The Influence of Human Resource Competence and Utilization of Information Technology on the Quality of Financial Reports with Internal Control System as a Moderating Variable

Marta Dea Lu Mapa Wasa Laka*[1], Nur Fadjrih Asyik[1], Titik Mildawati[1]
Sekolah Tinggi Ilmu Ekonomi Indonesia Surabaya (STIESIA), Indonesia[1]
*Coresponding Email : dewilaka15@gmail.com

ABSTRACT	ARTICLE INFO
This study determines, examines, and analyzes internal control in moderating the utilization of information technology on financial statements quality at Perumda Wair Puan, Kabupaten Sikka. Furthermore, the research applies quantitatively with a causal approach. Independent variables were variables affected. Meanwhile, a dependent variable is a variable that is affected. The population to be studied in this research consists of the employees at the Perumda Wair Puan Office in Sikka Regency, totalling 114 individuals. The sampling was conducted through purposive sampling, focusing on civil servants in the accounting or finance department working at the Perumda Wair Puan Office in Sikka Regency. The number of respondents determined was 68 people out of 114. The data collection technique used purposive sampling. The data analysis technique used descriUITve statistics with MRA software. The result indicates that as follows (1) human resources competence has a negative effect on financial statements quality, (2) utilization of information technology has a negative effect on financial statements quality, (3) internal control systems strengthen the relationship between human resources competence and utilization of information technology on financial statements quality.	 To cite this article (APA Style): Laka, M. D. L. M. W., Asyik, N. F., and Mildawati, T. (2025). The Influence of Human Resource Competence and Utilization of Information Technology on the Quality of Financial Reports with Internal Control System as a Moderating Variable. *JASa : Jurnal Akuntansi, Audit dan Sistem Informasi Akuntansi.* Vol 9 (2), p.355-367. https://doi.org/10.36555/jasa.v9i2.2875

INTRODUCTION

As public sector accounting in Indonesia develops, the demand for transparency and accountability in government financial management is increasingly strong. The government, as the organizer of the state, is required to provide accountable accountability to the public (Toyo et al., 2024). According to Mardiasmo, (2018), in this reform era, both central and local governments are obliged to provide relevant information to the public to fulfill the rights of society, such as the right to know, the right to be informed, and the right to be heard.

Financial reports are an important instrument in meeting these demands. The Government Regulation Number 71 of 2010 concerning Government Accounting Standards (SAP) emphasizes that government financial reports must meet qualitative characteristics such as relevance, reliability, comparability, and understandability, and should be prepared promptly. Unfortunately, reality shows that local government financial reports in Indonesia do not fully meet these standards. According to the Summary of Audit Results by the Audit Board in September 2020, more than 13,000 issues were found in government financial reports, caused by weaknesses in internal control systems, disorder

in asset administration, non-compliance with government accounting standards, and low competence of financial management human resources.

The issue also occurs within the scope of Regional State-Owned Enterprises (BUMD), such as the Public Water Company (Perumda) of Wair Pu'an, Sikka Regency. This company previously had the form of PDAM and has undergone institutional transformation by Sikka Regency Local Regulation No. 2 of 2020. Based on observations and interviews, it was found that some employees do not have a good understanding of accounting and SAP, mistakes in transaction recording frequently occur, and there are still obstacles in the accounting information system, such as data input errors, network limitations, and discrepancies in recapitulation data. In addition, the internal control system implemented has not been functioning oUITmally as it remains formalistic and is not effective in detecting errors or fraud (Patty et al., 2023).

One of the main factors affecting the quality of financial reports is the competence of human resources. Wibowo, (2017) states that competence is a combination of knowledge, skills, and work attitude applied in the execution of tasks. Byrd, (2011) even emphasizes that human resources are the most important assets in an organization. Previous research conducted by Hardyansyah, (2016), Sara, (2022) and Anggreni & Dewi, (2022) shows that the competence of human resources has a significant impact on the quality of financial reports.

Another important factor is the utilization of information technology. An accounting information system that is designed and utilized oUITmally can help achieve accurate and efficient recording, as well as minimize manual errors. Wilkinson & Cerullo, (2000) state that the use of information technology can speed up transaction processes, improve accuracy, reduce costs, and simplify data storage. Support for this is shown by research from Hardyansyah, (2016), Pongsibidang & Nugroho, (2023), and Setyaningrum & Haryanto, (2024), which concludes that the utilization of information technology has a significant impact on the quality of local government financial reports.

However, not all studies found uniform results. Rosmalita & Nadirsyah, (2020) showed that accounting understanding and accounting information systems have a positive effect on the quality of financial reports, but the quality of human resources does not have a significant effect. Conversely, the study by Sulaiman & Nurharjanti, (2022) indicated that internal control and human resource competence have a positive effect while accounting understanding and the use of information technology have a negative and insignificant effect on financial reports. This difference indicates a significant research gap that needs to be further investigated.

In addition, the internal control system serves as a risk mitigation and monitoring tool to ensure that the processes of recording and reporting financial information run reliably. Research by Simanullang, (2022) emphasizes that internal control, along with human resources capacity and accounting information systems, has a significant impact on the quality of financial reports. Based on the background that has been explained, the problem formulation in this research is as follows. Firstly, does human resource competence affect the quality of financial reports at the Wair Puan Regional Public Company Office in Sikka Regency? Secondly, does the utilisation of information technology affect the quality of financial reports within the same agency? Furthermore, does human resource competence affect the quality of financial reports with the internal control system as a moderating variable? Finally, does the utilisation of information technology affect the quality of financial reports with the internal control system as a moderating variable? This problem formulation aims to explore the factors that can influence the quality of financial reports, as well as to understand the critical role of the internal control system in improving the quality of financial reports at the Wair Puan Regional Public Company Office in Sikka Regency.

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METHODS

Type of Research

According to Sugiyono, (2018:59), this research is a type of causal research, where there are independent variables (influencing variables) and dependent variables (affected variables). The approach used in this study is a quantitative approach because the data collected will be processed using statistical methods. This method is used to study a specific population or sample, with data collection using research instruments, and quantitative or statistical data analysis, and aims to test the hypotheses that have been formulated.

Population and Sample

The population to be studied in this research is the employees of the Wair Puan Perumda Office in Sikka Regency, totaling 114 people. The sampling was conducted through purposive sampling focusing on civil servants in the accounting or finance department assigned to the Wair Puan Regional Public Company Office of Sikka. The criteria for sample selection are based on considerations that the head of the department, head of the finance sub-division, and treasurer or accounting department have a direct role in recording financial transactions. The number of respondents established is 68 out of the 114 people working at the Wair Puan Regional Public Company Office of Sikka.

Data Collection Techniques

According to Sugiyono, (2018), in qualitative research, data collection can be conducted in natural conditions, using primary or secondary data sources, and various methods. The data used in this study are quantitative data obtained from the results of questionnaires distributed to respondents. This data includes primary data obtained directly through questionnaires distributed to a sample of respondents. The data collection technique is carried out through the distribution of questionnaires, aiming to obtain relevant, reliable, and objective data that serve as the basis for analysing the variables under study. This data collection procedure is used to explore the influence of human resource competence, the utilisation of information technology, and internal control systems on the quality of financial reporting, using a 5-point Likert scale.

Data Analysis Techniques

In this study, data analysis was conducted using multiple linear regression methods to examine the influence of variables on the quality of regional government financial reports.

1. **DescriUITve Statistics**

DescriUITve statistics are used to provide an overview or descriUITon of the characteristics of the variables in this research. The analysed variables consist of independent variables, such as internal control systems (ICS) and human resource competence (HRC), and a dependent variable in the form of the quality of financial reports (QFR), as well as a moderating variable, which is the utilisation of information technology (UIT). This statistical descriUITon includes maximum, minimum, mean values, range, variance, sum, kurtosis, standard deviation, and skewness. These descriUITve statistics help researchers to understand the data distribution patterns and potential issues in the collected data, such as non-normal distribution or extreme values.

2. **Validity Test**

Validity testing is used to ensure that the questionnaire used in this research accurately measures what is intended or the research objectives. In this case, validity is measured using Bivariate Pearson correlation (Pearson Product-Moment), which is used to assess

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the extent to which each item in the questionnaire correlates with the total score of the variable being tested. A questionnaire item is considered valid if its correlation value (r) has a significance level of less than 0.05. This ensures that each question in the questionnaire can accurately represent the aspect being measured.

3. Reliability Test

The reliability test aims to measure the consistency and stability of the results provided by the research instrument over time. The reliability testing in this study uses the Cronbach's Alpha (α) method, which measures the level of internal consistency of a questionnaire. An instrument is considered reliable if the Cronbach's Alpha value reaches or exceeds the threshold of 0.70. This suggests that the questionnaire can be relied upon to produce consistent and stable data over time.

4. Test Classic AssumUITons

The classical assumUITon test is conducted to detect deviations in the regression model and ensure that the model meets the criteria of the Best Linear Unbiased Estimator (BLUE), which are necessary for properly testing hypotheses. The classical assumUITon tests include several tests as follows:

a. Normality Test
b. Multicollinearity Test
c. Heteroscedasticity Test

5. Multiple Linear Regression Analysis:

To test the effect of independent variables on the dependent variable, this study uses multiple linear regression analysis. In this model, the unstandardized regression coefficient B is used to measure the simultaneous effect of the independent variables on the quality of financial reports. Meanwhile, the standardized regression coefficient, beta, is used to measure the partial effect of each independent variable. The equation can represent this regression model:

$$QFR = \alpha + \beta1\ HRC + \beta2\ UIT + e$$

DescriUITon:
QFR = Quality of Financial Reports
α = Constant
β1, β2 = The regression coefficients for each proxy
HRC = Human Resource Competence
UIT = Utilization of Information Technology
e = Standard Error

6. Moderated Regression Analysis (MRA):

To evaluate the interactions between the tested variables, this research uses Moderated Regression Analysis (MRA). MRA is used to test whether the utilisation of information technology plays a moderating role in the relationship between internal control systems (ICS) and human resource competency (HRC) on the quality of financial reports. The regression model for this moderation analysis is as follows:

$$QFR = \alpha + \beta1HRC + \beta2\ UIT + \beta3\ ICS + \beta4\ ICS{\times}HRC + \beta5ICS{\times}UIT + e$$

Keterangan:
QFR = Quality of Financial Reports
α = Constant
β1 – β5 = The regression coefficients for each proxy
HRC = Human Resource Competence
UIT = Utilization of Information Technology
ICS = Internal Control System
ICS×UIT = Interaction between ICS and UIT
HRC×UIT = Interaction between HRC and UIT

e = *Standard Error*

7. Model Feasibility Test:
To test the feasibility of the model used in this research, several statistical tests were applied, namely:
  a. Coefficient of Determination (R^2)
  b. Test F
  c. t-test (Partial Significance Test)

RESULTS AND DISCUSSION

RESEARCH RESULTS
Research Instrument Test
       Validity testing is used to assess the extent to which a questionnaire can be considered valid. The validity of a questionnaire is realized when the questions contained in the questionnaire accurately represent the aspects measured by the instrument (Ghozali, 2016). The results of the validity test can be seen in the table below:

Table 1. Results of Validity Test

Variable	Indicator	Sig. Value (2-Tailed)	Correlation	DescriUITon
Quality of Financial Reports	KP1	0,000	0,337	Valid
	KP2	0,000	0,396	Valid
	KP3	0,000	0,560	Valid
	KP4	0,000	0,557	Valid
	KP5	0,000	0,423	Valid
	KP6	0,000	0,564	Valid
	KP7	0,000	0,465	Valid
	KP8	0,000	0,634	Valid
	KP9	0,000	0,494	Valid
	KP10	0,000	0,495	Valid
Competence Human Resource	HRC1	0,000	0,514	Valid
	HRC2	0,000	0,652	Valid
	HRC3	0,000	0,727	Valid
	HRC4	0,000	0,793	Valid
	HRC5	0,000	0,764	Valid
	HRC6	0,000	0,779	Valid
	HRC7	0,000	0,539	Valid
	HRC8	0,000	0,812	Valid
	HRC9	0,000	0,707	Valid
	HRC10	0,000	0,853	Valid
	HRC11	0,000	0,830	Valid
Utilization of Information Technology	KT1	0,000	0,566	Valid
	KT2	0,000	0,595	Valid
	KT3	0,000	0,600	Valid
	KT4	0,000	0,690	Valid
	KT5	0,000	0,577	Valid
	KT6	0,000	0,633	Valid
Internal Control System	ICS1	0,000	0,499	Valid
	ICS2	0,000	0,614	Valid
	ICS3	0,000	0,774	Valid
	ICS4	0,000	0,762	Valid

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ICS5	0,000	0,614	Valid
ICS6	0,000	0,756	Valid
ICS7	0,000	0,520	Valid
ICS8	0,000	0,567	Valid
ICS9	0,000	0,010	Valid
ICS10	0,000	0,319	Valid
ICS11	0,000	0,319	Valid
ICS12	0,000	0,314	Valid

Source: Processed Primary Data (2025)

Based on table 1 above, shows that all statement instruments have a correlation coefficient greater than 0.30, thus it can be explained that all variable indicators in this study are valid and can be used as research instruments.

Table 2. Results of Data Reliability Test

No	Variable	Cronbach's Alpha	DescriUITon
1	Human Resource Competence (X1)	0,911	Reliable
2	Utilization of Information Technology (X2)	0,872	Reliable
3	Quality of Financial Reports (Y)	0,820	Reliable
4	Internal Control System (Z)	0,820	Reliable

Source: Processed Primary Data (2025)

Based on table 2, shows that all the indicators of the variable have a Cronbach's alpha value greater than 0.70, thus it can be explained that all the indicators of the variable in this study are reliable and suitable to be used as research instruments.

Test of Classical AssumUITons

The normality test used in this research is the Kolmogorov-Smirnov (K-S) test. Data is considered to follow a normal distribution if the significance value is ≥ 0.05, while data is considered not to follow a normal distribution if the significance value is ≤ 0.05. The results of the Kolmogorov-Smirnov test are presented in the table as follows:

Table 3. Results of the Data Normality Test

	Unstandardized Residual
N	68
Kolmogorov- Smirnov Z	1.132
Asymp.sig (2-tailed)	0,154

Source: Processed Primary Data, (2025)

Based on table 3 above, it can be concluded that the p-value from the Kolmogorov-Smirnov test is greater than the alpha of 5%, so it can be concluded that the residual data is normally distributed.

The results of the VIF (Variance Inflation Factor) test and the tolerance value can be seen in the table as follows:

Table 4. Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
(Constant)			
	HRC	.951	1.052
1			
	UIT	.960	1.042
	ICS	.984	1.017

Source: Processed Primary Data, (2025)

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Table 4 above shows that all VIF values are < 10 for all predictor/independent variables, so it can be concluded that there is no case of multicollinearity among the predictor/independent variables.

Table 5. Test for Heteroskedasticity

Heteroskedasticity Test: ARCH			
F-statistic	0.597049	Prob. F(1,65)	0.4425
Obs*R-squared	0.609818	Prob. Chi-Square(1)	0.4349

Source: Processed Primary Data, (2025)

In the results of table 5 above, it can be seen that all p-values are greater than 0.05, thus it can be identified that there is no case of heteroscedasticity.

Model Testing

One of the methods to analyze moderating variables is moderating regression (Sugiyono, 2018). This hypothesis test aims to assess the impact of the internal control system and the competence of human resources on the quality of regional financial reports, as well as to evaluate the moderating effect of the utilization of information technology on the relationship between the internal control system and the competence of human resources on the quality of regional financial reports. The results of the Moderated Regression Analysis (MRA) will be presented in the following table:

Table 6. Results of Moderated Regression Analysis

Model		Unstandardized Coefficients	
		B	Std. Error
1	(Constant)	64.809	10.006
	HRC	-.235	.153
	UIT	-.775	.282
	ICS	-.850	.277
	ICS_HRC	.015	.005
	ICS_UIT	.016	.008

Source: Processed Primary Data (2025)

From the data table, the 20 regression equations obtained are as follows:
QFR = 64.809 – 0,235HRC – 0,775UIT – 0,0850ICS+ 0,015ICS*HRC+ 0,016ICS*UIT

According to Ghozali, (2016), the coefficient of determination (R^2) test is used to measure the ability of the model to explain the variation of the independent variable. If R^2 approaches 1 (100%), then the calculation results show that the regression line obtained is better or more accurate.

Table 7. Test of the Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.371[a]	.138	.097	4.475

[a]. Predictors: (Constant), ICS, UIT, HRC
[b]. Dependent Variable: QFR

Source: Processed Primary Data (2025)

Based on the results in Table 7 above, the R square shows that the variables in the model can explain 13.8%, and the remaining is explained by other variables outside the model.

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The F test is a model feasibility test aimed at showing whether a regression model is suitable for further processing, with a significance value of 5% or 0.05. The results of the test can be seen in the following table:

Table 8. Test F

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	204.440	3	68.147	3.403	.023[b]
Residual	1281.442	64	20.023		
Total	1485.882	67			

a. Dependent Variable: QFR
b. Predictors: (Constant), ICS, UIT, HRC

Source: Processed Primary Data (2025)

Based on the results of the test in Table 8 above, it can be concluded that the obtained p-value is less than the 5% alpha, hence it can be concluded that all predictor/independent variables have a significant simultaneous effect on the response/dependent variable.

Hypothesis testing using the t-statistic test, as explained by Ghozali, (2019), aims to evaluate the extent to which independent variables affect the dependent variable. This test is conducted to examine and analyze the influence of human resource competence and the utilization of information technology on the quality of financial reports with internal control systems as a moderating variable. The results of the t-test show that the significance values for each model used are as follows:

Table 9. Test t

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	64.809	10.006		6.477	.000
HRC	-.235	.153	-.340	-1.540	.013
UIT	-.775	.282	-.574	-2.745	.008
1					
ICS	-.850	.277	-.769	-3.063	.003
ICS_HRC	.015	.005	.891	3.199	.002
ICS_UIT	.016	.008	.543	2.017	.048

Source: Processed Primary Data, (2025)

Based on the results in table 9 above, it is known that:
1. The hypothesis testing on the effect of human resource competency on the quality of financial reports was conducted using a t-test which resulted in a beta value of -0.340 with a significance value of 0.013. The significance value of 0.013 < 0.05 indicates that human resource competency has a positive effect on the quality of financial reports. Although human resource competency significantly impacts the quality of financial reports, the direction of the influence is negative, so the first hypothesis (H1) is rejected or not accepted due to the resulting beta value.
2. The hypothesis testing of the effect of the utilization of information technology on the quality of financial reports using the t-test resulted in a beta value of -2.745 with a significance of 0.008. The sig. A value of 0.008 < 0.05 means that the utilization of information technology hurts the quality of financial reports, thus the second hypothesis is rejected.
3. Hypothesis testing of the effect of human resource competence on the quality of financial reporting with internal control systems as a moderating variable shows a significance value of 0.891. The significance value of 0.02 < 0.05 means that human resource competence has an effect on the quality of financial reporting with the internal

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control system as a moderating variable. This indicates that the variable of human resource competence can be improved, and this is evidenced by the test results with a beta of 0.891.

4. Hypothesis testing of the effect of information technology utilization on the quality of financial reporting with internal control systems as a moderating variable shows a significance value of 0.543. The significance value of 0.048 < 0.05 indicates that human resource competence affects the quality of financial reporting with internal control systems as a moderating variable. This shows that the variable of human resource competence can be enhanced and this is proven by the testing results with a beta of 0.891.

DISCUSSION

The Influence of Human Resource Competence on the Quality of Financial Reports

Based on the results of the hypothesis test, a beta value of -0.340 was obtained with a significance of 0.013, which means that the competency of human resources (HR) has a significant but negative effect on the quality of financial reports at Perumda Wair Pu'an, Sikka Regency. Thus, the first hypothesis (H1) is rejected because the direction of the influence contradicts the expected outcome.

This result indicates that an increase in HR competency in the context of the study is correlated with a decrease in the quality of financial reports. This finding is supported by the lowest score in the questionnaire, which is on the HRC10 indicator (average 3.66), indicating a weak understanding among employees regarding their roles and functions both structurally and operationally. The majority of respondents have a high school education background, which may complicate their understanding of formal regulations if not supported by training or technical assistance.

In addition, 54.42% of respondents have worked for more than 10 years. DeICSte their experience, they tend to rely on work habits rather than updating their knowledge of new regulations. From the perspective of agency theory, this may reflect a conflict of interest between employees (agents) and management (principals), where the competencies they possess are not used oUITmally for the benefit of the organization. Meanwhile, from the perspective of stewardship theory, the failure of integration between systems and the appropriate competencies hinders employee performance as stewards who should work for the benefit of the organization.

This finding is consistent with the research of Sintia & Halimahtussakdiah, (2023) and Sugiarti & Setyowati, (2024) which states that HR competencies do not always have a positive impact on the quality of financial statements, especially if not supported by an accounting educational background or adequate technical training.

The Influence of the Utilization of Information Technology on the Quality of Financial Reports

The results of statistical analysis indicate that the utilization of information technology has a negative and significant impact on the quality of financial reports, with a beta value of -0.574 and a significance of 0.008 (< 0.05). Although significant, the negative direction of the influence leads to the rejection of the second hypothesis (H2). This means that, in the context of this study, the application of information technology has a detrimental effect on the quality of financial reports.

This is due to the suboUITmal application of information technology. Technology that is not integrated with other systems, does not adequately support the ongoing financial processes, or is not accompanied by adequate technical understanding, can result in recording errors and unreliable reports. The questionnaire results support this finding, where the UIT5 indicator shows an average value of 4.13, indicating the continued dominance of manual methods, a lack of training, and limited IT infrastructure.

The factor of educational background also influences the situation. The majority of

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employees at Perumda Wair Pu'an have only a high school education, which means they probably do not possess adequate technical skills in operating information technology systems related to accounting.

In agency theory, this condition increases the risk of information asymmetry between managers (agents) and owners (principals). Inappropriate technology worsens the accuracy of information in financial reports, even though managers may have good intentions. Meanwhile, in stewardship theory, a manager's good intentions to improve the quality of reports can fail due to technical obstacles, lack of training, or resistance to technological change.

These findings are consistent with the research by Mustofa et al., (2025) which shows that the use of IT in regional water companies does not significantly affect the quality of financial reports due to limitations in human resources skills and system mismatches. Wismoyo & Nasution, (2022) also found that in SMEs, information technology does not always improve report quality due to a lack of training and human resources capacity.

The Influence of Human Resource Competence on the Quality of Financial Reports with Internal Control System as a Moderating Variable

The results of the third hypothesis test (H3) indicate that human resource competency has a positive and significant effect on the quality of financial reports with internal control as a moderating variable, with a significance value of 0.02 (< 0.05) and a beta value of 0.891. This means that the existence of an effective internal control system can strengthen the influence of HR competency on the quality of financial reports. A quality financial report is understandable, relevant, reliable, free from material errors, and comparable across periods. In this context, internal control plays a crucial role in minimizing errors and enhancing the reliability of financial information.

Theoretically, agency theory explains that a good internal control system can reduce agency risks between managers (agents) and owners (principals). When competent human resources are supported by effective internal controls, organizational goals can be achieved more in alignment. Meanwhile, in stewardship theory, internal controls are seen not merely as a supervision tool but also as a means of empowering human resources. Collaborative internal control encourages human resources to act as responsible stewards of the organization.

These findings are consistent with the results of studies by Triono & Dewi, (2020) and Setiawan & Nico, (2017) which show that the internal control system has a positive and significant effect on the quality of financial reporting. The better the implementation of internal controls, the higher the reliability of the financial reports produced.

The Influence of Information Technology Utilization on the Quality of Financial Reports with Internal Control System as a Moderating Variable

The research results show that the utilization of information technology significantly affects the quality of financial reports with internal control systems as a moderating variable, evidenced by a significance value of 0.048 (< 0.05) and an MRA standard error of 0.008. This means that information technology used effectively, when supported by strong internal control, can enhance the quality of financial reports.

From the perspective of agency theory, the combination of information technology and internal control systems helps to reduce information asymmetry between managers and owners, as well as improve the accuracy, efficiency, and transparency of financial reporting. Technology accelerates the process of recording and presenting reports, while internal controls enhance public trust in the accountability of those reports.

Thus, the success of information technology implementation greatly depends on the effectiveness of the internal control system that accompanies it. This finding is in line with the research of Mene et al., (2018) which states that the utilization of information technology can improve the quality of financial reports if supported by a good internal control system.

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CONCLUSION

Based on the research findings, it can be concluded that the competence of human resources and the utilization of information technology individually have a significant but negative impact on the quality of the financial reports of Perumda Wair Pu'an in Sikka Regency. This is caused by the limitations in technical understanding, less relevant educational backgrounds, and minimal training and supporting infrastructure. However, when the internal control system is used as a moderating variable, the impact of both turns positive and significant. This indicates that the internal control system can strengthen the relationship between the competence of human resources and the utilization of information technology on the quality of financial reporting by enhancing the reliability, transparency, and accountability of reporting. Thus, improving the quality of financial reports is not sufficient with just the enhancement of human resources or technology, but must be supported by an effective internal control system. This research has several limitations, including its focus on a single research object, namely the Perumda Wair Puan of Sikka Regency, which limits the generalizability of the results to other institutions with different characteristics. Furthermore, the limited number of respondents may lead to perception bias or judgment error. The low coefficient of determination (R²) value (13.8%) suggests that the variables in the model account for only a small portion of the variation in financial report quality, while other unidentified factors still have an impact. The use of perception-based primary data may also reduce the objectivity of the research results, as it relies on the respondents' views. The implication of these limitations is the need for further research with a larger and more diverse sample, as well as a more objective approach to obtain more representative and comprehensive results.

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