DETERMINANTS OF THE QUALITY OF VILLAGE FINANCIAL REPORTS IN MANISRENGGO SUBDISTRICT AND PRAMBANAN SUBDISTRICT

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Abstact: *Evaluating how village financial systems, budget preparation training, internal control system, and human resource competencies affect the quality of financial reports is the aim of this research. The urgency of this study stems from cases of budget irregularities at the village level, which have become a serious issue requiring attention, particularly in Manisrenggo Subdistrict and Prambanan Subdistrict. The research method employed is quantitative research using primary data. The population consists of 16 villages in the Manisrenggo Subdistrict and 16 villages in the Prambanan Subdistrict. The sample was determined through purposive sampling, resulting in 96 respondents as the sample. The analysis used multiple linear regression with SPSS 26. The research findings revealed a positive influence of the SISKEUDES variable* ($p = 0.000$), *training in the preparation of the Village Budget* ($p = 0.011$), *and the Internal Control System* ($p = 0.001$) *on the quality of financial reports* ($p < 0.05$),. *However, the competency of human resources does not significantly affect the quality of financial reports, with a value of 0,839 > 0,05.*
Keywords: quality of financial reports, SISKEUDES, training in the preparation of the Village Budget (APBDes), internal control system, human resource competence

Abstrak: Mengevaluasi bagaimana sistem keuangan desa, pelatihan penyusunan anggaran pendapatan dan belanja desa, sistem pengendalian internal serta kompetensi sumber daya manusia mempengaruhi kualitas laporan keuangan adalah tujuan dari studi ini. Urgensi penelitian ini adalah kasus penyimpangan anggaran di tingkat desa yang telah menjadi masalah serius yang perlu perhatian, terutama di Kecamatan Manisrenggo dan Kecamatan Prambanan. Metode penelitian berupa penelitian kuantitatif dan jenis data primer. Populasi yang digunakan adalah 16 desa di Kecamatan Manisrenggo dan 16 desa Kecamatan Prambanan. Sampel ditentukan melalui *purposive sampling* sehingga didapatkan 96 responden sebagai sampel. Analisis ini memanfaatkan SPSS 26. Hasil penelitian menemukan bahwa terdapat pengaruh yang positif pada variabel SISKEUDES, pelatihan penyusunan APBDes dan Sistem Pengendalian Internal (SPI) terhadap kualitas laporan keuangan, sedangkan kompetensi SDM tidak mempengaruhi kualitas laporan keuangan.

Kata Kunci: kualitas laporan keuangan, siskeudes, pelatihan penyusunan APBDes, sistem pengendalian internal, kompetensi SDM

INTRODUCTION

The village government is the smallest level of government under the regional government, responsible for managing the village area. The village government plays a direct role in the implementation of development, guidance, and empowerment activities for the community (Suwarno *et al.,* 2023). The village government must be accountable for the work it does as a form of accountability for quality financial reporting. Financial reports provide insight into how well a government is peforming. To be useful to its users, financial reports must contain quality data. Quality financial reports provide data on relevant financial transactions and the overall economic activities of the reporting entity in an effective and relevant manner (Tunya *et al.,* 2023).

In 2015, the village head of Barukan, Manisrenggo District, Marsudi, along with Siswandi, the former head of development and treasurer of the local village, were sentenced to 16 months in prison by the panel of judges at the Semarang Corruption Court. Both were convicted of misappropriating the village budget (APBDes). At that time, Barukan Village received a financial allocation intended for various infrastructure programs such as roads, embankments, and assistance to farming groups. However, only 40% of the budget was implemented, yet the funds were exhausted (Ayub, 2018). The case of misappropriation in Barukan Village shows that the main weakness is not only in the system or regulations but also in the officials' understanding of the proper budget formulation mechanism, where the fact that only 40% of the activities were realized indicates an inability to plan and budget appropriately. Officials' understanding is a competency that can be acquired through structured technical training.

On September 25, 2020, in Kebondalem Lor, Prambanan District, Klaten, a case of alleged APBDes (Village Revenue and Expenditure Budget) irregularities involving the head of Kebondalem Lor village was transferred from investigation to prosecution by investigators from the Klaten District Attorney's Office. In Kebondalem Lor, The APBDes irregularity case occurred in the 2017 fiscal year. The state loss, according to the Klaten District Prosecutor's Office investigators, is estimated at around Rp150 million. The alleged modus operandi of the APBDes irregularity involved several fictitious activities and unrealistic accountability (Suseno & Saputra, 2020). This case indicates weaknesses in the internal oversight and control systems for village financial management, thereby creating opportunities for embezzlement. Additionally, the lack of human resource capacity among village fund managers also contributes to budget embezzlement. The finding underscores the importance of improving the quality of village financial reports as a form of accountability and transparency.

Based on a comprehensive literature review, no research has been found that uses training in the preparation of the APBDes as a primary variable, despite the fact that this creates a significant theoretical gap, given that the APBDes is the core document determining the flow of village financial management. Ministry of Home Affairs Regulation No. 20 of 2018 on Village Financial Management explicitly requires technical training for village officials, but no research has measured the effectiveness of such training on its primary output, namely the quality of financial reports. With the increasing allocation of village funds researching trilions of rupiah nationally, the

demand for accountability through quality financial reports has become imperative, making APBDes preparation training a potentially more effective preventive instrument than reactive approaches through supervision and audits.

The focus of the research in Manisrenggo and Prambanan subdistricts, Klaten Regency, provides strong geographical and contextual relevance because these two subdistricts represent the characteristics of villages in Central Java that have high complexity in village fund management but still face challenges in terms of administrative capacity. Thus, the research problem focuses on the gap or lack of scientific studies on the influence of APBDes preparation training as a potential independent variable in improving the quality of financial reports. The variable of APBDes preparation training is not only new in the literature but also urgent to study given the literature gap, the empirical urgency of village corruption cases, unevaluated regulatory demands, and the potential for transformative theoretical and practical contributions. This research will be a pioneer in integrating the technical training dimension into a predictive model for the quality of village financial reports.

The village financial system (SISKEUDES) is a system designed to facilitate the village financial management process for village officials, covering the stages of planning, reporting, and accountability (Avita *et al.,* 2023). The use of the Village Financial System (SISKEUDES) software is regulated by Law No. 6 of 2014, designed by the Financial and Development Supervisory Agency (BPKP) to assist village officials in managing village funds. Through this application, it is hoped that there will be an improvement in the management and accountability of village finances, thereby making village financial management more independent and effective (Salote *et al.*, 2024).

The Village Revenue and Expenditure Budget (APBDes) is the center of village financial management. The preparation of reports on the implementation of the APBDes and accountability reports is the responsibility of the village government to manage and allocate village funds effectively and efficiently in order to improve the welfare of the community. In order for the management of the APBDes to be effective, training in the preparation of the APBDes is necessary. Through APBDes preparation training, it is hoped that village officials will gain the knowledge and skills to manage village finances. Although such training is part of the government's technical guidance to villages, there has been no specific research examining the impact of APBDes preparation training on the quality of village financial reports, making the APBDes preparation training variable a novelty in this study.

The Government Internal Control System (GICS) is a control instrument that can be used by villages to manage village finances (Tunya *et al.,* 2023). The proper and optimal implementation of ICS in an institution contributes to the preparation of quality financial reports. ICS that is used properly plays a role in improving effectiveness, objectivity of information, and reliability, as well as supporting the smooth process of auditing financial reports, thereby facilitating the efficient preparation of financial reports that are protected from potential fraud (Sasmita & Zulvia, 2023). Financial reports must be free from irregularities in order to be of high quality.

Human resources (HR) with the necessary competencies are required to manage village finances. Understanding of experience, education, and accounting systems are the competencies in question (Suwarno *et al.,* 2023). Inadequate HR quality can affect the quality of financial statements and result in reduced effectiveness in the financial statement preparation process. The better the HR competencies, the higher the quality of financial reports supported by the government's internal control system.

Previous studies have identified several factors influencing the quality of village financial reports, such as the implementation of the village financial system (SISKEUDES), the Internal Control System (ICS), and HR competencies (Anto & Yusran, 2023; Sari & Widiatmoko, 2023; Tunya *et al.,* 2023; Warsaleh *et al.,* 2023; Yuneti *et al.,* 2024). However, there are limitations in previous studies, where research has remained focused on common variables that have been extensively studied. One important aspect that has not been extensively studied is training in the preparation of the Village Revenue and Expenditure Budget (APBDes). This training plays a strategic role in enhancing the understanding and capacity of village officials in preparing budgets and reporting them accurately and in accordance with applicable regulations. Although this training is part of the government's technical guidance for villages, there has been no specific research examining the impact of APBDes preparation training on the quality of village financial reports.

The purpose of this research is to determine the impact of the implementation of SISKEUDES, APBDes preparation training, ICS, and human resource competencies on the quality of village financial reports. This topic is of interest because SISKEUDES, ICS, and APBDes are important tools in managing and accounting for village finances, hence it is necessary to assess the level of understanding in the implementation of SISKEUDES, ICS, and APBDes. Additionally, humans are the users of the system, so it is important to assess the level of competence of the users in contributing to the quality of village financial reports. This research will be conducted using quantitative methods and will be carried out through a questionnaire distributed in 2025. Based on this background, the researcher is interested in conducting further research on the factors that may influence the quality of financial reports.

THEORETICAL REVIEW

Agency Theory

Agency theory is a theory that explains the contractual relationship between principals and agents. The agency relationship describes the relationship between the people and the government, which arises because in providing services for the benefit of the community and aligning the goals of the community and the government set by the community (principal), the government or agent is needed (Anto & Yusran, 2023).

The importance of the role of village officials and the community or government is related to agency theory. Agency theory is relevant to this study because it states that the community, acting as the principal, places trust in village officials, acting as agents, to manage village funds and assets properly, with accountability and transparency as evidenced in village financial reporting (Suwarno *et al.,* 2023). Understanding how the community (principal) verifies that the village government,

as the agent, provides quality financial information is based on agency theory (Aidah & Rahmawati, 2024).

Technology Acceptance Model (TAM)

The TAM defines the attitude and positive perception of the community regarding their intention based on perceived usefulness and ease of use to predict system adoption. TAM was first proposed by Davis (1986). In TAM theory, it is believed that perceived benefits can be predicted by ease of use. Additionally, attitudes and perceived usefulness can predict behavioral intentions in adopting the system. Predictions referred to as system usage can use behavioral intentions. TRA, TPB, TAM, and TAM2 are used worldwide as technology acceptance theories (Damawati, 2024).

User acceptance attitudes toward the presence of technology can be analyzed using the Technology Acceptance Model (TAM) method. Predicting and explaining whether an information system can be accepted by users is the purpose of TAM. TAM (Technology Acceptance Model) is relevant to this research because technology use and user experience are supported by the utilization of information technology, such as institutions that provide facilities for the use of similar technologies. Improving the efficiency and effectiveness of individual performance can be implemented to enhance the quality of financial reports in completing a task (Hadis *et al.,* 2022).

Financial Statement Quality

Financial statement quality is accounting data and is manifested as a normative measure. Financial statements are an organization's performance as described by a collection of data over a certain period of time within an organization (Suwarno *et al.,* 2023). Every village apparatus needs to improve the quality of village government financial statements. The higher the transparency and accountability, the higher the quality of government financial reporting, and vice versa.

According to Government Regulation Number 71 of 2010 concerning Government Accounting Standards in Indonesia, for financial reports to be of high quality, they must contain information that is reliable, relevant, understandable, and comparable. Reliable means that the information in the financial reports is not misleading. The reliability of financial reports increases public trust in village governments. If users' decisions can be influenced by the information contained therein and users can be assisted by evaluating past events and predicting the future, then financial reports can be considered relevant. Financial statements are understandable if the data contained in them can be understood by users. If the financial statements of other reporting entities can be compared with financial statements from previous periods, then the financial statements are comparable.

Village Financial System (SISKEUDES)

The use of SISKEUDES refers to the Minister of Home Affairs Regulation Number 113 of 2014 concerning Village Financial Management. SISKEUDES is software created and designed by the Financial and Development Supervision Agency (BPKP) to improve the quality of village financial statements. With its user-friendly components and simple interface, the application is easy to understand and use by village officials, enabling them to produce quality financial statements. The

application can be used both offline and online. Due to its user-friendly design, village officials can utilize the SISKEUDES application to manage and report village assets, thereby ensuring more accurate financial reports and timely budget preparation and fund disbursement (Tunya *et al.,* 2023). In their research, Salote *et al.,* (2024) stated that a well-structured village financial system can foster growth and development in the village, as well as assist in planning, implementing, reporting, and accounting for village fund allocations. The tasks of village officials in managing village fund allocations will become easier with the village financial system, thereby improving effectiveness, efficiency in internal control, and the accuracy of information. Through the implementation of this system, financial reporting becomes more timely without losing the value of information. Additionally, transaction data can be processed, and financial reports can be presented more quickly.

In the administration and management of village funds, SISKEUDES serves as the primary foundation. In performing village financial functions, SISKEUDES successfully plans, implements, and accounts for finances, which directly impacts the effectiveness of village fund usage. Therefore, to assess village financial performance and its impact on local development, a deep understanding of SISKEUDES' role is necessary (Bajuri, 2024). The SISKEUDES application can strengthen village governance because it helps manage data and information more effectively. SISKEUDES also plays a role in enhancing transparency in managing village budgets and making reporting more accountable. To make the government system more efficient and responsive in serving community needs, SISKEUDES' contribution in strengthening village institutions is essential (Salam *et al.,* 2023). The process of streamlining the management of village funds for bookkeeping, budgeting, and village financial reporting is based on the assumption of technology acceptance and the use of SISKEUDES, which is driven by perceptions of the usefulness and ease of use of SISKEUDES (Rihhadatul'Aisy & Hidayat, 2023).

Training on the Preparation of Village Revenue and Expenditure Budgets (APBDes)

The legal basis for establishing the APBDes is based on PMK Number 201/PMK.07/2022 on Village Fund Management. This guideline regulates village fund management, including the procedures for preparing the APBDes. The principles of accountability, transparency, and participation form the foundation of the APBDes management process, ensuring that village government financial management runs smoothly. The stages of preparing development plans and budgets will encourage broader community involvement with the existence of an adequate APBDes. The welfare of the village community will improve if village financial management is carried out (Fuadi *et al.,* 2023).

The Village Revenue and Expenditure Budget or APBDes is a report on the realization of the village budget, which is the basis for village financial management. To produce the report, there is a series of village financial management processes, starting from budgeting, implementation, planning, administration, to reporting and accountability for village financial management (Hemalian *et al.,* 2023). The preparation of the APBDes will be better if village officials undergo training or mentoring by more experienced village officials in its preparation.

Internal Control System (ICS)

The Government Internal Control System (GICS) refers to Government Regulation Number 60 of 2008, which explains that the elements of GICS include information and communication monitoring, internal control, risk assessment, control activities, and control environment.

An Internal Control System is a system required internally by an institution in the form of a plan that includes an organizational structure to ensure the security of institutional assets, verify accounting data, check accuracy, enhance efficiency, and adhere to experienced management strategies (Nur *et al.,* 2023). In the research by Pustaningrum & Efendi (2024), it was found that the determining factor for the quality of a financial report must include the mandatory component of an Internal Control System. Internal control plays a strong role in preventing and detecting fraud.

Human Resource Competency

Human resource competency is a distinctive characteristic in achieving high performance in one's work, which forms the foundation for an individual. To achieve organizational targets, human resources play a role as drivers, thinkers, and planners within an organization. In achieving its objectives, all these potentials influence the organization's efforts. Human resources with competencies are needed to design financial reports so that they can understand government accounting. Each individual has characteristics of knowledge and skills as competencies that enable them to actively perform their duties and responsibilities and improve quality standards in their professional work (Yuneti *et al.,* 2024).

HYPOTHESIS

The Effect of SISKEUDES on the Quality of Financial Reports

The Central Government, together with the Finance Agency and the Financial Management Agency (BPKP), has created the Village Financial System (SISKEUDES) to manage village financial administration so that it is adequate and reliable. With this program, village financial management has become easier and simpler (Warsaleh *et al.,* 2023). The relationship between SISKEUDES and TAM theory lies in the process of village financial management that uses systems or technology to facilitate village officials in managing their finances, thereby creating effective and efficient financial reports (Pujiani *et al.,* 2022).

Research on the impact of SISKEUDES on financial report quality has been conducted previously. Relevant research conducted by Warsaleh *et al.,* (2023) found that the implementation of SISKEUDES has a positive impact on the quality of village financial reports in Simeulue District. This finding reinforces the results of Tunya *et al.,* (2023) research, which states that the use of the village financial system application has a positive effect on the quality of village financial reports.

The following hypotheses proposed in this research are based on the above explanation:

H1: The implementation of SISKEUDES has a positive effect on the quality of village financial reports.

The Impact of Training on the Preparation of the Village Revenue and Expenditure Budget (APBDes) on the Quality of Financial Reports

According to Ministry of Home Affairs Regulation Number 20 of 2018, the Village Revenue and Expenditure Budget is an estimate of income and expenditures in the form of an annual financial plan for the village government, prepared in accordance with village regulations to support village development programs. The village financial plan becomes more measurable based on the budget used and available through the APBDes (Mamangkey *et al.,* 2023).

The Village Revenue and Expenditure Budget (APBDes) is a necessary component for village financial reports, thereby creating high-quality financial reports. The quality of financial reports is measured from the process of preparation, implementation, to accountability of the APBDes. Therefore, training and guidance are needed in the preparation of the APBDes to achieve high-quality financial reports. Training in the preparation of the APBDes is linked to agency theory, because in this theory, the village government as an agent is responsible for managing and allocating the village budget in accordance with development needs and objectives.

The following hypothesis proposed in this research is based on the above explanation:
H2: Training in the preparation of the APBDes has a positive effect on the quality of village financial reports.

The Influence of the Internal Control System (ICS) on the Quality of Financial Reports

Accountability, efficiency, effectiveness, and fraud prevention must be achieved by considering the internal control system so that the management and reporting of local government finances are beneficial to the local government and the community in an optimal manner (Anto & Yusran, 2023). In financial management and reporting, the internal control system must always be considered to ensure accountability, efficiency, and effectiveness, as well as to prevent financial losses, thereby achieving positive effects for the community and local governments. ICS refers to agency theory. In agency theory, public accountability can be defined as the obligation of the government (agent) to be responsible, demonstrate, report, and disclose all of its actions (Anto & Yusran, 2023).

Previous researchers have conducted studies on the influence of ICS on financial statement quality. Previous studies have found similar results, namely that internal control systems have a positive influence on financial statement quality (Anto & Yusran, 2023; Nur *et al.,* 2023; Sari & Widiatmoko, 2023; Sasmita & Zulvia, 2023; Tunya *et al.,* 2023; Yuneti *et al.,* 2024). This situation indicates that the quality of village financial reports is supported by a good internal control system.

The following hypothesis is proposed in this study based on the explanation above:
H3: Internal control systems (ICS) have a positive effect on the quality of village financial reports.

The Influence of Human Resource Competence on Financial Report Quality

Human resource competence is the capacity of individuals to achieve their goals efficiently and effectively in carrying out their functions and authorities (Hadis *et al.,* 2022). Quality financial reporting must be designed by staff who are qualified in the fields of financial management and accounting. High-quality human resources are related to agency theory because, in village administration, humans act as monitored agents. The likelihood of agency problems occurring will decrease if the human

resources employed by village officials have a good understanding of their duties and responsibilities (Salote *et al.,* 2024)

Previous researchers have conducted studies on the influence of human resource competence on the quality of financial reports. Previous studies have found that human resource competencies have a positive influence on the quality of village financial reports (Anto & Yusran, 2023; Sari & Widiatmoko, 2023; Suwarno *et al.,* 2023; Yuneti *et al.,* 2024).

The following hypothesis is proposed in this study based on the explanation above:

H4: Human resource (HR) competence has a positive effect on the quality of village financial reports.

RESEARCH METHOD

This research employs a quantitative research method. The population in this study consists of parties who have an interest and are responsible for the preparation of village financial reports in Manisrenggo Sub-district and Prambanan Sub-district, Klaten. Manisrenggo Sub-district and Prambanan Sub-district have 32 villages with a population of 128 people, including village heads, secretaries, finance officers, and planning officers. The sampling method used in this study is purposive sampling. Based on Isaac and Michael's formula, if the total population is 128 people, then the sample size for this study is 96 people, divided into 24 villages. The selection of villages is based on the completeness of the existing village government structure. The distribution of the sample was carried out proportionally to ensure fair representation of the entire population. The distribution of the 24 villages was divided evenly between two sub-districts. Each sub-district selected 12 villages to be included in the sample. This study used primary data collected through questionnaires distributed directly to respondents at the research location.

This study applied four independent variables, namely the implementation of SISKEUDES (X1), training in the preparation of APBDes (X2), ICS (X3), and human resource competence (X4), as well as the quality of financial reports (Y) as the dependent variable. All questions were measured using a six-point Likert scale: Strongly Disagree (SD), Disagree (D), Somewhat Disagree (SD), Agree (A), and Strongly Agree (SA). Before the questionnaire instrument was used in the main study, instrument validation was conducted through a pilot test involving 39 respondents included in the study sample to ensure the validity and reliability of the instrument. The pilot test results indicated that all questionnaire items met the required validity and reliability standards, thereby enabling their use in the main data collection. In the data collection procedure, the researcher applied the principle of research ethics (informed consent) by requesting official approval from the sub-district office as the agency overseeing the villages in the research area to obtain approval to conduct the research and to guarantee the confidentiality of the respondents' identities and data. SPSS version 26 software was used in the data processing process. The tests conducted were descriptive statistical analysis, validity testing, reliability testing, normality testing, multicollinearity testing, heteroscedasticity testing, multiple linear regression hypothesis testing, Model Suitability Test of the coefficient of determination (R^2), and t-test.

Table 1. Operational Variables

Variables and References	Indicators	Number of Questions
Village Financial System (X1) (Nuroniyah *et al.,* 2024) adopted from Afifatul Atikah (2019)	1. Easy to Understand 2. Ease of Report Preparation	8 questions
APBDes Preparation Training (X2) (Fauzi, 2021)	1. Ability 2. Knowledge	10 questions
Internal Control System (X3) (Ningrum, 2018) adopted from PP No. 60 of 2008	1. Control environment 2. Risk assessment 3. Control activities 4.Information and communication 5. Monitoring	11 questions
Human Resource Competency (X4) (Suwarno *et al.,* 2023)	1. Education 2. Training 3. Experience	10 questions
Financial Report Quality (Y) (Suwarno *et al.,* 2023)	1. Relevant 2. Reliable 3. Comparable 4. Understandable	11 questions

Source: Data processed (2025)

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

This study utilizes descriptive statistical analysis with the aim of describing the distribution of data as a basis for drawing conclusions by describing, organizing, and summarizing the basic characteristics of the data. Table 2 shows the results of the descriptive statistical analysis test.

Table 2. Descriptive Statistical Test

	N	Min	Max	Mean	Std. Deviation
SY	96	44	66	57.57	4.860
SX1	96	28	48	41.47	4.441
SX2	96	41	60	51.78	4.819
SX3	96	43	66	54.99	5.700
SX4	96	19	60	45.54	7.731
Valid N (listwise)	96				

Source: Data processed (2025)

Based on the test, the descriptive statistical test obtained results showing that the financial statement quality variable (Y) had a maximum value of 66 and a minimum value of 44. The standard deviation for the data dispersion of the 96 respondents was 4.860, with a mean of 57.57. The SISKEUDES variable (X1) has a maximum value of 48 and a minimum value of 28. Through standard deviation for data dispersion in 96 respondents, the standard deviation was 4.441 with an average (mean) of 41.47. The APBDes preparation training variable (X2) has a maximum value of 60 and a minimum value of 41. Through standard deviation for the data dispersion measure of 96 respondents, the value obtained was 4.819 with an average (mean) of 51.78. The

ICS variable (X3) has a maximum value of 66 and a minimum value of 43. The standard deviation for the data distribution of the 96 respondents was 5.700 with a mean of 54.99. The HR competency variable (X4) has a maximum value of 60 and a minimum value of 19. Using standard deviation to measure the spread of data from 96 respondents, a value of 7.731 was obtained with an average (mean) value of 45.54.

Validity Test

In this study, the validity test serves as a means of measuring whether the questions in the questionnaire are valid or not. Validity testing can be identified using correlation calculations involving item scores and total scores to demonstrate data accuracy. An instrument can be considered valid if the measurement used to obtain the data (measurement) is valid. When an instrument is considered valid, it can measure things that are appropriate to measure (Sugiyono, 2019).

The criteria for measuring data validity include: (1) Each question item can be considered valid if the sig value is < 0.05, (2) A question item is not valid if the sig value is > 0.05 (Ghozali, 2016). In addition to examining the significance value, Pearson's correlation was also applied in this study using the following criteria: (1) The variables being compared have no correlation if the calculated r value does not exceed the table r value, (2) The variables being compared have a correlation if the calculated r value exceeds the table r value (Aidah & Rahmawati, 2024). Based on the results of the validity testing for each variable, it was found that the sig value was < 0.05 and the calculated r value was > r table. Therefore, it can be concluded that the items in the variables of financial report quality (Y), village financial system (X1), APBDes preparation training (X2), ICS (X3), and human resource competence (X4) are valid.

Reliability Test

Reliability testing is a procedure applied to ensure that the research instrument can produce consistent data. If respondents answer questions consistently, the questionnaire can be considered reliable. According to Ghozali (2016), menegaskan bahwa sebuah instrumen dapat dinyatakan reliabel jika nilai koefisien > 0,60. an instrument can be considered reliable if the coefficient value is > 0.60. Table 3 shows the reliability testing results.

Table 3. Reliability Test Results

Variable	Alpha Coefficient	Cronbach's Alpha	Description
Financial Statement Quality	0.60	0.904	Reliable
SISKEUDES	0.60	0.932	Reliable
Training in the Preparation of the Village Budget	0.60	0.883	Reliable
ICS	0.60	0.926	Reliable
Human Resource Competency	0.60	0.924	Reliable

Source: Processed data, 2025

Referring to the table above, it is reasonable to say that each question in this questionnaire is reliable because each variable has a coefficient value > 0.60. Therefore, the measuring instruments used can be trusted to collect accurate information so that it can be accounted for in further analysis.

Normality Test

The normality test serves as a measure of whether a research data distribution has a normal data distribution pattern or not. The application of the normality test involves the one-sample Kolmogorov-Smirnov test. The pass criteria for the test are determined based on the significance value. If the significance level of a data exceeds 0.05, it can be indicated that the data distribution is normal. On the other hand, if the significance level is less than 0.05, the data distribution is considered abnormal. Table 4 shows the findings of the normality test.

Table 4. Normality Test

One-Sample Kolmogorov-Smirnov Test		Unstandarized Residual
N		96
Normal Parameters[a,b]	Mean	.0000000
SX2	Std. Deviation	2.87334504
Most Extreme Differences	Absolute	.075
SX4	Positive	.075
Valid N (listwise)	Negative	-.041
Test Statistic		.075
Asymp. Sig. (2-tailed)		.200[c,d]

Source: Processed data, 2025

Referring to the table above, it is reasonable to say that the data distribution is normal, because the result obtained a significance level of 0.200 > 0.05.

Multicollinearity Test

The multicollinearity test is used to determine whether there is correlation in the regression model between independent (free) variables. Strong correlation between free variables can lead to inaccuracy in drawing conclusions. To assess this, the Tolerance (TOL) and Variance Inflation Factor (VIF) values are used. If the VIF value exceeds 10 and the TOL value is < 0.10, it can be concluded that the data is multicollinear. Conversely, if the VIF value is less than 10 and the TOL value is > 0.10, the data is not multicollinear. Table 5 shows the results of the multicollinearity test.

Table 5. Multicollinearity Test Results

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1 (Constant)	12.774	3.544		3.605	.001		
SX1	.451	.092	.413	4.905	.000	.543	1.842
SX2	.236	.091	.234	2.597	.011	.472	2.116
SX3	.260	.072	.305	3.601	.001	.535	1.869
SX4	-.010	.049	-.016	-.203	.839	.633	1.581

Source: Processed data, 2025

Referring to the table, all variables obtained VIF values less than 10 with TOL values > 0.10. Therefore, it is reasonable to say that there is no multicollinearity problem in this study.

Heteroscedasticity Test

The heteroscedasticity test is used to identify whether there is a difference in the variance of residuals between one observation and another in a regression model. The heteroscedasticity test in this study can be determined based on its significance value. If the Sig. value exceeds 0.05, it means that the model does not show signs of heteroscedasticity; conversely, heteroscedasticity is present if the Sig. value is < 0.05. Table 6 shows the heteroscedasticity test.

Table 6. Heteroscedasticity Test

Coefficients[a]

Model	Standardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	4.170	2.246		1.857	.067
SX1	-.006	.058	-.014	-.098	.922
SX2	.035	.058	.092	.614	.541
SX3	-.065	.046	-.201	-1.424	.158
SX4	.000	.031	.001	.009	.993

Source: Processed data, 2025

Referring to the results of the heteroscedasticity test, it was found that all independent variables showed Sig. values exceeding 0.05. Therefore, it is important to note that this regression model does not show heteroscedasticity, so the classical assumptions required for further analysis have been met.

Multiple Linear Regression Analysis

Multiple linear regression testing serves as a tool to test independent variables (X) to determine the extent to which they influence dependent variables (Y). The test results are shown in Table 7.

Table 7. Multiple linear regression analysis test

Coefficients[a]

Model	Standardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	12.774	3.544		3.605	.001
SX1	.451	.092	.413	4.905	.000
SX2	.236	.091	.234	2.597	.011
SX3	.260	.072	.305	3.601	.001
SX4	-.010	.049	-.016	-.203	.839

Source: Processed data, 2025

Referring to the table, the following formula can be used to determine the results of the multiple linear regression analysis test:

$$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 3X4 + e$$
$$= 12{,}774 + 0{,}451\ X1 + 0{,}236\ X2 + 0{,}260\ X3 - 0{,}010\ X4 + e$$

Information:

Y = Financial Report Quality

X1 = SISKEUDES

X2 = APBDes Training

X3 = ICS

X4 = Human Resource Competency

α = Constant

β = Regression Coefficient

e = Standard Error

Referring to the formula, the variables SISKEUDES, APBDes training, and ICS show positive coefficients, while the Human Resource Competency variable shows a negative coefficient.

Determination Coefficient Test (R^2)

The determination coefficient (R^2) serves as a measure of the extent to which variations in the dependent variable can be explained by the regression model. The value of the coefficient of determination is either 0 or 1. Dependent variables can be predicted if all the necessary information can be provided by the independent variables when the coefficient of determination is high. Conversely, the capacity of the independent variables is insufficient in explaining the variation in the dependent variables when the coefficient of determination is low. The R2 test is shown in Table 8.

Table 8. R^2 Test Results

Model Summary

Model	R	R^2	Adjusted R Square	Std. Error of the Estimate
1	.806[a]	.650	.635	2.936

Source: Data processed, 2025

Referring to the table above, the test results show an R2 value of 0.650 or 65%, meaning that the independent variables, namely SISKEUDES (X1), training in the preparation of the Village Budget (X2), ICS (X3), and Human Resource Competency (X4), have an influence on the dependent variable, namely the quality of financial reports (Y), so the regression model can be considered good. Thus, it is concluded that there are still 35% of other factors that influence the quality of village financial reports in Manisrenggo District and Prambanan District, but these were not tested in this study.

t-test

The t-test was applied to determine the extent to which each independent variable individually influences the variation in the dependent variable. The criteria for evaluating the t-test hypothesis are based on a significance level of 5% or 0.05. An influence exists between the independent variable (X) and the dependent variable (Y) if the significance level is less than 0.05. Conversely, no influence exists between the independent and dependent variables if the significance level is greater than 0.05. Table 9 presents the test results.

Table 9. t-test

	Untandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.
1 (Constant)	12.774	3.544		3.605	.001
SX1	.451	.092	.413	4.905	.000
SX2	.236	.091	.234	2.597	.011
SX3	.260	.072	.305	3.601	.001
SX4	-.010	.049	-.016	-.203	.839

Coefficients[a]

Source: processed data, 2025

Referring to the results of the t-test that has been conducted, the village financial system variable (X1) shows a positive coefficient of 0.451 and significance of 0.000 < 0.05 with a t-value of 4.905, which is the highest value, indicating that SISKEUDES (X1) has a significant positive effect on financial report quality (Y), thus accepting H1 and having the most dominant impact in improving reporting quality. The village budget preparation training variable (X2) shows a positive coefficient of 0.236 and significance of 0.011 < 0.05 with a t-value of 2.597. Therefore, it is reasonable to say that training in the preparation of the APBDes (X2) has a significant positive effect on the quality of financial reports (Y), so that H2 can be accepted even though it has the lowest t-value among the significant factors, it still provides a meaningful and reliable contribution. The internal control system variable (X3) shows a positive coefficient of 0.260 and significance of 0.001 < 0.05 with a t-value of 3.601, ranking second. Therefore, it is reasonable to say that the internal control system (X3) has a significant positive effect on financial report quality (Y), so H3 is accepted. The human resource competency variable (X4) shows a negative coefficient of –0.010 and significance of 0.839 > 0.05 with a very low t-value of –0.203. Therefore, it is reasonable to say that human resource competency (X4) does not have a significant effect on financial statement quality (Y), so H4 is rejected. This t-value sequence provides strategic guidance that village governments should prioritize the implementation of SISKEUDES, followed by strengthening ICS, then continuous training programs, without needing to focus too much on individual competency development.

Discussion

The Influence of SISKEUDES on Financial Statement Quality

Based on the t-test results, it is reasonable to conclude that the SISKEUDES variable has a significant positive influence on financial statement quality. Similar findings were reported by Warsaleh *et al.,* (2023) and Tunya *et al.,* (2023), who found that the use of the village financial system application has a positive impact on the quality of village financial reports. The SISKEUDES application is related to the TAM theory. This theory describes the extent to which users (village officials) utilize technology to create high-quality financial reports. TAM explains that if village officials are able to use and utilize SISKEUDES to its full potential, it will play a role in the system's success in improving accountability, transparency, and the quality of village financial reports. When village officials feel confident and accustomed to using digital systems,

they are more likely to adapt and optimize the use of SISKEUDES. Thus, the impact of using this application is not limited to improving the quality of financial reports but also contributes to enhancing a more modern and technology-based work culture. However, the findings of this study are inconsistent with the research by Yuneti *et al.,* (2024), which revealed that the use of the village financial system application does not have an impact on the quality of village financial reports.

The Effect of Training in the Preparation of Village Revenue and Expenditure Budgets (APBDes) on the Quality of Financial Reports

Based on the results of the t-test, it can be concluded that the variable of APBDes preparation training has a positive effect on the quality of financial reports. This finding indicates that APBDes preparation training plays an important role in improving the capacity of village officials to prepare and manage APBDes so that they can produce quality financial reports. Through training, village officials gain knowledge about the basic principles of budget preparation, village financial regulations, and the procedures for recording and reporting in accordance with regulations. Agency theory describes that village officials, as agents, are responsible for preparing and reporting the Village Revenue and Expenditure Budget (APBDes) accurately and transparently. With APBDes preparation training, village officials, as agents, can prepare the APBDes properly and avoid material errors, so that the community, as principals, can understand how budget decisions are made and their impact on village development.

The Effect of Internal Control Systems (ICS) on Financial Statement Quality

Based on the results of the t-test, it can be concluded that the ICS variable has a positive effect on financial statement quality. This finding reinforces several previous studies (Anto & Yusran, 2023; Nur *et al.,* 2023; Sari & Widiatmoko, 2023; Sasmita & Zulvia, 2023; Tunya *et al.,* 2023; Yuneti *et al.,* 2024) that found that the quality of village financial statements is positively influenced by the internal control system. Agency theory is related to the implementation of internal control systems in minimizing potential deviations that could harm the community as the principal. Agency theory emphasizes that the disparity of interests between agents and principals can lead to conflicts, especially when there is no adequate control system in place. The internal control system serves to strengthen the accountability of agents by providing limitations and monitoring mechanisms for every action related to finances. With this system in place, agents will be more motivated to perform their duties in accordance with the principal's needs because every decision can be monitored and accounted for.

The Influence of Human Resource Competence on Financial Statement Quality

Based on the t-test results, it can be concluded that the human resource competence variable has no influence on financial statement quality. This finding is inconsistent with previous studies that found that HR competence has a positive influence on the quality of village financial reports (Anto & Yusran, 2023; Sari & Widiatmoko, 2023; Suwarno *et al.,* 2023; Yuneti *et al.,* 2024). Agency theory explains that if village officials, as agents, have good human resource competence, the likelihood of deviations occurring decreases, thereby maintaining public trust as principals. In this theory, village officials as agents convey accurate and honest

information to the community as principals. When agents have low competence, the potential for errors, deviations, or manipulation of information increases. With competent human resources, financial reporting becomes more transparent and accountable. High competence also encourages agents to work professionally, in accordance with applicable regulations, and maintain integrity in all financial activities.

CONCLUSION

This study concludes that the Village Financial System (SISKEUDES), training in the preparation of the Village Budget (APBDes), and the Internal Control System have a positive impact on the quality of village financial reports. Conversely, human resource competence does not show a significant impact on the quality of village financial reports. Practically, village governments need to prioritize the optimal implementation of SISKEUDES as the most dominant factor (t-value 4.905), followed by strengthening the Internal Control System (t-value 3.601), and implementing a sustainable APBDes training program (t-value 2.597). This systemic approach has proven to be more effective than relying on individual competencies in improving the quality of village financial reports. There are limitations in this study, namely that the variables studied only contribute 65% to the quality of village financial reports. Therefore, there are other variables that are suspected to have an influence on the quality of village financial reports. Given these limitations, researchers conducting similar studies are advised to include relevant moderating variables, such as organizational commitment or work motivation, to strengthen the relationship between human resource competency variables and financial report quality, as human resource competency variables did not show a significant influence in this study.

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