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Government Internal Control, Information Technology Utilization, and APIP Roles in Enhancing Local Government Financial Reporting Quality toward SDG 16

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ABSTRACT

Objective: *To examine the effect of the Government Internal Control System (SPIP), information technology utilization, and the role of Government Internal Supervisory Apparatus (APIP) on the quality of financial reports in the Regional Government of Kaimana Regency. Specifically, this study analyzed the extent to which internal control mechanisms, technological support, and supervisory functions contribute to improving the reliability and quality of government financial reporting.* ***Method:*** *The study employed a quantitative research approach using multiple regression analysis. The research was conducted in the Regional Government of Kaimana Regency, Indonesia. The study involved 119 respondents selected from 38 Regional Apparatus Organizations (OPD), consisting of OPD leaders, heads of finance subdivisions, treasurers, and APIP/internal auditors. Data were collected through questionnaires and analyzed using Statistical Package for the Social Sciences (SPSS) to examine the influence of independent variables, namely SPIP, information technology utilization, and APIP roles, on the quality of financial reports.* ***Results:*** *The findings revealed that the Government Internal Control System (SPIP), information technology utilization, and the role of Government Internal Supervisory Apparatus (APIP) had a positive and significant effect on the quality of financial reports in the Kaimana Regency Regional Government. These results indicate that effective internal control implementation, optimal utilization of information technology, and strengthened supervisory roles contribute significantly to improving the accuracy, reliability, transparency, and accountability of government financial reporting.* ***Novelty:*** *The study contributes to the empirical understanding of factors influencing public sector financial reporting quality by integrating internal control systems, information technology capabilities, and supervisory functions within a regional government context. The findings provide practical implications for regional governments in developing effective governance strategies to enhance the quality and accountability of financial reports.*

INTRODUCTION

Good governance has become a fundamental principle in public sector management, emphasizing accountable, transparent, democratic, and efficient government administration. The implementation of good governance requires public institutions to manage resources responsibly, maintain budgetary discipline, and establish institutional frameworks that support sustainable development and public trust (Cerrillo-i-Martínez, 2023; Chien & Thanh, 2022; Singh, 2023). In this context, the emergence of the New Public Management (NPM) paradigm has significantly influenced reforms in public sector organizations worldwide by encouraging governments to adopt management practices that emphasize efficiency, performance orientation, transparency, and accountability (Christensen & Lægreid, 2022; Dan et al., 2024; Melo et al., 2022; Önder & Zengin, 2022).

NPM promotes a transformation of public administration by shifting government organizations from traditional bureaucratic approaches toward more flexible, performance-based, and citizen-oriented management systems. This paradigm emphasizes economic efficiency, output and outcome measurement, managerial autonomy, transparency, and improved public service quality (Jako et al., 2023; Lebkhachi & Chraibi, 2025; Syah, 2023). Furthermore, NPM has been recognized as a form of administrative reform that strengthens decentralization and encourages democratic governance within public sector organizations (Ahmed, 2024; Demirel & Yolcu, 2025; Krogh & Triantafillou, 2024). The implementation of NPM consists of several key components, including professional management in the public sector, performance measurement, output-based control, decentralization of organizational units, competition mechanisms, adoption of private-sector management practices, and greater emphasis on resource efficiency.

One of the important outcomes expected from public sector reform is the improvement of government financial accountability, which is reflected through the quality of government financial reports. In Indonesia, the quality of Local Government Financial Reports (LKPD) has shown continuous improvement, as indicated by the increasing number of Unqualified Opinions (WTP) and decreasing Qualified Opinions (WDP) issued by the Audit Board of the Republic of Indonesia (BPK) (Gah et al., 2022; Inata, 2022). However, despite these improvements, audit findings continue to reveal weaknesses in government internal control systems. Based on the Audit Board's Summary of Audit Results (IHPS I) 2022, weaknesses in internal control mechanisms remain one of the major factors contributing to financial management problems in local governments. These weaknesses indicate that achieving high-quality financial reporting requires not only compliance with accounting standards but also effective internal governance mechanisms.

To address these challenges, the Indonesian government has strengthened the implementation of the Government Internal Control System (SPIP) through Government Regulation Number 60 of 2008 and the Regulation of the Financial and Development Supervisory Agency (BPKP) Number 5 of 2021 concerning SPIP maturity assessment. SPIP is designed as an integrated process involving government leaders and employees to provide reasonable assurance regarding the achievement of organizational objectives through effective and efficient activities, reliable financial reporting, safeguarding state assets, and compliance with regulations (Suardi et al., 2025; Suprapto & Agustia, 2023; Wirakusumah et al., 2024). The SPIP maturity framework consists of six levels, ranging from level 0 to level 5, which measure the extent to which internal control systems are designed, implemented, and continuously improved (Gajdzik, 2022; Simanjuntak & Sensi, 2023). Organizations with mature internal control systems are expected to have effective control structures that support accountability and operational performance (Mylrea & Robinson, 2023; Zhao et al., 2023).

The importance of SPIP implementation is particularly relevant for local governments that face complex administrative challenges. The Kaimana Regency Government, located in West Papua Province, represents one of the local governments experiencing challenges in strengthening internal governance. Administratively, Kaimana Regency consists of seven districts, two sub-districts, and 84 villages, supported by 37 Regional Apparatus Organizations (OPD). However, the broad geographical area and limited availability of qualified human resources create challenges in implementing effective supervision and financial management. The total number of government employees is approximately 2,500 personnel, including teachers and healthcare workers, resulting in limitations in both quantity and quality of administrative capacity.

Although the Kaimana Regency Government has successfully obtained nine consecutive Unqualified Opinions (WTP) from BPK, several governance issues remain. The implementation of SPIP maturity is still relatively weak, and the preparation of regional financial reports requires assistance from BPKP consultants. Furthermore, the Government Agency Performance Accountability System (SAKIP) of Kaimana Regency remains at category C, indicating that improvements are still needed in performance accountability.

These conditions demonstrate that obtaining an unqualified audit opinion does not necessarily indicate that all aspects of internal governance have reached an optimal level. Weaknesses in internal control, limited supervisory resources, and inadequate utilization of reporting systems continue to affect the quality of financial management.

Besides internal control mechanisms, the utilization of information technology has become an important factor influencing the quality of government financial reports. Information technology enables government organizations to process, store, and distribute financial information more accurately, efficiently, and timely. The implementation of information technology in government financial management is regulated through Government Regulation Number 56 of 2005 concerning Regional Financial Information Systems, which requires governments to utilize technological advancement to improve financial management capabilities and provide accessible financial information to the public. The adoption of digital government applications, such as Generic SIKDA, E-Berpadu, and SIMDA, demonstrates the effort of the Kaimana Regency Government to improve administrative efficiency and public service delivery.

Furthermore, the role of the Government Internal Supervisory Apparatus (APIP) is essential in ensuring the effectiveness of internal control implementation. APIP functions not only as an internal auditor but also as a strategic partner in improving government performance through consultation, supervision, risk management, training, and strengthening organizational capacity. According to Government Regulation Number 60 of 2008, APIP is responsible for supervising government activities and programs to ensure compliance with regulations and alignment with the Regional Revenue and Expenditure Budget (APBD). However, the effectiveness of APIP supervision in Kaimana Regency faces challenges due to limited human resources, with only three active auditors available, while two other auditors have been assigned to structural positions. This limitation may reduce the effectiveness of internal supervision and potentially affect the quality of government financial reporting.

The quality of government financial reports is a crucial indicator of public sector accountability. According to the conceptual framework of financial reporting developed by the International Accounting Standards Board (IASB), financial information should possess qualitative characteristics such as relevance, reliability, comparability, timeliness, understandability, and verifiability to support decision-making processes (Jasim & Ibrahim, 2023; Tijjani et al., 2023). In Indonesia, Government Accounting Standards (SAP) adopt similar qualitative characteristics based on the conceptual framework of financial reporting. Therefore, improving financial reporting quality requires strong internal control systems, effective information technology utilization, and competent internal supervisory mechanisms.

Previous studies have examined factors affecting government financial reporting quality; however, many studies have focused on individual factors rather than examining the simultaneous contribution of SPIP, information technology utilization, and APIP roles within a specific local government context. Moreover, limited empirical studies have investigated these relationships in geographically challenging regions such as Papua, where administrative capacity and supervisory resources remain significant issues. Therefore, examining the Kaimana Regency Government provides an important contribution to understanding how internal governance mechanisms influence financial reporting quality in local governments with unique institutional conditions.

Based on these considerations, this study aims to analyze the effect of the Government Internal Control System (SPIP), information technology utilization, and the role of Government Internal Supervisory Apparatus (APIP) on the quality of financial reports in the

Kaimana Regency Regional Government. This study is expected to provide theoretical contributions to public sector accounting literature and practical implications for strengthening accountability, transparency, and financial governance at the local government level.

RESEARCH METHOD

Research design

This study employed a quantitative research approach using an explanatory research design to examine the effect of the Government Internal Control System (SPIP), information technology utilization, and the role of Government Internal Supervisory Apparatus (APIP) on the quality of local government financial reports. The quantitative approach was selected because this study aimed to empirically test the proposed hypotheses by analyzing the causal relationships between independent variables and the dependent variable.

The research model was developed based on agency theory, which explains the relationship between the government as an agent and the public as the principal. In this context, the government is responsible for managing public resources and providing accountable financial information through high-quality financial reports. Therefore, SPIP implementation, effective utilization of information technology, and the role of APIP are considered important mechanisms to strengthen accountability and improve the quality of local government financial reporting.

The research was conducted at the Regional Government of Kaimana Regency, West Papua Province, Indonesia. The object of this study consisted of Regional Apparatus Organizations (OPD) within the Kaimana Regency Government. The data collection period was conducted through direct distribution of questionnaires to selected respondents from OPDs involved in financial management and internal supervision activities.

The research framework examined three independent variables: (1) Government Internal Control System (SPIP), (2) information technology utilization, and (3) the role of Government Internal Supervisory Apparatus (APIP), while the dependent variable was the quality of local government financial reports. The research model is presented in the following equation:

$$LKPD = \alpha + \beta\_1\ SPIP + \beta\_2\ TI + \beta\_3\ APIP + \varepsilon \quad (1)$$

Information:
LKPD = Quality of Local Government Financial Reports
SPIP = Government Internal Control System
IT = Utilization of Information Technology
APIP = APIP Role
α = Constant
$\beta1 - \beta3$ = Regression coefficient
ε = Errors

Research participants

The population of this study consisted of all Regional Apparatus Organizations (OPD) in Kaimana Regency. The sample was selected using a purposive sampling technique because the research required respondents who had direct involvement and knowledge regarding government financial management, internal control implementation, and financial reporting processes.

The respondents consisted of 119 government officials from 38 OPDs in Kaimana Regency. The selected respondents included OPD leaders, heads of finance subdivisions, treasurers, and APIP/internal auditors. These respondents were considered appropriate because they are directly involved in financial management, preparation of government financial reports, and internal supervisory activities.

The distribution of respondents included 37 OPD leaders (31.1%), 23 heads of finance subdivisions (19.3%), 38 treasurers (31.9%), and 21 APIP/internal auditors (17.7%). The involvement of respondents from different positions allowed this study to obtain comprehensive perspectives regarding the implementation of internal control systems, technological utilization, supervisory roles, and financial reporting quality within local government organizations.

Research instruments and variable measurement

The research instrument used in this study was a structured questionnaire consisting of statements measured using a Likert scale. The questionnaire was developed based on theoretical concepts and previous studies related to government financial accountability, internal control systems, information technology utilization, and internal auditing.

Quality of Local Government Financial Reports

The quality of local government financial reports was measured based on the qualitative characteristics of useful financial information stated in SFAC No. 8 concerning the conceptual framework of financial reporting. The measurement consisted of 18 statement items covering five qualitative characteristics: relevance, reliability, accuracy, understandability, and comparability. These characteristics represent the extent to which financial reports provide useful information for decision-making processes and support accountability in public sector organizations.

Government Internal Control System (SPIP)

The measurement of SPIP was based on Government Regulation Number 60 of 2008 concerning the Government Internal Control System. The instrument consisted of five elements of internal control, namely: Control Environment, referring to organizational conditions and leadership commitment that support effective internal control implementation.

Risk Assessment, referring to activities conducted to identify and analyze risks that may hinder the achievement of organizational objectives. Control Activities, referring to policies and procedures designed to manage risks and ensure organizational objectives are achieved. Information and Communication, referring to processes of collecting, processing, and communicating relevant information in a timely manner.

Monitoring, referring to continuous evaluation activities to ensure that internal control operates effectively. Information Technology Utilization

Information technology utilization was measured based on the extent to which government organizations use information technology to support financial management processes. The indicators included the utilization of computer-based systems, information processing capabilities, data management effectiveness, and support of technology in producing timely, accurate, and relevant financial information.

The measurement was also aligned with Government Regulation Number 56 of 2005 concerning Regional Financial Information Systems, which emphasizes the importance of utilizing information technology to improve regional financial management.

Role of Government Internal Supervisory Apparatus (APIP)

The role of APIP was measured using indicators adapted from the Technical Guidelines for Improving the Independent Role of Government Internal Supervisory Apparatus (Self Improvement) developed by BPKP. The measurement focused on APIP effectiveness in supporting government organizations through assurance and consulting activities, including supervision, guidance, mentoring, risk management, and improvement of organizational performance.

Data collection and analysis techniques

The data used in this study consisted of primary data collected through questionnaires distributed directly to respondents. Additional information was obtained through observation, interviews, and documentation related to the implementation of financial management and internal supervision in Kaimana Regency Government.

Before conducting hypothesis testing, the research instruments were tested through validity and reliability assessments to ensure that the questionnaire items accurately measured the research variables. The validity test was conducted by comparing the correlation coefficient value with the r-table value, while reliability testing was conducted using Cronbach's Alpha coefficient. A variable was considered reliable when the Cronbach's Alpha value exceeded 0.60. The collected data were analyzed using descriptive statistics and inferential statistics. Descriptive statistical analysis was conducted to describe the characteristics of respondents and research variables, including mean, minimum value, maximum value, and standard deviation.

Hypothesis testing was conducted using multiple linear regression analysis with the assistance of SPSS statistical software. Before regression analysis, classical assumption tests were performed, including normality test, multicollinearity test, and heteroscedasticity test, to ensure that the regression model met statistical requirements. The regression analysis was used to examine the partial and simultaneous effects of SPIP, information technology utilization, and APIP roles on the quality of local government financial reports. The coefficient of determination (R^2), F-test, and t-test were applied to evaluate the explanatory power and significance of the research model. The research model is presented as follows:

Table 1. List of Kaimana Regency OPD

No	OPD name	Number of Questionnaires
1	the regional Secretariat	3
2	DPRD Secretariat	3
3	Regional Financial and Asset Management Agency	3
4	Regional Development Planning Agency, Research and Development	3
5	Staffing and Human Resources Development Agency	3
6	Office of Communication and Informatics	2
7	Regional Disaster Management Agency	3
8	Regional Revenue Agency	2
9	Regional Library and Archive Service	2
10	Department of Food Security, Agriculture, Plantation and Animal Husbandry	3
11	Regional Inspectorate	24
12	Department of Land, Housing and Settlement Areas	3
13	public health Office	3
14	fire Department	2
15	environmental services	3

RESULTS AND DISCUSSION

Results

The objects in this study were all regional apparatus organizations (OPD) in Kaimana Regency. The number of OPD in Kaimana Regency is 38 samples. The sample consisted of OPD leaders, internal auditors, APIP, heads of finance sub-sections and treasurers of the Kaimana Regency regional apparatus organization (OPD). The total number of respondents obtained was 119 respondents. The following is the distribution of the questionnaires in the 38 OPDs in Kaimana Regency as Table 2.

Table 2. List of Kaimana Regency OPD

No	OPD name	Number of Questionnaires
1	The regional Secretariat	3
2	DPRD Secretariat	3
3	Regional Financial and Asset Management Agency	3
4	Regional Development Planning Agency, Research and Development	3
5	Staffing and Human Resources Development Agency	3
6	Office of Communication and Informatics	2
7	Regional Disaster Management Agency	3
8	Regional Revenue Agency	2
9	Regional Library and Archive Service	2
10	Department of Food Security, Agriculture, Plantation and Animal Husbandry	3
11	Regional Inspectorate	24
12	Department of Land, Housing and Settlement Areas	3
13	public health Office	3
14	fire Department	2
15	environmental services	3
16	Department of Transportation	3
17	Village Community Empowerment Service	3
18	Civil Registration and Population Service	3
19	Office of Social Affairs and Family Planning	3
20	Department of Fisheries	2
21	Department of Public Works and Spatial Planning	3
22	Civil service police Unit	2
23	Department of Education, Youth and Sports	3
24	Department of Industry, Trade, Cooperatives and Micro, Small and Medium Enterprises	3
25	Department of culture and tourism	3
26	National Unity Agency	2
27	Investment Service, One Stop Services and Manpower	3
28	Office of Women's Empowerment and Child Protection	3
29	Kaimana District	3
30	Kambrau District	2
31	Lower Arguni District	2

No	OPD name	Number of Questionnaires
32	Arguni Bay District	2
33	Burway District	2
34	Yamor District	2
35	Etna Bay District	2
36	Kaiman Village	2
37	Crooy Village	2
38	Regional public hospital	2

Data description

The characteristics of the respondents in this study were classified based on gender, age, education and position. For more details will be described as follows: Characteristics of Respondents Based on Gender Respondents are classified with characteristics based on gender which can be seen in the Table 2.

Table 2. Characteristics by gender

Gender	Amount	Percentage (%)
Man	70	58.8
Woman	49	41.2
Amount	119	100

The Table 2 shows that based on gender, respondents in the Kaimana Regency OPD were male as many as 70 people (58.8%) and those who were female were 49 people or (41.2%).

Characteristics of respondents by age

Respondents are classified according to age-based characteristics which can be seen in the Table 3.

Table 3. Characteristics based on age

Age	Amount	Percentage (%)
25-40 Years	32	26.9
41-55 Years	75	63.0
>55 Years	12	10.1
Amount	119	100

The Table 3 shows that based on age, the majority of respondents in the OPD Kaimana Regency were aged 41-55 years as many as 75 people (63.0%) and those aged 25-40 years were as many as 32 people or (26.9%). Meanwhile, there were 12 people aged >55 years or (10.1%).

Characteristics of respondents based on education

Respondents are classified by characteristics based on education which can be seen in the Table 4.

Table 4. Characteristics based on education

Education	Amount	Percentage (%)
Senior High School	44	37.0
Diploma	5	4.2
S1	55	46.2
S2	15	12.6
Amount	119	100

The Table 3 shows that based on education, the majority of respondents in the Kaimana Regency OPD had an undergraduate education of 55 people (46.2%), 44 people with high school education or (37.0%), 15 people with a Master degree or (12.6%) %) While those with Diploma education were 5 people or (4.2%).

Characteristics of respondents based on position

Respondents are classified by characteristics based on position which can be seen in the Table 5.

Table 5. Characteristics based on position

Gender	Amount	Percentage (%)
OPD leader	37	31.1
Head of Finance	23	19.3
Treasurer	38	31.9
APIP/Internal Auditor	21	17.7
Amount	119	100

The table above shows that based on position, the majority of respondents in the Kaimana Regency OPD were treasurers, namely 38 people or (31.9%), OPD leaders were 37 people or (31.1%), the Head of Finance Subdivision was 23 people or (19.3%). While APIP or Internal Auditors were 21 people or (17.7%).

Descriptive statistical analysis

Descriptive statistical analysis in this study aims to explain the data in this study, namely the amount of data (N), the highest value (maximum), the lowest value (minimum), the average value (mean) and the standard deviation which describes the distribution of data. In summary, the descriptive statistical analysis is explained in the Table 6.

Table 6. Descriptive statistics

Variables	Obs.	Means.	Max.	Min.	Std. Dev.
Quality of Financial Statements	119	70.70	92	49	6.735
SPIP	119	41.42	56	28	4.948
IT Utilization	119	36.59	51	25	5/122
APIP	119	85.98	120	60	13.583

The Table 6 shows that the tendency for perceptions of the quality of financial reports related to the role of the Government Internal Supervisory Apparatus (APIP) has a high mean value of 85.98. Which means that most of the Kaimana Regency OPD respondents on average agreed that APIP played a role in improving the quality of financial reports.

Table 7. Validity test

Variable	r table	Information
Financial Report Quality (Y)	0.195	Reliable
SPIP (X1)	0.195	Reliable
IT Utilization (X2)	0.195	Reliable
APIP Role (X3)	0.195	Reliable

Based on the results of validity testing it was concluded that all statement items on the questionnaire were declared valid with a value of r count > r table.

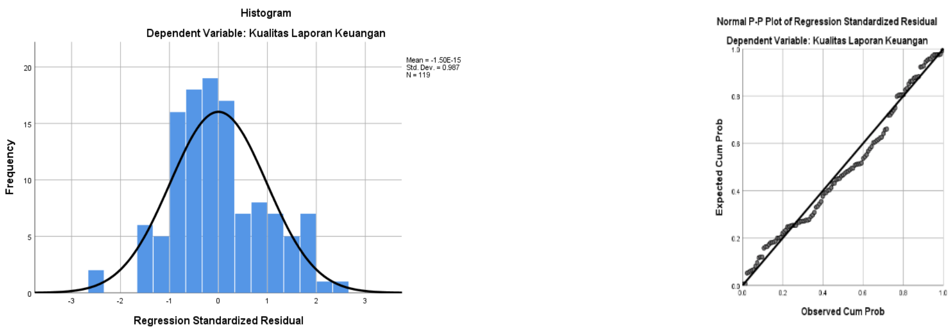
Table 8. Reliability test

Variable	Alpha Cronbach	Information
Financial Report Quality (Y)	0.917	Reliable
SPIP (X1)	0.928	Reliable
IT Utilization (X2)	0.872	Reliable
APIP Role (X3)	0.966	Reliable

The three variables show a value of > 0.60 which concludes that the three variables used in this study are reliable.

Classic assumption test

The classical assumption tests used in this study are the normality test, multicollinearity test and heteroscedasticity test.



Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Unstandardized Residual	.079	119	.064	.980	119	.069

a. Lilliefors Significance Correction

Figure 1. Normality test (a), (b), and (c)

Based on the histogram, the normal P-plot and the Kolgomorov-Smirnov test show that the data is normally distributed and fulfills the classic assumption test of normality with a significance value of 0.064 > 0.05

Table 9. Multicollinearity test results

Variable	Tolerance	VIF	Information
SPIP (X1)	0.228	4.392	No multicollinearity
IT Utilization (X2)	0.344	2.903	No multicollinearity
APIP Role (X3)	0.349	2.866	No multicollinearity

Based on the test results, it shows that the three variables in this study do not have multicollinearity assumptions as indicated by a tolerance value of more than 0.1 and a VIF value of less than 10.

Goodness of fit test

Testing the Coefficient of Determination (R Square)

Table 10. R Square

R	R Square	Adjusted R Square
0.792	0.628	0.618

R Square value = 0.628 (62.8%) The model can explain the dependent variable of 62.8% while the remaining 37.2% is explained by other variables outside the research model that affect the variable quality of financial reports.

Simultaneous testing

Table 11. Simultaneous Test (F-Test)

Model	Sum of Squares	F	Sig.	Test result
Regression	3360529	64,650	0.000	Significant

The results of the F test with a calculated F value are 64,650 with a significance value of 0.000. The significance value is less than 5%. It can be said that the fit research model and the SPIP variable, the use of information technology and the role of APIP simultaneously influence the quality of financial reports with a 95% confidence level

Partial testing

Table 12. Partial test (t-test)

Information	Betas	t	Sig.	Test result
Constant	24.835	7.315	0.000	
SPIP	0.535	4.865	0.000	Influential
IT Utilization	0.302	2.621	0.010	Influential
APIP role	0.137	3.400	0.001	Influential

Based on the test results above can be explained as follows: The Government Internal Control System (SPIP) has a positive and significant effect on the Quality of Financial Reports. Testing the first hypothesis (H1) has a calculated t value of 4,865 with a significance value of 0,000 (sig <0.05) so that H1 is accepted, Utilization of Information Technology has a positive and significant effect on the Quality of Financial Statements. Testing on the second hypothesis (H2) which has a t value of 2,621 with a significance value of 0.010 (sig <0.05) so that H2 is accepted, and The role of the Government's Internal Supervisory Apparatus has a positive effect on the Quality of Financial Reports. Testing on the third hypothesis (H3) which has a t value of 3,400 with a significance value of 0.001 (sig <0.05) so that H3 is accepted.

Regression models

LKPD = 24.835 + 0.535 (SPIP) + 0.302 (IT) +0.137 (APIP) + e

From the results of the multiple linear regression equation above, it can be interpreted that: The constant value is 24,835. This shows that if all independent variables are constant, then the quality of financial reports is 24,835. Based on the results of the regression test, it is known that the regression coefficient value of the SPIP variable is 0.535. This shows that if there is an additional application of SPIP by one unit, the quality of financial reports will increase by 0.535 units assuming other variables are constant. Based on the results of the regression test, it is known that the regression coefficient value of the information technology utilization variable is 0.302. This shows that if there is an additional use of information technology by one unit, the quality of financial reports will increase by 0.302 units assuming other variables are constant. Based on the results of the regression test, it is known that the regression coefficient value of the APIP role variable is 0.137. This shows that if there is an additional use of APIP's role by one unit, the quality of financial reports will increase by 0.137 units assuming other variables are constant.

Discussion

The influence of the government's internal control system on the quality of financial reports

The test results indicate that Hypothesis 1 is accepted. The Government Internal Control System (SPIP) has a positive and significant effect on the quality of financial reports in Kaimana Regency. This finding aligns with prior research, which also identified a positive effect of the internal control system on the quality of local government financial reports.

SPIP is a planned process aimed at ensuring organizational effectiveness and efficiency, reliability of financial reports, protection of state assets, and compliance with regulations. It enables leaders to guide and supervise resources, thereby helping prevent fraud or misuse. Weaknesses in SPIP can increase the risk of errors, inaccuracies, or fraud in financial statement presentations. This study suggests that SPIP implementation in Kaimana Regency significantly impacts the quality of financial reports, with reports frequently receiving an unqualified opinion from BPK. The quality of financial reports, therefore, depends heavily on the effectiveness of SPIP and internal controls.

Effect of utilization of information technology on the quality of financial statements

The test results confirm that H2 is accepted, indicating that the utilization of information technology positively and significantly affects the quality of financial reports in Kaimana Regency. This suggests that implementing technology supports quality financial report presentation. Computers with internet access are effectively utilized by employees, which improves financial management and report preparation. This study contrasts with other research findings, which suggested that the use of information systems did not significantly impact financial report quality.

The influence of the role of the government's internal supervisory apparatus on the quality of financial reports

The test results confirm that H3 is accepted. The role of the Government Internal Supervisory Apparatus (APIP) positively affects the quality of financial reports in Kaimana Regency. Internal auditors, crucial in improving financial report quality, are responsible for enhancing the control environment and preventing fraudulent reporting. In Indonesia, a stronger APIP role correlates with improved audit quality, particularly in financial report preparation.

CONCLUSION

Fundamental Finding: This study demonstrates that the Government Internal Control System (SPIP), information technology utilization, and the role of Government Internal Supervisory Apparatus (APIP) significantly contribute to improving the quality of local government financial reports in Kaimana Regency. Based on the multiple linear regression analysis, all proposed hypotheses were accepted. The results indicate that SPIP has a positive and significant effect on financial reporting quality with a regression coefficient of 0.535, t-value of 4.865, and significance value of 0.000. Information technology utilization also has a positive and significant effect with a regression coefficient of 0.302, t-value of 2.621, and significance value of 0.010. Furthermore, APIP’s role positively influences financial reporting quality with a regression coefficient of 0.137, t-value of 3.400, and significance value of 0.001. Simultaneously, SPIP, information technology utilization, and APIP roles explain 62.8% of the variation in financial reporting quality, as indicated by the coefficient of determination

(R^2 = 0.628). These findings confirm that strengthening internal control mechanisms, optimizing technological capabilities, and improving internal supervisory functions are essential factors in producing reliable, transparent, and accountable local government financial reports. **Implication:** The findings provide empirical evidence that improving the quality of government financial reports requires an integrated governance approach involving effective internal control systems, technological transformation, and strengthened internal supervision. Theoretically, this study contributes to public sector accounting literature by confirming the relevance of agency theory in explaining how governance mechanisms reduce information asymmetry between government institutions and society as the principal. Practically, the findings provide important implications for the Kaimana Regency Government and other local governments in developing strategies to improve financial accountability. Local governments should continuously strengthen SPIP maturity through effective risk management, control activities, and monitoring mechanisms. In addition, optimizing information technology infrastructure and improving digital competencies among government employees are necessary to ensure accurate and timely financial reporting. Strengthening APIP capacity through auditor competency development, increasing supervisory resources, and implementing risk-based auditing approaches is also essential to enhance the effectiveness of internal supervision. **Limitation:** This study has several limitations that should be considered when interpreting the findings. First, the research was conducted only within the Regional Government of Kaimana Regency, involving 38 Regional Apparatus Organizations and 119 respondents; therefore, the findings may have limited generalizability to other local governments with different institutional, geographical, and administrative characteristics. Second, this study employed a quantitative approach using questionnaire-based data collection, which may not fully capture the deeper organizational processes, challenges, and contextual factors influencing SPIP implementation, technology utilization, and APIP effectiveness. Third, this study focused on three independent variables, while other factors such as leadership commitment, organizational culture, human resource competence, and regulatory compliance may also influence the quality of government financial reports. **Future Research:** Future studies are recommended to expand the research scope by involving multiple local governments with different characteristics to obtain broader empirical evidence regarding factors affecting government financial reporting quality. Further research may also apply qualitative or mixed-method approaches to explore deeper insights into the implementation challenges of SPIP, the effectiveness of information technology adoption, and APIP supervisory practices. In addition, future studies could incorporate additional variables, such as leadership effectiveness, human resource competency, organizational commitment, and governance culture, to develop a more comprehensive model of public sector financial accountability. Research using longitudinal approaches is also encouraged to examine how improvements in internal control maturity, digital transformation, and internal supervision contribute to sustainable improvements in the quality of government financial reporting over time.

AUTHOR CONTRIBUTIONS

Angela Heinrich: Conceptualization, methodology, investigation, data curation, formal analysis, writing original draft, and visualization. **Agung Nur Probohudono:** Conceptualization, methodology, supervision, validation, writing review and editing, and resources. All authors have read, reviewed, and approved the final version of the manuscript and agree to be accountable for all aspects of the work.

CONFLICT OF INTEREST STATEMENT

The authors declare no conflicts of interest.

ETHICAL COMPLIANCE STATEMENT

This manuscript complies with research and publication ethics. The authors affirm that the work is original, conducted with academic integrity, and free from any unethical practices, including plagiarism.

STATEMENT ON THE USE OF AI OR DIGITAL TOOLS IN WRITING

AI tools were used only for language editing, grammar improvement, and discussion support. The authors take full responsibility for all aspects of the research and the final content of the manuscript.

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