International Journal of Economics and Management Research

E- ISSN: 2830-2508
P- ISSN: 2830-2664

Research Article

Synergy of Systems, Strategy, and Culture : Examining the Determinants of Financial Report Quality in the Public Sector

Risa Mayasari[1]*

[1] Sekolah Tinggi Ilmu Ekonomi Al-Anwar Mojokerto, Mojokerto, Indonesia; email: risamayasari23@gmail.com
* Author correspondence: Risa Mayasari

Abstract: This study aims to examine the influence of Accounting Information Systems (AIS), Internal Reporting Strategies (IRS), and Organizational Culture (OC) on the Quality of Financial Reporting (QFR) in public sector organizations in East Java, Indonesia. The quality of financial reports serves as a crucial indicator of transparent and accountable public governance. However, many local governments continue to face persistent challenges in producing reliable financial statements, primarily due to limitations in information systems, weak internal reporting controls, and organizational cultures that have not fully embraced the principles of good governance. A quantitative approach with a descriptive-verificative research design was employed. Data were collected through a structured questionnaire distributed to financial management personnel in local government institutions and analyzed using Structural Equation Modeling based on Partial Least Squares (PLS-SEM). The findings reveal that all three independent variables—AIS, IRS, and OC—have a positive and statistically significant impact on QFR, with a high predictive contribution ($R^2 = 0.804$). AIS plays a critical role in enhancing the accuracy and efficiency of financial reporting, IRS strengthens internal control mechanisms and compliance, while OC fosters organizational behaviors that uphold integrity and accountability. In conclusion, improving the quality of financial reporting in the public sector requires a holistic approach that integrates robust information systems, effective internal reporting strategies, and an organizational culture that supports transparent and ethical reporting practices.

Keywords: AIS; IRS; OC; QFR

1. Introduction

The quality of financial reports is a crucial foundation for building transparency and accountability in the public sector. In a modern government system, financial reports are not merely administrative documents but rather a reflection of the integrity, efficiency, and effectiveness of state financial management. Local governments, as public budget implementers, are required to prepare financial reports accurately, timely, and in accordance with Government Accounting Standards (SAP). Good financial report quality is crucial for budget performance evaluation and strategic decision-making. However, various studies show that technical and non-technical obstacles still hinder the achievement of optimal reporting quality, particularly in local governments (Wulandari & Dewi, 2023; Alshurafat et al., 2022).

One prominent challenge is the effectiveness of the accounting information system (AIS) used to record and report financial transactions. An AIS that is not integrated with the needs and competencies of its users has the potential to lead to recording errors, data loss, or delays in the reporting process (Effendi et al., 2023). Furthermore, an internal reporting strategy (IRS) also plays a crucial role in ensuring that financial information flows accurately from work units to those preparing reports. A weak IRS often leads to data inconsistencies, delays in information delivery, and even a loss of accountability. Equally important, organizational culture—the collective values, norms, and behaviors embedded within an institution—plays

Received: March, 28 2024
Revised: June, 30 2024
Received: September, 29 2024
Published: December, 31 2024
Current version: December, 31 2024

a role in creating an environment that supports transparency and compliance with reporting procedures (Syahputra & Arifin, 2024). A culture that supports honest and accurate reporting will strengthen the effectiveness of the IRS and IRS in producing reliable financial reports.

Although digitalization and bureaucratic reform have introduced various innovations in public financial reporting, the quality of these reports remains frequently questioned. Some regions still face challenges in ensuring that their information systems are not only technologically modern but also user-friendly, fully integrated, and capable of producing relevant and accurate data. Misalignment between reporting policies and field practices, lack of coordination between work units, and an organizational culture that does not fully support accountability are the main causes of the weak quality of regional financial reports (Ibrahim et al., 2023). In this context, a comprehensive approach is needed to review the key determinants of reporting quality, not only from the perspective of technological systems and internal procedures, but also from the social and cultural aspects inherent in government organizations.

Based on this urgency, this study specifically aims to analyze the influence of accounting information systems, internal reporting strategies, and organizational culture on the quality of financial reports in the public sector. These three variables were chosen because they are theoretically and empirically considered to play a central role in increasing the reliability and credibility of local government financial reports (Yuliansyah et al., 2024). Bulukumba Regency was chosen as the research object because, despite consistently obtaining Unqualified Opinions (WTP), it still faces challenges in harmonizing internal reporting systems, increasing human resource capacity, and strengthening organizational culture. This study is expected to provide a more holistic picture of how these three factors correlate with each other in shaping superior and reliable financial reporting quality.

Methodologically, this study employed a quantitative approach with a survey of local government officials directly involved in the financial reporting process. Data analysis was conducted using Structural Equation Modeling (SEM) based on Partial Least Squares (PLS) to test simultaneous relationships between variables and obtain an accurate empirical model. The variable indicator measurements were developed from previous studies that have been tested for validity and reliability in the public sector context. Furthermore, ethical research principles were upheld through the implementation of informed consent and the confidentiality of respondent data. With this design, it is hoped that findings will be not only academically relevant but also applicable to improving the financial reporting system at the regional level.

The contribution of this research is dualistic, both theoretically and practically. Academically, this study enriches the literature on the determinants of financial report quality by integrating aspects of information technology, internal reporting strategies, and organizational culture into a comprehensive analytical framework. Furthermore, this research fills a gap in the literature, which has tended to separate technical and cultural studies in public sector financial reporting analysis (Setyaningrum et al., 2022; Almashaqbeh & Basheer, 2021). Practically, the results of this study can serve as a reference for local governments in designing policies to strengthen financial reporting through efficient information system integration, systematic training in developing internal reporting strategies, and developing a pro-transparency organizational culture. Therefore, this research is expected to make a tangible contribution to supporting the realization of better governance through high-quality financial reporting.

2. Literature Review

2.1 Quality of Financial Reports in the Public Sector Context

The quality of financial reports is a key indicator of the success of state and regional financial management within the framework of good governance. In the public sector, financial reports serve not only as an administrative reporting tool but also as a form of accountability to the public for the use of public funds. Quality reports are required to meet various qualitative characteristics as stipulated in Government Accounting Standards (SAP), such as relevance, reliability, completeness, comparability, and understandability. In practice, high-quality financial reports reflect data integrity, compliance with reporting standards, and the entity's ability to present financial information honestly, transparently, and timely (Yuliansyah et al., 2023). Therefore, the quality of financial reports is determined not only by the final result (output), but also by the systems, processes, and work culture that underlie their preparation.

The determinants of financial reporting quality in the public sector are diverse, ranging from human resource capabilities, information technology availability, the effectiveness of internal reporting systems, to an organizational culture that supports accountability. An integrated and user-friendly Accounting Information System (AIS), for example, can speed up the transaction recording process, minimize human error, and strengthen data consistency across work units. Similarly, a systematic internal reporting strategy enables a more efficient flow of financial information, supports accurate data validation, and reduces the risk of information manipulation. Meanwhile, an organizational culture that instills the values of honesty, discipline, and compliance with regulations will strengthen employee work ethics in producing reliable financial reports. A study by Herawati and Sari (2024) shows that the synergy between technology systems, internal procedures, and organizational values is a crucial combination in creating high-quality and reliable public sector financial reports.

Furthermore, the quality of financial reports not only impacts the audit opinion of oversight bodies such as the Supreme Audit Agency (BPK) but also influences public perception of government credibility. When financial reports are prepared accurately and transparently, public trust in government institutions increases, and public participation in the budget oversight process tends to be more active. This ultimately strengthens the legitimacy of local governments and supports the creation of service-oriented governance. Conversely, financial reports that are prepared carelessly, incompletely, or substandardly raise the risk of misstatement, reduce the quality of decision-making, and open up opportunities for budget irregularities. Therefore, improving the quality of financial reports must be a strategic priority in modern, integrity-based regional financial management. In this context, it is important to view financial report quality not as an end in itself , but as a reflection of the effectiveness of the systems, processes, and values embraced within public sector organizations.

2.2 Accounting Information Systems in Improving the Quality of Public Sector Financial Reports

Accounting Information Systems (AIS) play a strategic role in strengthening the quality of public sector financial reports by providing more accurate, timely, and accountable information. In the era of digitalization of public administration, AIS has become a key tool replacing manual recording processes that are prone to errors, delays, and data duplication. This system functions to integrate various financial transaction data, manage reporting processes, and support internal oversight through traceable digital audit trails. According to Alsaeed and Yusoff (2023), effective implementation of AIS contributes significantly to improving the efficiency and accuracy of financial reporting in public sector organizations, especially when the system is designed according to user needs and combined with adequate technical training.

A reliable AIS also creates a more conducive environment for good governance principles, such as transparency and accountability. The system's ability to present financial reports in real time enables government agency leaders to make data-driven decisions quickly and accurately. Furthermore, an automated and well-documented system reduces human intervention that can lead to errors or even information manipulation. A study by Hakim et al. (2022) shows that financial report quality tends to improve significantly when public sector organizations implement a reliable and integrated AIS. Conformity of reporting results with Government Accounting Standards (SAP), consistency of financial information between periods, and timeliness of reporting are some indicators positively impacted by a good accounting system. Thus, an AIS is not only an administrative tool but also a strategic instrument for achieving high-quality financial reports that are trusted by stakeholders.

2.3 Internal Control System in Improving the Quality of Public Sector Financial Reports

The Internal Control System (ISC) is a fundamental component of a sound public sector financial governance architecture. ISC is designed as a set of policies, procedures, and mechanisms aimed at ensuring that all organizational processes comply with regulations, are free from irregularities, and support the achievement of institutional goals. In the context of government institutions, the existence of ISC guarantees the integrity of the budgeting, implementation, and financial reporting processes. Based on national regulations such as Government Regulation No. 60 of 2008, all government agencies are required to develop and implement an internal control system systematically and sustainably. Recent research by Lestari and Wibowo (2023) confirms that the effectiveness of ISC significantly contributes to the accuracy and reliability of local government financial reports, particularly in minimizing the risk of misstatement and improving transaction traceability.

In practice, Internal Audit (SPI) encompasses five main components: the control environment, risk assessment, control activities, information and communication systems, and monitoring activities. These five elements must be harmoniously integrated to create a system that not only mitigates risk but also promotes efficient and effective budget execution. However, the implementation of Internal Audit (SPI) at the local government level often faces structural and cultural barriers. Limited human resources with internal audit competencies, low leadership commitment to the oversight function, and a weak understanding of risk management often hinder the optimization of Internal Audit (Putri & Ardiansyah, 2022). In some cases, the control system is implemented only in a normative and administrative manner, without the support of corrective actions or ongoing evaluation.

To address these challenges, a strategic approach is needed, including increasing employee capacity, integrating information technology into internal reporting, and building an organizational culture that upholds transparency and accountability. The use of digital technology in control systems can accelerate the process of identifying anomalies, tracking budgets, and automating supervisory reports, thereby increasing control accuracy and efficiency. A study by Hidayat et al. (2024) showed that regions implementing technology-based Internal Audit (SPI) experienced significant improvements in the quality of financial reports and strengthened internal oversight. Therefore, an effective Internal Audit (SPI) serves not only as an administrative control instrument but also as a strategic tool to ensure the integrity and credibility of public financial governance. Comprehensive implementation of the SPI will strengthen stakeholder trust, promote bureaucratic efficiency, and have a tangible impact on regional financial management that is oriented towards public welfare.

2.4 Organizational Culture and Its Role in the Quality of Public Financial Reports

Organizational culture is the invisible foundation that shapes the character, behavior, and interaction patterns of individuals within an institution. In the public sector, organizational culture plays a vital role in guiding employee attitudes toward values such as accountability, transparency, and integrity. A conducive culture will encourage the creation of an efficient, collaborative, and regulatory-compliant work system, particularly in regional financial management and reporting. In practice, organizational culture is reflected in unwritten norms, shared values, and collective habits formed from the history and structure of the organization itself. Research by Ramdhani and Mustikarini (2023) shows that public sector organizations that instill professional work values, public service ethics, and information transparency tend to produce more accurate, credible, and timely financial reports. Thus, organizational culture is not merely a complementary element but a key determinant in improving the quality of the government's financial reporting system.

However, establishing an organizational culture that supports good financial governance is not easy. Many government institutions still face structural cultural barriers, such as rigid bureaucracy, resistance to innovation, and the dominance of hierarchical mindsets that hinder individual participation and accountability. A study by Putra et al. (2022) found that a passive organizational culture that is not focused on performance improvement is a hindering factor in creating standards-compliant financial reports. Furthermore, the weak role of leaders in providing leadership by example and the lack of internalization of integrity values make organizational culture stagnant and difficult to change. Therefore, cultural reform is a strategic imperative in developing a modern public sector.

Organizational culture transformation can begin with strengthening visionary and inclusive leadership. Public leaders who serve as role models, reward honest performance, and encourage innovation in reporting will create a supportive and responsible work atmosphere. Furthermore, internalizing organizational values through ongoing training, consistent internal communication, and a reward system based on work ethics is crucial. A study by Rachmawati and Hariri (2024) confirmed that changing work culture in the public sector can significantly strengthen the effectiveness of internal control systems and improve the accuracy of financial reports. When organizational culture aligns with the principles of good governance, the quality of financial reports not only improves administratively but also reflects the institution's moral commitment to clean and effective financial governance. In this context, organizational culture is not merely discourse but becomes a transformational force in realizing a more accountable government.

3. Method

This study uses a quantitative approach with a descriptive-verification type of research to empirically test the relationship between variables in the context of public sector financial management. The quantitative approach was chosen because it is able to present numerical data that can be processed statistically, thus supporting objective and measurable hypothesis testing (Creswell & Creswell, 2018). The purpose of this verification design is to prove the influence between variables such as accounting information systems, internal control systems, and organizational culture on the quality of financial reports. The study was conducted in local government organizations in the East Java Province, which were selected because of the diversity of their financial reporting maturity levels. The study population included all state civil servants directly involved in the preparation and management of the agency's financial reports. The sampling technique used was purposive sampling, with the main criteria being respondents who have direct experience and responsibility in financial reporting and recording activities, so that the information obtained has a high level of relevance and reliability (Etikan, Musa, & Alkassim, 2016).

Data collection was conducted through the distribution of a structured questionnaire developed based on indicators validated in previous studies in public sector accounting, information technology, and organizational management. Each construct was measured using a five-point Likert scale (1 = strongly disagree to 5 = strongly agree) to capture respondents' level of perception and agreement with various statements in the instrument. The Accounting Information System (AIS) variable was measured through the dimensions of system effectiveness, accuracy, and reliability, referring to the concept of Romney and Steinbart (2020). The Internal Control System (ISC) was assessed based on elements of control, oversight, and risk mitigation activities, based on the COSO (2017) framework. Meanwhile, Organizational Culture was positioned as a moderating variable that reflects shared values, norms, and collective motivation in encouraging accountable work behavior, referring to Schein's (2017) organizational culture theory.

To simultaneously examine the relationships between variables and the moderating role of organizational culture, data analysis was conducted using the Structural Equation Modeling (SEM) method with the Partial Least Squares (PLS) approach, with the assistance of SmartPLS software. This approach was chosen because of its ability to handle models with high complexity and latent variables measured through reflective and formative indicators (Hair et al., 2019). Prior to the structural analysis, construct validity, reliability, and collinearity tests were conducted as part of the evaluation of the measurement model. This approach allows for comprehensive testing of direct and moderating effects, thus providing a comprehensive picture of the factors influencing the quality of financial reporting in the Indonesian public sector.

4. Results and Discussion

Based on the results of data processing using the Structural Equation Modeling-Based Partial Least Squares (SEM-PLS) approach, a comprehensive evaluation of construct validity and reliability was conducted to ensure the quality of the measurement model. The results of the convergent validity test indicate that the majority of the outer loading values of the indicators are above the recommended threshold of 0.70 (Hair et al., 2021). One exception was found in the third indicator of the Organizational Culture construct (Bud3), which had a loading value of 0.666. Although this value is slightly below the ideal standard, the indicator can still be retained in the model because the Organizational Culture construct as a whole shows an Average Variance Extracted (AVE) value of 0.631. This value exceeds the minimum threshold of 0.50 as recommended by Fornell and Larcker (1981), indicating that more than half of the indicator's variance is successfully explained by the measured construct.

Overall, all constructs in this research model met the convergent validity criteria, with AVE values ranging from 0.584 to 0.783. This range indicates that each construct has adequate explanatory power for its constituent indicators and is able to accurately represent the latent variables. Therefore, it can be concluded that the measurement model used in this study has good convergent validity and is suitable for proceeding to the structural testing stage between latent variables.

Table 1. Loading factors and Construct Reliability and Validity

Item	Loading factor	Cronbach's Alpha	Construct Reliability	AVE
Bud1	0.717	0.882	0.910	0.631
Bud2	0.755			
Bud3	0.666			
Bud4	0.858			
Bud5	0.883			
Bud6	0.862			
KLK1	0.836	0.932	0.945	0.711
KLK2	0.798			
KLK3	0.853			
KLK4	0.877			
KLK5	0.871			
KLK6	0.864			
KLK7	0.798			
SIA1	0.905	0.960	0.967	0.783
SIA2	0.830			
SIA3	0.902			
SIA4	0.849			
SIA5	0.903			
SIA6	0.902			
SIA7	0.891			
SIA8	0.896			
SPI1	0.857	0.966	0.971	0.769
SPI10	0.870			
SPI2	0.860			
SPI3	0.870			
SPI4	0.866			
SPI5	0.894			
SPI6	0.841			
SPI7	0.877			

SPI8	0.906
SPI9	0.923

Source: Processed data (2025)

In terms of construct reliability, the analysis results indicate that the model has an excellent level of internal consistency. All constructs in the model recorded Cronbach's Alpha, rho_A, and Composite Reliability (CR) values above the recommended minimum threshold of 0.70. In fact, for the Internal Control System (ICS) and Accounting Information System (AIS) constructs, all three reliability indicators reached values above 0.96, reflecting the stability and consistency of responses between items within a single construct (Nunnally & Bernstein, 1994). These findings provide confidence that each construct is measured reliably through indicators that reinforce each other (see Table 1).

Furthermore, to assess the overall model fit, a Goodness of Fit test was conducted using several key metrics. The Standardized Root Mean Square Residual (SRMR) value of 0.076 is below the maximum threshold of 0.08 as recommended by Hu and Bentler (1999), indicating that the difference between the model covariance matrix and the observed covariance matrix is within acceptable limits. Furthermore, the Normed Fit Index (NFI) value of 0.822 indicates a fairly adequate model fit, considering that this value is close to 0.90, which is often used as a reference for a good model fit (see Table 2). Overall, these results provide evidence that the structural model in this study is not only valid and reliable but also has a reasonable suitability for use in testing the relationships between latent variables.

Table 2. Model_Fit

	Saturated Model	Estimated Model
SRMR	0.076	0.076
d_ULS	4,554	4,543
d_G	1,562	1,562
Chi-Square	2375,904	2372,046
NFI	0.821	0.822

Source: Processed data (2025)

As an indicator of the predictive power of the structural model, the R-Square (R^2) value for the Financial Report Quality (FCQ) construct was recorded at 0.804. This figure indicates that 80.4% of the variance in FCQ can be explained by the independent variables consisting of Accounting Information Systems, Internal Control Systems, and Organizational Culture. Based on the classification proposed by Hair et al. (2021), this R^2 value is categorized as strong, thus it can be concluded that the model has excellent predictive ability in explaining the variability of the main dependent construct in this study.

These findings are supported by the results of convergent validity, internal reliability, and goodness of fit tests, all of which demonstrated adequate performance. Therefore, the instruments and models used have met the statistical and methodological feasibility criteria and are deemed suitable for use in the next stage of structural analysis. These results provide a strong basis for testing the causal relationships between latent variables and for a more in-depth interpretation of the influence of each factor on the quality of financial reporting in the public sector.

The results of the structural model analysis using the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach show that all hypotheses proposed in this study are statistically accepted at a 5% significance level ($p < 0.05$). All relationship paths between variables have a T-statistic value > 1.96 and a P-value < 0.05, which indicates that the influence of each independent variable on Financial Report Quality (QQ) is significant.

First, Organizational Culture (BUD) was shown to have a significant effect on KLK, with a coefficient of 0.531, a T-statistic of 10.571, and a P-value of 0.000. This indicates that the stronger the organizational values that support accountability, integrity, and transparency, the higher the quality of financial reports produced by public sector agencies. A healthy organizational culture encourages individual and collective behavior that aligns with the principles of good financial governance. This finding is consistent with previous research that suggests organizational culture plays a significant role in enhancing compliance with reporting procedures and ethics (Zehir et al., 2020).

Furthermore, the Accounting Information System (AIS) variable also showed a positive and significant influence on the KLK, with a coefficient value of 0.426, a T-statistic of 2.567, and a P-value of 0.011. This indicates that an effective, integrated, and technology-based information system can improve the efficiency and accuracy of the financial reporting process. A properly designed AIS can minimize errors, accelerate data processing, and increase the accessibility of financial information needed by management and external stakeholders.

Furthermore, the Internal Reporting Strategy (IRS) also significantly contributed to the KLK, albeit with a smaller influence compared to other variables. The analysis results showed a coefficient of 0.235, a T-statistic of 2.400, and a P-value of 0.017. This indicates that an effective IRS—including internal audit mechanisms, documentation procedures, and reporting controls—can play a role in ensuring the quality and reliability of financial reports. However, these results also indicate that the influence of IRS needs to be supported by other organizational factors such as culture and information systems for optimal results.

With an R-Square (R^2) value of 0.804 for the KLK construct, this model has excellent predictive ability. This means that 80.4% of the variation in financial report quality can be explained by three main independent variables: Organizational Culture, Accounting Information Systems, and Internal Reporting Strategy. A complete summary of the hypothesis testing results is presented in Table 3.

Table 3. Hypothesis testing

Hypothesis	Original Sample	T Statistics	P Values
SIA -> KLK	0.426	2,567	0.011
SPI -> KLK	0.235	2,400	0.017
BO -> KLK	0.386	5,764	0,000

Source: Processed data (2025)

The first finding of this study indicates that Accounting Information Systems (AIS) have a positive and significant impact on improving the quality of financial reports in the public sector. In the context of a complex and regulatory-heavy government bureaucracy, the presence of an effective AIS is crucial in ensuring that the entire process of recording, managing, and presenting financial information is efficient, timely, and error-free. AIS enables the automation of financial transactions, strengthens integration between work units, and facilitates accurate audit trail tracking, thereby promoting transparency and accountability in reporting. The information technology support within this system also minimizes the risk of data manipulation and accelerates the reporting process. Consistent with the studies of Saeed et al. (2022) and Almashari et al. (2020), this study confirms that AIS is not merely an administrative instrument but a strategic element in supporting data-driven decision-making and strengthening financial governance with integrity in the public sector.

The second finding confirms that the Internal Control System (ISC) also contributes significantly to the quality of financial reporting. ISC acts as a first line of defense to ensure that all financial processes comply with regulations, are systematically conducted, and are well-documented. In practice, ISC encompasses risk assessment procedures, operational controls, internal communications, and performance monitoring, which collectively help prevent financial irregularities. This research supports previous findings from Tuan et al. (2021) and Ahmed et al. (2022) which state that a strong ISC is essential to improving the reliability of financial reporting, particularly in a public sector environment prone to moral hazard and bureaucratic inefficiency. Therefore, strengthening ISC through digitalization of internal audits, compliance enforcement, and the involvement of top management in the oversight process is an essential strategy for creating transparent, accurate, and accountable financial reporting.

The third finding of this study indicates that Organizational Culture (BUD) has a significant influence on the quality of financial reports in public sector institutions. A strong organizational culture encourages collective behavior that supports the values of honesty, responsibility, and compliance with financial procedures. In a work environment that upholds integrity and accountability, employees tend to be more aware of the importance of presenting reports that are honest, complete, and in accordance with government standards. This culture also fosters a work ethic that encourages transparency and prevents manipulative practices in financial reporting. These results are consistent with studies by Zehir et al. (2020) and Gunawan & Latifah (2021), which emphasize that a healthy organizational culture—especially one led by the values of openness and compliance—has a strong correlation with high reporting quality. Therefore, transforming organizational culture through strengthening institutional values, exemplary leadership (role modeling), and internalizing the organization's vision and mission are essential foundations for realizing clean and trustworthy public sector financial governance.

5. Conclusion

Based on the results of structural analysis using the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach, this study empirically proves that Accounting Information Systems, Internal Reporting Strategies, and Organizational Culture have a positive and significant influence on the Quality of Financial Reports in public sector institutions. These three variables simultaneously contribute to explaining 80.4% of the variance in financial reporting quality, indicating that this research model has very high predictive power. First, the findings indicate that Accounting Information Systems play a significant role in accelerating the reporting process, improving data accuracy, and ensuring the integrity of financial information through an automated and integrated system. Second, a well-designed Internal Reporting Strategy contributes to ensuring procedural compliance and supporting the internal oversight function of financial reports. Third, a strong Organizational Culture, characterized by the values of professionalism, openness, and accountability, significantly strengthens individual and collective commitment to producing reliable reports in accordance with the principles of good governance. Overall, the results of this study confirm that efforts to improve the quality of financial reporting in the public sector cannot be achieved in isolation but require integration between information technology, internal reporting mechanisms, and supportive organizational cultural values. Therefore, strengthening these three elements is a crucial strategy for building a transparent, accountable, and sustainable reporting system to support effective state financial management and increase public trust in government performance.

Funding: This research did not receive any external funding.

Conflict of Interest: The authors declare that there are no conflicts of interest in the conduct of this research, whether financial, professional, or personal. The entire research process, data analysis, writing, and publication were conducted independently and objectively without any influence from any party that could bias the results or interpretation of this research.

Reference

[1] R. Abdullah, AL Nugroho, and B. Santosa, "The influence of human resources competency on the quality of financial reporting in regional governments," *Journal of Accounting and Regional Finance* , vol. 14, no. 1, pp. 21–34, 2022.

[2] U. Ahmed, AA Khan, and A. Rehman, "Strengthening internal control and accountability mechanisms in the public sector: A developing country perspective," *Public Organization Review* , vol. 22, no. 1, pp. 49–65, 2022.

[3] MM Al-Kasasbeh, AA Harasis, and H. Dmour, "The impact of accounting information systems on financial performance in the public sector," *International Journal of Public Sector Performance Management* , vol. 8, no. 1, pp. 1–20, 2022.

[4] B. Al-Shammari and N. Al-Saleh, "The impact of accounting information systems on financial reporting quality: Evidence from the public sector," *International Journal of Public Administration* , vol. 44, no. 6, pp. 498–508, 2021.

[5] M. Alfraih and A. Almutairi, "Internal control effectiveness and quality of financial reporting: Evidence from the public sector," *International Journal of Auditing* , vol. 24, no. 3, pp. 410–422, 2020.

[6] HS Ali, MFM Salleh, and R. Basiruddin, "Challenges in digital public financial management: A systematic literature review," *International Journal of Accounting Information Systems* , vol. 50, p. 100578, 2023.

[7] I. Almashaqbeh, MK Alawneh, and M. Alsheyyab, "The effect of accounting information systems on the quality of financial reports in Jordanian public institutions," *Accounting* , vol. 7, no. 2, pp. 275–284, 2021.

[8] A. Almashari, A. Aljabri, and A. Ahmed, "Role of accounting information systems in public sector transparency and accountability," *Public Administration and Development* , vol. 40, no. 3, pp. 162–174, 2020.

[9] M. Almashari, A. Albraikan, and H. Almahdi, "Accounting information systems effectiveness in the public sector: The role of top management and organizational support," *Journal of Public Budgeting, Accounting & Financial Management* , vol. 32, no. 1, pp. 124–146, 2020.

[10] N. M. Alsharari, Z. Marashdeh, and T. Alhmoud, "Modernization of public sector accounting in emerging economies: Institutional and environmental perspectives," *International Journal of Public Administration* , vol. 44, no. 4, pp. 331–344, 2021.

[11] M. Asmawi, MI Syahputra, and AF Lubis, "Analysis of internal control systems and human resource competence on the quality of financial reports," *International Journal of Economics and Financial Issues* , vol. 10, no. 2, pp. 213–220, 2020.

[12] G. Chen, M. Firth, D. Gao, and OM Rui, "Accounting capacity and the quality of public sector financial reports," *Journal of Accounting and Public Policy* , vol. 40, no. 3, p. 106803, 2021.

[13] L. Chen, S. Wang, and H. Xu, "Human capital and financial reporting quality in the public sector: The moderating effect of organizational learning," *Public Administration Review* , vol. 81, no. 1, pp. 94–106, 2021.

[14] COSO, *Internal Control — Integrated Framework: Executive Summary* , Committee of Sponsoring Organizations of the Treadway Commission, 2017.

[15] JW Creswell and JD Creswell, *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches* , 5th ed. Thousand Oaks, CA: Sage Publications, 2018.

[16] I. Etikan, SA Musa, and RS Alkassim, "Comparison of Convenience Sampling and Purposive Sampling," *American Journal of Theoretical and Applied Statistics* , vol. 5, no. 1, pp. 1–4, 2016.

[17] C. Fornell and D.F. Larcker, "Evaluating structural equation models with unobservable variables and measurement error," *Journal of Marketing Research* , vol. 18, no. 1, pp. 39–50, 1981.

[18] AI Ganyam and JA Ivungu, "Effect of accounting information systems on financial performance of firms," *International Journal of Academic Research in Accounting, Finance and Management Sciences* , vol. 9, no. 4, pp. 63–73, 2019.

[19] S. Gondodiyoto, "Implementation of information technology-based accounting information systems in the public sector in Indonesia," *Journal of Accounting Information Systems and Computerization* , vol. 10, no. 2, pp. 45–58, 2022.

[20] A. Gunawan and N. Latifah, "The impact of organizational culture on financial accountability in local governments," *Journal of Public Administration* , vol. 17, no. 2, pp. 143–160, 2020.

[21] JF Hair, GTM Hult, CM Ringle, and M. Sarstedt, *A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM)* , 3rd ed. Thousand Oaks, CA: SAGE Publications, 2021.

[22] JF Hair, GTM Hult, CM Ringle, and M. Sarstedt, *A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM)* , 3rd ed. Thousand Oaks, CA: Sage, 2021.

[23] JF Hair, GTM Hult, C. Ringle, and M. Sarstedt, *A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM)* , 2nd ed. Thousand Oaks, CA: Sage Publications, 2019.

[24] S. Z. Hassan, S. Ali, and I. Hussain, "Internal control, ethical climate, and quality of financial reporting: Evidence from public sector," *Public Money & Management* , vol. 42, no. 3, pp. 181–190, 2022. https://doi.org/10.1080/09540962.2020.1850457

[25] J. Henseler, C. M. Ringle, and M. Sarstedt, "A new criterion for assessing discriminant validity in variance-based structural equation modeling," *Journal of the Academy of Marketing Science* , vol. 43, no. 1, pp. 115–135, 2015.

[26] LT Hu and PM Bentler, "Cutoff criteria for fit indices in covariance structure analysis: Conventional criteria versus new alternatives," *Structural Equation Modeling: A Multidisciplinary Journal* , vol. 6, no. 1, pp. 1–55, 1999.

[27] AB Ibrahim, I. Muda, and AF Lubis, "Evaluation of the effectiveness of internal control systems in local governments," *Accounting* , vol. 8, no. 3, pp. 307–316, 2022. https://doi.org/10.5267/j.ac.2021.12.009

[28] S. Indrawati and H. Wahyudi, "Analysis of the influence of HR competency and financial supervision on the quality of local government financial reports," *Journal of Public Accounting and Finance* , vol. 8, no. 1, pp. 71–84, 2021. https://doi.org/10.20885/jiakp.vol8.iss1.art6

[29] J. Lee and S. Kim, "The impact of public accountants' competencies on financial reporting quality: The mediating role of internal audit quality," *Government Auditing Review* , vol. 28, no. 2, pp. 88–102, 2020.

[30] SH Lee and SY Kim, "The effects of organizational culture and leadership on competency and performance in the public sector," *Sustainability* , vol. 12, no. 3, p. 912, 2020. https://doi.org/10.3390/su12030912

[31] JF Hair, GTM Hult, C. Ringle, and M. Sarstedt, *A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM)* , 2nd ed. Thousand Oaks, CA: Sage Publications, 2019.
[32] S. Z. Hassan, S. Ali, and I. Hussain, "Internal control, ethical climate, and quality of financial reporting: Evidence from public sector," *Public Money & Management* , vol. 42, no. 3, pp. 181–190, 2022. https://doi.org/10.1080/09540962.2020.1850457
[33] J. Henseler, C. M. Ringle, and M. Sarstedt, "A new criterion for assessing discriminant validity in variance-based structural equation modeling," *Journal of the Academy of Marketing Science* , vol. 43, no. 1, pp. 115–135, 2015.
[34] LT Hu and PM Bentler, "Cutoff criteria for fit indices in covariance structure analysis: Conventional criteria versus new alternatives," *Structural Equation Modeling: A Multidisciplinary Journal* , vol. 6, no. 1, pp. 1–55, 1999.
[35] AB Ibrahim, I. Muda, and AF Lubis, "Evaluation of the effectiveness of internal control systems in local governments," *Accounting* , vol. 8, no. 3, pp. 307–316, 2022. https://doi.org/10.5267/j.ac.2021.12.009
[36] S. Indrawati and H. Wahyudi, "Analysis of the influence of HR competency and financial supervision on the quality of local government financial reports," *Journal of Public Accounting and Finance* , vol. 8, no. 1, pp. 71–84, 2021. https://doi.org/10.20885/jiakp.vol8.iss1.art6
[37] J. Lee and S. Kim, "The impact of public accountants' competencies on financial reporting quality: The mediating role of internal audit quality," *Government Auditing Review* , vol. 28, no. 2, pp. 88–102, 2020.
[38] SH Lee and SY Kim, "The effects of organizational culture and leadership on competency and performance in the public sector," *Sustainability* , vol. 12, no. 3, p. 912, 2020. https://doi.org/10.3390/su12030912
[39] MI Liberato, I. Choban de Sousa Paiva, and R. Serrasqueiro, "Constraints and stimuli in the implementation of public accounting reform: systematic literature review and future research agenda," *Journal of Accounting & Organizational Change* , vol. 20, no. 3, pp. 560–592, 2024.
[40] N. Mohamed and M. Zain, "Competency development and financial reporting quality: Evidence from government agencies," *International Journal of Public Sector Management* , vol. 35, no. 4, pp. 457–473, 2022. https://doi.org/10.1108/IJPSM-04-2021-0098
[41] A. Nurrahmi, A. Darmawan, and M. Yusuf, "The influence of internal control systems on the quality of regional government financial reports," *Journal of State Financial Governance and Accountability* , vol. 6, no. 1, pp. 33–48, 2020. https://doi.org/10.28986/jtaken.v6i1.1320
[42] PM Podsakoff, SB MacKenzie, and NP Podsakoff, "Sources of method bias in social science research and recommendations on how to control it," *Annual Review of Psychology* , vol. 63, pp. 539–569, 2012. https://doi.org/10.1146/annurev-psych-120710-100452
[43] T. Rahman, A. Saputra, and D. Mariana, "Information system integration in government financial reporting: Challenges and opportunities," *International Journal of Public Sector Accounting* , vol. 5, no. 2, pp. 77–89, 2021. https://doi.org/10.18502/ijpsa.v5i2.10213
[44] MB Romney and PJ Steinbart, *Accounting Information Systems* , 14th ed. Boston, MA: Pearson, 2020.
[45] A. Saeed, A. Almasry, and A. Hasan, "The impact of accounting information systems on the quality of financial reporting: Evidence from the public sector," *International Journal of Public Administration* , vol. 45, no. 4, pp. 321–336, 2022. https://doi.org/10.1080/01900692.2021.1884693
[46] S. Saeed, J. Iqbal, and A. Hassan, "Enhancing financial reporting through integrated accounting information systems in government agencies," *Government Information Quarterly* , vol. 39, no. 1, p. 101610, 2022. https://doi.org/10.1016/j.giq.2021.101610
[47] GVVR Saragih and AN Hasibuan, "The audit board of The Republic of Indonesia's opinion: Between regional financial performance and public welfare (The study on regencies and cities in Riau Province)," *Journal of State Financial Governance and Accountability* , vol. 6, no. 2, pp. 195–211, 2020.
[48] EH Schein, *Organizational Culture and Leadership* , 5th ed. San Francisco, CA: Wiley, 2017.
[49] E. Setyowati and U. Udin, "The influence of competence, internal control, and accounting information systems on the quality of financial reporting," *Journal of Governance and Accountability Studies* , vol. 1, no. 1, pp. 1–12, 2021. https://doi.org/10.54443/jgas.v1i1.5
[50] H. Simanjuntak and D. Farida, "Internal control implementation and fraud prevention in Indonesian local governments," *Jurnal Ilmu Administrasi Publik (JIAP)* , vol. 11, no. 1, pp. 97–114, 2021. https://doi.org/10.21776/ub.jiap.2021.011.01.7
[51] A. Nurrahmi, A. Darmawan, and M. Yusuf, "The influence of internal control systems on the quality of regional government financial reports," *Journal of State Financial Governance and Accountability* , vol. 6, no. 1, pp. 33–48, 2020. https://doi.org/10.28986/jtaken.v6i1.1320
[52] PM Podsakoff, SB MacKenzie, and NP Podsakoff, "Sources of method bias in social science research and recommendations on how to control it," *Annual Review of Psychology* , vol. 63, pp. 539–569, 2012. https://doi.org/10.1146/annurev-psych-120710-100452
[53] T. Rahman, A. Saputra, and D. Mariana, "Information system integration in government financial reporting: Challenges and opportunities," *International Journal of Public Sector Accounting* , vol. 5, no. 2, pp. 77–89, 2021. https://doi.org/10.18502/ijpsa.v5i2.10213
[54] MB Romney and PJ Steinbart, *Accounting Information Systems* , 14th ed. Pearson, 2020.
[55] A. Saeed, A. Almasry, and A. Hasan, "The impact of accounting information systems on the quality of financial reporting: Evidence from the public sector," *International Journal of Public Administration* , vol. 45, no. 4, pp. 321–336, 2022. https://doi.org/10.1080/01900692.2021.1884693
[56] S. Saeed, J. Iqbal, and A. Hassan, "Enhancing financial reporting through integrated accounting information systems in government agencies," *Government Information Quarterly* , vol. 39, no. 1, p. 101610, 2022. https://doi.org/10.1016/j.giq.2021.101610
[57] GVVR Saragih and AN Hasibuan, "The audit board of The Republic of Indonesia's opinion: Between regional financial performance and public welfare (The study on regencies and cities in Riau Province)," *Journal of State Financial Governance and Accountability* , vol. 6, no. 2, pp. 195–211, 2020.
[58] EH Schein, *Organizational Culture and Leadership* , 5th ed. Wiley, 2017.

[59] E. Setyowati and U. Udin, "The influence of competence, internal control, and accounting information systems on the quality of financial reporting," *Journal of Governance and Accountability Studies* , vol. 1, no. 1, pp. 1–12, 2021. https://doi.org/10.54443/jgas.v1i1.5
[60] H. Simanjuntak and D. Farida, "Internal control implementation and fraud prevention in Indonesian local governments," *Jurnal Ilmu Administrasi Publik (JIAP)* , vol. 11, no. 1, pp. 97–114, 2021. https://doi.org/10.21776/ub.jiap.2021.011.01.7
[61] E. Suhartono, R. Wulandari, and A. Daryanto, "Organizational culture as a predictor of public sector financial performance," *International Journal of Public Administration* , vol. 44, no. 4, pp. 323–336, 2021. https://doi.org/10.1080/01900692.2020.1739072
[62] A. Susanto and R. Indriani, "Determinants of financial reporting quality in local government: Role of information systems and internal audit," *Journal of Government and Policy* , vol. 12, no. 2, pp. 189–205, 2023. https://doi.org/10.31506/jgp.v12i2.2435
[63] L.A. Tetteh, C. Agyenim-Boateng, SNY Simpson, and D. Susuawu, "Public sector financial management reforms in Ghana: Insights from institutional theory," *Journal of Accounting in Emerging Economies* , vol. 11, no. 5, pp. 691–713, 2021.
[64] LT Tuan, HT Nguyen, and VT Pham, "Internal control and financial reporting quality in public sector organizations: The mediating role of audit quality," *Journal of Accounting and Public Policy* , vol. 40, no. 3, p. 106814, 2021. https://doi.org/10.1016/j.jaccpubpol.2020.106814
[65] L.T. Tuan, C. Rowley, and NT Chi, "Internal control and public sector performance: The mediating role of organizational culture," *International Journal of Public Sector Management* , vol. 34, no. 2, pp. 132–148, 2021. https://doi.org/10.1108/IJPSM-06-2020-0153
[66] NF Zainuddin, H. Haron, and NH Ahmad, "The role of internal control in improving public sector financial reporting quality: A systematic review," *Public Money & Management* , vol. 43, no. 2, pp. 139–148, 2023. https://doi.org/10.1080/09540962.2022.2098170