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Analysis Of The Factors Affecting The Quality Of Government Financial Statements In Public Institution (Instituisaun Publiku I.P) Timor Leste

Benedita Dias, L. Ec, MSA
Master of Management Study Program
Institute of Business Timor-Leste

ABSTRACT

This study aims to analyze and explain the effect of understanding IPSAS standards on the quality of financial reports; the influence of the use of information technology on the quality of financial reports; the influence of human resource competence on the quality of financial reports; and the influence of the internal control system on the quality of financial reports. The total sample population of this study is 99. These were drawn from 34 Timorese Public Institutes with a saturated sample, of which only 88 answers were collected with a respondent rate of 89%. The methods of data analysis were multiple linear regression tests, which previously tested the validity and reliability. The findings of this study are that there is a positive influence on the understanding of IPSAS standards, the use of information technology, and the internal control system on the quality of financial reports. Whereas the competence of human resources does not affect the quality of financial reports because staff from each institution that prepares financial reports has received special training from the Ministry of Finance. However, looking at the other factors, there is still a significant influence on the quality of financial reports because it is possible that the staff who works on the financial reports does not have a financial or accounting educational background, thus making it difficult for them to prepare financial reports even though they have received training in preparing financial reports.

Keywords : Understanding of IPSAS Standards, utilization of information technology, the competence of human resources, internal control systems, quality of financial reports.

1. INTRODUCTION

The Financial statements serve as a communication medium through for which entities report with the financial performance of an Institution or Organization to the public (users of financial statement information). The primary purpose for financial statement is to provide information about the financial position, performance, and cash flow of an entity, which is valuable to a wide range of users such as the public, legislative bodies, auditors/supervisory institutions, parties involved in donation processes, investors, lenders, and government entities (Bastian 2010:297).

The phenomenon of financial statements within Timor-Leste's public institutions (I.P) is something interesting for further study. Based on various commencements and reports from different sources such as the Ministry of Finance's website ((website mof.gov.tl dan tribunal das contas) it appears that many financial statements within the government still contain inaccurate information, such as accounts didn't meet adopted standards. Additionally, discussions with the Directorate of Accounting at the Ministry of Finance Timor-Leste that financial statements prepared by the Public Institute (I.P) Timor-Leste often lack reliability and timeliness due to incapacity of the ability, skill that insight of financial department staff responsible for their preparation.

The Camara das Contas Timor-Leste is the highest state institution that have empowered to oversee various matter related to finance law (Lei Orgânica Camara das Contas, 2011). The main responsibilities of Camara das Contas Timor-leste are:

1. Monitoring the implementation of state finances.
2. To ensure the legality of state revenue and public expenditures, and assessing the effectiveness of state financial management while holding accountable for those responsible in financial implementation.

Financial audits are conducted across all government institutions, autonomous agencies or public institutions, municipalities, and associated institutions that regulated/controlled by the budget and financial management law (lei orcamento e gestao financeira).

According to Mahaputra & Putra, (2004) suggest that an affected of quality financial statements can be attributed to several factors likely insufficient understanding among financial staff of Timor-Leste's governmental accounting standards (IPSAS), inadequate use information technology in financial transactions, lack of competent financial and accounting staff, and ineffective internal control systems within government institutions.

According to Bastian, (2010) dan Yuesti et al., (2020:9) stated that International Public Sector Accounting Standards (IPSAS) are principles governing to treatment of accounting in preparation of public financial statements and high state institutions and their subordinate departments to managing public funds. Government Timor-Leste adheres to IPSAS for the preparation of government financial statements. According to Julita & Susilatri, (2018) stated that overcoming challenges in public sector accounting requires to leveraging information technology, enhancing human resource competence, understanding and applying IPSAS standards, and strengthening internal control systems to ensure the accurate and reliable of financial reporting.

According to Wineh et al., 2019 (as cited in Fahmi, 2013:2) stated that good financial management must be managed by the competent human resources, have insight and master information technology that used to manage and input financial data into the system so that the financial reports will be presented and accordance with the standards that used because the using of information technology is also very necessary in processing, obtaining , and presenting accurate information in accordance with its used (usefulness).

According to Dewi et al., 2019 (as cited in Sujana et al., 2020) stated that the successful of institutional performance hinges on the qualityand efficient utilization of existing resources, alongside the effectiveness of the internal control systems employed within public institutions. These internal control systems are crucial regulations and procedures for managing state finance and employee's performance that aligned them with the institution's strategic planed. On the other hand, according to Surastiani and Handayani, (2015) stated that the public institution financial statement often lacks of quality due to incomplete the implementation of internal control system in institution staff or human resources that responsible for the governmental duties or tasks.

Based on the phenomena that describe in this research, it can be concluded that the financial statements produced by the public institutions (I.P) are still imperfect and don't meet the criteria of reliability, compliance and timeliness, therefore, to give that all problems need to be researched because they contribute to the process of preparing quality of financial statement and meet with the characteristics of reliability and timeliness. So that in this research we have four independent variable that have been identified that can be affected to the quality of financial statement such as the influence of understanding IPSAS standards, the influence of using information technology, the influence of human resources competence and the influence of internal control system.

2. LITERATURE REVIEW

There are many researchers that have utilized stewardship theory to explain in their research because it describes a situation where leaders are motivated not by an individual goals but by the organizational goals, aiming for the organization's benefit. This theory has a psychological and sociological basis that posits executives as stewards who act in accordance with the principal's goals.

According to Donalson & Davis, 1997 (as cited in Hernandez, 2008) stated that stewardship theory is defined as a situation in which managers prioritize the interest of the principals over their own interest and the theory are assumes that management as highly integrated party that operate with honestly and responsibility, striving to take actions that best meet stakeholders needs, because the leaders are more concerned with credibility and public trust. They are expected to manage resources optimally and make decisions that benefit to the organization.

The implication of the stewardship theory in this study underscores the public institution (I.P) as a trustworthy that accommodates community aspirations, deliver quality public services, and ensures transparent financial management, thereby maximizing economics and social welfare (Hernandez, 2008).

Financial statements are crucial for assessing the value of economic resources that used in government operations, evaluating financial conditions, assessing entity effectiveness and efficiency, and ensuring compliance with laws and regulations (Pradono & Basukianto, 2015).

The Government Financial statements are a form of accountability for the management of economic resource and the implementation of policies and procedures to entrusted to the government organization units in order to achieve the goals that have been set through periodic government financial statements. in the other side for the information presented to be useful and benefic to the interested parties, the information presente in financial reporting must meet the characteristics of qualitative so that it can be used in decision making. Therefore, it is necessary to conduct and audit of the financial statements that are intended to assess the fairness of the financial statements base on the IPSAS accounting standards principles that adopted by the Timor-Leste government.

According to Muda et al., 2018 (as cited in Kourdlie et al., 2014) provide the definition of quality of financial report is certainly a report that can be used for decision making on the economic, social and political development of a country. Meanwhile, according to Afiah & Rahmatika, (2014) stated that the financial statements produced by the government will be used by several interested parties as a basis for decision making. Therefore, the information contained in the government's financial statement must be useful and in accordance with ne need of users.

The overarching objective of financial statements, as highlighted by Yuliani et al., (2010) and Fauziah (2018:27) stated that to provide relevant information on financial position, budget execution, surplus or deficit, cash flows, operating results, and change in equity, facilitation decision making and resource allocation. And according to Suwanda, 2015 (as cited in Julita & Susilatry, 2018) argue that the quality of financial report must be relevant, reliable, comparable and understandable.

The International Public Sector Accounting Standards (IPSAS) are issued by the Inernational Federation of Accountant (IFAC). IFAC is an International Federation and Accounting organization is responsible for electing board members, establishing financial contributions, and approving changes to its constitution. Since their inception, IFAC has issued eight public sector accounting standards known as: IPSAS 1- presentation of financial statement; IPSAS 2-cash flow statements; IPSAS 3- net surplus or deficit for the period, fundamental errors and changes in accounting policies; IPSAS 4- the effects of changes in foreign exchange rate; IPSAS 5- borrowing cost; IPSAS 6- consolidated financial statement and accounting for controlled entities; IPSAS 7- accounting for investment in associates; IPSAS 8- financial reporting of interest in joint venture.

International Publice Sector Accounting Standards (IPSAS) is issued by the International Federation of Accountants (IFAC), guide the preparation of financial statements to enchance their quality for public sector entities. Government Timor-Leste adopts IPSAS for various financial statements, including budget execution reports, surplus or deficit reports, balance sheets, operational reports, cash flow statements, statements of changes in equity, and notes to financial statement (Bastian, 2020; Yuesti et al., 2020:9).

According to Nadir & Hasyim, 2017 (as cited in Larasati, 2017) stated that for the use of information technology to collect, process, store, analyze, and disseminate accounting information efficiently. The use of information technology in the government institution is generally used to process data, covering the process, getting, composing, store, and manipulate data in various ways to generate an information that are qualified, accurate, timely and can accountable for the use of public interest that can be utilized in all decision making.

Competence is a characteristic of someone who has the skills, knowledge and ability to carry out the job (Mulia et al., 2018). Meanwhile, according to Muda et al., (2017) state that human resource competence is the ability of resources to carry out the tasks and responsibilities given to them with adequate education, training and experience.

In good government financial management, the works unit must have quality of human resources that supported by the background in accounting education, often attend training and have experience in the field of accounting or finance (Pebriani, 2019). Meanwhile, according to Suwanda, 2015 (as cited in Nawawi Aldiani, 2010) stated that to assess the capacity and quality of human resources for carrying out of a function, including accounting, it can be seen from the level of responsibility and competence of these resources.

According to Djafar et al., (2019) stated that the characteristic that underlies a person's personality will cause the person to be related to the criteria of effective behavior or superior performance at work in any situation and it will be measured by several indicators, including, knowledge, skills, self-esteem, disposition, and motivation.

The effectiveness of a government agency's financial management hinges on robust internal control systems. According to Aditya & Surjono, (2017) described that internal controls as organizational structures, methods, and tools coordinated to safeguard assets, ensure accuracy of accounting data, enhance operational efficiency, and enforce management policies.

3. RESEARCH METHODOLOGY

The purpose of this study is to analyze the influence of understanding IPSAS standards, the use of information technology, human resource competence, and internal control systems on the quality of government financial statements. this research employs quantitative methods, utilizing data in numerical form that can be processed and analyzed through mathematical or statistical calculations to test predefined hypotheses. Therefore, the following framework guides the thinking for this research:

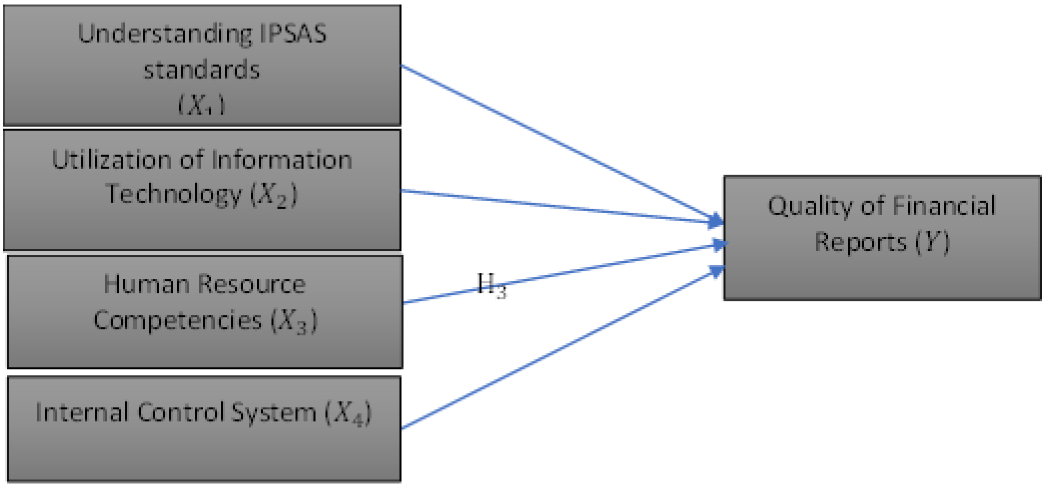

Figure 1. Framework

Based on the framework depicted in figure 1 above, there are four hypotheses that the researcher will analyze in this study. These hypotheses are as follows:

The understanding of International Public Sector Accounting Standards (IPSAS) influences the quality of financial statements. IPSAS serves as guideline for preparing financial reports. When employees comprehend the accounting standards adopted by the entity, errors in recording financial reports are minimized, resulting in higher quality of financial statements (Wineh et al., 2019)

H1: Understanding IPSAS has a positive impact on the quality of government financial statements.

The impact of information technology on the quality of financial reports is significant because it plays a crucial role in accounting transactions. Effective use of information technology is essential to support these processes. Suboptimal information quality can lead to inaccuracies in the financial statements (Muda et al., 2017).

H2: The use of information technology positively influences the quality of government financial reports.

The influence of human resource competence on the quality of financial statement implies that competence individuals in accounting with relevant job experience contributed to the reliability of financial statements (Dewi et al., 2019).

H3: Human resource competence positively impacts to the quality of government financial statements.

The influence of the internal control system on the quality of financial reports is significant because internal control consists of policies and procedures that direct supervise and measure an organization's resources. It's play a crucial role in preventing and detecting fraud (Surastiani & Handayani, 2015).

H4: The internal control system positively affects the quality of government financial statements.

This study was conducted in 34 Public Institutions (I.P) in Timor-Leste with each institution represented by 3 employees or financial staff, there are results in a total of 99 respondents for the population data. The data used in this study is quantitative, gathered directly through primary data collection using a questionnaire that distributed to the respondents in each public institutions in Timor-Leste.

The technique that used into analysis data in this study is multiple linear regression, which includes descriptive statistics, validity and reliability tests, tests for classical assumptions, normality tests, multicollinearity tests, and heteroscedasticity tests. In hypothesis testing, the determination coefficient (R2), the t-statistic, and the F-statistic are used. According to Ghozali, (2011) stated that if the statistical test values fall within the critical region (accepting Ha), the findings are deemed significant; otherwise if they fall outside this region (rejecting Ha), the findings are considered not significant.

4. RESEARCH RESULTS AND DISCUSSION

This research was conducted in 34 Public Institution (I.P) which are granted an administrative and the financial independence in financial management. This autonomy is stipulated under Article 2:2 of the 2009 in Journal of Republic regarding with law No.:13/2009 on "Orçamento e Gestão Financeira," aiming to contribute to the growth of national income.

The data collection for this research is involved distributing questionnaires to financial staff officers at Timor-Leste Public Institution (I.P). the study's sample size consisted of 99 financial staff from 34 Public Institutions (I.P), with 99 questionnaires distributed accordingly. Among these have 88 respondents (89%) that completed the questionnaire, while 11 respondents (11%) that didn't due to time constraints.

According to Sugiyono, (2011) said when the conducting research is using correlation analysis or multiple regression, the number of sample members should be at least 10 times the number of variables studied, therefore in this study the sample size that meets the necessary criteria for continued analysis.

In order, we will discuss the descriptive analysis of the primary data, including the general characteristics of the research respondents such as gender, age, level of education, and length of work. Additionally, we will describe the research variables by examining the minimum, maximum, average (mean), and standard deviation values using SPSS version 20.

The result of the validity and reliability tests for the five variables, comprising 47 statement items, indicates that all data are valid and reliable. The validity values from the Pearson correlation table are less than the significance level (0,000 < 0,005), and the reliability values assessed by Cronbach's alpha for each instrument exceed the reliability threshold of 0,70.

In this research we also discuss the classical assumption test, including the normality tests, multicollinearity tests, and heteroscedasticity tests. The normality test involves both graphical and statistical analyses. Based on the graphical analysis, it will be shown that the data used follow a normal distribution that as illustrated in the following figure:

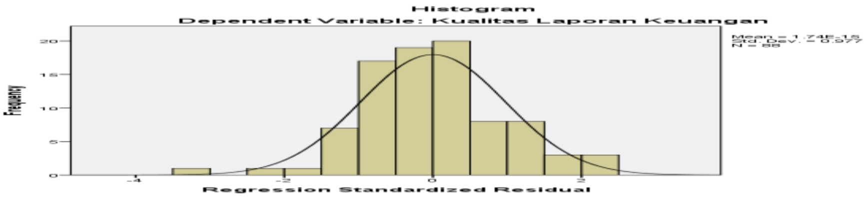

Figure 2

While seen from the normal P-P plot shows that the residual data is distributed normally, the dots around the diagonal line and its distribution still follow the diagonal line, can be seen in the next figure:

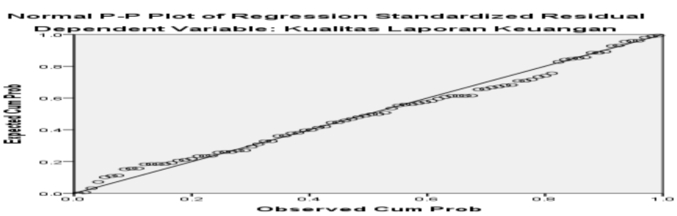

Figure 3 Normal P-Plot

The next one we will explain the statistical test used to assess the normality of the residuals, employing the non-parametric Kolmogorov-Smirnov (K-S) test. Based on the test results presented in the following table, the Kolmogorov-Smirnov (K-S) statistic is 0.628 with a corresponding significance value of 0.825. since the significance value exceeds the 0.05 threshold, it can be concluded that the residual data follows a normal distribution. Therefore, the regression model is deemed valid and meets the normality assumption.

Table 1. Statistics test (One-Sample Kolmogorov-Smirnov Test)

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		88
Normal Parameters[a,b]	Mean	0,5409814
	Std. Deviation	3,01966550
Most Extreme Differences	Absolute	0,067
	Positive	0,064
	Negative	-0,067
Kolmogorov-Smirnov Z		0,628
Asymp. Sig. (2-tailed)		0,825

Source: Primary data processed by spss version 20.

The result of the multicollinearity test in the table bellow indicate that all variables exhibit a tolerance value greater that 0.10 and a variance inflation factor (VIF) less than 10 for the four independent variables such as Understanding IPSAS Standards (X1), Utilization of Information Technology (X2), human resource competence (X3), and Internal Control System (X4). Therefore, it can be concluded that the regression model used in this research does not suffer from multicollinearity.

Table 2. Multicollinearity Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
Constant	11,240	1,378		8,157	0,000		
Understanding IPSAS standards (X1)	0,276	0,121	0,180	2,289	0,025	0,411	2,432
Utilization of Information Technology (X2)	0,301	0,089	0,355	3,366	0,001	0,227	4,407
Human Resource Competencies (X3)	0,242	0,130	0,218	1,857	0,067	0,184	5,428
Internal control system (X4)	0,073	0,035	0,214	2,062	0,042	0,234	4,265

Source: Primary data processed by spss version 20.

The result of the heteroscedasticity test will be observed through the scatterplot grap and the glatser test. The scatterplot test results shown in the following figure will illustrate that the distribution of plots for each variable is not concentrated at a single point or does not form a distinct pattern, but rather is randomly spread either above or below the value of 0. This confirms that the regression model is valid under the heteroscedasticity assumption.

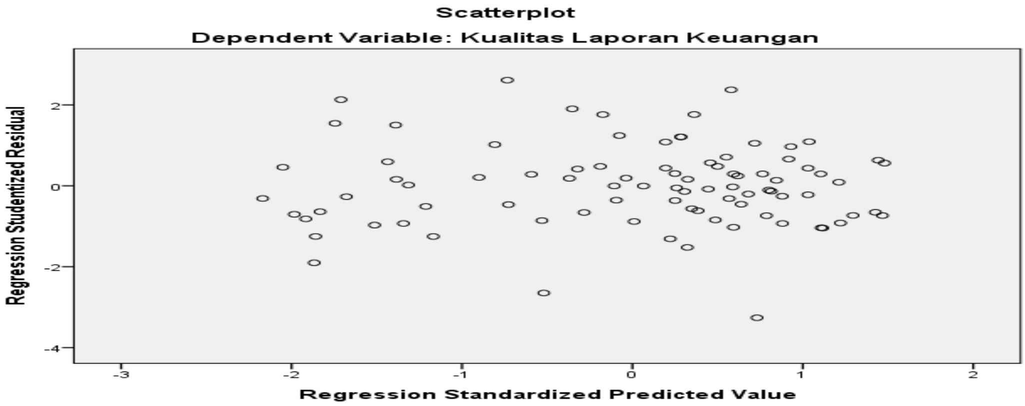

Figure 4. Scatterplot Chart Heteroscedasticity Testing

For the gletjser test result presented in the following table, it will be explained that there are two independent variables such as Understanding IPSAS standards (X1) and Utilization of Information Technology (X2). Therese variables exhibit an absolute residual value (Y) smaller that the significance level (<0.05) on the dependent variable, indicating symptoms of heteroscedasticity.

Conversely, the other two independent variables, human resource competence (X3) and Internal Control System (X4) show an absolute residual value (Y) greater that the significance level (<0.05) on the dependent variable, indicating no symptoms of heteroscedasticity.

Table 3. Gletjser Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3,425	0,834		4,106	0,000
Understanding IPSAS standards (X1)	0,152	0,073	0,333	2,074	0,041
Utilization of Information Technology (X2)	-0,144	0,054	-0,576	-2,663	0,009
Human Resource Competencies (X3)	-0,045	0,079	-0,138	-0,575	0,567
Internal control system (X4)	0,028	0,021	0,280	1,315	0,192

Source: Primary data processed by spss version 20.

The result of the multiple linear regression test will be explained in the table below, illustrating the relationships between the variables in this research as follow: Y= 11.240 + 0.276X1 + 0.301X2 + 0.242X3 + 0.073X4. based on these findings, it can be concluded that the variables Understanding IPSAS Standards (X1), Utilization of Information Technology (X2), Human Resource Competence (X3), and Internal Control Systems (X4) have positive coefficients on the dependent variable, financial report quality (Y).

Table 4. Results of Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	11,240	1,378		8,157	0,000
Understanding IPSAS standards (X1)	0,276	0,121	0,180	2,289	0,025
Utilization of Information Technology (X2)	0,301	0,089	0,355	3,366	0,001
Human Resource Competencies (X3)	0,242	0,130	0,218	1,857	0,067
Internal control system (X4)	0,073	0,035	0,214	2,062	0,042

Source: Primary data processed by spss version 20.

In hypothesis testing, we examine the coefficient of determination (R^2) along with the result of the F-test (simultaneous test) and t-test (partial test). The table below presents the result of the coefficient of determination test, indicating an adjusted R Square value of 0.780 or 78%. This suggests that the variables Understanding IPSAS Standards (X1), Utilization of Information Technology (X2), Human Resource Competence (X3), and Internal Control System (X4) collectively explain 78% of the variation in the financial report quality variable of the Public Institution (I.P). The remaining of 22% is attributed to other variables outside in the scope of this research.

Table 5. Determinant Coefficient Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,889[a]	0,790	0,780	3,092

Source: Primary data processed by spss version 20.

As for the result of the F-test (simultaneous test) in the table below, it will be explained that the regression test of the influence of independent variables together has an effect on the dependent variables because the significance test vaue of 0.000 is smaller than the significance level (α) of 0.05.

Table 6. Simultaneous test results (Test F)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2983,065	4	745,766	78,027	0,000[b]
	Residual	793,299	83	9,558		
	Total	3776,364	87			

Source: Primary data processed by spss version 20.

Next, the result of the research will be explained by testing hypotheses that can be explained in the following table:

Table 7. Overview of Hypothesis Testing Results

	Hipotesis	Sig	Koefisien	Kesimpulan
H1	Understanding IPSAS standards has a positive and significant effect on the quality of financial reports	0,025	0,276	H1 accepted
H2	The use of Information Technology has a positive and significant effect on the quality of financial statements	0,001	0,301	H2 accepted
H3	Human resource competence has no effect on the quality of financial statements	0,067	0,242	H3 rejected
H4	The internal control system has a positive and significant effect on the quality of financial reports	0,042	0,073	H4 accepted

Source: Primary data processed by spss version 20.

Based on the statistical results, it is evident that an understanding IPSAS standards has a positive and significant effect on the quality of financial reports, as indicated by a significance value (sig) smaller than the significance level (α) (0.025 < 0.05) and a coefficient value of 0.276. this underscores the importance of employee’s comprehension of IPSAS standards in Public Institution (I.P), which impacts their ability to apply accounting logic that accurately in financial reporting components. However, there may still be some errors due to incomplete understanding.

To ensure that staff understand the standards for financial report presentation used in public institutions is crucial for delivering high-quality of financial reports. As an employee understanding of these standards increases, so does the quality of the financial reports they produce. According to Mahaputra & Putra, 2014 (as cited in Wineh et al., 2019) also confirm that to improved understanding of government accounting standards among financial management employees correlates with enhanced financial report quality.

Based on the statistical results, it is evidence that using information technology has a positive and significant effect on the quality of financial reports, with a significance value (sig.) smaller than the significance level (α) (0.01 < 0.05) and a coefficient value of 0.301. This indicates that the integration of information technology in the workplace does not only accelerate financial transaction processes but also enhances the efficiency of financial report preparation.

Public Institutions (I.P) in managing financial transactions based on annual budget plans, require robust information technology infrastructure such as computer or laptop facilities and reliable internet network. These technological supports facilitate swift transaction processing and timely submission of financial reports. An effective accounting information system network, specifically designed for financial reporting, thereby minimizing calculation errors and optimizing time efficiency in the preparation process.

Consequently, the resulting of financial reports can meet information expectations and improve report quality in terms of accuracy and timelines. These findings are corroborated by research from Muda et al., (2017) and Suwanda, (2015) which affirm that the use of information of technology significantly enhances the quality of local government financial reports.

Based on the statistical result, it is evidence that human resource competence does not have a positive effect to the quality of financial reports, as indicated by a significance value (sig.) greater than the significance level (α) ($0.067 > 0.05$) and a coefficient value of 0.242. This finding can be attributed to the fact that the majority of human resources employed at Public Institution (I.P) have substantial work experience (95% with 5-11 years) in the financial sector, supplemented by professional training opportunities.

According to Dewi et al., (2019) stated that the human resource competence often receive training and possess adequate experience relevant to their roles and may also benefit from consultancy support in financial report preparation and presentation. Despite this, the quality of financial report may not consistently meet standards of relevance, reliability, comparability, an understandability. Challenges may arise due to the complexity of implementing IPSAS accounting standards adopted by the Timor-Leste Governments, potentially affecting staff understanding and educational backgrounds, which often range from bachelor's to master's degrees but may lack specialization in finance or accounting.

This research finding align with Nadir & Hasyim, (2017) stated that which concluded that human resource competence did not significantly impact the quality of financial reports in the Barru District Government, either directly or indirectly through accrual-based government accounting standards. This contrasts with Dewi et al., (2019) findings suggesting a positive relationship between human resources competence and financial report quality. Nevertheless, high quality of financial report ultimately rely on competent resources equipped with the requisite knowledge and experience.

Based on the statistical results, it is evidence that the Internal Control System has a positive and significant effect on the quality of financial reports, with a significance value (sig.) smaller than the significance level (α) ($0.042 < 0.05$) and a coefficient value of 0.073. this indicates that effective implementation of the Internal Control System at the Public Institutions (I.P) enhances the quality and timelines of financial reports.

Currently, the Internal Control System at Public Institutions are not fully implemented, potentially leading to non-compliance among finance department staff with government institutions laws, regulations and procedures in budgeting. Such noncompliance often results in errors during financial report preparation. To ensure accurate government financial report is is crucial to adhere to statutory regulations and follow prescribed processes and stages.

This research aligns with studies by Surastiani & Handayani, (2015) and Mulia, (2018) stated that the internal control system positively impacts on the quality of local government financial reporting. These studies emphasize that an effective internal control system, comprising policies and procedures aimed at achieving objective and ensuring reliable financial reports, also ensures to compliance with laws and regulations. Moreover, improved implementation of these elements correlates with higher quality regional government financial reports.

5. CONCLUSION

Based on the proposed hypotheses, it is confirmed that there are three independent variables positively influence the dependent variables, which is the quality of financial reports. These variables include Understanding IPSAS Standards, Use of Information Technology and the Internal Control System. However, the fourth independent variable, Human Resource Competence does not affect the quality of financial reports.

This research utilized a relatively small sample size, consisting of only 99 respondents, of which 88 were successfully processed by the researchers. This contrasts with previous studies cited in this research, where the average sample size typically exceed 100 participants. Consequently, this study did not achieve the intended sample size due to some public institutions not granting permission for the distribution of questionnaire.

As a result of the study did not encompass all 34 Public Institution (I.P) in Timor-Leste targeted for assessing financial report quality. It is hoped that future researchers will replicate this study by first observing the operations at Timor-Leste Public Institutions (I.P) before proceeding with their research.

The independent variables influencing the quality of government of financial report in this study were derived from evaluations of financial report by the Camara das COntas in the Ministry of Finance, as well as preliminary observations and interviews at the Directorate General of Accounting within the Ministry of Finance. Based on these sources, the researcher identified four independent variables such Understanding IPSAS Standards, Use of Information Technology, Human Resource Competence and Internal Control System which determinant factors are affecting financial report quality.

To further broaden the scope of independent variables, future research is recommended to explore additional causes and effects. This can include analyzing financial reports subjected to audit opinions from financial oversight bodies like Camara das Contas Timor-Leste. Additionally, accessing information on issues related to financial reports on the www.mof.gov.tl website can provide insights into other potential factors influencing the quality of Timor-Leste government financial reports. This approach aims to enhance the presentation of quality financial reports by Public Institutions (I.P) and Ministries in the future

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