



## The Effect of Accounting Understanding, Utilisation of Accounting Information Systems and Internal Control Systems On The Quality of Government Financial Reports

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**Abstract:** In a scientific piece, prior research is crucial. The theory and phenomenon behind the relationship or influence between variables are strengthened through pertinent study. This article analyses research on the impact of accounting knowledge, the use of accounting information systems, and internal control systems on the accuracy of government financial reporting. In order to create hypotheses of effect between factors that might be employed in future study, this article does a literature review. The quality of government financial reports is affected by accounting knowledge, the use of accounting information systems, and internal control systems, as this article demonstrates.

**Keyword:** Quality of Government Financial Statements, Accounting Understanding, Utilisation of Accounting Information Systems and Internal Control Systems.

### INTRODUCTION

Both the central government and local governments have been urged to embrace public accountability as a result of the growing demand from the general public for effective governance. The administration is now working hard to implement bureaucratic reform in order to improve the quality of governance in the country. It is imperative that both the central government and local governments keep up their efforts to increase the level of financial management openness and accountability between the two levels of government. The practise of good governance management is founded on at least nine (nine) core principles. Two of these, notably the concepts of transparency and accountability, are intimately connected to the administration of public funds at the state level.

Being the final step in the process of state financial management, the preparation of government financial reports serves a very important purpose and is an essential component of government accountability. The public expenditure of money is documented in detail from beginning to end through the use of government financial reports, which serve as a photographic record of the process. Starting with planning, then moving on to budgeting, then

spending, and finally monitoring the results. Due to this fact, it is essential to give financial reports a more significant part in the whole process of preparing the state's financial management cycle. One of the entry points to be able to improve the role of financial statements is the benefits of using financial statements as a tool of performance evaluation (Ministry of Finance, 2023).

According to Government Regulation Number 71 of 2010 concerning Government Accounting Standards (SAP), financial statements are utilised to determine the value of economic resources that are used to carry out the operations of the government, assess the financial condition of an entity, evaluate the effectiveness and efficiency of that entity, and assist in determining compliance with laws and regulations.

Financial statements for the government are essentially a form of accountability for the government to the people for the management of public finances, regardless of whether those funds were obtained through taxes, levies, or other activities.

A channel by which an entity, in this case the government, can account for its financial performance to the general public is through the use of financial reports. It is necessary for the government to be able to produce accurate financial reports that contain relevant information. According to Lestari and Dewi's 2020 research, the SAP Standard says that in order for quality financial reports to be produced, they need to meet the characteristics of being relevant, dependable, comparable, and intelligible.

According to Riastika (2019), the quality of the competent Human Resources in financial management is what determines the quality of the financial reports that are created. When it comes to the preparation of financial reports, HR must have a solid understanding of accounting in order to ensure that the reports produced are of a high quality. The quality of financial statements can be improved in a number of different ways, including through a grasp of accounting, accounting information systems, and internal control systems. With this reasoning, stakeholders undoubtedly have very high expectations regarding the quality of the financial accountability provided by the state.

According to the findings of the Supreme Audit Agency (BPK), the role of the Government Internal Supervisory Apparatus (APIP) in each ministry and institution, as well as in local governments, needs to be intensified in accordance with their respective positions in order to manage the accountability of state financial governance. This is true regardless of whether the ministry or institution is responsible for handling state finances or not. The Assistant to the President for Infrastructure Programs (APIP), also known as the Finance and Development Supervisory Agency, serves as the coordinator for providing support, technical guidance, and assurance (BPKP). Because APIP is a strategic partner of BPK in carrying out constitutional tasks, there is a pressing need to enhance the role that it plays in reviewing the administration and responsibility of state finances. The BPK anticipates that APIP will perform at a high level in each Ministry. In particular, in the improvement of the system of financial management as well as state goods that are more accountable, transparent, and conform with the provisions of the relevant statutes.

In light of this context, the purpose of this paper is to investigate the influence that accounting knowledge, utilisation of accounting information systems, and internal control systems have on the quality of government financial reports. This article's objective is to investigate the impact that having a solid understanding of accounting, making effective use of accounting information systems, and implementing effective internal control systems has on the quality of governmental financial reports.

The first step in this investigation is to conduct a search for previous research that has been conducted on the topic of the relationship between an understanding of accounting, the utilisation of accounting information systems, and internal control systems and the quality of government financial reports. The first stage in gathering material that is pertinent to this inquiry is to conduct a search of the relevant literature. By conducting a literature search, one

gathers knowledge on the history of research that has been carried out. To provide evidence for the theory and evaluate the degree to which an understanding of accounting, the application of accounting information systems, and the implementation of internal control systems have an impact on the quality of government financial reports, a number of literatures are required.

On the basis of the historical context of the issue, it is possible to formulate questions that will be discussed in order to construct hypotheses in the future, specifically:

1. Does accounting understanding affect the quality of government financial statements?
2. Does the use of accounting information systems affect the quality of government financial reports?
3. Does the government internal control system affect the quality of government financial statements?

## LITERATURE REVIEW

### Quality Of Government Financial Statements

Recordings of an entity's information for a given accounting period, known as financial statements, can be used to describe the performance of the entity throughout that period of time. A complete financial report includes a balance sheet, income statement, statement of changes in financial position, notes and other reports, as well as explanatory material that is an internal part of the financial statements. The financial statements are the most important part of the process of financial reporting. The goal of financial statements is to offer information about the financial status, performance, and changes in the financial situation of a company that is useful for a broad number of users in making economic decisions. This information is intended to be useful in a variety of contexts. (Nurillah, 2014).

According to Yadiati (2017), the quality of financial statements is an activity of reporting financial information to meet the needs of users while providing protection to owners based on the qualitative characteristics of financial information and full and fair disclosure. In other words, the quality of financial statements is determined by the disclosure of information in a manner that is both full and fair.

According to Government Regulation (PP) Number 71 of 2010 concerning Government Accounting Standards, financial statements are structured reports on the financial position and transactions carried out by a reporting entity. These reports can be found in accordance with the Government Accounting Standards. The minimum requirement for a reliable accountability mechanism is for government financial reports to include a number of the constituent parts listed above. Budgetary reports, financial statements, and notes to financial statements are the constituent parts of a set of government financial statements (CaLK).

The Budget Realisation Report (LRA) and the Statement of Changes in Excess Budget Balance are the two components that make up the Budget Execution Report (LPSAL). The Balance Sheet, Operational Report (LO), Cash Flow Statement (LAK), and Statement of Changes in Equity (LPE) are the four sections that make up the financial report. In the meantime (Ministry of Finance, 2023).

According to Kuntadi (2022), the minimum components of local government financial reports are as follows: a budget realisation report, a report on the addition of excess budget balances, a balance sheet, an operational report, a cash flow statement, a statement of changes in equity, and notes to financial statements. All of these components must be present.

According to the Provisional Provision No. 71/2010, there are four (four) normative requirements or conditions that must be met for government financial reports in order for them to be of the intended quality. Relevant, dependable, comparable, and intelligible standards have been established as the four criteria. When the information contained in

financial statements can affect users' judgements by helping to evaluate past or current events and anticipate the future as well as confirm or correct the outcomes of previous evaluations, we say that the information contained in the financial statements is relevant. In order for governmental financial statements to achieve the level of quality that is intended, it is necessary for them to satisfy four normative requirements or precondition. Relevant, dependable, comparable, and intelligible standards have been established as the four criteria. When the information contained in financial statements can affect users' judgements by helping to evaluate past or current events and anticipate the future as well as confirm or correct the outcomes of previous evaluations, we say that the information contained in the financial statements is relevant.

### **Accounting Understanding**

According to the General Indonesian Dictionary, the word "understand" can signify both clever and understand correctly, while the term "understanding" can refer to either the method, way, or understanding itself. Those who are skilled at accounting and have a correct understanding about accounting are the types of people who are considered to have a comprehension of accounting.

According to Nova (2015), accounting comprehension refers to the degree to which an individual is able to comprehend accounting not only as a body of information but also as a procedure or practise. Accounting knowledge can be regarded in two different ways: first, as professional information that is used in the real world, and second, as a discipline of knowledge that is learned in higher education. These two ways of perceiving accounting knowledge are complementary to one another.

An individual is regarded as having an understanding of accounting if they are able to demonstrate an understanding of, and proficiency in, the manner in which the accounting process is carried out until it results in the production of a financial report that adheres to the principles and standards for the preparation of financial statements. The principles of accounting and financial reporting are intended to serve as provisions that must be understood and adhered to by local government accounting and financial reporting organisers in the course of carrying out their activities, as well as by report users in order to comprehend the financial statements that are presented. This is because the principles of accounting and financial reporting were developed with the intention of serving this purpose. Accounting and financial reporting for local governments make use of a number of accounting and financial concepts, including the accounting base principle, the acquisition value principle, the realisation principle, and a few more (Mardiana and Fahlevi, 2017).

Collecting and reporting information about an organization's finances, performance, financial condition, and cash flow is the overarching goal of accounting in general. Accounting was developed to fulfil this aim. This knowledge will eventually serve as the foundation for making judgements on the economy. If the statistics that are given are in accordance with a certain set of principles and standards, then one will be able to reap the benefits of accounting (Hastyorini, 2018).

### **Accounting Information System Utilisation**

The accounting information system is comprised of all of the interconnected components that have been designed in such a way as to collect information, raw data or ordinary data, and then transform this information into financial data for the goal of reporting it in decision making. The idea of accounting systems for local governments is analogous to the idea of accounting systems in general and of financial accounting systems in SAP. This is supported by the fact that article 1 paragraph 11 of government regulation number 71 of 2010 concerning SAP states that the government accounting system is a systematic series of procedures, organisers, equipment, and other elements to realise

accounting functions within government organisations, ranging from transaction analysis to financial reporting. As a result, the local government accounting system is a methodical set of procedures for organising software, hardware, and other components in order to carry out the accounting function, which ranges from transaction analysis to financial reporting, within the various organisations that make up the local government. In addition, the accounting information system is a system that documents, administers, and processes regional management data and other related data into information that is presented to the public and some decision-making materials in the context of planning, implementing, and reporting on the accountability of local governments (Yuliana & Nursiam, 2016). This information is used in the context of planning, implementing, and evaluating the performance of local governments.

According to Hanaffi (2017), the accounting information system is an information system that is able to handle and accelerate the process of regional financial management, which includes everything from the creation of a budget to the reporting of regional financial information.

Using accounting information systems can help reduce the number of errors that occur during the recording and management of data, which is a significant way in which they contribute to the overall quality of accounting information. Recording and data management both have a significant impact on the quality of the Local Government Financial Statements LKPD) (Yanti, 2020), which is necessary for the information to be utilised in the process of decision making.

It is certain that the implementation of accounting information systems requires supporting facilities in the form of system-based information technology. These facilities are necessary because accounting information systems play a very important role in the process of producing good government financial reports. The term "information technology" encompasses a wide range of technological components, such as computers, software, databases, and networks (Rianisanti, 2017).

### **Internal Control System**

Internal control can refer to either a system or a procedure that is implemented within an organisation with the purpose of ensuring that the organization's day-to-day operations continue to be carried out in accordance with the policies that it has established in order to fulfil the goals that it has set for itself. Plans and procedures developed by an organisation that are utilised to secure or protect assets and provide information that is correct and reliable are included in its system of internal control. Controlling the implementation of government activities is essential in order to produce effective, efficient, transparent, and accountable state financial management. This control must be exercised by ministers/heads of institutions, governors, and regents/mayors (Martini, et al., 2019).

According to Government Regulation No. 60 of 2008, "Internal Control System is an integral process of actions and activities carried out continuously by the leadership and all employees to provide adequate assurance on the achievement of organisational goals through effective and efficient activities, reliability of financial reporting, safeguarding state assets, and compliance with laws and regulations." This regulation explains that "Internal Control System is an integral process of actions and activities carried out continuously by the leadership and all employees to provide adequate assurance on the achievement of organisational goals through effective and efficient activities." An internal control system that is thoroughly organised within the government is referred to as the Government Internal Control System, which will be abbreviated as SPIP from here on out. A comprehensive Internal Control System that is implemented throughout all levels of government, from the federal to the municipal level. The following components make up SPIP in their entirety:

## 1. Control Environment

The leaders of government agencies are tasked with developing and upholding a control environment inside their respective workplaces that fosters the development of desirable behaviours and is amenable to the introduction of SPI. These actions are carried out through supporting integrity and ethical values, making a commitment to competence, providing favourable leadership, establishing an appropriate organisational structure, and putting SPI into practise. competence, conducive leadership, establishment of an organisational structure that is appropriate to the needs, delegation of authority and responsibility, appropriate organisational structure that is appropriate to the needs, appropriate delegation of authority and responsibility, preparation and implementation of sound policies on human resource development, the realisation of the role of an effective government internal control apparatus, and goeeyness are some of the characteristics that should be present in a successful government.

## 2. Risk Assessment

The formulation of goals and objectives that are crystal clear and uniform across all government agencies, both at the agency level and the activity level, is the first step in the risk assessment process. In addition, government agencies are able to efficiently and effectively identify the risks that can obstruct the attainment of these objectives, whether those risks originate from within the agency or outside of it. After risks have been identified, they are analysed to assess the impact they will have on the achievement of goals. The heads of government agencies are the ones who come up with risk management strategies and the control actions that are necessary to reduce risks. (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) internal control monitoring are the dimensions that are used for measuring the internal control system, as stated by the Committee of Sponsoring organisations of the Treadway Commission (COSO) (2013).

The internal control system is a plan that includes an organisational structure as well as all coordinated methods and tools used within the company (Raharjo, 2013). The goals of the plan are to ensure the safety of company property, check the accuracy and correctness of accounting data, promote efficiency, and assist in encouraging compliance with predetermined management policies.

The process of attaining the goals that the government has set will be made easier by having good internal control, which will result in the creation of quality financial information (Aziyah and Yanto) (2022). government, in order to produce accurate and reliable financial information (Aziyah and Yanto) (2022). It is the responsibility of the APIP to bolster the Internal Control System and to offer help (technical assistance) both during planning and during implementation and during accountability in the hopes that there will be no further violations of laws and regulations or losses to the state (BPK, 2020).

According to Saputra (2015), the relationship between the internal control system and the quality of financial statements is that in order to produce local government financial reports, it is necessary to go through processes and stages that are regulated in the local government accounting system. This is the basis for the quality of the financial statements. In addition, the Internal Control System (SPI) is a control activity in managing information systems, as stated by Inapty and Martiningsih (2016), with the purpose of ensuring that information is accurate and comprehensive. When the SPI (Internal Control System) is operated in an effective manner, it will encourage the government system to function in an effective manner. If financial management and administration are going to provide high-quality financial reports, then the internal control system needs to be backed by the application of government accounting standards. This will make the system more useful overall.

**METHODS**

The following is previous research related to Accounting Understanding (X1), Utilisation of Accounting Information Systems (X2), and Internal Control Systems (X3) that affect the Quality of Government Financial Statements (Y) which is illustrated as follows:

**Table 1. Relevant Previous Research**

No.	Author (Year)	Previous Research Results	Similarities with this article	Differences with this article
1	Chris Kuntadi (2022)	“Government accounting standards, government internal control systems, and human resource competencies affect the quality of government financial reports”	Government internal control system, affect the quality of government financial statements	Government accounting standards and human resource competencies affect the quality of government financial reports.
2	Indrawan and Dewi (2022)	“Accounting understanding, utilisation of accounting information systems, and internal control have a significant effect on the quality of financial statement”	Accounting understanding, utilisation of accounting information systems, and internal control have a significant effect on the quality of financial statements.	-
3	Wiratama (2022)	“Accounting understanding, utilisation of accounting information systems, and internal control have a significant effect on the quality of financial statement”	Accounting understanding, utilisation of accounting information systems, and internal control have a significant effect on the quality of financial statements.	-
4	Hasanah and Siregar (2021)	“Implementation of government accounting standards, accounting information systems, internal control system, and human resource competence have no effect on the quality of opd financial reports in labuhanbatu district”	-	Implementation of government accounting standards, accounting information systems, internal control system, and human resource competence have no effect on the quality of opd financial reports in labuhanbatu district.
5	Wulandari and Oktaviani (2020)	“Government accounting standards, and financial supervision affect the quality of financial statements while accounting information systems have no effect on the quality of local government financial reports (OPD Malang City).”	Internal Control System has a significant effect on the quality of local government financial statements	Government accounting standards affect the quality of financial statements and accounting information systems have no effect on the quality of local government financial reports (OPD Malang City).

6	Lestari and Dewi (2020)	“Accounting understanding, utilisation of accounting information systems and internal control systems have a significant effect on the quality of financial statements”.	Accounting understanding, utilisation of accounting information systems and internal control systems have a significant effect on the quality of financial statements.	-
7	Nugroho and Setyowati (2019)	“Organisational commitment, accounting information systems and the role of internal audit have a positive and significant effect on the quality of financial statements. Regional Government of Tegal Regency”	Accounting information systems and the role of internal audit has a positive and significant effect on the quality of financial statements	Organisational commitment, has a positive and significant effect on the quality of financial statements
8	Mulia (2018)	“HR competence and the Government Internal Control System (SPIP) have a significant effect on the quality of local government financial reports”	Internal Control System has a significant effect on the quality of local government financial statements	HR competence has a significant effect on the quality of local government financial reports
9	Mardiana and Fahlevi (2017)	“Accounting understanding, internal control and the effectiveness of accrual-based SAP implementation simultaneously affect the quality of financial statements”	Accounting understanding and internal control and simultaneously affect the quality of financial statements	Effectiveness of accrual-based SAP implementation simultaneously affect the quality of financial statements
10	Aniftahudin (2016)	“Accounting understanding, local government financial accounting system and” information technology affect the quality of local government financial reports in Indragiri Hilir Regency financial statements of the local government of Indragiri Hilir Regency”	Accounting understanding, accounting systems affect the quality of financial statements	Information technology affects the quality of local government financial reports
11	Inapty and Martiningsih (2016)	“Government accounting standards, apparatus competence, and the role of internal audit and internal control systems have no effect on the quality of financial statements”	-	Government accounting standards, apparatus competence, and the role of internal audit and internal control systems have no effect on the quality of financial

## RESULT AND DISCUSSION

Based on the literature review and relevant previous research, the discussion of *this literature review* article in the concentration of State Financial Management is as follows:

### The Effect of Accounting Understanding on the Quality of Government Financial Statements

Diani (2014) conducted research to investigate how an understanding of accounting impacts the calibre of financial reports produced by local governments. The findings of the



study indicate that a grasp of accounting has a meaningful impact, both positively and significantly, on the quality of financial statements. So, one can get the conclusion that the quality of financial statements is directly proportional to the level of comprehension of accounting.

The comprehension of accounting regarding the quality of financial accounts is investigated in Aniftahudin (2016). Because the findings demonstrated that an understanding of accounting has an effect on the quality of government financial reports, it is essential to have human resources that are competent in understanding accounting in order to produce accurate financial reports and accurately describe the financial condition of a government agency.

Mardiana and Fahlevi (2017) conducted a study to determine the effect that the Banda Aceh City government's comprehension of accounting had on the quality of the reports it produced. The findings of the investigation indicate that a comprehension of accounting has an effect on the quality of financial statements.

Lestari and Dewi (2020) conducted an investigation into the impact that an awareness of accounting has on the calibre of financial reports produced by BPKAD Badung Regency. The findings demonstrated that an awareness of accounting has a substantial impact on the calibre of the financial reports produced by BPKAD Badung Regency. This indicates that the level of accounting knowledge that employees have plays a role in determining the quality of the financial statements that are produced.

The influence of accounting knowledge on the quality of financial reports produced by regional apparatus organisations in Karangasem Regency was investigated by Wiratama (2022) as part of their research. The findings of the study indicate that an awareness of accounting has an impact on the accuracy of financial reporting performed by OPDs located in the Karangasem Regency. This suggests that one's ability to write quality financial reports is directly correlated to their level of accounting knowledge. A knowledgeable understanding of accounting can have an effect on the accuracy of financial reporting.

According to the findings of a study that was carried out by Indrawan and Dewi (2022), a grasp of accounting has a substantial impact on the quality of financial statements. This finding is consistent with those findings. When there is a deeper level of understanding of accounting, the quality of the financial statements produced is elevated to a higher level. Someone who is skilled in accounting and has a solid understanding of its fundamentals is the type of person whose understanding of accounting is being questioned in this scenario. When someone is claimed to grasp accounting, they have demonstrated an ability to comprehend and comprehend how the accounting process is carried out until it results in a financial report that is based on the principles and standards for the preparation of financial statements. Organizations and parties that require it as a basis for decision making may utilise the financial statements as a source of information to inform their deliberations. In this instance, what we mean when we talk about someone's understanding of accounting is whether or not they have a deep or surface-level grasp of the subject. In order to be able to produce high-quality financial reports, the personnel who are involved in these activities need to have a solid understanding of the accounting process and how it is implemented in accordance with the applicable accounting standards..

### **The Effect of Accounting Information System Utilisation on the Quality of Government Financial Statements**

Indrawan and Dewi (2022) investigated the impact that the utilisation of accounting information systems had on the integrity of financial accounts. The findings of the study indicate that the implementation of accounting information systems has a major bearing on the quality of financial statements that are produced. Use of accounting information systems has a beneficial impact on the accuracy of financial accounts when compared to its absence.

This demonstrates that the utilisation of accounting information systems can result in an improvement in the completeness and accuracy of financial statements.

Lestari and Dewi (2020) conducted an investigation into how the implementation of accounting information systems impacted the calibre of the financial reports produced by BPKAD Badung Regency. According to the findings, the implementation of accounting information systems had an impact on the level of detail seen in the financial reports produced by BPKAD Badung Regency. In BPKAD Badung Regency, the use of accounting information systems has a beneficial effect on the quality of financial reports. This means that the higher the utilisation of accounting information systems, the better the quality of the financial reports that are produced as a result.

Nugroho and Setyowaty (2019) conducted research to investigate the impact that accounting information systems have on the integrity of financial accounts. According to the findings of the study, the utilisation of the accounting information system contributes favourably to the overall quality of the financial statements.

The findings of this research are consistent with those obtained by Wiratama (2022), who found that the utilisation of accounting information systems has an effect on the quality of financial reports produced by the Karangasem Regency OPD. These findings were found to be true.

### **The Effect of Internal control System on the Quality of Financial Statements**

Wiratama (2022) conducted research to see how the presence of an internal control system affected the overall quality of the financial reports for The Karang Asem Regency. The findings of the study indicate that the Effectiveness of Karangasem Regency's Internal Control System has a considerable impact on the accuracy of the financial reports produced by the organisation. This indicates that a good internal control system is what determines the high quality of the reports that are generated. The compilation of financial reports can be made easier and faster by utilising a reliable internal control system. The quality of financial reports will also improve proportionately to the degree to which the application of the internal control system is optimised.

Researchers Satirah et al. (2022) investigated how the presence of an internal control system affects the credibility of financial statements. According to the findings, the existence of an internal control system had a constructive and discernible impact on the overall quality of the financial statements. By taking measures such as strengthening supervision, clearly separating tupoksi, delegating authority, documenting complete and valid transactions, accurately and timely recording, and testing the existing internal control system, one is able to improve the quality of state financial management using these SPI elements. This can be accomplished by improving the state's overall fiscal management. These components need to function properly in order to produce financial statements of a high quality.

Mulia (2018) performed an analysis to determine how the State Public Investment Program (SPIP) influences the integrity of financial accounts. The findings of the study indicate that the Standard and Professional Improvement Program (SPIP) contributes to an improvement in the quality of the financial statements produced by the West Pasaman Regency Regional Government. This demonstrates that the quality of the financial reports issued by local governments is directly correlated to the degree to which SPIP elements are successfully implemented.

Lestari and Dewi (2020) conducted an investigation of the impact that implementing an internal control system had on the level of accuracy of the financial reports produced by BPKAD Badung Regency. Wayan and Gusti (2017) investigated the impact of the internal control system on the quality of the financial statements that were produced by BPKAD Badung Regency. The findings indicated that the internal control system had a significant

impact on the quality of the financial reports that were produced by BPKAD Badung Regency. It is possible to draw the following conclusion from the findings of the study that was carried out: the presence of an effective internal control system contributes favourably to the overall quality of the financial statements. There is a connection between the implementation of the internal control system and Agency Theory in the production of high-quality financial reports. According to this idea, the local government, in its capacity as an agent, is obligated to fulfil the requirements of the community, which is represented by the DPR, in terms of delivering high-quality financial reports in order to facilitate the community's ability to make decisions.

The findings of this study are consistent with those obtained by Kuntadi (2022), who found that the quality of government financial reports is influenced by the government's internal control system. The results of this study have been found to be consistent with those findings. government financial reports.

### Conceptual Framework

The conceptual framework lays out the relationship that exists between the variables that are considered independent and the variable that is considered dependent. This article examines how the understanding of accounting, the use of accounting information systems, and the implementation of government internal control systems all contribute to the overall quality of governmental financial reports. The framework of this paper is comprised of the following sections, which are based on the framing of the topic, the discussion of the influence between factors gathered from journal literature, and relevant past research connected to the variables that were analysed:

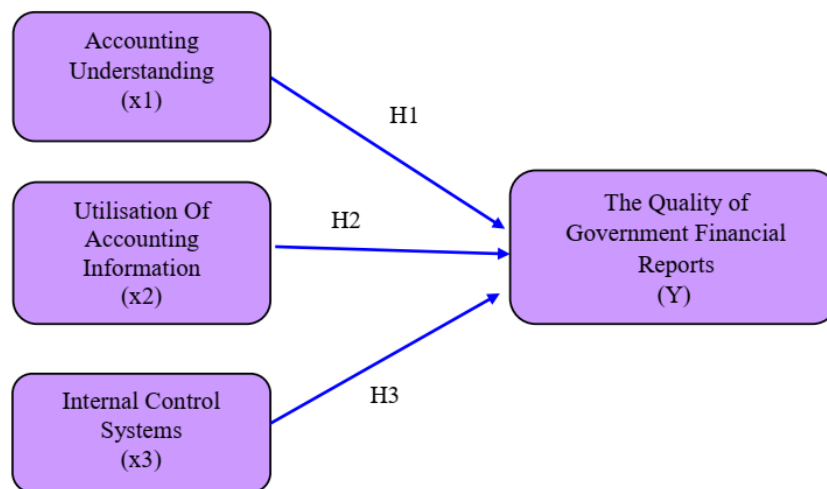


Figure 1: Conceptual Framework

- H1. Accounting Understanding affects the Quality of Government Financial Statements.
- H2. Accounting Information Systems affect the Quality of Financial Statements.
- H3. Government Internal Control System affects the Quality of Financial Statements.

The aforesaid conceptual framework leads to the following conclusion: the Quality of Government Financial Statements is Affected by Accounting Understanding (x1), Accounting Information Systems (x2), and Government Internal Control Systems (x3).

Knowledge of accounting, accounting information systems, and internal control systems all have an impact on the quality of government financial statements. This is based on the conceptual framework that was presented before. In addition to the three exogenous variables that have an impact on the quality of the government's financial reports, there are still a great deal of other variables that do so as well. These variables include :

1. Government Accounting Standards : (Kuntadi, 2022)

2. Human Resource Competence : (Kuntadi, 2022), (Inapty and Martiningsih (2016)
3. Organisational Commitment : (Nugroho and Setyowaty, 2019)
4. Effectiveness of Accrual-Based SAP Implementation : (Mardiana and Fahlevi, 2017)
5. Information Technology : (Aniftahudin, 2016)
6. The Role of Internal Audit : (Inapty and Martiningsih, 2016)

## CONCLUSION

Understanding of accounting, accounting information systems, and internal control systems have been shown to have an effect on the quality of government financial reports, according to the review of the relevant literature that has been carried out.

In subsequent study, additional factors that have an impact on the accuracy of government financial reports may be investigated as potential research topics. The following is a research hypothesis that you can look into further:

1. The quality of government financial accounts is impacted by Government Accounting Standards.
2. The quality of the financial reports produced by the government is impacted by Human Resource Competency.
3. The effectiveness of the accrual-based SAP implementation has an impact on the quality of the financial statements used by the government.
4. The level of devotion shown by an organisation has an impact on the quality of governmental financial reporting.
5. The quality of financial reports produced by the government is impacted by information technology.

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