

# Integrating Technical and Cultural Factors in Financial Reporting Quality: The Roles of Accounting Information Systems, Internal Control, Risk Management, and *Tri Pantangan*

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## ABSTRACT

The quality of local government financial reports is a critical component of public accountability and good governance. Previous studies have primarily focused on technical factors, such as Accounting Information Systems (AIS), Internal Control, and Risk Management, while the role of local cultural values remains underexplored. This study aims to examine the effects of Accounting Information Systems, Internal Control, Risk Management, and understanding of *Tri Pantangan* on the quality of local government financial reports. A quantitative approach was employed using primary data collected through questionnaires distributed to employees involved in financial management within local government agencies in the Special Region of Yogyakarta, Indonesia. Using purposive sampling, 150 valid responses were obtained and analyzed using multiple linear regression with IBM SPSS 25. The results indicate that Accounting Information Systems have a significant negative effect on the quality of financial reports, whereas Internal Control, Risk Management, and understanding of *Tri Pantangan* have significant positive effects. The findings suggest that technological systems alone are insufficient to ensure high-quality financial reporting unless supported by effective controls, risk management practices, and ethical values. This study contributes to the public sector accounting literature by integrating technical and cultural factors into a single empirical model and provides practical implications for strengthening value-based financial governance and accountability in local governments.

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## 1. Introduction

The demand for transparency and accountability in public sector financial management has increased significantly alongside the implementation of good governance principles in Indonesia (Karunia et al., 2023; Masdar et al., 2021). As a form of accountability to the public and other stakeholders, local government financial reports are expected to provide information that is relevant, reliable, comparable, and understandable, as stipulated in Government Regulation No. 71 of 2010, concerning Government Accounting Standards. In addition to fulfilling these qualitative characteristics, government financial reports are also expected to be prepared in a timely manner,

free from material errors and fraud, and capable of supporting effective decision-making processes (Abernathy et al., 2018; Ayem & Rahmawati, 2024; Bandara & Falta, 2021; Merter & Özer, 2024).

The quality of local government financial reports is a critical issue because these reports serve as the primary basis for evaluating accountability in public financial management (Furqan et al., 2020; Mediaty et al., 2025; Tran et al., 2021). In Indonesia, the Audit Board of the Republic of Indonesia (BPK) assesses financial reporting quality annually through audit opinions, as mandated by Law No. 15 of 2004. Despite ongoing efforts to improve financial reporting practices, substantial resources continue to be allocated to audit and oversight activities, reflecting persistent concerns regarding reporting errors, regulatory non-compliance, and financial irregularities. BPK RI (2023) emphasizes the need to strengthen financial management and oversight systems. Therefore, identifying factors that influence financial reporting quality remains essential for promoting transparent, accountable, and effective public financial governance.

Research on the quality of local government financial reports has predominantly focused on technical factors, including Accounting Information Systems (AIS), Internal Control, and Risk Management (Hanifa et al., 2025). Previous studies indicate that AIS improves financial reporting quality by providing more accurate, relevant, and timely information (Alharasis, 2025; Hanifa et al., 2025; Johri, 2025). Similarly, Internal Control and Risk Management have been shown to enhance accountability and the reliability of government financial reports (Bakar et al., 2019; Darteh, 2024). However, prior findings remain inconclusive, particularly regarding the effect of AIS on financial reporting quality. While several studies report a significant positive relationship (Alharasis, 2025; Johri, 2025), others suggest that AIS implementation does not always improve reporting quality due to limitations in user competence and ineffective system utilization (Lutfi et al., 2022; Mediaty et al., 2025). Furthermore, existing research has largely emphasized technical and formal organizational mechanisms, while cultural and ethical values that may influence public officials' behavior in financial management have received limited attention.

One relevant cultural value is the *Tri Pantangan* doctrine of Tamansiswa, which emphasizes the prohibition of abuse of authority, financial misconduct, and moral violations (Erawati & Welan, 2022; Wardani & Saputri, 2023). Previous studies suggest that understanding *Tri Pantangan* promotes ethical behavior, accountability, and fraud prevention (Solikah, 2022; Wardani & Herlicia, 2023). Therefore, this study integrates technical and cultural factors through the *Tri Pantangan* variable to provide a more comprehensive explanation of local government financial reporting quality and contribute to the public sector accounting literature.

This study aims to empirically examine the effects of Accounting Information Systems, Internal Control, Risk Management, and the understanding of *Tri Pantangan* on the quality of local government financial reports. By integrating technical factors with local cultural values, this study addresses a gap in the Indonesian public sector accounting literature through the development of a comprehensive empirical model of financial reporting quality. The study is expected to provide both theoretical and practical contributions by enhancing understanding of the determinants of high-quality financial reporting and supporting the strengthening of accountability and value-based financial governance in local government institutions.

## Hypotheses Development

### Accounting Information Systems and the Quality of Local Government Financial Reports

An Accounting Information System (AIS) is a system designed to collect, record, process, and present financial information required for organizational decision-making processes (Al-Hattami, 2024; Chowdhury et al., 2024). In the public sector context, AIS plays a crucial role in supporting transparent, accountable, and good governance-oriented financial management. Effective implementation of AIS enables financial transactions to be recorded more efficiently, accurately, and in an integrated manner, thereby enhancing the quality of information presented in financial reports (Al-Hashimy et al., 2026; Zohry & Al-Dhubaibi, 2024). The quality of local government financial reports is determined by their ability to provide information that is relevant, reliable, comparable, and understandable. Consequently, AIS serves as an essential factor in supporting the preparation of high-quality financial reports by reducing recording errors, improving the timeliness of reporting, and providing more accurate information for stakeholders (Ayem & Rahmawati, 2024). A well-functioning AIS facilitates systematic data processing and strengthens the reliability of financial information, which ultimately contributes to better financial reporting outcomes.

Empirical evidence supports the positive relationship between AIS implementation and financial reporting quality. Al-Hattami (2024) found that the implementation of Accounting Information Systems improves the quality of financial reports by enhancing the effectiveness of financial data processing and information presentation. Similarly, Alharasis (2025) reported that effective AIS implementation positively influences financial reporting quality through improvements in the accuracy and reliability of the information generated. Based on the theoretical arguments and empirical findings discussed above, more effective implementation of Accounting Information Systems in local government financial management is expected to improve the quality of financial reports. Therefore, the following hypothesis is proposed:

H1: Accounting Information Systems have a positive effect on the quality of local government financial reports.

### **Internal Control and the Quality of Local Government Financial Reports**

Internal control refers to a process designed and implemented by organizational leaders and members to provide reasonable assurance regarding the achievement of organizational objectives, including operational effectiveness and efficiency, reliability of financial reporting, safeguarding of assets, and compliance with applicable laws and regulations (Otengkoramah Badoo et al., 2020; Sahin & Menekse, 2025). In the context of local government, internal control functions as a monitoring mechanism that ensures financial management activities are conducted in accordance with established procedures and regulatory requirements, thereby minimizing the risk of errors and irregularities in the preparation of financial reports. Effective internal control contributes to improving the quality of financial reports through stronger oversight functions, clear segregation of duties, adequate transaction documentation, and accurate recording and reporting processes. Through a sound internal control system, local governments can reduce the likelihood of errors, fraud, and misuse of public resources (Adebayo & Ilesanmi, 2020; Shonhadji & Maulidi, 2022), thereby enhancing the reliability and credibility of the information presented in financial reports. Furthermore, effective internal control supports the achievement of transparency and accountability in local government financial management, which are fundamental elements of good governance practices.

Empirical studies indicate that internal control is a key determinant of the quality of local government financial reports. The effective implementation of the Government Internal Control System enhances the quality of financial reports by improving the reliability of financial information and ensuring compliance with regulatory requirements (Dashtbayaz et al., 2019). Similarly, Mediaty et al. (2025) internal control positively contributes to the quality of local government financial reports by strengthening oversight mechanisms and reducing the risk of reporting errors. Therefore, the more effective the implementation of internal control within government organizations, the higher the quality of the financial reports produced. Based on the theoretical arguments and empirical evidence presented above, the following hypothesis is proposed:

H2: Internal control has a positive effect on the quality of local government financial reports.

### **Risk Management and the Quality of Local Government Financial Reports**

Risk management refers to a set of policies, procedures, and activities employed by organizations to identify, analyze, evaluate, and control risks that may hinder the achievement of organizational objectives (Pimchangthong & Boonjing, 2017). In the context of local government, risk management serves as an essential instrument for ensuring that financial management processes are conducted effectively, efficiently, and in compliance with applicable regulations. Through the implementation of sound risk management practices, local governments can anticipate various potential risks, including recording errors, regulatory non-compliance, budget misuse, and delays in financial reporting. Effective risk management can enhance the quality of financial reports by enabling organizations to identify and control factors that may undermine the reliability of financial information. Risk identification, assessment, and mitigation processes allow local governments to implement appropriate preventive measures before potential risks adversely affect the preparation of financial reports. Consequently, the resulting financial reports are more accurate, reliable, and capable of fairly representing the organization's financial condition. Furthermore, risk management supports transparency and accountability in public financial management by strengthening control

mechanisms and promoting more informed and systematic decision-making processes (Brusca et al., 2018).

Previous studies have demonstrated the important role of risk management in improving governance and financial reporting quality. Bsoul et al. (2025) found that the implementation of risk management contributes to enhanced financial reporting quality through stronger control functions and a reduction in potential errors in financial management. Similarly, Beasley et al., (2023) reported that organizations implementing risk management effectively tend to possess more robust financial management systems, enabling them to produce higher-quality financial reports. Therefore, the more effectively risk management is implemented within government organizations, the higher the quality of the financial reports produced. Based on the theoretical arguments and empirical evidence discussed above, the following hypothesis is proposed:

H3: Risk management has a positive effect on the quality of local government financial reports.

### ***Tri Pantangan* and the Quality of Local Government Financial Reports**

In addition to technical and structural factors, the quality of local government financial reports is also influenced by ethical factors and the values embraced by public officials in carrying out their duties. In the public sector context, financial reporting quality is determined not only by the sophistication of information systems and the effectiveness of internal controls but also by the integrity of individuals involved in financial management processes. Therefore, cultural and ethical values play an important role in fostering responsible, transparent, and accountable behavior in public financial management. One cultural value that is particularly relevant in this context is the *Tri Pantangan* doctrine of the Tamansiswa educational philosophy. According to Suratman (2019), *Tri Pantangan* emphasizes the prohibition of the abuse of authority, misuse of financial resources, and violations of moral principles in the execution of public responsibilities. These values promote honesty, responsibility, self-discipline, and adherence to prevailing norms and regulations. *Tri Pantangan* serves not only as an ethical guideline but also as a character-building framework that encourages individuals to avoid behaviors that may harm organizations and society.

In the context of local government financial management, understanding and implementing the values of *Tri Pantangan* can strengthen the effectiveness of formal control systems by enhancing the moral awareness of public officials. Officials who internalize these values are more likely to exercise caution in the use of authority, manage public resources responsibly, and avoid actions that may lead to fraud or other irregularities. Consequently, *Tri Pantangan* can function as an informal control mechanism that supports transparency, accountability, and the reliability of financial information.

Empirical evidence also suggests that the values embodied in *Tri Pantangan* contribute to ethical behavior and accountability. Solikah (2021) found that a strong understanding of *Tri Pantangan* reduces the tendency toward unethical behavior. Furthermore, Wardani & Herlicia (2023) demonstrated that the doctrine plays a significant role in reducing fraudulent tendencies, while Ayem & Rahmawati (2024) reported that *Tri Pantangan* values strengthen accountability in financial management practices. Therefore, the greater the understanding and internalization of *Tri Pantangan* among public officials, the higher the quality of the financial reports produced. Based on the theoretical arguments and empirical findings presented above, the following hypothesis is proposed:

H4: Understanding of *Tri Pantangan* has a positive effect on the quality of local government financial reports.

## **2. Methods**

This study employed a quantitative research approach to examine the influence of Accounting Information Systems, Internal Control, Risk Management, and Understanding of *Tri Pantangan* on the Quality of Local Government Financial Reports. Quantitative research was selected because it enables the measurement of relationships among variables and the empirical testing of hypotheses using statistical analysis. The population of this study consisted of employees working in local government agencies within the Special Region of Yogyakarta (Daerah Istimewa Yogyakarta/DIY) who are directly involved in financial management and financial reporting activities. The sample was determined using a purposive sampling technique. The criteria for selecting respondents were

government employees who work in finance-related units and have direct involvement in the preparation, recording, or reporting of regional financial information. Based on the distribution of questionnaires, a total of 150 valid responses were obtained and used in the analysis. Primary data were collected through a structured questionnaire distributed both online using Google Forms and directly to local government agencies in the Special Region of Yogyakarta. Data collection was conducted from September to October 2025. All variables were measured using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

The measurement of each variable was developed based on concepts and indicators from previous studies. Accounting Information Systems were measured based on the effectiveness of financial information processing and reporting. Internal Control was measured based on the implementation of supervision, control activities, and compliance with procedures (Mene et al., 2018). Risk Management was measured through indicators related to risk identification, risk assessment, and risk mitigation processes. Understanding of *Tri Pantangan* was measured through respondents' understanding and application of the values prohibiting abuse of authority, financial misconduct, and moral violations (Suratman, 1991). Meanwhile, the Quality of Financial Reports was measured based on the characteristics of relevance, reliability, comparability, and understandability as stipulated in Government Accounting Standards. Data analysis was conducted using IBM SPSS Statistics version 25. Prior to hypothesis testing, the research instruments were evaluated using validity and reliability tests. Furthermore, classical assumption tests consisting of normality, multicollinearity, and heteroscedasticity tests were performed to ensure the suitability of the regression model. Hypothesis testing was carried out using multiple linear regression analysis to determine the effect of Accounting Information Systems, Internal Control, Risk Management, and Understanding of *Tri Pantangan* on the Quality of Local Government Financial Reports.

**Table 1. Operational Definitions and Variable Indicators**

Variables	Operational Definition	Variable Indicators	Scale
Accounting Information System	An accounting information system (AIS) is a system that inputs, stores, and manages financial data, along with accounting data, for use by decision makers or relevant stakeholders	1. Entering data 2. Saving data 3. Managing data	Likert 1-5
Internal Control	The Internal Control System (ISC) is the framework used by the government to manage, supervise, and monitor its activities. ISC must be implemented by all government agencies, both central and regional	1. Control Environment 2. Risk Assessment 3. Control Activities 4. Information & Communication 5. Monitoring	Likert 1-5
Risk Management	Risk management is defined as the disclosure of risks that have been managed by the company, or how the company will manage risks in the future and the implementation of management functions to address risks, especially risks faced by organizations, families and communities	1. Risk identification 2. Risk quantification 3. Determine the risk 4. Determine risk solutions 5. Conduct risk monitoring and, 6. Risk reporting	Likert 1-5
<i>Tri Pantangan</i>	The <i>Tri Pantangan</i> of Tamansiswa are the pillars of Ki Hadjar Dewantara's teachings as an effort to shape a person's character to the honest and obedient to the applicable rules.	1. Prohibition of abuse of power 2. Prohibition of abuse of morality 3. Prohibition of financial embezzlement	Likert 1-5
Quality of Government Financial Report	The quality of government financial reports is a structured report on the financial position and transaction of an entity.	1. Relevant in timeliness and decision making. 2. Reliability on the financial information produced.	Likert 1-5

### 3. Results

#### Respondent Characteristics

A total of 175 questionnaires were distributed to employees of local government agencies in the Special Region of Yogyakarta. Of these, 150 questionnaires were returned and deemed suitable for analysis, resulting in a response rate of 85.71%. Based on the demographic profile, most respondents were aged between 30 and 40 years (43.3%), female (54%), and had more than five years of work experience (78%). These characteristics indicate that the respondents possessed sufficient experience and involvement in regional financial management activities.

#### Validity and Reliability Test

Validity test is used to assess the ability of research instruments in measuring the variables studied. Data are processed using Microsoft Excel and analyzed with IBM SPSS version 25. The instrument is declared valid if the calculated *r* value is greater than the table *r*, and invalid if the calculated *r* value is smaller than the table *r*. The table *r* value is determined based on the degrees of freedom ( $DF = n - k$ ), with *n* as the number of respondents and *k* as the number of variables.

**Table 2. Results of Validity and Reliability Tests**

Construct	Item	Item-Total Correlation	Cronbach's Alpha	Information
X1	1-12	>0.3	0.750	Valid and reliable
X2	13-24	>0.3	0.756	Valid and reliable
X3	25-37	>0.3	0.712	Valid and reliable
X4	38-48	>0.3	0.757	Valid and reliable
Y	49-63	>0.3	0.731	Valid and reliable

Source: Primary Data Processed, 2025

The results of the validity and reliability tests show that all constructs in this study, from X1 to Y, have item-total correlation values above 0.30 and Cronbach's Alpha values above 0.70. Thus, all statement items in each variable are declared valid and reliable.

#### Descriptive Statistics

Descriptive statistics were employed to describe respondents' perceptions of the research variables. The results indicate that the Accounting Information System variable had a mean score of 41.26 with a standard deviation of 7.35, indicating a relatively good level of implementation. Internal Control had a mean score of 44.95 and a standard deviation of 6.67, while Risk Management showed a mean score of 50.63 and a standard deviation of 4.24. Understanding of *Tri Pantangan* had a mean score of 45.24 with a standard deviation of 4.26. Meanwhile, Financial Report Quality had the highest mean score of 60.66 and a standard deviation of 4.67, indicating that respondents generally perceived the quality of local government financial reports to be very good.

**Table 3. Result of Descriptive Statistical**

	N	Minimum	Maximum	Mean	Standard Deviation
Accounting Information System	150	20.00	56.00	41.2600	7.34886
Internal Control	150	30.00	60.00	44.9467	6.66835
Risk Management	150	35.00	58.00	50.6333	4.240114
<i>Tri Pantangan</i>	150	32.00	55.00	45.2400	4.26423
Quality of Financial Reports	150	39.00	71.00	60.6600	4.67297
Valid N (Listwise)	150				

Source: Processes Primary Data, 2025

#### Classical Assumption Tests

##### Normality Test

The normality test aims to determine whether the research data is normally distributed. The test was conducted using the One-Sample Kolmogorov–Smirnov test and a normal probability plot. The regression model is deemed to meet the normality assumption if the Kolmogorov–Smirnov test significance value is greater than 0.05. The results of the normality test are presented below:

**Table 4. Results of the Kolmogorov Smirnov Normality Test**

		Unstandardized Residual
N		150
Normal Parameters <sup>a,b</sup>	Mean	,0000000
	Std. Deviation	0.36924091
Most Extreme Differences	Absolute	0.094
	Positive	0.094
	Negative	-0.079
Test Statistics		0.094
Asymp. Sig. (2-tailed)		0.002
Exact Sig. (2-tailed)		0.133 <sup>c</sup>

a. Test distribution is Normal

b. Calculated from data

c. Lilliefors Significance Correction

Source: Processes primary data, 2025

Referring to Table 4, it can be seen that the Exact. Sig. (2-tailed) value is 0.133 > alpha 0.05, so the classical assumptions for the normality test are met and it can be concluded that the data used can be normally distributed.

### Multicollinearity Test

**Table 5. Multicollinearity Test Results**

Model	Collinearity Tolerance	Statistics VIF	Information
Accounting Information System	0.383	2,609	Multicollinearity does not occur
Internal control	0.390	2,566	Multicollinearity does not occur
Risk Management	0.829	1,206	Multicollinearity does not occur
<i>Tri Pantangan</i>	0.863	1,158	Multicollinearity does not occur

a. Dependent Variable: Quality of Government Financial Reports

Source: Processed Primary Data, 2025

The table above shows that all independent variables have a tolerance value > 0.10 or a VIF value < 10, so it can be concluded that there is no multicollinearity between the independent variables in this regression model.

### Heteroscedasticity Test

**Table 6. Heteroscedasticity Test Results**

Variables	p-value	Information
Accounting Information System	,475	There are no symptoms of heteroscedasticity
Internal control	,951	There are no symptoms of heteroscedasticity
Risk Management	,379	There are no symptoms of heteroscedasticity
<i>Tri Pantangan</i>	,603	There are no symptoms of heteroscedasticity

Source: Processed Primary Data, 2025

The test results in Table 6 show that the p-values for Accounting Information Systems (0.475), Internal Control (0.951), Risk Management (0.379), and *Tri Pantangan* (0.603) are all greater than 0.05. This indicates no heteroscedasticity symptoms, so the residual variance is constant and the regression model is declared to meet the classical assumptions and is suitable for further analysis.

## Multiple Linear Regression Analysis

**Table 7. Multiple Linear Regression Results**

Model	Regression Coefficient	t-count	Sig
Constant	28,435	55,342	0,000
Accounting Information System	-0.130	-19,264	0,000
Internal control	0.040	5,407	0,000
Risk Management	0.338	42,517	0,000
<i>Tri Pantangans</i>	0,413	53,402	0,000
R <sup>2</sup>	984	F count	2180,963
Adjusted R <sup>2</sup>	983	Sig	0,000

a. Dependent variable: Quality of government financial reports  
 Source: processed primary data, 2025

Table 7 shows that accounting information systems, internal control, risk management, and the *Tri Pantangan* have a significant effect on the quality of government financial reports with a significance value of 0.000 (<0.05). The resulting regression equation is  $KLK = 28.435 - 0.130 SIA + 0.040 PI + 0.338 MR + 0.413 TP + \epsilon$ , where the accounting information system has a negative coefficient, while internal control, risk management, and the *Tri Pantangan* have a positive effect on the quality of government financial reports.

### Hypothesis Testing

Hypothesis testing was conducted using the t-test and F-test. The results demonstrated that all independent variables significantly affected Financial Report Quality at the 5% significance level. Accounting Information Systems had a significant negative effect on Financial Report Quality, whereas Internal Control, Risk Management, and Understanding of *Tri Pantangan* had significant positive effects.

Furthermore, the coefficient of determination ( $R^2$ ) was 0.984, indicating that 98.4% of the variation in Financial Report Quality could be explained by the four independent variables included in the model. The remaining 1.6% was explained by other factors not examined in this study. Table 8 shows the t-test and F-test results.

**Table 8 Hypothesis Test Results**

Testing	Variables/Statistics	Calculated Value	Table Value	Sig	Information
T-test (Partial)	Accounting Information System (X1)	-19,264	1,655	0,000	H0 was rejected
	Internal Control (X2)	5,407	1,655	0,000	H0 was rejected
	Risk Management (X3)	42,517	1,655	0,000	H0 was rejected
	<i>Tri Pantangan</i> (X4)	53,402			H0 was rejected
F-test	X1, X2, X3, X4 → Y	2180,963	3,12	0,000	Significant model
(Simultaneous)	R	0,992	-	-	Very Strong Relationship
R test	R square	0,984	-	-	98,4%
	Adjusted R <sup>2</sup>	0,983	-	-	Very good model

## 4. Discussion

### Impact of Accounting Information Systems on the Quality of Financial Reports

The results of hypothesis testing indicate that Accounting Information Systems (AIS) have a significant negative effect on the quality of local government financial reports. Therefore, the first hypothesis ( $H_1$ ), which proposed a positive relationship between AIS and financial report quality, is not supported. This finding suggests that improvements in the implementation of accounting information systems do not automatically lead to higher-quality financial reports within local government institutions. Although accounting information systems are theoretically designed to improve the accuracy, timeliness, and reliability of financial information, their effectiveness largely

depends on the quality of implementation, user competence, system integration, and organizational readiness. The negative relationship identified in this study may indicate that the implementation of AIS has not been fully optimized within local government agencies. In practice, weaknesses in data entry procedures, inadequate transaction validation, limited user understanding, and insufficient integration among information systems may reduce the effectiveness of AIS in supporting the financial reporting process.

From the perspective of stakeholder theory, local governments are responsible for providing reliable and transparent financial information to various stakeholders, including the public, supervisory institutions, and central government authorities. However, when accounting information systems are not supported by adequate human resource capabilities and effective monitoring mechanisms, the resulting information may fail to meet stakeholders' expectations regarding reliability and accountability. Consequently, the existence of the system alone is insufficient to improve financial reporting quality unless it is accompanied by effective utilization and organizational support.

This finding is consistent with Lutfi et al. (2022), who found that accounting information systems did not significantly improve the quality of local government financial reports due to limitations in implementation effectiveness. Similarly, Ewert & Wagenhofer (2019) reported that the existence of accounting systems alone could not guarantee improvements in financial reporting quality when users lacked sufficient understanding and technical competence. These findings suggest that technological infrastructure must be complemented by adequate training, supervision, and organizational commitment. However, the results of this study differ from Al-Hattami (2024) who found that accounting information systems positively influenced financial report quality. These studies argued that effective information systems enhance reporting accuracy, reduce processing errors, and improve the timeliness of financial information. The differences in findings may be attributed to variations in organizational contexts, levels of system maturity, user competencies, and institutional readiness in implementing accounting information systems. Therefore, the negative effect identified in this study indicates that improving financial report quality requires not only technological systems but also competent human resources, effective internal controls, and organizational commitment to ensure that accounting information systems function as intended in supporting public sector financial accountability.

### **Internal Control Over the Quality of Financial Reports**

The results of the second hypothesis test indicate that internal control has a significant positive effect on the quality of the financial reports of the Yogyakarta Special Region Government. By rejecting  $H_0$  and accepting  $H_a$ , this hypothesis is supported. This finding indicates that the better the implementation of internal control, the higher the quality of the resulting financial reports. Most respondents agreed that risk mitigation policies have been implemented in government activities. This indicates management awareness in identifying, analyzing, and controlling potential risks that can affect the accuracy and reliability of financial reports. The implementation of effective internal control allows local governments to minimize errors and deviations, thereby increasing the accountability of financial reporting.

This finding is in line with agency theory, which emphasizes the importance of oversight mechanisms to reduce conflicts of interest between principals and agents. Agency theory explains the relationship between the principal (the public or the central government) and the agent. The agent (the local government) requires monitoring and control mechanisms to ensure that it acts in accordance with the interests of the principal. The implementation of risk mitigation policies is one form of such mechanism, because it helps ensure that regional financial management is carried out transparently, accountable, and free from irregularities, thus minimizing conflicts of interest between the party granting authority and the party exercising it. The results of this study are consistent with the findings of Otengkoramah Badoo (2020) and Sahin & Menekse (2025) which show that internal control has a significant positive effect on the quality of local government financial reports. The results of this study indicate that effective internal control can increase the reliability and accuracy of financial information presented in financial reports. A good internal control system can detect and prevent errors and fraud, and ensure that transactions are recorded and reported in accordance with applicable regulations.

### **Risk Management for Financial Report Quality**

The results of the third hypothesis test indicate that risk management has a positive and significant effect on the quality of the financial reports of the Yogyakarta Special Region Government. Based on the results of the  $t$ -test,  $H_0$  is rejected and  $H_a$  is accepted, thus the third hypothesis is supported. This finding indicates that the better the implementation of risk management, the higher the quality of the resulting financial reports. The implementation of effective risk management enables local governments to identify and control risks that could potentially disrupt the financial reporting process. The questionnaire results show that the majority of respondents stated that risk identification is carried out routinely, reflecting a high awareness in preventing errors, irregularities, and delays in reporting. This finding suggests the creation of more reliable and accurate financial reports and indicates that risk management has become an important part of regional financial management. From a stakeholder theory perspective, the implementation of risk management reflects the responsibility of local governments to stakeholders in maintaining the quality of financial reporting. Stakeholder theory emphasizes that public organizations have a moral obligation to consider the interests of all parties affected by their activities. The implementation of good risk management ensures that financial reports reflect the actual, reliable, and transparent financial condition, so that they can be trusted and used by stakeholders as a basis for decision-making (Rani, 2024).

This finding is in line with Sanjaya et al., (2019) who stated that risk management has a positive effect on the quality of local government financial reports explaining that risk management expands the internal control function by focusing on risk management, so that governments that implement it effectively tend to have lower risk levels and are able to minimize reporting errors. However, this finding differs from Asril (2024) who found an insignificant negative effect, indicating that the effectiveness of risk management is highly dependent on the quality and consistency of its implementation.

### **Understanding the *Tri Pantangan* Regarding the Quality of Financial Reports**

The results of the fourth hypothesis indicate that understanding the *Tri Pantangan* (Abstaining Principles) has a positive and significant effect on the quality of the financial reports of the Yogyakarta Special Region Government. The  $t$ -test results show that  $H_0$  is rejected and  $H_a$  is accepted, indicating that the higher the understanding and application of the *Tri Pantangan* values by local government officials, the better the quality of the resulting financial reports. This finding proves that the moral values in the *Tri Pantangan* teachings, namely the prohibition of abuse of authority, financial abuse, and violation of morality, contribute significantly to increasing the transparency, reliability, and accountability of public sector financial reporting (Erawati & Welan, 2022). The application of these ethical values forms the integrity of the apparatus, thereby encouraging the avoidance of corrupt, manipulative behavior, and financial irregularities. Thus, *Tri Pantangan* plays an important role as a moral control that supports the creation of transparent, accurate, and reliable local government financial reports, in line with the positive perception of the majority of respondents towards its application in government practice.

Regional government officials possess a high level of ethical awareness and moral responsibility in carrying out their duties, as reflected in their orientation toward the public interest and public service work ethic. This attitude reflects the application of the *Tri Pantangan* (Abstaining Principles), particularly the prohibition against abusing power, finances, and morality, through the appropriate use of authority, transparent financial management, and a commitment to maintaining integrity. These findings align with agency theory, where the *Tri Pantangan* serves as a mechanism for controlling agent behavior to minimize conflicts of interest and increase accountability, transparency, and public trust in local government performance. Research conducted by researchers Wardani & Herlicia (2023) and Solikah (2021) demonstrates that understanding the teachings of the *Tri Pantangan* (Abstaining Principles) can increase accountability, suppress fraudulent behavior, and strengthen public trust in government performance. From an agency theory perspective, the *Tri Pantangan* serves as an ethical control mechanism that encourages officials to act in the public interest. The higher the application of the *Tri Pantangan* (Abstaining Principles), the lower the potential for abuse of authority, fraud, and corrupt practices, thus supporting the realization of clean, transparent, and accountable governance.

## Conclusion

Although previous studies have examined the effects of Accounting Information Systems, Internal Control, and Risk Management on financial reporting quality, existing evidence remains inconclusive, particularly regarding the effectiveness of technical governance mechanisms in improving local government financial reporting. Moreover, limited attention has been given to the role of local cultural and ethical values as informal governance mechanisms that may influence financial accountability. To address this gap, this study investigates the effects of Accounting Information Systems, Internal Control, Risk Management, and the understanding of *Tri Pantangan* on the quality of local government financial reports. By integrating technical governance factors with a culturally embedded ethical value, this study extends the public sector accounting literature beyond conventional system- and control-based perspectives. The findings provide theoretical insights into the determinants of financial reporting quality and offer practical implications for strengthening accountability, transparency, and value-based financial governance in local government institutions.

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