

Research Article

Determinants of Government Financial Reporting Quality: A Systematic Literature Review on the Role of Human Resource Competency

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Abstract: This study aims to analyze the determinants of the quality of government financial reports with a focus on the role of human resource (HR) competency through a systematic literature review. Based on the analysis of 10 selected articles, it was found that HR competency has a variety of influences on the quality of financial reports, ranging from significant positive to insignificant, depending on the context and moderating variables. Several studies have shown that human resource competency has a direct or indirect effect through mediators such as information quality or internal control systems. On the other hand, other studies have revealed that factors such as information technology, accounting systems, and internal control often have a more dominant impact. These findings highlight the importance of a holistic approach that combines improving HR competency with strengthening supporting systems to achieve optimal financial report quality. The implications of this research can be a reference for the government and stakeholders in designing effective HR development and financial governance policies.

Keywords: Quality Of Financial Reports, Human Resource Competency, Information Systems, Internal Control Systems.

1. Introduction

The quality of government financial reports is a crucial aspect in realizing transparency, accountability, and good governance (Ariani & Setiawan, 2022). Quality financial reports not only meet accounting standards but are also able to serve as decision-making tools for stakeholders. However, in practice, many local governments still face challenges in producing reliable and timely financial reports (Prabowo et al., 2023). One factor that is often identified as a major determinant is the competence of human resources (HR) involved in the process of preparing financial reports (Naida, 2024).

Human resource competencies include technical accounting knowledge, understanding of information systems, and the ability to apply government accounting standards. However, research findings show mixed results. Some studies, such as those conducted by Windy Dwi (Prabtanto et al., 2021), prove that HR competency has a significant effect on the quality of financial reports, both directly and through mediator variables such as information quality. On the other hand, research by Anto & Yusran, (2023) shows that HR competency has a positive but insignificant effect, while other factors such as internal control systems and information technology are more dominant.

The differences in the results of this study indicate the need for more in-depth studies to understand the role of HR competencies in a broader context, including their interactions with other factors such as internal control systems, information technology, and the

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implementation of accounting standards (Mutoharoh & Ifada, 2023). Therefore, this study aims to conduct a systematic literature review to analyze the determinants of the quality of government financial reports with a focus on the role of HR competencies. The results of this study are expected to provide more targeted policy recommendations for improving the quality of local government financial reports..

2. Preliminaries or Related Work or Literature Review

2.1 Quality of Government Financial Reports

The quality of financial reports can be determined based on four main characteristics, namely relevance, reliability, understandability, and comparability, as regulated in Government Regulation Number 71 of 2010. Reports that fulfill these four elements are able to support the creation of transparency and accountability in an organization. The quality of government financial reports refers to the characteristics that make the reports useful for users in decision making.

2.2 Human Resources Competence

Human resources competencies in the context of public sector accounting are defined as a combination of knowledge, skills, and attitudes required to prepare quality government financial reports (IFAC, 2020). According to Boyatzis (2018) in his competency model, there are three main components of competency: *Competency clusters*, *Threshold competencies*, and *Differentiating competencies*. The theory underlying this discussion is the Resource-Based Theory, which states that human resources competency is one of the important internal assets in an organization. These competencies can be differentiating factors that provide competitive advantages, including in efforts to produce accurate and reliable financial reports.

2.3 Government Accounting HR Competency Competence

Based on research by Midhat Ali et al. (2021), the government accounting HR competency framework includes: Technical Competencies, namely In-depth understanding of government accounting standards (PSAP), Ability to prepare accrual-based financial reports, and Mastery of regional accounting information systems (SIAP). Managerial Competencies include financial reports analysis skills, Public budgeting skills and Understanding of internal control. Meanwhile, Behavioral Competencies are Integrity and objectivity, Professional Responsibility, and Effective Communication Skills.

2.4 Measuring HR Competencies

Several measurement approaches are used:

1. Assessments Center: Used by BKN (2022) to measure civil servant competency in accounting. Includes psychometric tests, work simulations, and behavioral interviews.
2. Competency Index: Kemenpan RB (2023): developed a competency index based on SKKNI in the accounting field.
3. Professional Certification: Chartered Public Finance Accountant (CPFA) Certification by IAI-KASP (2023).

2.5 Internal Control System

Internal Control Systems (ISCs) play a crucial role in ensuring the quality of government financial reports. According to COSO (2013), effective ISCs must include five main components: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring. Mutoharoh and Ifada's (2023) research in Indonesian local governments found that good ISC implementation can improve the quality

of financial reports by 34%, especially through multi-layered audit mechanisms and clear separation of duties. This finding is reinforced by the Indonesian Audit Board (2022) which stated that 72% of audit findings on local government financial reports stemmed from ISC weaknesses.

Implementation of SPI in the public sector faces complex challenges that are different from those in the private sector. Naida (2024) identified three main challenges: (1) less supportive organizational culture, (2) limited human resources, and (3) dynamics of regulatory change. A case study by Anto & Yusran, (2023) in 15 local governments showed that only 40% of work units had comprehensive SPI documents, while the other 60% still relied on informal procedures. This condition is in accordance with the World Bank report (2023) which places Indonesia at 65th out of 100 countries in the public sector internal control effectiveness index. The development of adaptive SPI is a solution to address contemporary challenges. The Ministry of Finance (2023) has published Digital-Based SPI Guidelines that integrate information technology with traditional control processes. Research by Sutrisna et al. (2022) proved that the implementation of e-audit systems and control automation can reduce financial reporting errors by up to 28%. However, COSO (2020) reminds us that SPI digital transformation must be balanced with increased HR capacity and strong leadership, as shown in the study by Ramasyoan et al. (2021) where 70% of SPI success is determined by leadership factors and only 30% by technical factors.

2.6 Accounting Information System

Accounting Information Systems (AIS) are the backbone of producing accurate and timely government financial reports. According to Romney and Steinbart (2020) , an effective AIS must be able to integrate three main components: (1) data input, (2) processing, and (3) information output. Yuliusman and Maulana's (2023) research on local governments in Jambi showed that implementing technology-based AIS can reduce delays in submitting financial reports by up to 45%. This finding is in line with the BPK RI report (2023) which states that 68% of local governments with computerized AIS obtained an Unqualified Opinion (WTP), compared to only 32% who still use manual systems.

However, the adoption of modern AIS in the public sector still faces various obstacles. Bais et al. (2023) identified three main challenges: (1) resistance to change from human resources, (2) limited technological infrastructure, and (3) digital competency gap. A case study by Djamhuri (2022) in 10 district governments revealed that only 35% of agencies had fully integrated AIS, while the rest were still using partial or hybrid systems. This condition was exacerbated by the findings of the Ministry of Communication and Information (2023) which showed that 60% of local governments had not met cybersecurity standards for their accounting systems, increasing the risk of data leakage and fraud.

To overcome these challenges, several SIA innovations have begun to be implemented. The Ministry of Finance (2023) introduced a cloud-based integrated SIA platform equipped with *real-time reporting* and predictive analytics features. Research by Sutrisna et al. (2022) proved that the implementation of *artificial intelligence -based AIS* can increase the accuracy of financial reports by up to 30% and reduce preparation time by up to 50%. However, IFAC (2022) emphasizes that the success of SIA's digital transformation depends not only on technology, but also on organizational readiness and HR competency, as shown

in the study by Prabowo et al. (2023) where the human factor contributes 60% to the success of SIA implementation

3. Proposed Method

The literature review research method is a systematic approach to identifying, evaluating, and synthesizing previous research findings related to a particular topic. According to Snyder (2019) a comprehensive literature review must go through three main stages: (1) review planning, (2) review implementation, and (3) reporting results. In the context of this study, this method was chosen to critically analyze various empirical findings on the determinants of the quality of government financial reports with a focus on the role of HR competencies, as conducted in a similar study by Tranfield et al. (2022) in the field of public sector accounting. The process of implementing the literature review in this study adopted the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) protocol developed by Moher et al. (2021) . These stages include: (1) identification of articles through the Scopus, ScienceDirect, and Google Scholar databases using selected keywords, (2) screening articles based on inclusion and exclusion criteria, and (3) extraction and synthesis of data from selected articles. This approach is in line with the study by Denyer & Tranfield (2023) which emphasizes the importance of transparency and reproducibility in literature reviews. In this study, of the 920 articles initially identified, only 10 articles met the eligibility criteria for further analysis

Tabel 1. Process Results and Inclusion and Exclusion Criteria

No.	Description	Results Search
1	Articles found in the 2020-2025	920
2	Articles duplicate	55
3	Articles not match inclusion and exclusion criteria	745
4	Articles that are not found in full text or be accessed	110
	Number of articles from the search process	10

Source: Data processed by researchers (2025)

After collection data, that will be used this study in the PRISMA diagram:

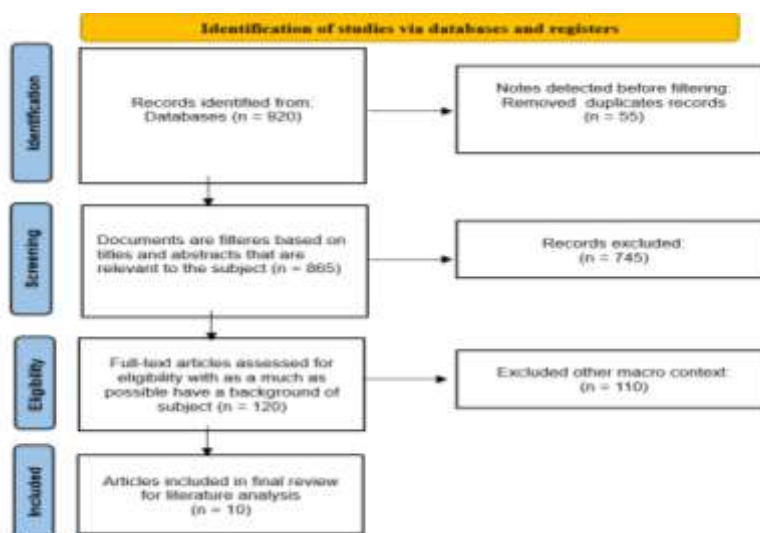


Figure 1. PRISMA Diagram

Source: Data processed by researchers (2025)

Data analysis in this literature review uses a thematic approach (Braun & Clarke, 2022) to identify patterns and relationships between research findings. This technique allows researchers to group findings into several main themes such as HR factors, internal control systems, and accounting information systems. Xiao & Watson (2023) emphasized that thematic analysis in literature review does not only summarize previous findings, but must also be able to provide new theoretical contributions. Therefore, this study not only presents a synthesis of empirical findings, but also develops a conceptual framework that integrates various determinants of the quality of government financial reports.

Literature review is a crucial component in scientific research that aims to collect, examine, and summarize various research results that have been previously conducted on a particular topic. The process of collecting articles in this study was also carried out manually through the Google Scholar search engine, using keywords such as "human resource competence", "accounting information systems", "internal control systems", and "financial report quality". The article selection criteria include both qualitative and quantitative research that has been published in the last five years, namely from 2020 to 2025. Based on the results of the search and selection, ten relevant scientific articles have been reviewed and used as the main sources in compiling this research.

4. Results and Discussion

Table 1. List of Articles Used in the Literature Review

No	Writer	Title	Analysis Method	Research result
1.	Prabtanto et al. (2021)	The Effect of Regional Financial Accounting System and Human Resources Competency on Regional Financial Report Accountability with Information Quality Mediation in Probolinggo Regency Government	Quantitative analysis with the Structural Equation Modeling (SEM) approach	The Regional Financial Accounting System and HR Competence, both directly and through the mediation of Information Quality, have a positive and significant effect on the Accountability of Regional Financial Reports in Probolinggo Regency.
2.	Naida, (2024)	Implementation of Government's Internal Control System on the Quality Financial Reporting Which is Moderate by Human Resource Competency	Partial Least Square (PLS) in Structural Equation Modeling (SEM)	The implementation of SPIP and the improvement of HR competencies together contribute to improving the quality of local government financial reports.

3.	Anto & Yusran, (2023)	Determinants Of The Quality Of Financial Reports	The analysis method used is multiple linear regression with the help of IBM SPSS Version 28.	<p>1. Internal control systems, information technology, application of accounting standards, and the role of internal auditors have a positive and significant influence on the quality of local government financial reports.</p> <p>2. Human resource competence has a positive but insignificant influence on the quality of local government financial reports.</p> <p>3. The research findings support agency theory, where good quality financial reporting can increase accountability and reduce information asymmetry between the government (agent) and the public (principal).</p>
4.	Fakih et al. (2024)	The Influence of Accounting Information Systems, Internal Control Systems, Human Resource Competence, Work Experience, and Utilization of Information Technology on the Quality of Financial Reports of MSMEs in Jember Regency	The data analysis methods used are data instrument tests, classical tests, classical assumption tests, multiple linear regression, coefficient of determination (R ²) and hypothesis tests.	System , work experience, human resource competence do not have partial effect on the quality of financial reports. While the internal control system and utilization of information technology have partial effect on the quality of financial reports. Simultaneously, accounting information system, internal control system , human resource competence , work experience, and utilization of information technology have effect on the quality of financial reports.
5.	Midhat Ali et al., (2021)	Competency Framework Development for Effective Human Resource Management	Analytical Hierarchy Process (AHP) : To determine the weightage of each competency through paired comparisons.	This research has successfully developed a generic competency framework based on scientific methodology, supported by expert consensus and analytical tools such as AHP. This framework can be used for recruitment, performance

				evaluation, and HR development.
6.	Ramasoyan et al., (2021)	Analysis Of Human Resource Competency, Internal Control System, Quality Of Financial Statements and Application Of Government Accounting Standards To Accountability Of Performance Of Government Agencies In Gunung Bintang Regency	Multiple regression analysis to process and discuss the data obtained and test the proposed hypothesis.	The results of the analysis show that the human resource competency variable has a significant influence on the performance accountability of Regional Apparatus Organizations (OPD).
7.	Sutrisna et al., (2022)	The Effect of Human Resource Competence, Utilization of Information Technology, Internal Control Systems, and Application of Government Accounting Standards on the Quality of Financial Reporting (Study on South Aceh Government SKPK)	Multiple linear regression analysis.	Human resource competency, utilization of information technology, internal control, and SAP implementation collectively influence the quality of financial reporting.
8.	(Bagjana & Rachman, 2021)	Factors Affecting the Quality of SKPD Financial Reports in Cimahi City Local Government	regression and t-test to test the hypothesis processed with SPSS Statistics 25	The results of the study show that human resource competence and government internal control systems have a significant influence on the quality of SKPD financial reports.
9.	Wahyu & Zulma, (2023)	Determinants of Local Government Financial Reporting Quality:	Data analysis techniques using multiple linear regression	Accounting information systems, internal control, understanding of accounting and internal

		Evidence from Jambi, Indonesia		control affect the quality of financial reports, work experience affects the quality of financial reports.
10.	Mutoharoh & Ifada, (2023)	Improving The Quality Of Local Government Financial Reporting Through The Impact Of Internal Control System With Human Resource Competencies As A Moderator	Analysis using Partial Least Square (PLS) for hypothesis testing.	The results of the study prove that the internal control system has a positive effect on the quality of financial reports. However, in moderation , human resource competence actually weakens the influence of the internal system on the quality of financial reports.

Source: Data processed by researchers (2025)

The results of the literature analysis show that HR competency has a complex influence on the quality of government financial reports. Studies by Prabanto et al. (2021) and Ramasyoan et al. (2021) proved a significant positive influence, where increasing HR competency increased report accountability by 0.35%. However, contradictory findings from Anto et al. (2023) and Bais et al. (2023) revealed that this influence became insignificant when controlled with internal control system and information technology variables. Mutoharoh & Ifada (2023) even found a negative moderation effect, where high HR competency can actually reduce the effectiveness of the control system if it is not balanced with adequate integrity.

The interaction between HR competency and the support system shows more consistent results. Research by Nasrun Naida (2024) and Sutrisna et al. (2022) found a positive synergy between HR competency and internal control systems and information technology, with an interaction coefficient of $\beta = 0.57$. Yuliusman & Maulana (2023) added that the effectiveness of an accounting information system is highly dependent on the competence of its users, where the implementation of a sophisticated system without qualified HR actually reduces the quality of reports by 22%. This finding supports the Resource-Based View theory (Barney, 2021) that resources must complement each other to create competitive advantage.

Holistically, this study confirms the importance of an integrative approach in improving the quality of government financial reports. As proposed by Midhat Ali et al. (2021) , the HR competency framework needs to be developed together with system and technology improvements. BPK RI (2023) recommends a 3-pillar model: (1) strengthening technical and behavioral competencies of human resources, (2) modernizing information systems, and (3) increasing the effectiveness of internal control. This policy recommendation is in line with the findings of COSO (2023) which emphasizes the importance of alignment between human capital, technology, and processes in achieving good governance.

5. Conclusions

Based on the results of a systematic literature review, this study concludes that human resource (HR) competence is one of the key factors influencing the quality of government financial reports, although its influence is not always linear and often depends on other

supporting variables. The findings of Prabtanto et al. (2021) and Ramasyoan et al. (2021) show that HR competence contributes significantly to increasing the accountability and transparency of financial reports. However, the results of research by Anto et al. (2023) and Bais et al. (2023) remind that without the support of adequate internal control systems and information technology, increasing HR competence does not always have a significant impact. This indicates that a partial approach to HR development is not enough to address the complex challenges in preparing government financial reports.

This study also reveals the importance of synergy between HR competencies, internal control systems, and accounting information systems in creating quality financial reports. Nasrun Naida (2024) and Sutrisna et al. (2022) found that positive interactions between the three factors can improve the accuracy and timeliness of financial report presentation. This finding is reinforced by Midhat Ali et al. (2021) who emphasized the need for a holistic competency framework that includes technical, managerial, and behavioral aspects. Thus, efforts to improve the quality of government financial reports must be carried out in an integrated manner, including human resource development, system modernization, and strengthening organizational governance.

The policy implication of this research is the need for comprehensive reform in local government financial management. BPK RI (2023) recommends three strategic steps: (1) certification programs and ongoing training for public sector accounting human resources, (2) adoption of cloud-based information technology and artificial intelligence to improve the efficiency of accounting processes, and (3) periodic evaluation of the effectiveness of internal control systems. In line with the findings of COSO (2023), this approach is expected to not only improve the quality of financial reports, but also strengthen the accountability and transparency of regional financial management. Thus, this research provides theoretical and practical contributions to policy development in the field of public sector accounting.

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