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THE EFFECT OF INFORMATION TECHNOLOGY UTILIZATION, HUMAN RESOURCE COMPETENCE, AND INTERNAL CONTROL SYSTEM ON THE QUALITY OF FINANCIAL REPORTING AT THE NATIONAL STANDARDIZATION AGENCY

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Abstract:

This study aims to analyze the effect of information technology utilization, human resource (HR) competence, and internal control systems on the quality of financial reporting at the National Standardization Agency of Indonesia (Badan Standardisasi Nasional/BSN). The study is motivated by inconsistent findings in prior research on the effect of these three variables on financial report quality, as well as the absence of studies specifically examining these variables within a Non-Ministerial Government Institution such as BSN, which has consistently received Unqualified Opinions (WTP) over the past eight years. This study employs a quantitative approach using a survey method, with questionnaires distributed to 105 employees of the Bureau of Finance and General Affairs and the Inspectorate of BSN, selected through saturated (census) sampling. Data were analyzed using Partial Least Square Structural Equation Modeling (PLS-SEM) with SmartPLS 4.0 software, covering evaluation of both the measurement model (outer model) and the structural model (inner model). This research is grounded in Stewardship Theory and the Resource-Based View (RBV) Theory. The results show that Information Technology Utilization (path coefficient = 0.486; p = 0.000) and Internal Control System (path coefficient = 0.484; p = 0.000) have a positive and significant effect on Financial Reporting Quality, while HR Competence (path coefficient = -0.076; p = 0.508) has no significant effect. The three independent variables jointly explain 68.4% of the variance in Financial Reporting Quality (R-Square = 0.684). These findings are expected to provide input for BSN in formulating policies to sustain and continuously improve the quality of its financial reporting.

Keywords: information technology utilization, human resource competence, internal control system, financial reporting quality, PLS-SEM, National Standardization Agency

BACKGROUND

Financial statements are documents prepared by an institution to present financial information concerning its economic activities and financial position (Government Accounting Standards, 2025). In government, financial statements also serve as a means of accountability for the management of public funds to the community and other stakeholders. It is important to distinguish "financial statements" (financial statements) as the formal end product presenting financial position, performance, and cash flow, from "financial reporting", which covers the whole process preceding that document: transaction recording, data processing through information systems, verification and reconciliation, the application of control mechanisms, and the preparation and delivery of financial information to users (Warren et al., 2023). Financial reporting quality is therefore best understood as a reflection of the quality of the underlying reporting process rather than of the resulting document alone.

Several phenomena illustrate the challenges of government financial reporting in Indonesia. First, from the perspective of information technology utilization, the government financial reporting process largely relies on integrated application systems such as the Instance-Level Financial Application System (SAKTI). Although this integration is expected to accelerate transaction processing and reduce manual recording errors, the Audit Board of the Republic of Indonesia (BPK), in its First Semester 2025 Audit Report Summary (IHPS I), still found inaccurate transaction recording and delays in report submission at a number of agencies, indicating that information technology utilization in the reporting process has not been fully optimal. Second, from the perspective of HR competence, the quality of financial reports is highly dependent on the ability of accounting personnel to understand and apply government accounting standards correctly; a lack of competence may result in misstatement or delayed reporting. Third, from the perspective of internal control, an effective internal control system, covering the control environment, risk assessment, control activities, information and communication, and monitoring, is essential to prevent errors and fraud in financial reporting.

The National Standardization Agency (BSN) is a Non-Ministerial Government Institution (LPNK) that has consistently obtained an Unqualified Opinion (WTP) over the past eight years, which raises an interesting research question regarding the internal factors that support this achievement. Prior studies on the determinants of government financial reporting quality show inconsistent results regarding the effect of information technology utilization, HR competence, and internal control systems, and no study has specifically examined these three variables

within the context of an LPNK such as BSN, which has a distinctive institutional and technical character compared with regional or ministerial government bodies. This gap in the literature provides the justification for conducting the present study, entitled "The Effect of Information Technology Utilization, Human Resource Competence and Internal Control System on the Quality of Financial Reporting at the National Standardization Agency."

Based on this background, the research questions are formulated as follows: (1) Does information technology utilization affect the quality of financial reporting at BSN? (2) Does HR competence affect the quality of financial reporting at BSN? (3) Does the internal control system affect the quality of financial reporting at BSN? Accordingly, this study aims to analyze the effect of information technology utilization, HR competence, and internal control systems on the quality of financial reporting at BSN. The findings are expected to contribute theoretically to the development of Stewardship Theory and the Resource-Based View (RBV) Theory, and practically to provide input for BSN's employees and management in formulating policies to sustain and improve the quality of financial reporting on a continuous basis.

THEORETICAL FRAMEWORK

Stewardship Theory

Stewardship Theory is derived from Agency Theory and describes a situation in which managers act as stewards whose behavior is aligned with the interests of the owner rather than their own self-interest (Davis & Donaldson, 1997). The theory emphasizes collective, long-term interests over individual interests (Pertiwi, 2025). In the context of this study, Stewardship Theory is defined as the relationship between the government as steward and the community as principal in achieving the goals of the state, rather than pursuing individual or official interests. Under this framework, the government has a moral obligation to present comprehensive, transparent, and accountable information regarding its financial position, operational performance, and cash flows; the presence of high-quality financial reports constitutes tangible evidence of this accountability. To achieve such quality, an institution requires strong synergy between advanced information technology utilization, competent human resources, and a rigorous internal control system that mitigates the risk of misstatement and ensures data reliability. Stewardship Theory is therefore used in this study to explain the dependent variable, Financial Reporting Quality.

Resource-Based View (RBV) Theory

The Resource-Based View (RBV), introduced by Barney (1991), posits that an organization's internal resources and capabilities are the primary foundation for building competitive advantage and sustaining organizational performance. Sadiqin (2025) further argues that organizational performance is largely determined by internal resources that can be grouped into physical, human, and organizational resources, and that performance advantage depends on the organization's ability to manage resources that are valuable, rare, inimitable, and non-substitutable (Putri, 2020). Within government, RBV asserts that institutional performance and service effectiveness are determined by the ability to manage internal resources, comprising physical resources such as infrastructure and technology, human resources in the form of competent civil apparatus, and organizational resources such as governance systems and internal control. In this study, RBV Theory is used to explain the three independent variables, namely Information Technology Utilization, HR Competence, and Internal Control System, as internal resources that determine BSN's financial reporting quality.

Financial Reporting Quality

Warren et al. (2023) define financial statements as the final output of the accounting cycle, presenting information on an entity's economic activities and condition to stakeholders. Financial reporting quality reflects the extent to which the resulting reports are relevant, reliable, comparable, and understandable to their users. Consistent with Ningrum (2018), Damayanti (2024), and Fauziah (2025), this study measures Financial Reporting Quality using four indicators: (a) Relevance, (b) Reliability, (c) Comparability, and (d) Understandability.

Information Technology Utilization

Herdianto (2015) defines information technology utilization as an individual's knowledge in using devices in academic and work environments. The use of information technology helps make work more efficient and effective by reducing the time and cost required to complete tasks. Following Herdianto (2015) and Purnamasari (2023), this study measures Information Technology Utilization using four indicators: (a) Applications used, (b) Computerized financial reporting, (c) Software compliant with laws and regulations, and (d) Integrated accounting and managerial reporting.

Human Resource Competence

Koto (2019) defines competence as the character an employee must possess to ensure that tasks are carried out professionally and in accordance with applicable standards. HR

competence in performing accounting functions can be assessed from the level of responsibility held by the employee, as reflected in the job description assigned. Following Ningrum (2018), Ummami (2024), and Fauziah (2025), this study measures HR Competence using four indicators: (a) Knowledge, (b) Responsibility, (c) Skills, and (d) Attitude.

Internal Control System

Based on the COSO Framework 2013, internal control can be implemented by considering compliance with laws and regulations, operational models, and organizational structure, or a combination of these aspects. An adequate internal control system, encompassing organization, methods, and measures, is necessary to safeguard organizational assets, ensure the reliability of accounting data, and encourage the effectiveness and efficiency of management policy. Following Koto (2019), Damayanti (2024), and Fauziah (2025), this study measures the Internal Control System using four indicators: (a) Control environment, (b) Control activities, (c) Information and communication, and (d) Risk assessment.

Hypothesis Development

Information technology utilization, when supported by adequate hardware, software, and integrated financial applications, is expected to accelerate transaction processing, reduce manual recording errors, and improve the accuracy, timeliness, and reliability of financial reports. Prior studies by Wijaya (2021), Purnamasari (2023), Lestari et al. (2025), Sumekar et al. (2025), and Andriyani et al. (2026) found a positive and significant effect of information technology utilization on the quality of government financial reports. Accordingly:

H1: Information Technology Utilization has a positive and significant effect on the Quality of Financial Reporting at BSN.

Employees with adequate knowledge, a clear sense of responsibility, relevant skills, and a professional attitude are expected to be better able to prepare financial reports that comply with applicable accounting standards. Studies by Ningrum (2018), Ummami (2024), and Fauziah (2025) found a positive relationship between HR competence and financial reporting quality, although several other studies, such as Sugiarti et al. (2024), Gunawan et al. (2021), and Istiyani (2018), found this effect to be statistically non-significant when tested jointly with internal control variables. This study nevertheless proposes:

H2: Human Resource Competence has a positive and significant effect on the Quality of Financial Reporting at BSN.

An effective internal control system, covering the control environment, control activities, information and communication, and risk assessment, is expected to ensure that the recording and reporting of financial transactions follow proper procedures, thereby minimizing the risk of error and fraud. Studies by Damayanti (2024), Ningrum (2019), Sumekar et al. (2025), Prayoga (2023), Alpi and Akbar (2020), and Setyowati (2024) found a positive and significant effect of the internal control system on financial reporting quality. Accordingly:

H3: Internal Control System has a positive and significant effect on the Quality of Financial Reporting at BSN.

Based on the theoretical framework above, the research model positions Information Technology Utilization (X1), HR Competence (X2), and Internal Control System (X3) as exogenous (independent) variables that jointly influence Financial Reporting Quality (Y) as the endogenous (dependent) variable.

METHOD

Research Design

This study employs a quantitative approach (Arikunto, 2019) aimed at analyzing the relationship between the independent variables (information technology utilization, HR competence, and internal control system) and the dependent variable (financial reporting quality) at BSN. Primary data were collected using a closed-ended questionnaire distributed directly to employees, containing statements related to the four research variables, measured on an ordinal scale.

Population and Sample

The population of this study consists of 105 employees of the Bureau of Finance and General Affairs (90 employees) and the Inspectorate (15 employees) of BSN, the units directly and technically involved in recording financial transactions, preparing financial reports, authorizing budget expenditures, and supervising financial transactions. This study uses a saturated (census) sampling technique, in which the entire population is used as the sample, a technique commonly applied when the population is relatively small (Sugiyono, 2023). Accordingly, all 105 employees were designated as respondents.

Instrument Development

The research instrument was developed based on the operational definition of each variable, adapted from indicators used in prior studies. Financial Reporting Quality (Y) is measured using four indicators adapted from Ningrum (2018), Damayanti (2024), and Fauziah (2025). Information Technology Utilization (X1) is measured using four indicators adapted from Herdianto (2015) and Purnamasari (2023). HR Competence (X2) is measured using four indicators adapted from Ningrum (2018), Ummami (2024), and Fauziah (2025). The Internal Control System (X3) is measured using four indicators adapted from Koto (2019), Damayanti (2024), and Fauziah (2025). Each indicator is elaborated into one or more statement items answered on a four-point ordinal scale. The complete operational definition, comprising each variable, its indicators, and the corresponding statement items, is presented in Table 1.

Table 1. Operational Definition of Variables, Indicators, and Statements

No	Variable	Indicator	Statement
1	Financial Reporting Quality (Y) Source: Ningrum (2018); Damayanti (2024); Fauziah (2025)	Relevance	Financial reports are completed in a timely manner.
			Information in the financial reports produced by the institution can be used to evaluate past performance.
			Information in the financial reports produced by the institution is prepared completely, covering all accounting information that can be used in decision making.
		Reliability	There are still transactions that are not fairly presented in the financial reports prepared by the institution.
			Information presented by the institution is free from material misstatement.
			Information in the financial reports presented by the institution has been verified for accuracy.
			Information in the financial reports produced has met the needs of the users of government financial reports.
			Information presented in the financial reports is prepared in favor of the interests of the state.
		Comparability	The financial reports presented by the institution can be compared with the financial reports of the previous period.
			The financial reports produce information that can be compared with other entities applying the same accounting policies.
		Understandability	The financial information presented by the institution can be clearly understood by users.
			The financial reports produced by the institution have been presented in a form and terminology adjusted to the level of understanding of the users of the financial reports.

No	Variable	Indicator	Statement
2	Information Technology Utilization (X1) Source: Herdianto (2015); Purnamasari (2023)	Applications used	The optimization of information technology utilization is supported by the availability of hardware, software, and internet networks.
			The Instance-Level Financial Application System (SAKTI) is used for preparing financial reports.
		Computerized financial reporting	There are still accounting journal entry stages carried out manually rather than through a computer.
			All transactions are processed and entered through a computer.
		Software compliant with laws and regulations	The software used complies with prevailing laws and regulations.
			The output of the application (reports) produced complies with prevailing laws and regulations.
			Application updates are carried out promptly to adjust to changes in laws and regulations.
		Integrated accounting and managerial reporting	The available application can generate the reports needed.
			The available application is able to produce complete financial reports.
			The reports produced are highly varied according to the needs of external and internal (managerial) users.
3	Human Resource Competence (X2) Source: Ningrum (2018); Ummami (2024); Fauziah (2025)	Knowledge	I have an understanding of financial reporting regulations and standards that affects the quality of financial report information.
			I find it difficult to understand the applicable accounting procedures and processes.
			I understand Government Regulation No. 71 of 2010 on Accrual-Based Government Accounting Standards well.
		Responsibility	I understand that there are adequate supporting operational resources and a clear description of roles and functions.
			I carry out the roles and responsibilities that have been clearly established.
			I undertake training to develop my potential in the field of accounting and financial management.
		Skills	I am able to adapt to technological developments.
			I present financial reports honestly in accordance with the evidence and can be held accountable for everything I write.
			I prepare and present the Balance Sheet, Cash Flow Statement, Statement of Changes in Equity, and Notes to the Financial Statements well.
			I work by upholding ethics and the code of conduct as an accountant.

No	Variable	Indicator	Statement
		Attitude	I am able to respond to and solve problems well, taking many considerations into account.
			I refuse any intervention from superiors that could give rise to violations of regulations.
4	Internal Control System (X3) Source: Koto (2019); Damayanti (2024); Fauziah (2025)	Control environment	The head of the institution has set an example of behavior that follows the code of ethics.
			The division of employee authority and responsibility is not well reflected in the existing organizational structure.
			The leadership always takes firm action against violations of policies, procedures, or employee behavior.
			The leadership continuously assesses the quality of internal control.
		Control activities	Good authorization procedures for transaction documents affect the quality of the resulting information.
			The accuracy of data input and/or posting affects the quality of the resulting financial report information.
			Employees and superiors understand the purpose of control activities.
		Information and communication	Information and communication systems have been implemented to carry out responsibilities.
			Information has been provided in a timely manner and enables corrective action to be taken appropriately.
			Continuous communication channels have been implemented openly and effectively with the public and internal supervisory officers in providing significant input.
		Risk assessment	The institution/agency where I work already has a mechanism to anticipate and address emerging risks.
			The leadership conducts a complete and thorough risk analysis of the impact of program and activity implementation.

Source: processed by the researcher (2026)

Data Collection Technique

Data were collected through a survey method by distributing the questionnaire directly (via Google Forms) to 105 employees of the Bureau of Finance and General Affairs and the Inspectorate of BSN. The questionnaire consisted of five sections: respondent biodata, and four sections of statements corresponding to the research variables.

Data Analysis Technique

Data were analyzed using Partial Least Square Structural Equation Modeling (PLS-SEM) with the assistance of SmartPLS 4.0. PLS-SEM was chosen because it does not require the

assumption of normally distributed data and is suitable for relatively small sample sizes (Hair et al., 2022; Setiabudhi et al., 2024). The analysis comprises two stages. First, evaluation of the measurement model (outer model), which assesses convergent validity (outer loading and Average Variance Extracted/AVE), discriminant validity (Heterotrait-Monotrait Ratio/HTMT, Fornell-Larcker criterion, and cross-loading), and reliability (Cronbach's Alpha and Composite Reliability). Second, evaluation of the structural model (inner model), which assesses the coefficient of determination (R-Square) and hypothesis testing through a bootstrapping procedure. A hypothesis is accepted (i.e., the effect is statistically significant) if the T-Statistics value exceeds 1.96 and the P-Value is below 0.05.

RESULT

Respondent Profile

Data were obtained from 105 employees of the Bureau of Finance and General Affairs (85.7%) and the Inspectorate (14.3%) of BSN. In terms of gender, respondents were fairly evenly split, with 50.5% female and 49.5% male. The average respondent age was 36.5 years, with the majority (68.6%) below 40 years old, indicating a predominantly millennial workforce. Regarding education, 60.0% of respondents held a bachelor's degree (S1). By tenure, 42.9% of respondents had worked for more than 10 years, indicating substantial practical experience in financial reporting processes.

Descriptive Statistics

Table 2. Descriptive Statistics

Variable	N	Min	Max	Mean	Std. Dev.
Information Technology Utilization (X1)	105	2	4	3.38	0.50
HR Competence (X2)	105	2	4	3.32	0.50
Internal Control System (X3)	105	2	4	3.27	0.49
Financial Reporting Quality (Y)	105	2	4	3.40	0.50

Source: processed by the researcher (2026)

The descriptive results show that all four variables have mean scores above the midpoint of the 1-4 scale, with relatively low standard deviations (0.49-0.50), indicating fairly homogeneous respondent perceptions. Financial Reporting Quality recorded the highest mean (3.40), followed by Information Technology Utilization (3.38), HR Competence (3.32), and

Internal Control System (3.27), the last of which also exhibited the widest variation in responses among the four variables.

Evaluation of the Measurement Model (Outer Model)

Convergent validity was assessed using outer loading and AVE values. As shown in Table 3, all indicators produced outer loading values above 0.60, and all four constructs produced AVE values above 0.50 (X1 = 0.618; X2 = 0.617; X3 = 0.669; Y = 0.640), confirming that convergent validity was achieved for every construct.

Table 3. Convergent Validity (Outer Loading and AVE)

Variable	Indicator	Outer Loading	AVE	Description
Information Technology Utilization (X1)	X1.1	0.735	0.618	Valid
	X1.2	0.692		Valid
	X1.3	0.843		Valid
	X1.4	0.861		Valid
HR Competence (X2)	X2.1	0.605	0.617	Valid
	X2.2	0.824		Valid
	X2.3	0.870		Valid
	X2.4	0.818		Valid
Internal Control System (X3)	X3.1	0.846	0.669	Valid
	X3.2	0.765		Valid
	X3.3	0.849		Valid
	X3.4	0.809		Valid
Financial Reporting Quality (Y)	Y1	0.760	0.640	Valid
	Y2	0.827		Valid
	Y3	0.776		Valid
	Y4	0.835		Valid

Source: processed by the researcher (2026)

Discriminant validity was evaluated using the Heterotrait-Monotrait Ratio (HTMT). All HTMT values were below the 0.90 threshold except for the relationship between HR Competence (X2) and Internal Control System (X3), which produced an HTMT value of 0.970, close to but still below the formal threshold of 1.00 (Sarstedt, 2021). This indicates a strong

conceptual overlap between the two constructs, which is consistent with the practical reality that internal control is operated by competent human resources.

Table 4. Discriminant Validity (Heterotrait-Monotrait Ratio)

	X1	X2	X3
X2 (HR Competence)	0.802		
X3 (Internal Control System)	0.780	0.970	
Y (Financial Reporting Quality)	0.890	0.774	0.902

Source: processed by the researcher (2026)

Cross-loading analysis confirmed that every indicator loaded highest on its intended construct compared with other constructs, and the Fornell-Larcker criterion showed that the square root of AVE for each construct (X1 = 0.786; X2 = 0.786; X3 = 0.818; Y = 0.800) exceeded its correlation with other constructs, further supporting discriminant validity.

Reliability was assessed using Cronbach's Alpha and Composite Reliability (CR). All constructs produced values above the 0.70 threshold (Cronbach's Alpha: X1 = 0.797, X2 = 0.787, X3 = 0.835, Y = 0.812; CR (rho_c): X1 = 0.865, X2 = 0.864, X3 = 0.890, Y = 0.877), indicating that the research instrument is reliable and internally consistent.

Evaluation of the Structural Model (Inner Model)

The coefficient of determination (R-Square) for Financial Reporting Quality (Y) was 0.684 (adjusted R-Square = 0.674), indicating that Information Technology Utilization, HR Competence, and Internal Control System jointly explain 68.4% of the variance in Financial Reporting Quality, a value classified as strong/substantial (Setiabudhi et al., 2024); the remaining 31.6% is explained by variables outside the model.

Hypothesis testing was conducted through a bootstrapping procedure, examining the path coefficient (original sample), T-Statistics, and P-Values. A hypothesis is accepted if T-Statistics > 1.96 and P-Value < 0.05.

Table 5. Hypothesis Testing Results

Hypothesis	Relationship	Path Coefficient	T-Statistics	P-Values	Result
H1	X1 -> Y	0.486	6.338	0.000	Significant, accepted
H2	X2 -> Y	-0.076	0.662	0.508	Not significant, rejected
H3	X3 -> Y	0.484	4.244	0.000	Significant, accepted

Source: processed by the researcher (2026)

The results show that H1 (Information Technology Utilization → Financial Reporting Quality) and H3 (Internal Control System → Financial Reporting Quality) are accepted, while H2 (HR Competence → Financial Reporting Quality) is rejected.

DISCUSSION

Information Technology Utilization and Financial Reporting Quality

The results show that Information Technology Utilization has a positive and significant effect on Financial Reporting Quality (path coefficient = 0.486; p = 0.000), so H1 is accepted. This indicates that the more optimally information technology is utilized in the financial management process, including the availability of hardware, software, and internet networks, the use of integrated financial applications such as SAKTI, and the level of computerization of accounting processes, the higher the quality of the financial reports produced. This finding is consistent with Wijaya (2021), Purnamasari (2023), Lestari et al. (2025), Sumekar et al. (2025), and Andriyani et al. (2026), who similarly found that information technology utilization has a positive and significant effect on the quality of government financial reports. It suggests that BSN's financial team has processed transaction data using information systems that comply with applicable regulations, supported by regular system maintenance and prompt error resolution.

HR Competence and Financial Reporting Quality

The results show that HR Competence does not have a significant effect on Financial Reporting Quality (path coefficient = -0.076; p = 0.508), so H2 is rejected. This non-significant result cannot be separated from the discriminant validity test (Table 4), in which the HTMT value between HR Competence and Internal Control System reached 0.970, indicating a very strong conceptual overlap between the two constructs. In practice, internal control is always operated by competent human resources, so the unique contribution of HR Competence becomes statistically difficult to separate from the effect of the Internal Control System on Financial Reporting Quality (Sarstedt, 2021). This finding is consistent with Sugiarti et al. (2024), Ningrum (2018), Gunawan et al. (2021), Istiyani (2018), and Ningrum (2019), who similarly found no significant effect of HR competence on financial reporting quality when tested together with internal control variables. This does not imply that HR competence is conceptually unimportant to financial reporting; rather, its effect tends to materialize through,

and is difficult to statistically disentangle from, the internal control mechanisms that HR competence supports and operates.

Internal Control System and Financial Reporting Quality

The results show that the Internal Control System has a positive and significant effect on Financial Reporting Quality (path coefficient = 0.484; p = 0.000), so H3 is accepted. This indicates that the better the internal control system implemented by an institution, encompassing the control environment, risk assessment, control activities, and information and communication, the higher the quality of the resulting financial reports, as an effective control system helps ensure that recording and reporting processes follow proper procedures and minimizes the risk of error or fraud. This finding is consistent with Damayanti (2024), Ningrum (2019), Sumekar et al. (2025), Prayoga (2023), Alpi and Akbar (2020), and Setyowati (2024), all of whom found that the internal control system has a positive and significant effect on the quality of government financial reports.

CONCLUSION

This study analyzed the effect of Information Technology Utilization (X1), HR Competence (X2), and Internal Control System (X3) on Financial Reporting Quality (Y) at the National Standardization Agency (BSN), based on data from 105 employees processed using PLS-SEM with SmartPLS 4.0. The results show that Information Technology Utilization has a positive and significant effect on Financial Reporting Quality (path coefficient = 0.486; T-Statistics = 6.338; p = 0.000), so H1 is accepted. HR Competence does not have a significant effect on Financial Reporting Quality (path coefficient = -0.076; T-Statistics = 0.662; p = 0.508), so H2 is rejected, a result closely related to the very high conceptual overlap (HTMT = 0.970) between HR Competence and the Internal Control System. The Internal Control System has a positive and significant effect on Financial Reporting Quality (path coefficient = 0.484; T-Statistics = 4.244; p = 0.000), so H3 is accepted. Together, the three independent variables explain 68.4% of the variance in Financial Reporting Quality (R-Square = 0.684), a strong/substantial level of explanatory power, confirming that Information Technology Utilization and Internal Control System are the main determinants of financial reporting quality at BSN, while HR Competence has not shown an independent statistical effect within this model.

Theoretically, these findings support Stewardship Theory in explaining Financial Reporting Quality as a manifestation of the government's moral obligation to present transparent and accountable information to the public, and support the Resource-Based View in explaining how internal resources, namely information technology, human resources, and control systems, jointly determine institutional performance. Practically, the findings suggest that BSN should continue to invest in and maintain the reliability of its integrated information systems and strengthen its internal control environment, while continuing to build employee competence as a resource that operates in tandem with, rather than as a substitute for, a strong control system. This study is limited by its cross-sectional design and its focus on a single institution, which constrains the generalizability of the findings; future research is recommended to test the model across multiple Non-Ministerial Government Institutions and to consider mediating or moderating variables that may help further disentangle the relationship between HR competence and internal control.

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