.
c. Adverse Opinion (*Tidak Wajar*, TW): Indicates that the financial statements are not fairly presented in accordance with the applicable financial reporting framework.
d. Disclaimer of Opinion (*Tidak Memberikan Pendapat*, TMP): Issued when the auditor cannot obtain sufficient appropriate evidence to form an audit opinion because of limitations in the scope of the audit (BPK, 2024).

Financial statement quality can be assessed through four principal characteristics (Mahmudi, 2016). Relevance means that the information can influence users' decisions by helping them evaluate past and present events, predict future outcomes, and confirm or correct previous assessments. Reliability indicates that information is free from material errors and misleading representations, faithfully reflects the underlying facts, and can be verified. Comparability enables users to compare financial information across reporting periods and between entities. Understandability means that information is presented clearly and appropriately so that users with adequate knowledge of the entity's activities and operating environment can comprehend it (Kusnadi Yudha Wiguna & Anggia Syafitri, 2021). Previous studies have similarly emphasized that high-quality financial statements should provide complete, transparent, reliable, and understandable information that supports decision-making (Sara, 2022; Amin, 2019, as cited in Pratiwi, 2024). Nevertheless, financial statements do not necessarily contain all the information required for economic decision-making, as they primarily reflect the financial effects of past events and may not include non-financial information. Therefore, financial statement quality is essential to strengthening public accountability and enabling stakeholders to evaluate government financial management effectively (Dania Kemala Sari, 2022).

2.3. Human Resource Competence

Human resource competence refers to the knowledge, skills, and abilities required to perform assigned tasks effectively (Hervesi, 2005, as cited in Indriasari, 2008). Competence is a fundamental

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determinant of employee performance because personnel who possess adequate expertise can complete their tasks more efficiently, effectively, and economically. In financial reporting, competent human resources can reduce preparation time by understanding the procedures and requirements involved in preparing financial statements. This enables reports to be completed and submitted on time. Adequate human resource competence can therefore contribute to improving the quality of local government financial statements and ensuring that they meet the required qualitative characteristics (Abdul & Rahman, 2021). Human resource competence encompasses the knowledge, skills, and work attitudes required to achieve organizational objectives. It develops through education, training, and experience and is influenced by individual capabilities, environmental factors, and motivation (Gasperz, 2019; Jultri et al., 2021, as cited in Ira Aniswara et al., 2025). Mangkunegara (2008) similarly defines competence as a combination of knowledge, skills, abilities, and personal characteristics that directly influence job performance. According to Priansa (2018, p. 252), organizational success is strongly influenced by the quality of its human resources, making competency-based employee development essential for improving performance and productivity (Rossa, 2020). Hutapea and Thoha (2008, p. 28) identify three main components of competence: knowledge, skills, and individual behavior. These components can be described as follows:

a. Knowledge: The information and understanding employees possess and apply in performing their duties. Adequate knowledge enables employees to complete tasks accurately and efficiently.
b. Skills: The abilities required to perform tasks, solve work-related problems, and improve work processes to enhance efficiency and productivity.
c. Attitude: Employees' behavior and work orientation in carrying out their responsibilities in accordance with organizational rules and expectations. Positive work attitudes support cooperation and the achievement of organizational goals (Rossa, 2020).

In the context of local government financial reporting, these three components are important because they enable personnel to prepare accurate, reliable, and timely financial statements in accordance with applicable accounting standards.

2.4. Government Internal Control System

According to Government Regulation No. 60 of 2008, the internal control system is an integral process carried out continuously by organizational leaders and employees to provide reasonable assurance that organizational objectives are achieved through effective and efficient operations, reliable financial reporting, asset safeguarding, and compliance with laws and regulations. The Government Internal Control System (Sistem Pengendalian Intern Pemerintah, SPIP) applies comprehensively to central and local government institutions. An effective internal control system consists of policies and procedures designed to manage risks, ensure accountability, and support the achievement of organizational objectives. Under Government Regulation No. 60 of 2008, SPIP comprises five main elements:

a. Control Environment. The control environment establishes the organizational foundation for effective internal control through integrity, ethical values, commitment to employee competence, conducive leadership, appropriate organizational structures, clear delegation of authority and responsibility, sound human resource policies, effective internal oversight, and cooperation with relevant government institutions.
b. Risk Assessment. Risk assessment involves identifying and analyzing internal and external risks that may hinder the achievement of organizational objectives. This process enables government institutions to determine appropriate mitigation measures and reduce the likelihood of errors, irregularities, and weaknesses in financial management (Maulana et al., 2021).

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c. Control Activities. Control activities consist of policies and procedures designed to ensure that management directives are implemented and identified risks are appropriately addressed. These activities include adequate authorization, segregation of duties, proper documentation, independent verification, physical asset protection, information system controls, and performance reviews (Carvallo, 2021).
d. Information and Communication. Effective information and communication systems ensure that relevant and reliable financial and non-financial information is identified, recorded, processed, and communicated to the appropriate parties in a timely manner. Clear communication of roles and responsibilities supports coordination, accountability, and the preparation of reliable financial statements (UMA, 2021).
e. Monitoring of Internal Control. Monitoring involves continuously assessing the quality and effectiveness of internal controls and implementing corrective actions when necessary. It includes ongoing supervision, separate evaluations, internal audits, and follow-up on audit recommendations to ensure that control deficiencies are addressed appropriately (Carvallo, 2021).

The implementation of these five elements is essential for strengthening financial accountability and improving the quality of local government financial statements. Effective internal controls help prevent and detect errors and irregularities, safeguard public assets, and ensure that financial information is accurate and reliable. However, their effectiveness depends on adequate procedures, competent and ethical personnel, clear segregation of duties, and consistent monitoring (Carvallo, 2021). Furthermore, Minister of Home Affairs Regulation No. 77 of 2020 on Guidelines for Regional Financial Management provides a framework for managing regional finances, including planning, budgeting, implementation, administration, reporting, accountability, and supervision. The regulation also recognizes the use of electronic information, data flows, and documentation in regional financial management. Accordingly, an effective government internal control system is expected to support transparent, accountable, and reliable financial reporting.

2.5. Information Technology Utilization

Information technology utilization refers to the use of information technology to complete tasks and improve performance. According to Thompson et al. (1991, as cited in Ariesta, 2015), it reflects the expected benefits and actual use of information systems in performing work-related tasks. Its indicators include the intensity and frequency of use and the number of applications or software programs utilized (Binawati & Nindyaningsih, 2022). Technology enables organizations to transform financial, human, and physical resources into products or services (Robbins & Judge, 2021). Information technology encompasses hardware, software, databases, computer networks, telecommunications, and related technologies used to collect, process, store, retrieve, present, and communicate data as useful information (Wilkinson et al., 2000; Karim et al., 2020; Firza & Akbar, 2024). It also supports electronic data processing, information management, and work processes, as well as improving public access to services (Carvallo, 2021). In local government, information technology plays an important role in financial management and reporting. Government Regulation No. 1 of 2024 describes the Regional Financial Information System (SIKD) as a system for documenting, administering, and processing regional financial management data, regional performance data, and other relevant information. The system supports public information access and decision-making throughout regional planning, budgeting, implementation, administration, reporting, and accountability processes. Information technology can automate routine tasks, support human activities by providing relevant information, and restructure work processes (Kadir, 2013, as cited in Wibawa & Pritandhari, 2020). Its effective utilization therefore requires adequate user understanding and the ability to apply technology appropriately to improve work performance and support data analysis (Taufik et al., 2022; Asnan, 2024). Based on these perspectives, information technology utilization can be defined as the use of technological tools and systems to process data, obtain and communicate information, and support task completion. In local government financial

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reporting, effective utilization is expected to facilitate financial data processing and reporting and contribute to improved financial statement quality.

2.6. Hypotheses

a. The Effect of Human Resource Competence on the Quality of Local Government Financial Statements

Spencer (1993) defines competence as an underlying characteristic of an individual that is associated with effective job performance. Werther and Davis (as cited in Sutrisno, 2012) describe human resources as employees who are prepared, capable, and available to achieve organizational objectives. Mangkunegara (2012) explains that human resource competence comprises knowledge, skills, abilities, and personal characteristics that directly influence performance. Spencer (1993) further identifies responsibility, behavior, knowledge, and skills as characteristics of human resource competence (Zai & Purba, 2020). Previous studies have reported inconsistent findings regarding the relationship between human resource competence and financial statement quality. Animah et al. (2020) found that human resource competence did not significantly affect financial statement quality, attributing this result to the limited understanding of Indonesian Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) among personnel in micro, small, and medium-sized enterprises. In contrast, Wardani (2017) found that human resource quality and internal control systems influenced the reliability of financial reporting in Klaten Regency, although information technology utilization had no significant effect. These differences in previous findings warrant further investigation into the relationship between human resource competence and the quality of local government financial statements. Competent personnel are expected to possess the knowledge and skills necessary to prepare financial reports accurately and in accordance with applicable accounting standards.

H1 : Human resource competence has a positive effect on the quality of local government financial statements in Makassar City.

b. The Effect of Internal Control System Implementation on the Quality of Local Government Financial Statements

An internal control system is essential for organizations to ensure that operational activities are conducted effectively and that organizational objectives are achieved. Alpi and Ramadhan (2018, as cited in Firza & Akbar, 2024) define internal control as an ongoing, integral process carried out by organizational leaders and personnel to provide reasonable assurance regarding the achievement of organizational objectives, including operational effectiveness and efficiency, financial reporting reliability, asset safeguarding, and compliance with applicable laws and regulations. Transparency and accountability in central and local government financial management can be promoted through the preparation and submission of financial statements. These statements must be prepared in accordance with applicable accounting standards and submitted on time. An ineffective internal control system may increase the risk of irregularities and financial misstatements, thereby undermining the reliability of financial information. Hanum et al. (2021, as cited in Firza & Akbar, 2024) explain that local government financial statements are prepared through procedures established under the regional government accounting system, which incorporates internal control mechanisms. Consequently, the quality of local government financial statements is influenced by the effectiveness of the internal control system in ensuring accurate reporting, safeguarding assets, and promoting compliance with applicable regulations. Based on this rationale, this study examines whether implementing an effective internal control system contributes positively to the quality of local government financial statements in Makassar City.

H2 : Internal control system implementation has a positive effect on the quality of local government financial statements in Makassar City.

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c. The Moderating Role of Information Technology Utilization in the Relationship Between Human Resource Competence and the Quality of Local Government Financial Statements

Public trust is closely associated with organizational success. In the public sector, government performance can be demonstrated through the publication of high-quality financial statements. Such statements require competent human resources, particularly personnel with adequate accounting knowledge and skills. This is consistent with Decision-Usefulness Theory, which emphasizes that accounting information should meet the needs of decision-makers. The theory also highlights the relationship between management's attitudes toward accounting standards and its interests in disclosing accounting information through financial reporting. Indriasari and Nahartyo (2008) found that accounting and financial administration personnel in Palembang City and Ogan Ilir Regency were inadequate in both number and qualifications. Similarly, Tantri (2012) reported that human resources across 37 government institutions in Semarang Regency and Semarang City generally lacked competencies appropriate to their duties. These findings highlight the importance of human resource competence in supporting reliable financial reporting. In contrast, Roviyantie (2011) found that accounting and financial administration personnel in the Tasikmalaya City Government were adequate in both number and qualifications. Information technology also plays an important role in achieving good governance. Abadun (2017, p. 130) argues that governments should utilize information technology in governance, public service delivery, and development. In public financial management, effective technology utilization can facilitate the processing of financial information and improve the quality of local government financial statements. Previous studies have produced mixed findings regarding the effect of information technology utilization on financial statement quality. Nurillah (2014) and Anwar and Mukadarul (2016) found a positive effect, whereas Surastiani and Handayani (2015) found no significant effect (Irham, 2022). These inconsistencies suggest the need to examine whether information technology utilization strengthens the relationship between human resource competence and the quality of local government financial statements.

H3 : Information technology utilization moderates the relationship between human resource competence and the quality of local government financial statements in Makassar City.

d. The Moderating Role of Information Technology Utilization in the Relationship Between Internal Control System Implementation and the Quality of Local Government Financial Statements

The Government Internal Control System (SPIP) is a process designed to provide reasonable assurance regarding the achievement of organizational objectives, the reliability of financial reporting, the safeguarding of state assets, and compliance with applicable laws and regulations. As stipulated in Government Regulation No. 60 of 2008, SPIP serves as a mechanism for directing, supervising, and monitoring organizational resources to prevent and detect errors, irregularities, and fraud. An effective internal control system can therefore improve the quality of local government financial statements (Heinrich & Probohudono, 2023; Riandani, 2019). From an agency theory perspective, SPIP helps mitigate conflicts of interest and moral hazard between the government as the agent and the public as the principal. Effective internal controls promote transparency and accountability, thereby supporting financial reporting quality. However, the effectiveness of these controls may depend partly on information technology utilization. Information technology facilitates data processing, system management, and work efficiency, while improving the accuracy, transparency, verification, and accountability of accounting and financial reporting processes (Koto, 2019). Integrating information technology with SPIP can improve the quality of local government financial statements by protecting data, reducing recording errors, and accelerating the detection of irregularities (Pratiwi et al., 2022). Optimal technology utilization can strengthen internal control effectiveness, accelerate reporting, improve data accuracy, and reduce information asymmetry between the government and the public. Conversely, inadequate technology utilization may limit the effectiveness of internal control mechanisms. Previous studies by Kansah et al. (2023), Nokas et al. (2022), Pratiwi et al. (2022), and Susena and Supadmi (2020) found that information technology utilization moderates the relationship between

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government internal control systems and the quality of local government financial statements. These findings suggest that effective technology utilization can enhance the efficiency and effectiveness of internal controls, thereby contributing to improved financial reporting quality (Theana & Ardini, 2025). Based on this rationale, the present study examines whether information technology utilization moderates the relationship between internal control system implementation and the quality of local government financial statements in Makassar City.

H4 : Information technology utilization moderates the relationship between internal control system implementation and the quality of local government financial statements in Makassar City.

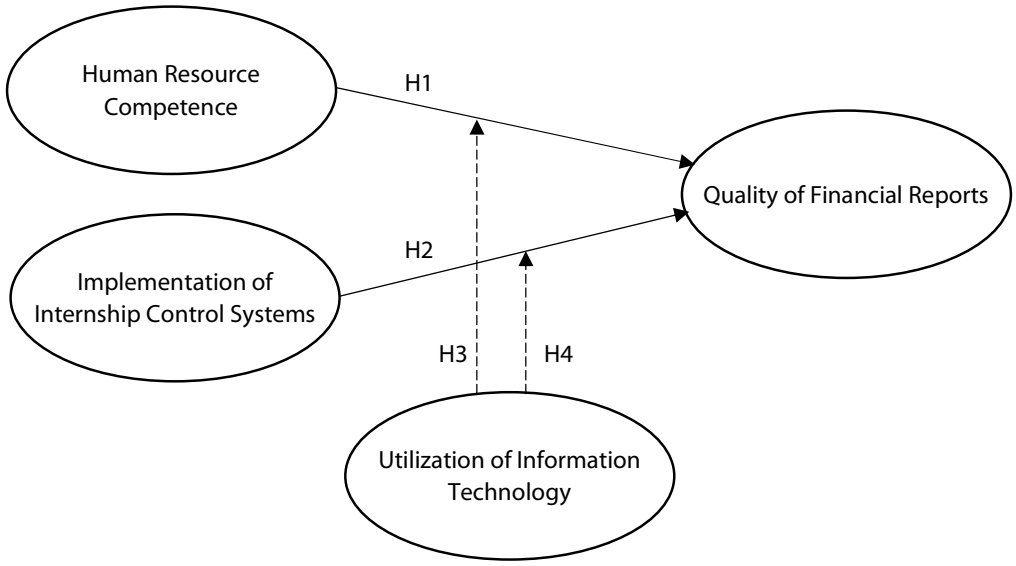


Figure 1. Conceptual Framework

III. Research Method

3.1. Research Design

This study employs a quantitative research approach using a survey method. Data are collected through questionnaires to obtain relevant information and empirical evidence to support the research analysis. Specifically, this study adopts a descriptive quantitative design to examine the effects of human resource competence and the implementation of the internal control system on the quality of local government financial statements in Makassar City, with information technology utilization serving as a moderating variable.

3.2. Research Location and Period

This study is conducted at the Makassar City Government offices in Makassar, Indonesia. The research is scheduled to take place in June 2026.

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3.3. Population and Sample

a. Population

A population is a generalizable group of subjects or objects with specific characteristics defined by the researcher for investigation and from which conclusions are drawn. A population is not limited to people but may also include natural objects and other entities with relevant characteristics. In certain circumstances, even a single individual may constitute a population if that individual possesses multiple characteristics of interest (Sugiyono, as cited in Mushofa et al., 2024). The population of this study consists of personnel responsible for managing work units and performing accounting or financial administration functions across 33 Regional Government Organizations (Organisasi Perangkat Daerah, or OPDs) in Makassar City (Makassar City Government, 2026).

b. Sample

A sample is a subset of a population that represents its characteristics. When a population is too large to investigate in its entirety due to limitations in funding, personnel, or time, researchers may select a representative sample from which findings can be generalized to the population (Mushofa et al., 2024). The sample in this study consists of 66 respondents representing 33 OPDs in Makassar City, with two respondents selected from each OPD based on predetermined criteria. The sample selection criteria are as follows:

a. Heads of financial administration responsible for accounting or financial administration functions in each OPD.
b. Employees in the accounting sub-division or accountants in each OPD.

Table 1. Sample of Regional Government Organizations in Makassar City

No.	Name of Regional Government Organization	Sample Size
1	Department of Culture	2
2	Department of Population and Civil Registration	2
3	Department of Health	2
4	Department of Food Security	2
5	Department of Archives	2
6	Department of Manpower	2
7	Department of Communication and Informatics	2
8	Department of Cooperatives and Small and Medium Enterprises	2
9	Department of Environment	2
10	Department of Tourism	2
11	Department of Public Works	2
12	Department of Fire and Rescue Services	2
13	Department of Women's Empowerment and Child Protection	2
14	Department of Youth and Sports	2
15	Department of Investment and One-Stop Integrated Services	2
16	Department of Spatial Planning	2
17	Department of Population Control and Family Planning	2
18	Department of Trade	2
19	Department of Transportation	2
20	Department of Fisheries and Agriculture	2
21	Department of Libraries	2
22	Department of Land Affairs	2
23	Department of Housing and Settlement Areas	2

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24	Department of Social Affairs	2
25	Makassar City Inspectorate	2
26	Secretariat of the Regional People's Representative Council (DPRD)	2
27	Municipal Civil Service Police Unit (Satpol PP)	2
28	Regional Development Planning Agency	2
29	Agency for National Unity and Politics	2
30	Regional Research Agency	2
31	Regional Revenue Agency	2
32	Regional Disaster Management Agency	2
33	Regional Financial and Asset Management Agency	2
Total		**66**

3.4. Data Collection Techniques

According to Hardani (2020), data collection techniques include observation, interviews, questionnaires, and documentation. The purpose of data collection is to obtain information relevant to the research objectives. This study employs observation and interviews as data collection techniques. Observation involves systematically examining behaviors, activities, and specific conditions to understand events from the perspective of the research subjects. This technique requires researchers to observe relevant events, locations, and situations directly in the field. The forms of observation include participant observation, unstructured observation, and unstructured group observation. Interviews are also conducted to obtain information relevant to the research objectives through conversations between researchers and informants. Interviews may be structured or unstructured and conducted face-to-face or through communication media, such as telephone calls (Margaretha, 2022).

3.5. Data Analysis Techniques

a. Partial Least Squares (PLS) Method

1) Measurement Model Evaluation (Outer Model)

The measurement model is evaluated to assess the validity and reliability of the indicators used to measure latent constructs. The evaluation consists of the following tests.

a) Convergent Validity

Convergent validity refers to the extent to which a measure correlates positively with alternative measures of the same construct (Dalila, 2024). For reflective indicators, convergent validity is assessed by examining the correlation between item scores and their corresponding construct scores, represented by outer loadings. Indicators generally demonstrate acceptable reliability when their outer loadings are at least 0.70.

b) Discriminant Validity

Discriminant validity assesses whether a construct is empirically distinct from other constructs in the research model (Dalila, 2024). It can be evaluated using cross-loadings and the Fornell–Larcker criterion. Under the Fornell–Larcker criterion, the square root of a construct's average variance extracted (AVE) should exceed its correlations with other constructs. This criterion helps establish whether the constructs measure distinct concepts.

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c) Composite Reliability

Composite reliability is used to assess the internal consistency of indicators measuring a latent construct. Its values range from 0 to 1, with higher values indicating greater reliability. A composite reliability value above 0.70 is generally acceptable for confirmatory research, while values between 0.60 and 0.70 may be acceptable for exploratory research.

2) Structural Model Evaluation (Inner Model)

The structural model is evaluated to examine the relationships among latent variables using path coefficients and other relevant statistical measures. One of the primary evaluation criteria is the coefficient of determination (R^2), which indicates the proportion of variance in an endogenous construct explained by its exogenous constructs. Higher R^2 values indicate greater explanatory power. According to Mariska (2024), R^2 values can be classified into three categories: 0.670 (strong), 0.330 (moderate), and 0.190 (weak).

Table 2. Interpretation of R^2 Values

R^2 Interval	Category
0.190–0.330	Weak
0.331–0.670	Moderate
0.671–1.000	Strong

Source: Ugianagio (2022).

3.5.2. Hypothesis Testing

Hypothesis testing is conducted to examine the relationships between independent and dependent variables. In this study, hypotheses are tested using the bootstrapping procedure in SmartPLS, which generates t-statistics and p-values. At a 5% significance level, a hypothesis is supported if the t-statistic exceeds 1.96 or the p-value is below 0.05. Conversely, a hypothesis is not supported if the t-statistic is below 1.96 or the p-value exceeds 0.05.

IV. Result and Discussion

4.1. Descriptive Analysis Results

This study uses a questionnaire as its research instrument. A total of 66 questionnaires were distributed to respondents, comprising heads of financial administration responsible for accounting or financial administration functions and staff members of accounting divisions or accountants in each Regional Government Organization (Organisasi Perangkat Daerah, or OPD). The respondents' characteristics are presented below.

a. Respondent Distribution by Rank/Grade

Table 3. Respondent Distribution by Rank/Grade

No.	Rank/Grade	Frequency	Percentage (%)
1	Senior Administrator, Grade III/d	31	47.0
2	Junior Administrator, Grade III/b	2	3.0
3	Supervisory Officer, Grade IV/a	13	19.7
4	Junior Administrator, Grade III/a	8	12.1
5	Grade VII	7	10.7
6	Grade IX	2	3.0
7	Grade X	2	3.0

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8	Controller, Grade II/d	1	1.5
Total		66	100.0

Source: Primary data, processed in 2026.

Table 3 shows the distribution of the 66 respondents across ranks and grades in the Makassar City Regional Government Organizations in 2026. The largest group consisted of respondents holding the Senior Administrator, Grade III/d rank, totaling 31 respondents (47%). In contrast, the smallest group consisted of respondents holding the Controller, Grade II/d rank, with only one respondent (1.5%).

b. Respondent Distribution by Institution

Table 4. Respondent Distribution by Institution

No.	Institution	Frequency	Percentage (%)
1	Department of Culture	2	3.0
2	Department of Population and Civil Registration	2	
3	Department of Health	2	
4	Department of Food Security	2	
5	Department of Archives	2	
6	Department of Manpower	2	
7	Department of Communication and Informatics	2	
8	Department of Cooperatives and Small and Medium Enterprises	2	
9	Department of Environment	2	
10	Department of Tourism	2	
11	Department of Public Works	2	
12	Department of Fire and Rescue Services	2	
13	Department of Women's Empowerment and Child Protection	2	
14	Department of Youth and Sports	2	
15	Department of Investment and One-Stop Integrated Services	2	
16	Department of Spatial Planning	2	
17	Department of Population Control and Family Planning	2	
18	Department of Trade	2	
19	Department of Transportation	2	
20	Department of Fisheries and Agriculture	2	
21	Department of Libraries	2	
22	Department of Land Affairs	2	
23	Department of Housing and Settlement Areas	2	
24	Department of Social Affairs	2	
25	Makassar City Inspectorate	2	
26	Secretariat of the Regional People's Representative Council (DPRD)	2	
27	Municipal Civil Service Police Unit (Satpol PP)	2	
28	Regional Development Planning Agency	2	
29	Agency for National Unity and Politics	2	
30	Regional Research Agency	2	
31	Regional Revenue Agency	2	

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32	Regional Disaster Management Agency	2	
33	Regional Financial and Asset Management Agency	2	
Total		66	100.0

Source: Primary data, processed in 2026.

Table 4 shows that the 66 respondents were evenly distributed across the 33 Regional Government Organizations (OPDs) in Makassar City in 2026. Each institution contributed two respondents, representing approximately 3.0% of the total sample.

c. Respondent Distribution by Profession/Position

Table 5. Respondent Distribution by Profession/Position

No.	Profession/Position	Frequency	Percentage (%)
1	Head of Financial Administration/Head of Finance Subdivision	26	39.4
2	Accounting Division Staff/Accountants	40	60.6
Total		66	100.0

Source: Primary data, processed in 2026.

Table 5 shows that the largest proportion of respondents consisted of accounting division staff or accountants, totaling 40 respondents (60.6%). Meanwhile, heads of financial administration or heads of finance subdivisions accounted for 26 respondents (39.4%).

d. Respondent Distribution by Previous Experience in Preparing Financial Statements

Table 6. Respondent Distribution by Previous Experience in Preparing Financial Statements

No.	Previous Experience	Frequency	Percentage (%)
1	Yes	56	84.8
2	No	10	15.2
Total		66	100.0

Source: Primary data, processed in 2026.

Table 6 shows that, among the 66 respondents from the Makassar City Regional Government Organizations (OPDs) in 2026, the majority had previous experience in preparing financial statements, accounting for 56 respondents (84.8%). In contrast, 10 respondents (15.2%) had no such experience.

e. Respondent Distribution by Gender

Table 7. Respondent Distribution by Gender

No.	Gender	Frequency	Percentage (%)
1	Male	32	48.5
2	Female	34	51.5
Total		66	100.0

Source: Primary data, processed in 2026.

Table 7 shows that, among the 66 respondents from the Makassar City Regional Government Organizations (OPDs) in 2026, female respondents constituted the majority, totaling 34 respondents (51.5%). Male respondents accounted for 32 respondents (48.5%).

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f. Respondent Distribution by Highest Educational Attainment

Table 8. Respondent Distribution by Highest Educational Attainment

No.	Highest Educational Attainment	Frequency	Percentage (%)
1	Diploma (D3)	5	7.6
2	Bachelor's Degree (S1)	34	51.5
3	Master's/Doctoral Degree (S2/S3)	27	40.9
Total		66	100.0

Source: Primary data, processed in 2026.

As shown in Table 8, among the 66 respondents from Makassar City Regional Government Organizations (OPDs) in 2026, the largest group held a bachelor's degree (S1), comprising 34 respondents (51.5%). The smallest group held a diploma (D3), comprising 5 respondents (7.6%).

g. Respondent Distribution by Length of Service

Table 9. Respondent Distribution by Length of Service

No.	Length of Service	Frequency	Percentage (%)
1	0–5 years	11	16.7
2	6–10 years	7	10.6
3	11–15 years	9	13.6
4	More than 15 years	39	59.1
Total		66	100.0

Source: Primary data, processed in 2026.

As shown in Table 9, the largest group consisted of respondents with more than 15 years of service, totaling 39 respondents (59.1%). In contrast, the smallest group had 6–10 years of service, comprising 7 respondents (10.6%).

h. Distribution of Respondents' Responses

Table 10. Frequency Distribution of the Human Resource Competence Variable

Item	SA		A		N		D		SD		Total	
	F	%	F	%	F	%	F	%	F	%	F	%
X1.1	27	40.9	30	45.5	7	10.6	1	1.5	1	1.5	66	100
X1.2	28	42.4	29	43.9	6	9.1	2	3.0	1	1.5	66	100
X1.3	28	42.4	28	42.4	8	12.1	0	0	2	3.0	66	100
X1.4	28	42.4	29	43.9	7	10.6	1	1.5	1	1.5	66	100
X1.5	29	43.9	27	40.9	8	12.1	1	1.5	1	1.5	66	100
X1.6	31	47.0	26	39.4	7	10.6	1	1.5	1	1.5	66	100
X1.7	27	40.9	30	45.5	7	10.6	1	1.5	1	1.5	66	100

Note: SA = Strongly Agree; A = Agree; N = Neutral; D = Disagree; SD = Strongly Disagree; F = Frequency.

As shown in Table 10, item X1.6 received the highest number of "Strongly Agree" responses, with 31 respondents (47.0%). For item X1.3, no respondents selected "Disagree" (0%). This item concerns the statement, "I am able to prepare journal entries accurately for each transaction."

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Table 11. Frequency Distribution of the Internal Control System Implementation Variable

Item	SA		A		N		D		SD		Total	
	F	%	F	%	F	%	F	%	F	%	F	%
X2.1	38	57.6	27	40.9	1	1.5	0	0	0	0	66	100
X2.2	38	57.6	26	39.4	2	3.0	0	0	0	0	66	100
X2.3	40	60.6	24	36.4	2	3.0	0	0	0	0	66	100
X2.4	41	62.1	24	36.4	1	1.5	0	0	0	0	66	100
X2.5	40	60.6	24	36.4	2	3.0	0	0	0	0	66	100
X2.6	40	60.6	25	37.9	1	1.5	0	0	0	0	66	100
X2.7	39	59.1	26	39.4	1	1.5	0	0	0	0	66	100

Source: Data processed by the researcher, 2026.

Table 11 shows that item X2.4 received the highest number of "Strongly Agree" responses, with 41 respondents (62.1%). Items X2.3, X2.5, and X2.6 each received 40 "Strongly Agree" responses (60.6%).

Table 12. Frequency Distribution of the Information Technology Utilization Variable

Item	SA		A		N		D		SD		Total	
	F	%	F	%	F	%	F	%	F	%	F	%
Z1.1	41	62.1	25	37.9	0	0	0	0	0	0	66	100
Z1.2	44	66.7	22	33.3	0	0	0	0	0	0	66	100
Z1.3	41	62.1	25	37.9	0	0	0	0	0	0	66	100
Z1.4	43	65.2	22	33.3	1	1.5	0	0	0	0	66	100
Z1.5	43	65.2	23	34.8	0	0	0	0	0	0	66	100
Z1.6	43	65.2	23	34.8	0	0	0	0	0	0	66	100
Z1.7	43	65.2	23	34.8	0	0	0	0	0	0	66	100
Z1.8	43	65.2	22	33.3	1	1.5	0	0	0	0	66	100

Source: Data processed by the researcher, 2026.

As presented in Table 12, item Z1.2 received the highest number of "Strongly Agree" responses, with 44 respondents (66.7%). For items Z1.1 and Z1.3, 25 respondents (37.9%) selected "Agree" for each item.

Table 13. Frequency Distribution of the Financial Statement Quality Variable

Item	SA		A		N		D		SD		Total	
	F	%	F	%	F	%	F	%	F	%	F	%
Y1.2	42	63.6	23	34.8	1	1.5	0	0	0	0	66	100
Y1.3	45	68.2	20	30.3	1	1.5	0	0	0	0	66	100
Y1.4	45	68.2	20	30.3	1	1.5	0	0	0	0	66	100
Y1.5	44	66.7	22	33.3	0	0	0	0	0	0	66	100
Y1.6	45	68.2	21	31.8	0	0	0	0	0	0	66	100
Y1.7	44	66.7	22	33.3	0	0	0	0	0	0	66	100
Y1.8	46	69.7	17	25.8	3	4.5	0	0	0	0	66	100
Y1.9	44	66.7	21	31.8	1	1.5	0	0	0	0	66	100
Y1.2	42	63.6	23	34.8	1	1.5	0	0	0	0	66	100

Source: Data processed by the researcher, 2026.

As shown in Table 13, item Y1.8 received the highest number of "Strongly Agree" responses, with 46 respondents (69.7%). For item Y1.2, 23 respondents (34.8%) selected "Agree".

4.2. Data Analysis Results

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The questionnaire responses were converted into quantitative data based on predetermined criteria. These quantitative data served as the raw data for each variable in this study. The data described in the previous section were subsequently analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS version 3 for Windows. As an alternative to covariance-based SEM, the variance-based or component-based PLS approach shifts the analytical focus from testing causal relationships and theories to developing component-based predictive models (Ghozali & Latan, 2019). PLS is a powerful analytical method because it does not rely on many restrictive assumptions and does not require multivariate normality. Indicators measured on categorical, ordinal, interval, and ratio scales can be used within the same model. The structural model was evaluated using SmartPLS version 3 for Windows. Figure 4.1 presents the structural model generated using the PLS algorithm based on the research framework.

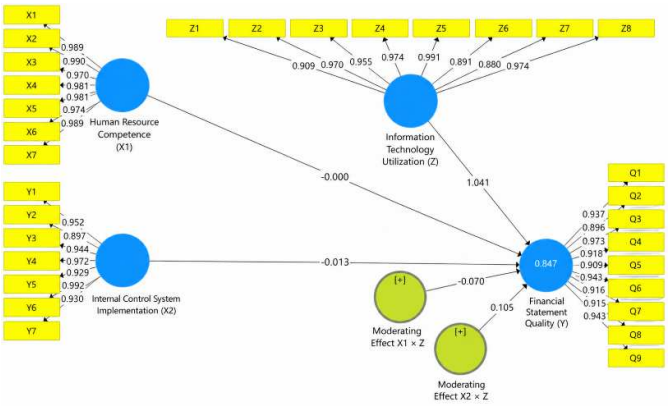


Figure 2. PLS Algorithm Structural Model
Source: Data processed by the researcher, 2026.

4.3. Measurement Model Analysis (Outer Model)

Internal consistency reliability assesses the consistency of measurement results across items within the same construct. In this study, internal consistency was evaluated using composite reliability. A construct is considered reliable when its composite reliability value exceeds 0.700 (Hair Jr. et al., 2019, as cited in Nasution et al., 2026).

Table 14. Construct Validity and Reliability

Construct	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Financial Statement Quality (Y)	0.980	0.982	0.861
Moderating Effect X1 × Z	1.000	1.000	1.000
Moderating Effect X2 × Z	1.000	1.000	1.000
Information Technology Utilization (Z)	0.982	0.985	0.891
Internal Control System Implementation (X2)	0.980	0.983	0.894
Human Resource Competence (X1)	0.994	0.995	0.964

Source: SEM-PLS data analysis, 2026.

Based on the results presented in Table 14, all constructs have composite reliability values exceeding the recommended threshold of 0.700. Specifically, human resource competence (X1) has a composite reliability value of 0.995, internal control system implementation (X2) 0.983, information technology

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utilization (Z) 0.985, and financial statement quality (Y) 0.982. Both interaction terms, X1 × Z and X2 × Z, have values of 1.000. Therefore, all constructs meet the specified criterion for internal consistency reliability.

a. Convergent Validity

Convergent validity assesses the extent to which indicators measure their respective latent constructs. It can be evaluated using outer loadings and the Average Variance Extracted (AVE). An outer loading of at least 0.70 is generally considered acceptable, while an AVE value of at least 0.50 indicates that a construct explains at least 50% of the variance in its indicators (Ghozali, 2016; Chin & Todd, 1995; Sekaran & Bougie, 2016).

Table 15. Convergent Validity

Construct	Indicator	Outer Loading	Assessment
Financial Statement Quality (Y)	Q1	0.937	Valid
	Q2	0.896	
	Q3	0.973	
	Q4	0.918	
	Q5	0.909	
	Q6	0.943	
	Q7	0.916	
	Q8	0.915	
	Q9	0.943	
Human Resource Competence (X1)	X1	0.989	
	X2	0.990	
	X3	0.970	
	X4	0.981	
	X5	0.981	
	X6	0.974	
	X7	0.989	
Internal Control System Implementation (X2)	Y1	0.952	
	Y2	0.897	
	Y3	0.944	
	Y4	0.972	
	Y5	0.929	
	Y6	0.992	
	Y7	0.930	
Information Technology Utilization (Z)	Z1	0.909	
	Z2	0.970	
	Z3	0.955	
	Z4	0.974	
	Z5	0.991	
	Z6	0.891	
	Z7	0.880	
	Z8	0.974	

Source: SEM-PLS data analysis, 2026.

Based on table 15, all outer loading values displayed in the output exceed the recommended threshold of 0.70. Therefore, the indicators shown in the figure meet the criterion for convergent validity. The highest outer loading for internal control system implementation is Q3 (0.973), for human resource

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competence is X2 (0.990), for information technology utilization is Z5 (0.991), and for financial statement quality is Y6 (0.992).

Table 16. Average Variance Extracted (AVE)

Construct	AVE	Assessment
Human Resource Competence (X1)	0.964	Valid
Internal Control System Implementation (X2)	0.894	
Information Technology Utilization (Z)	0.891	
Financial Statement Quality (Y)	0.861	

Source: SEM-PLS data analysis, 2026.

As shown in Table 16, all constructs have AVE values above 0.50, indicating adequate convergent validity. Specifically, the AVE values range from 0.861 to 0.964, suggesting that each construct explains a substantial proportion of the variance in its indicators.

b. Reliability

Reliability testing assesses the accuracy, consistency, and dependability of measurement instruments in evaluating constructs. In this study, reliability was assessed using composite reliability and Cronbach's alpha. Values exceeding 0.700 indicate acceptable internal consistency, suggesting that the questionnaire items consistently measure their respective latent constructs (Susanto et al., 2020).

Table 17. Composite Reliability and Cronbach's Alpha Values

Variable	Cronbach's Alpha	rho_A	Composite Reliability
Human Resource Competence (X1)	0.994	0.995	0.995
Financial Report Quality (Y)	0.980	0.980	0.982
Moderating Effect X1 × Z	1.000	1.000	1.000
Moderating Effect X2 × Z	1.000	1.000	1.000
Information Technology Utilization (Z)	0.982	0.985	0.985
Internal Control Implementation (X2)	0.980	0.982	0.983

Source: SEM-PLS data analysis, 2026.

As shown in table 17, the latent constructs have Cronbach's alpha and composite reliability values above 0.700. These results indicate that all constructs meet the internal consistency reliability criteria and that their indicators consistently measure the respective latent constructs.

c. Discriminant Validity

Discriminant validity assesses whether constructs that are theoretically distinct are empirically distinguishable. It can be evaluated using cross-loadings and the Fornell–Larcker criterion. Under the cross-loading criterion, each indicator should load more strongly on its associated construct than on other constructs. Under the Fornell–Larcker criterion, the square root of each construct's AVE should exceed its correlations with the other constructs (Susanto et al., 2020).

Table 18. Discriminant Validity Results

Variable	X1	Y	X1×Z	X2×Z	Z	X2
X1						
Y	0.533					
X1×Z	0.578	0.267				

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X2×Z	0.432	0.307	0.842			
Z	0.649	0.910	0.499	0.543		
X2	0.662	0.565	0.356	0.417	0.654	

d. Inner Model Results (Structural Model Assessment)

Structural model assessment evaluates the strength and significance of relationships between variables and tests the proposed hypotheses. These relationships are examined using path coefficients, with their statistical significance determined through bootstrapping and evaluated using t-statistics and p-values. The model's explanatory power is assessed using the coefficient of determination (R^2), which indicates the proportion of variance in an endogenous latent variable explained by its predictors (Susanto et al., 2020).

Table 19. Direct and Indirect Relationships

Relationship	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-Statistics	P-Values	Decision
Human Resource Competence (X1)	-0.000	-0.010	0.082	0.082	0.996	Not Significant
Moderating Effect X1 × Z	0.070	0.047	0.096	0.733	0.464	Not Significant
Moderating Effect X2 × Z	0.105	0.076	0.113	0.928	0.354	Not Significant
Information Technology Utilization (Z)	1.041	1.021	0.155	6.708	0.000	Significant
Internal Control Implementation (X2)	-0.013	0.007	0.077	0.169	0.866	Not Significant

Source: SEM-PLS data analysis, 2026.

This study proposed four hypotheses. Based on the reported results, only one hypothesis was statistically significant, with a p-value below the 0.05 significance threshold. The other three hypotheses had p-values above this threshold. Thus, three hypotheses were not supported, while one was supported.

e. Structural Model Evaluation (Inner Model)

The inner model is evaluated by examining the relationships between latent constructs, particularly the estimated path coefficients and their statistical significance (Ghozali, 2008, as cited in Ulfa, 2023). In PLS-SEM, the coefficient of determination (R^2) is used to assess the explanatory power of the model for endogenous variables.

Table 20. R-Square Value

Variable	R-Square (R^2)	Adjusted R-Square
Financial Report Quality (Y)	0.847	0.835

As shown in table 20, the (R^2) value for financial statement quality (Y) is 0.835, indicating that the predictor constructs explain 83.5% of the variance in financial statement quality. The remaining 16.5% is attributable to factors outside the model.

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4.4. Hypothesis Testing

a. Direct Effects

A direct effect refers to the influence of one variable on another without mediation by an intervening variable. This study examined the direct relationships between human resource competence (X1), internal control system implementation (X2), and financial statement quality (Y), as illustrated in table 21.

Table 21. Path Coefficients

Relationship	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-Statistics	P-Values	Decision
Human Resource Competence (X1)	-0.000	-0.010	0.082	0.006	0.996	Not Significant
Moderating Effect X1 × Z	0.070	0.047	0.096	0.733	0.464	Not Significant
Moderating Effect X2 × Z	0.105	0.076	0.113	0.928	0.354	Not Significant
Information Technology Utilization (Z)	1.041	1.021	0.155	6.708	0.000	Significant
Internal Control Implementation (X2)	-0.013	0.007	0.077	0.169	0.866	Not Significant

Source: SEM-PLS data analysis, 2026.

The SmartPLS version 3 results indicate that the direct-effect hypotheses were evaluated using path coefficients and t-statistics. A relationship is considered statistically significant when its t-statistic exceeds 1.96 at the 5% significance level. The structural model testing results are presented in Figure3.

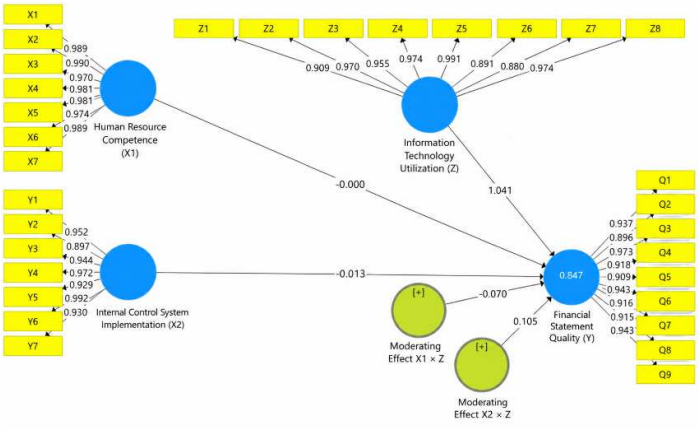


Figure 3. Hypothesis Testing Results

Based on Table 21 and Figure 4.9, the direct-effect hypothesis testing results are summarized as follows.

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a. Hypothesis 1: Human Resource Competence and Financial Statement Quality

The first hypothesis proposed that human resource competence negatively affects financial statement quality. The results show a path coefficient (β) of approximately −0.000 and a t-statistic of 0.006. Because the t-statistic is below 1.96, the relationship is not statistically significant. Therefore, Hypothesis 1 is not supported.

b. Hypothesis 2: Internal Control System Implementation and Financial Statement Quality

The second hypothesis proposed that internal control system implementation negatively affects financial statement quality. The results show a path coefficient (β) of −0.013 and a t-statistic of 0.169. Because the t-statistic is below 1.96, the relationship is not statistically significant. Therefore, Hypothesis 2 is not supported.

b. Moderating Effects

Based on Table 21, the results of the moderation hypothesis testing are presented as follows.

1) Hypothesis 3: The Moderating Effect of Information Technology Utilization on the Relationship Between Human Resource Competence and Financial Statement Quality

The interaction between human resource competence (X1) and information technology utilization (Z) has a positive path coefficient of 0.070 and a p-value of 0.464, which exceeds the 0.05 significance threshold. Therefore, the interaction effect is not statistically significant, indicating that information technology utilization does not significantly moderate the relationship between human resource competence and financial statement quality (Y). Thus, the hypothesis is not supported.

2) Hypothesis 4: The Moderating Effect of Information Technology Utilization on the Relationship Between Internal Control System Implementation and Financial Statement Quality

The interaction between internal control system implementation (X2) and information technology utilization (Z) has a positive path coefficient of 0.105 and a p-value of 0.354, which exceeds the 0.05 significance threshold. Therefore, the interaction effect is not statistically significant, indicating that information technology utilization does not significantly moderate the relationship between internal control system implementation and financial statement quality (Y). Thus, the hypothesis is not supported.

4.5. Interpretation of Hypothesis Testing Results

a. Direct Effects

This section discusses the direct effects of human resource competence and internal control system implementation on financial statement quality in the Makassar City Government, with information technology utilization examined as a moderating variable.

1) Hypothesis 1: Human Resource Competence and Financial Statement Quality

The SmartPLS 3 results show that the relationship between human resource competence (X1) and financial statement quality (Y) has a path coefficient of −0.000 and a t-statistic of 0.006. Since the t-statistic is below the critical value of 1.96, the relationship is not statistically significant. Therefore, Hypothesis 1 (H1) is not supported. These findings indicate that improvements in human resource competence within Makassar City government agencies do not directly translate into higher financial statement quality. This may be because financial statement quality depends not only on employees' knowledge, skills, and experience but also on accounting information systems, control mechanisms, standard operating procedures, and organizational support.

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2) Hypothesis 2: Internal Control System Implementation and Financial Statement Quality

The SmartPLS 3 results show that the relationship between internal control system implementation (X2) and financial statement quality (Y) has a path coefficient of –0.013 and a t-statistic of 0.169. Since the t-statistic is below the critical value of 1.96, the relationship is not statistically significant. Therefore, Hypothesis 2 (H2) is not supported. These findings indicate that internal control system implementation does not directly improve financial statement quality in Makassar City government agencies. Although an effective internal control system is expected to prevent recording errors, improve the reliability of financial information, and ensure regulatory compliance, its implementation may not yet be sufficiently effective. Potential contributing factors include weaknesses in the control environment, control activities, information and communication, and ongoing monitoring.

b. Moderating Effects

1) Hypothesis 3: The Moderating Role of Information Technology Utilization in the Relationship Between Human Resource Competence and Financial Statement Quality

The results show that the interaction between human resource competence and information technology utilization has a path coefficient of 0.070 and a p-value of 0.464. Since the p-value exceeds 0.05, the moderating effect is not statistically significant. Therefore, Hypothesis 3 (H3) is not supported. These findings indicate that information technology utilization does not significantly moderate the relationship between human resource competence and financial statement quality. The use of information technology alone may be insufficient to enhance the contribution of employee competence to financial reporting quality without adequate technological adaptability, employee training, and effective use of government financial applications.

2) Hypothesis 4: The Moderating Role of Information Technology Utilization in the Relationship Between Internal Control System Implementation and Financial Statement Quality

The results show that the interaction between internal control system implementation and information technology utilization has a path coefficient of 0.105 and a p-value of 0.354. Since the p-value exceeds 0.05, the moderating effect is not statistically significant. Therefore, Hypothesis 4 (H4) is not supported. These findings indicate that information technology utilization does not significantly moderate the relationship between internal control system implementation and financial statement quality. Information technology may not fully support the effectiveness of internal controls unless it is accompanied by clear control procedures, employees with adequate system-operating skills, and consistent supervision.

V. Conclusion

This study found that information technology utilization was the only factor reported to have a direct and significant effect on the financial statement quality of the Makassar City Government, whereas human resource competence and internal control system implementation had no significant direct effects. Information technology utilization also did not significantly moderate these relationships. Therefore, H1, H2, H3, and H4 were not supported. These findings suggest that digital technology may not yet be fully integrated with employees' capabilities and existing control procedures. The Makassar City Government should align digital transformation with targeted employee training, appropriate staff placement, and stronger internal controls to improve financial reporting quality, transparency, and accountability. Several limitations should be considered when interpreting these findings. The study involved only two respondents from each regional government agency (OPD) in Makassar City, limiting the generalizability of the results. Geographical distances between agencies, staff working from home or being unavailable at their offices, and respondents' field assignments also posed challenges during data collection. In addition, the use of self-reported questionnaires to measure the research variables may have introduced response bias and may not have fully captured the

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complexity of financial management practices. Future researchers should consider expanding the sample and including other local governments to improve the generalizability and comparability of the findings. The research model could also incorporate additional variables, such as organizational commitment, accounting information system quality, implementation of Government Accounting Standards, internal audit effectiveness, organizational culture, and financial management transparency. Furthermore, a mixed-methods approach combining quantitative analysis with interviews or observations could provide deeper insights into the factors influencing financial statement quality.

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