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The Influence of Internal Control Systems, Human Resource Competence and Work Motivation on the Quality of Financial Reports (Study of Regional Apparatus Organizations in the City of Palu)

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Abstract

This study aims to examine and analyze the partial and simultaneous effects of internal control systems, human resource competence, and work motivation on the quality of financial statements in Regional Apparatus Organizations (OPD) of Palu City. This research employs a quantitative approach using primary data collected through structured questionnaires distributed to 82 respondents from 41 OPDs. The sampling technique used is a saturated sampling method. Data analysis was conducted using multiple linear regression with the assistance of SPSS version 25.0. The results indicate that internal control systems, human resource competence, and work motivation have a positive and significant effect on the quality of financial statements, both simultaneously and partially. Human resource competence shows the most dominant influence compared to other variables. These findings suggest that improving the effectiveness of internal control systems, enhancing employee competencies, and strengthening work motivation are essential factors in producing reliable, relevant, and high-quality financial reports in the public sector. This study contributes to the public sector accounting literature by providing empirical evidence on the determinants of financial reporting quality at the local government level. Practically, the findings offer insights for policymakers to strengthen governance, accountability, and transparency in financial management.

1. Introduction

In recent decades, the demand for high-quality financial reporting in the public sector has significantly increased, particularly in developing countries such as Indonesia. Governments at both central and regional levels are required to ensure accountability, transparency, and efficiency in managing public resources. Financial statements serve as a primary instrument for communicating financial performance, evaluating budget realization, and supporting decision-making processes for stakeholders. Consequently, the quality of financial reporting has become a crucial indicator of good governance and public sector accountability.

In the Indonesian context, regional governments are obligated to prepare financial statements in accordance with Government Regulation No. 71 of 2010 concerning Government Accounting Standards (SAP). These standards emphasize that financial statements must possess qualitative characteristics, including relevance, reliability, comparability, and understandability. Relevance ensures that financial information is capable of influencing users' decisions, while reliability requires that the information is free from material misstatement and faithfully represents economic events. Comparability allows users to evaluate financial performance across periods and entities, and understandability ensures that financial information is presented clearly for users with reasonable knowledge of accounting.

Despite the regulatory framework, achieving high-quality financial reporting remains a challenge for many regional governments. One of the primary issues lies in the effectiveness of internal control systems. An effective internal control system plays a fundamental role in ensuring the accuracy and reliability of financial information, preventing fraud, and ensuring compliance with applicable regulations. In Indonesia, the Government Internal Control System (SPIP), as regulated under Government Regulation No. 60 of 2008, is designed to provide reasonable assurance regarding the achievement of organizational objectives, including reliable financial reporting. Empirical studies have consistently demonstrated that strong internal control systems contribute positively to financial reporting quality by minimizing errors and detecting irregularities in a timely manner.

Another critical determinant of financial reporting quality is human resource competence. The preparation of financial statements requires not only technical knowledge of accounting standards but also analytical skills and professional judgment. Competent personnel are more capable of interpreting accounting policies, applying appropriate procedures, and ensuring compliance with regulations. Human resource competence encompasses knowledge, skills, and attitudes that enable individuals to perform their tasks effectively. Prior studies have indicated that higher levels of competence among financial management personnel lead to improved accuracy, timeliness, and reliability of financial statements. However, some empirical findings remain inconsistent, suggesting that competence alone may not be sufficient without adequate organizational support and systems.

In addition to internal control systems and human resource competence, work motivation is also considered an essential factor influencing financial reporting quality. Motivation reflects the internal and external drivers that encourage employees to perform their duties with dedication and responsibility. Motivated employees are more likely to exhibit higher levels of commitment, discipline, and attention to detail, which are critical in financial reporting processes. Theoretical perspectives, such as Maslow's hierarchy of needs, suggest that fulfilling employees' needs can enhance their motivation and, consequently, their performance. Empirical evidence supports the notion that work motivation positively affects employee performance, including the quality of financial outputs produced in public sector organizations.

The importance of financial reporting quality is further emphasized by the evaluation conducted by the Audit Board of the Republic of Indonesia (BPK), which provides audit opinions on regional government financial statements. These opinions range from Unqualified Opinion (WTP) to Disclaimer Opinion (TMP), reflecting the level of fairness and compliance in financial reporting. Achieving an Unqualified Opinion is often considered a benchmark of high-quality financial reporting. However, even governments that consistently receive Unqualified Opinions may still face issues related to internal control weaknesses and non-compliance with regulations.

This phenomenon is evident in the case of Palu City, where the local government has successfully maintained an Unqualified Opinion from BPK over several consecutive years. While this achievement indicates a generally high standard of financial reporting, audit findings still reveal weaknesses in internal control and instances of non-compliance, particularly in areas such as travel expenditures and capital spending. These findings highlight the need for continuous improvement in internal control systems, enhancement of human resource competence, and strengthening of work motivation to sustain and further improve financial reporting quality.

Given these challenges, it is essential to examine the factors that influence financial reporting quality in regional government organizations. Previous studies have explored various determinants, including accounting standards implementation, information systems, organizational commitment, and governance practices. However, there remains a need for comprehensive analysis focusing on the combined effects of internal control systems, human resource competence, and work motivation, particularly in the context of local government institutions.

This study aims to address this research gap by investigating the influence of internal control systems, human resource competence, and work motivation on the quality of financial statements in Regional Apparatus Organizations (OPD) of Palu City. Specifically, this study examines both the partial and simultaneous effects of these variables, providing a more integrated understanding of their roles in enhancing financial reporting quality.

The contribution of this study is twofold. Theoretically, it enriches the literature on public sector accounting by providing empirical evidence on the determinants of financial reporting quality within a developing country context. It also offers insights into how organizational and behavioral factors interact to influence financial outcomes. Practically, the findings of this study are expected to provide valuable recommendations for policymakers and local government leaders in improving governance practices, strengthening internal control mechanisms, and developing human resources to achieve sustainable financial reporting quality.

In conclusion, improving the quality of financial reporting in the public sector requires a holistic approach that integrates robust internal control systems, competent human resources, and strong work motivation. Understanding the interplay among these factors is essential for ensuring accountability, transparency, and public trust in government financial management. Therefore, this study provides an important contribution to both academic research and practical policy development in the field of public sector financial management.

2. Literature Review

2.1 Financial Reporting Quality in the Public Sector

Financial reporting quality is a fundamental aspect of public sector accountability and transparency. High-quality financial statements enable stakeholders to assess government performance, ensure compliance with regulations, and support informed decision-making. According to Government Accounting Standards, financial reporting quality is characterized by relevance, reliability, comparability, and understandability. These qualitative characteristics ensure that financial information is useful, accurate, and accessible to users.

In the public sector, financial reporting quality is closely linked to good governance practices. Prior studies indicate that transparent and reliable financial reporting enhances public trust and reduces information asymmetry between the government and stakeholders. Furthermore, high-quality financial reports are essential for evaluating the efficiency and effectiveness of public resource allocation. Empirical evidence suggests that improvements in financial reporting quality are associated with better fiscal discipline and stronger institutional performance.

However, achieving high-quality financial reporting is often challenging due to factors such as limited human resource capacity, weak internal control systems, and low organizational commitment. These challenges highlight the importance of identifying key determinants that influence financial reporting quality in government institutions.

2.2 Internal Control Systems

Internal control systems are widely recognized as a critical factor in ensuring the reliability of financial reporting. An internal control system refers to a set of policies and procedures designed to provide reasonable assurance regarding the achievement of organizational objectives, including the effectiveness of operations, reliability of financial reporting, and compliance with laws and regulations.

In the context of the public sector, internal control systems are regulated under Government Regulation No. 60 of 2008 concerning the Government Internal Control System (SPIP). This framework consists of five key components: control environment, risk assessment, control activities, information and communication, and monitoring. Each component plays a vital role in ensuring that financial processes are conducted properly and that risks are effectively managed.

The control environment establishes the organizational culture and ethical values that influence employee behavior. Risk assessment involves identifying and analyzing potential risks that may affect financial reporting. Control activities include procedures and mechanisms implemented to mitigate risks. Information and communication ensure that relevant financial data are properly recorded and communicated, while monitoring involves continuous evaluation of the effectiveness of internal controls.

Empirical studies consistently demonstrate that strong internal control systems have a positive and significant impact on financial reporting quality. Effective internal controls reduce the likelihood of errors and fraud, enhance the accuracy of financial information, and ensure compliance with accounting standards. Conversely, weak internal controls can lead to misstatements, inefficiencies, and reduced credibility of financial reports. Therefore, strengthening internal control systems is essential for improving financial reporting quality in government organizations.

2.3 Human Resource Competence

Human resource competence is another key determinant of financial reporting quality. Competence refers to the combination of knowledge, skills, abilities, and attitudes that enable individuals to perform their tasks effectively. In the context of financial management, competence includes technical expertise in accounting, understanding of regulatory frameworks, and the ability to apply professional judgment in financial reporting processes.

The preparation of financial statements requires a high level of accuracy and adherence to accounting standards. Therefore, the competence of personnel responsible for financial reporting is crucial in ensuring the quality of financial information. Employees with adequate knowledge and skills are more capable of identifying errors, applying appropriate accounting treatments, and ensuring compliance with regulations.

Previous studies have found that human resource competence has a significant positive effect on financial reporting quality. Competent employees tend to produce more accurate, timely, and reliable financial reports. In addition, they are better equipped to adapt to changes in accounting standards and regulatory requirements. However, some studies report inconsistent findings, suggesting that competence alone may not guarantee high-quality financial reporting without adequate organizational support and systems.

Furthermore, human resource competence is influenced by factors such as education, training, experience, and organizational culture. Continuous professional development and training programs are essential for enhancing employee competence and ensuring that financial management personnel remain up to date with current practices. As such, improving human resource competence is a strategic priority for organizations aiming to enhance financial reporting quality.

2.4 Work Motivation

Work motivation plays a significant role in influencing employee performance, including the quality of financial reporting. Motivation refers to the internal and external forces that drive individuals to perform tasks and achieve organizational goals. In the workplace, motivation affects the level of effort, persistence, and commitment exhibited by employees.

Theoretical frameworks such as Maslow's hierarchy of needs and Herzberg's two-factor theory provide insights into the factors that influence employee motivation. These theories suggest that fulfilling employees' needs—ranging from basic physiological needs to self-actualization—can enhance their motivation and performance. In the public sector, motivation can be influenced by factors such as job security, recognition, career advancement, and organizational support.

Motivated employees are more likely to demonstrate high levels of responsibility, discipline, and attention to detail, which are essential in financial reporting processes. They are also more committed to achieving organizational objectives and maintaining the integrity of financial information. Empirical studies have shown that work motivation has a positive and significant impact on financial reporting quality, as motivated employees tend to produce higher-quality outputs.

However, low levels of motivation can lead to reduced performance, errors in financial reporting, and lack of compliance with regulations. Therefore, organizations must implement strategies to enhance employee motivation, such as providing incentives, fostering a supportive work environment, and promoting effective leadership.

2.5 Conceptual Framework and Hypothesis Development

Based on the theoretical and empirical literature, internal control systems, human resource competence, and work motivation are identified as key determinants of financial reporting quality. Internal control systems provide the structural framework for ensuring the reliability and accuracy of financial information. Human resource competence ensures that financial processes are carried out effectively and in accordance with standards. Work motivation influences the level of effort and commitment of employees in performing their tasks.

The interaction of these variables is expected to have both individual (partial) and combined (simultaneous) effects on financial reporting quality. Strong internal controls, supported by competent and motivated personnel, are likely to produce high-quality financial reports. Conversely, weaknesses in any of these factors may negatively affect financial reporting outcomes.

Therefore, this study proposes the following hypotheses:

- **H1:** Internal control systems have a positive and significant effect on financial reporting quality.
- **H2:** Human resource competence has a positive and significant effect on financial reporting quality.
- **H3:** Work motivation has a positive and significant effect on financial reporting quality.
- **H4:** Internal control systems, human resource competence, and work motivation simultaneously have a positive and significant effect on financial reporting quality.

3. Research Method

3.1 Research Design

This study employs a **quantitative research approach** with a **survey method**, aiming to examine the causal relationship between independent variables—internal control system, human resource competence, and work motivation—and the dependent variable, namely the quality of financial statements. The quantitative approach is considered appropriate as it allows for hypothesis testing through statistical analysis and provides objective measurement of relationships among variables.

The research design is **explanatory (causal research)**, which seeks to explain the influence of independent variables on the dependent variable both partially and simultaneously. Data were collected in a cross-sectional manner, where observations were conducted at a single point in time.

3.2 Population and Sample

The population of this study consists of all **Organisasi Perangkat Daerah (OPD)** in Palu City, totaling **41 OPDs**. These institutions play a crucial role in managing regional finances and preparing financial reports, making them highly relevant to the research objectives.

This study applies a **census sampling technique (saturated sampling)**, where all members of the population are included as research samples. Therefore, the total sample size is equivalent to the population, ensuring comprehensive data representation.
Each OPD is represented by **two respondents**, specifically:

- Head or Secretary of the OPD
- Head of the Finance Subdivision

Thus, the total number of respondents in this study is **82 individuals**.

3.3 Data Types and Sources

This study utilizes **primary data**, which are collected directly from respondents through structured questionnaires. Primary data are considered more reliable in capturing respondents' perceptions, attitudes, and experiences related to the variables studied.
Additionally, **secondary data** are used to support the research, including:

- Government regulations (e.g., PP No. 60 of 2008 and PP No. 71 of 2010)
- Audit reports from the Supreme Audit Board (BPK)
- Previous empirical studies and academic literature

3.4 Data Collection Techniques

Data collection in this study was conducted using the following methods:

1. **Questionnaire (Main Instrument)** A structured questionnaire was distributed directly to respondents. The questionnaire consists of statements measured using a **Likert scale (1–5)**, ranging from strongly disagree (1) to strongly agree (5).
2. **Documentation** Documentation was used to support research validity, including field documentation and administrative data from OPDs.
3. **Literature Study** A literature review was conducted to gather theoretical foundations and empirical evidence relevant to the research variables.

3.5 Operational Definition of Variables

The variables in this study are defined as follows:

1. **Internal Control System (X1)** Defined as an integrated process carried out by leadership and employees to ensure effective and efficient operations, reliable financial reporting, safeguarding of assets, and compliance with regulations. Indicators include:
   - Control environment
   - Risk assessment
   - Control activities
   - Information and communication
   - Monitoring
2. **Human Resource Competence (X2)** Refers to the ability of employees in terms of knowledge, skills, and attitudes in performing their duties. Indicators include:
   - Knowledge
   - Skills
   - Attitude
3. **Work Motivation (X3)** Defined as the internal and external drive that encourages employees to perform their tasks effectively. Indicators include:
   - Physiological needs
   - Safety needs
   - Social needs
   - Esteem needs
   - Self-actualization
4. **Quality of Financial Statements (Y)** Refers to the extent to which financial reports meet qualitative characteristics, including:
   - Relevance
   - Reliability
   - Comparability
   - Understandability

3.6 Instrument Testing

To ensure data quality, the research instrument was tested using:

1. **Validity Test** Validity testing was conducted using **Pearson Product Moment correlation**,

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comparing the calculated correlation value (r-count) with the critical value (r-table). All questionnaire items are considered valid if r-count > r-table (0.2172).

2. **Reliability Test**
   Reliability was measured using **Cronbach's Alpha coefficient**, where a value greater than 0.60 indicates that the instrument is reliable. All variables in this study showed Cronbach's Alpha values above 0.60, indicating high internal consistency.

3.7 Data Analysis Technique

Data analysis was conducted using **Statistical Package for the Social Sciences (SPSS) version 25.0**. The analysis consists of several stages:

3.7.1 Descriptive Analysis

Descriptive statistics were used to describe respondent characteristics and provide an overview of each variable.

3.7.2 Classical Assumption Tests

Before hypothesis testing, classical assumption tests were performed to ensure the regression model meets the required assumptions:

- **Normality Test**: Conducted using histogram and normal probability plot. Data are considered normal if they follow a diagonal pattern.
- **Heteroscedasticity Test**: Evaluated using scatterplot analysis. No heteroscedasticity is indicated if data points spread randomly.
- **Multicollinearity Test**: Assessed using Tolerance and Variance Inflation Factor (VIF). No multicollinearity exists if Tolerance > 0.10 and VIF < 10.

3.7.3 Multiple Linear Regression Analysis

To test the effect of independent variables on the dependent variable, the following regression model is used:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where:

- Y= Quality of financial statements
- α= Constant
- $\beta_1, \beta_2, \beta_3$= Regression coefficients
- X_1= Internal control system
- X_2= Human resource competence
- X_3= Work motivation
- ε= Error term

3.8 Hypothesis Testing

Hypothesis testing is conducted using:

1. **Simultaneous Test (F-test)**
   The F-test is used to determine whether all independent variables simultaneously affect the dependent variable. The criteria are:
   - If significance < 0.05, then the hypothesis is accepted
   - If F-count > F-table, then the model is significant
2. **Partial Test (t-test)**
   The t-test is used to determine the individual effect of each independent variable. The criteria are:
   - If significance < 0.05, then the variable significantly affects the dependent variable
   - If t-count > t-table, then the hypothesis is accepted
3. **Coefficient of Determination (R^2)**
   This test measures how much variation in the dependent variable can be explained by the independent variables.

3.9 Research Location and Time

This study was conducted in **Palu City**, Central Sulawesi, Indonesia, focusing on all OPDs within the city. The research was carried out from the initial data collection stage to the final analysis and reporting phase within the determined research timeline.

4. Results and Discussion

4.1 Data Collection Results

The respondents in this study consisted of Heads/Secretaries and Heads of the Finance Subdivision of Regional Apparatus Organizations (OPD) in Palu City. A total of 82 questionnaires were distributed to respondents representing 41 OPDs. All distributed questionnaires were successfully returned, resulting in a 100% response rate.

Furthermore, all returned questionnaires were deemed complete and suitable for further analysis.

Table 1. Research Description

Description	Total	Percentage
Questionnaires distributed	82	100%
Questionnaires not returned	0	0%
Questionnaires returned	82	100%
Questionnaires not processed	0	0%
Questionnaires processed	82	100%

The high response rate indicates strong participation from respondents and enhances the reliability of the study findings.

4.2 Instrument Testing

4.2.1 Validity Test

The validity test was conducted using Pearson Product Moment correlation by comparing r-count with r-table (0.2172). The results indicate that all questionnaire items have r-count values exceeding the critical value.

Table 2. Validity Test Results (Summary)

Variable	Number of Items	Range of r-count	r-table	Result
Internal Control System (X1)	23	0.242 – 0.658	0.2172	Valid
Human Resource Competence (X2)	21	0.501 – 0.730	0.2172	Valid
Work Motivation (X3)	9	0.511 – 0.765	0.2172	Valid
Financial Report Quality (Y)	17	0.373 – 0.715	0.2172	Valid

All measurement items are declared valid, indicating that the instrument is capable of accurately measuring the intended constructs.

4.2.2 Reliability Test

Reliability testing was performed using Cronbach's Alpha. A variable is considered reliable if the Cronbach's Alpha value exceeds 0.60.

Table 3. Reliability Test Results

Variable	Number of Items	Cronbach's Alpha	Result
Internal Control System	23	0.7763	Reliable
Human Resource Competence	21	0.9166	Reliable
Work Motivation	9	0.8246	Reliable
Financial Report Quality	17	0.8807	Reliable

All variables demonstrate Cronbach's Alpha values above 0.60, indicating high internal consistency. This confirms that the research instrument is reliable and produces stable measurement results.

4.3 Classical Assumption Tests

4.3.1 Normality Test

The normality test was assessed using histogram and normal probability plot analysis. The results show that the data points are distributed around the diagonal line and follow its direction. Additionally, the histogram exhibits a bell-shaped distribution pattern.

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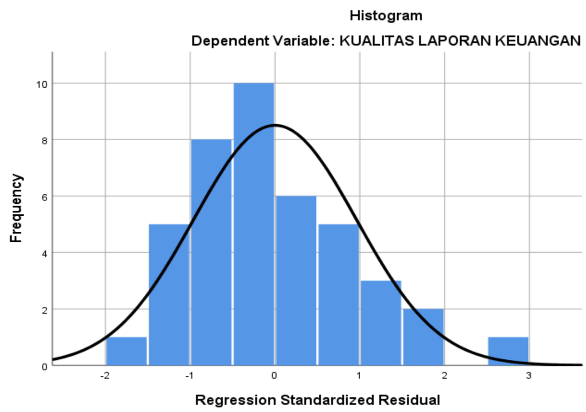

Figure 1. Histogram Graph

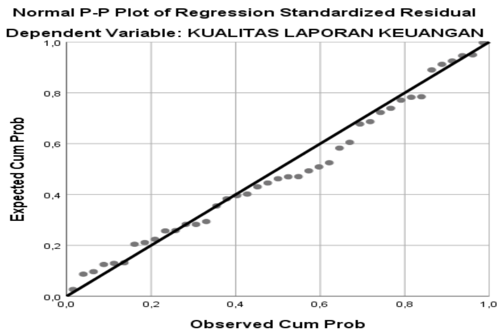

Figure 2. Normal Probability Plot

These results indicate that the regression model satisfies the normality assumption.

4.3.2 Heteroscedasticity Test

The heteroscedasticity test was conducted using scatterplot analysis. The results show that the data points are randomly distributed above and below zero on the Y-axis without forming a specific pattern.

4.3.3 Multicollinearity Test

Multicollinearity was assessed using Tolerance and Variance Inflation Factor (VIF).

Table 4. Multicollinearity Test Results

Variable	Tolerance	VIF
Internal Control System	0.557	1.796
Human Resource Competence	0.454	2.204
Work Motivation	0.557	1.796

All tolerance values are greater than 0.10 and VIF values are less than 10, indicating that there is no multicollinearity among the independent variables.

4.4 Multiple Linear Regression Analysis

The results of the multiple linear regression analysis are presented as follows:

Table 5. Multiple Linear Regression Results

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	7,966	3,065		2,599	0,013
	SISTEM PENGENDALIAN INTERNAL	0,168	0,066	0,185	2,534	0,016
	KOMPETENSI SUMBER DAYA MANUSIA	0,426	0,050	0,692	8,531	0,000
	MOTIVASI KERJA	0,255	0,112	0,167	2,280	0,028

a. Dependent Variable: Kualitas Laporan Keuangan

Konstanta = 7,966	F hitung = 99,428	Sig. F = 9,168
Multiple R = 0,943	R *Square* = 0,890	α = 0,05

The regression model is formulated as:

$$Y = 7.966 + 0.185X_1 + 0.692X_2 + 0.167X_3 + e$$

This equation indicates that all independent variables have positive coefficients, suggesting that improvements in internal control systems, human resource competence, and work motivation contribute to higher financial reporting quality.

4.5 Hypothesis Testing

4.5.1 Simultaneous Test (F-Test)

Table 6. F-Test Results

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig
1	Regression	1104,327	3	368,109	99,428	,00
	Residual	136,985	37	3,702		
	Total	1241,312	40			

a. Dependent Variable: Kualitas Laporan Keuangan

b. Predictors: (Constant), Motivasi Kerja, Sistem Pengendalian Internal, Kompetensi Sumber Daya Manusia

The results show that the significance value is 0.000, which is lower than 0.05, and the F-statistic (99.428) is greater than the F-table value (2.852). This indicates that all independent variables simultaneously have a significant effect on financial reporting quality.

4.5.2 Partial Test (t-Test)

Table 7. t-Test Results

Variable	t-value	Significance	Result
Internal Control System (X1)	2.534	0.016	Significant
Human Resource	8.531	0.000	Significant

Competence (X2)			
Work Motivation (X3)	2.280	0.028	Significant

All independent variables have t-values greater than the critical value (2.026) and significance levels below 0.05. Therefore, each variable has a positive and significant partial effect on financial reporting quality, and all proposed hypotheses are accepted.

4.6 Discussion

1. The Effect of Internal Control Systems on Financial Statement Quality

The findings indicate that internal control systems have a positive and significant impact on financial statement quality. This suggests that stronger internal control implementation leads to higher-quality financial reporting. From a theoretical perspective, internal control systems function as a mechanism to ensure operational effectiveness, compliance with regulations, and reliability of financial reporting. In the public sector, particularly in local governments, internal controls play a crucial role in ensuring transparency and accountability in financial management.

The results imply that OPDs in Palu City have effectively implemented key components of internal control systems, including:

- Control environment
- Risk assessment
- Control activities
- Information and communication
- Monitoring

Effective internal control systems reduce the likelihood of errors and fraud, enhance compliance with accounting standards, and ensure accurate financial reporting. These findings are consistent with prior studies emphasizing the importance of internal control in improving financial reporting quality.

2. The Effect of Human Resource Competence on Financial Statement Quality

Human resource competence is found to be the most influential variable in this study. This highlights the critical role of individual capabilities in producing high-quality financial statements. Human resource competence encompasses:

- Knowledge of accounting principles and standards
- Technical skills in financial reporting
- Professional attitudes such as integrity and accuracy

The strong influence of this variable indicates that employees in OPDs possess adequate expertise in financial management and reporting. Competent personnel are more capable of preparing accurate, timely, and compliant financial statements.

Empirically, human resource competence contributes to:

- Accuracy in financial data processing
- Timeliness of reporting
- Compliance with government accounting standards
- Effective risk identification and mitigation

Moreover, competent employees are better equipped to handle complex financial transactions and adapt to regulatory changes. This finding aligns with human capital theory, which posits that organizational performance is largely determined by the quality of its human resources.

3. The Effect of Work Motivation on Financial Statement Quality

Work motivation also has a positive and significant effect on financial statement quality. This suggests that psychological factors play an essential role in influencing employee performance.

Motivated employees tend to:

- Work more carefully and accurately
- Exhibit higher discipline
- Demonstrate stronger responsibility
- Show proactive behavior in problem-solving

In the context of OPDs in Palu City, work motivation may be influenced by:

- Leadership support
- Organizational culture
- Incentive systems
- Job security

High motivation encourages employees to perform their tasks more effectively, resulting in more reliable and relevant financial reports. This finding is consistent with motivational theories, such as Maslow's hierarchy of needs, which emphasize the importance of fulfilling employees' needs to enhance performance.

4. Simultaneous Effect of All Variables

The simultaneous analysis confirms that internal control systems, human resource competence, and work motivation collectively have a significant impact on financial statement quality. This indicates that financial reporting quality is a multidimensional outcome influenced by organizational systems, individual capabilities, and psychological factors.

Internal control systems provide the structural framework, human resource competence ensures technical capability, and work motivation drives performance. The integration of these three elements is essential for producing high-quality financial statements.

From a practical standpoint, improving financial reporting quality requires a comprehensive approach, including:

- Strengthening internal control systems
- Enhancing employee competence through training
- Increasing work motivation through effective management practices

5. Implications of the Study

This study offers several important implications:

1. **Theoretical Implications**
   The findings reinforce the theory that financial reporting quality in the public sector is influenced by structural, human, and behavioral factors.
2. **Practical Implications**
   Local government organizations should prioritize capacity building, internal control strengthening, and employee motivation enhancement to improve financial reporting quality.
3. **Policy Implications**
   Policymakers should design strategies that integrate human resource development, governance systems, and motivational frameworks to ensure sustainable improvements in public financial management.

5. Conclusion

5.1 Conclusion

This study aims to examine the influence of Internal Control Systems, Human Resource Competence, and Work Motivation on the Quality of Financial Statements in Regional Government Organizations (OPD) of Palu City. Based on the results of multiple linear regression analysis, several important conclusions can be drawn.

First, the results indicate that Internal Control Systems have a positive and significant effect on the quality of financial statements. This finding suggests that the effective implementation of internal controls plays a crucial role in ensuring the reliability, accuracy, and compliance of financial reporting in the public sector.

Second, Human Resource Competence is found to have the most dominant influence among the independent variables. This highlights the importance of knowledge, skills, and professional attitudes of employees in producing high-quality financial reports. Competent personnel are better equipped to understand accounting standards, process financial data accurately, and ensure timely reporting.

Third, Work Motivation also has a positive and significant effect on financial statement quality. Employees with higher levels of motivation tend to demonstrate greater responsibility, discipline, and attention to detail, which ultimately improves the quality of financial reporting.

Finally, the simultaneous test confirms that all three variables collectively have a significant impact on financial statement quality. This indicates that improving financial reporting quality requires a comprehensive approach that integrates organizational systems, human resource capacity, and motivational factors.

5.2 Theoretical Contributions

This study contributes to the existing literature in public sector accounting by providing empirical evidence that financial statement quality is influenced by a combination of structural, human, and behavioral factors.

Specifically, the findings reinforce:

- **Agency Theory**, which emphasizes the need for internal control systems to reduce information asymmetry and ensure accountability.
- **Human Capital Theory**, which highlights the importance of employee competence in achieving organizational performance.
- **Motivation Theory**, which explains how internal and external drivers influence employee behavior and performance outcomes.

By integrating these perspectives, this study offers a more comprehensive understanding of the determinants of financial reporting quality in the public sector.

5.3 Practical Implications

The findings of this study provide several practical implications for local government organizations, particularly OPDs in Palu City. First, organizations should strengthen their internal control systems by enhancing monitoring mechanisms, improving risk management processes, and ensuring compliance with government regulations.

Second, continuous efforts should be made to improve human resource competence through training programs, professional development, and appropriate job placement based on qualifications and expertise.

Third, management should focus on increasing employee motivation by creating a supportive work environment, implementing fair reward systems, and providing career development opportunities.

By addressing these aspects, local governments can improve the quality of their financial statements and maintain public trust.

5.4 Policy Implications

From a policy perspective, this study suggests that government authorities should develop integrated strategies that simultaneously address governance systems, human resource development, and employee motivation. Policymakers are encouraged to:

- Strengthen regulations related to internal control systems
- Promote capacity-building programs for public sector employees
- Implement performance-based incentive systems

Such policies are essential to ensure sustainable improvements in public financial management and accountability.

5.5 Limitations of the Study

Despite its contributions, this study has several limitations that should be acknowledged.

First, the study relies on primary data collected through questionnaires, which may be subject to respondent bias. Second, the research is limited to OPDs in Palu City, which may affect the generalizability of the findings to other regions. Third, the study only examines three independent variables, while other potential factors such as information technology utilization, organizational culture, and leadership style were not included.

5.6 Recommendations for Future Research

Future research is recommended to expand the scope of this study by including additional variables that may influence financial statement quality, such as:

- Information technology adoption
- Organizational commitment
- Leadership and governance practices

Moreover, future studies could use mixed-method approaches by combining quantitative and qualitative data to gain deeper insights into the factors affecting financial reporting quality. Expanding the research to different regions or levels of government would also enhance the generalizability of the findings and provide a broader understanding of public sector financial management.

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