THE EFFECT OF GOOD GOVERNANCE IMPLEMENTATION, GOVERNMENT ACCOUNTING STANDARDS, EFFECTIVENESS OF INTERNAL CONTROL SYSTEM AND HUMAN RESOURCE QUALITY ON THE QUALITY OF REGIONAL TASK FORCE FINANCIAL STATEMENTS

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Abstract: *The purpose of this research is examine the effect of implementation of Good Governance, Government Accounting Standards, Effectiveness of Internal Control System and Quality of Human Resources to the Quality of Financial Statements in the local municipality and regency (SKPD) Ambon, Maluku province. The population are 90 SKPD in the province of Maluku and each sample represented by one respondent. This research using quantitative approach, and data collection was done directly by using the questionnaire. Data were analyzed using Partial Least Square Equational Structural Models (PLS-SEM) with SmartPLS program. The results showed that the implementation of good governance, Government Accounting Standards, Quality of Human Resources positive significantly affect the Quality of Financial Statements Municipal area and the regency of Ambon, Maluku. Effectiveness of Internal Control System is not significant to the Quality of the Financial Statements in the local municipality and regency Ambon, Maluku.*

Keywords: *Good governance, government accounting standards, effectiveness of internal control system, quality of human resources, quality of financial Statements*

1. Introduction

The financial management of the country is an activity that will affect the improvement of the welfare and prosperity of the people and people of Indonesia. The obligation of all agencies in both the central and local governments to compile financial statements as a form of accountability for state financial management. There are currently changes in the external environment related to the management of the country's finances, such changes include increasing public awareness to have a clean, accountable, and transparent government in managing the country's finances (Nuraeni, et al, 2012).

Local governments can organize government and development with their own regional capabilities. Therefore, the district is obliged to dig up its own financial resources based on the prevailing laws and regulations. In its development, this policy was updated with the release of Law No. 32 of 2004 and Law No. 33 of 2004 governing local government and financial balance between central government and local government. This policy presents the challenge of local governments to manage their resources efficiently and effectively in accordance with their respective regional capacities. As a result, this policy raises the readiness of different regions from one another given that the previous regional management system was still centralized. Haryanto, et al. (2007), explained that regional financial management is a subsystem of the state

financial management system and is a key element in the management of local governments. Transparency and accountability are the most important parts of regional financial management. So it is necessary to awareness of local governments to improve the quality and accountability supported by the hard work and intelligence of all SKPD financial managers. Therefore, it is very important for local governments to pay more attention to the development of apparatus capacity in regional financial management. Thus financial accountability is the provision of information on activities in maintaining the accuracy of financial statements to interested parties.

The Government of Indonesia responded to the accountability demands by starting a new round of government accounting in Indonesia with the enacting of Law No. 17 of 2003 on State Finance, Law No. 1 of 2004 on The Treasury and Government Regulation No. 71 of 2010 on Government Accounting Standards. Government regulation No. 8 of 2006 requires financial statements to be redeed by the Government Internal Supervision Authority (APIP) before being submitted to the CPC for audit. The review of regional financial statements was conducted by the Provincial Inspectorate and the District/City Inspectorate. Financial statements presented must be based on an adequate internal control system and in accordance with government accounting standards. Users of financial statements will use government accounting standards to understand the information presented in financial statements and become guidelines for bringing together perceptions between constituents, users and auditors (CPC). Government accounting standards are set by Government Regulation no. 71 of 2010. The control function is carried out by the Regional Head through an internal control system. The internal control system is a process integral to the actions and activities carried out continuously by the leadership and all employees to provide adequate confidence in the achievement of the organization's objectives through effective and efficient activities, reliability of financial reporting, safeguarding of state assets, and compliance with the laws and regulations (PP Number 60 year 2008).

The success of local leaders in presenting quality financial statements supported by Human Resources (HR) and infrastructure owned by each local government. Financial statements are an output resulting from financial transactions that are processed by humans, so as to produce quality regional financial statements needed human resources (HR) that understand and are competent in accounting of government, regional finance and organizational governance. This is in accordance with Alimbudiono and Fidelis's research (2004) in Desiana (2012) which provides empirical findings that employees with accounting education in the XYZ government accounting subsection *showed minimal results, the job description* of each section is unclear, and the trainings to ensure accounting functions run properly have not been implemented. The placement of civil servants in several regions /districts in Indonesia according to Effendi's research in Desiana (2012) also shows that the placement of civil servants often does not correspond to the capacity of the employees concerned. Human resources competency is inseparable from the policy in civil servant staffing stipulated in Law No. 43 of 1999 on staffing points.

Governmental Accounting Standards Board (GASB, 1999) in *Concepts Statement No.1* states that the purpose of financial statements is the basis for reporting financial information in government that will be used as the basis for decision making. Therefore, the Government needs to pay attention to the quality of the financial statements. Quality is something that meets or exceeds expectations or criteria that have been set. Criteria for assessing the quality of financial statements according to pp. No. 71 of 2010 on Accounting Standards of the Government of Indonesia is understandable, relevant, reliable and comparable.

The above criteria refer to the information presented in the financial statements. This is in accordance *with* ronan murphy's opinion (in Payanta, 2006) that the quality of financial statements will improve the quality of information presented in financial statements. Users of financial statements are confident in making decisions because they are based on information that has been well prepared, approved and audited transparently, accountable and qualified. The opinion indicates that the quality of financial statements is the extent to which financial statements present true and honest information. This means that the quality of financial statements shows the concept of information quality of the report.

The problem arises is the late delivery of financial statements from work devices, this is due to constraints in several sectors, including the officials responsible for not recording accurately and not in accordance with the prevailing standards (SAP), the absence of clear accounting policies and treatment. To address the problem, the local government has established an Assistant to the Government Agency Performance Accountability Report (LAKIP) as well as making its determination. This is done in order to *realize good goverment,*as a form of accountability for the vision, objectives, objectives, programs and activities listed in the strategy plan.

According to the BPK that Ambon City financial report in 2019 is a "Reasonable with Exception" opinion or Qualified Opinion. According to the BPK, the financial statements of Ambon city government have presented reasonably, in all material ways, the financial position of Ambon city government is in accordance with the accounting standards of the government, but there are some findings found by the BPK in terms of asset management system. Similarly, the financial statements of the central Maluku district in 2019, BPK gave an opinion Reasonable with Exception (WDP), with the findings of BPK in terms of asset management, while in the financial statements of the western spooky districts, bpk still gives opinion Does Not Give Opinion (Disclaimer),

2. Theory and Development hypothesis
Governance Theory

The context of Fredikson's public administration repositioning provides governance achievement in four terminology:

The first, Governance, describes the unity of a number of organizations or institutions whether from the government or private sector that are jointly linked to manage public activities. They can work together in a network between countries. Hence this first terminology, governance appoints the networking of a number of entities that independently have autonomous power or change the image of the centralization of the organization towards the image of a delegative and decentralized organization.

Second, Governance where various plurality of perpetrators are even referred to as hyper plurality, Hal to build a relationship between parties directly related or not (stakeholders) can be: political parties, legislative bodies and divisions, interest groups, to draw up policy choices while implementing. Thus this second terminology emphasizes, governance in the contract of pluralism actors in the formulation of policy and policy imlementation. Some important questions: how far the government's policies respond to people's demands, how far the community is involved in the process, how far the community is involved in the implementation process, as well as the initiatives and creativity of the people channeled, and how far the results of the policy are satisfactory and accountable.

Third, governance is linked to current trends in public management literature, where multi-organizational relationships between key actors are involved in policy implications. In a broader sense governance is a network of performance between cross-vertical and horizontal organizations to achieve public goals.

Fourth, Governance in the context of public administration is thick with a system of public values. Governance implies something very important implying something validity is also something more dignified, something positive to achieve a public goal. Governance is seen as acceptance, more abstinive, more creative, more responsive and even more so.

In fact, governance in the field of state financial management is driven by aspects such as aspiration, decentralization, participation, justice, democratization, transparency, fairness and accountability and value for money. It is necessary to instill awareness to government officials and officials that the funds used in the implementation of government and public services are public funds which management bases economic principles, efficient and effective and accountable. The efficiency and effectiveness of state financial management includes planning, implementation and control/supervision.

a. The Effect *of Good Governance* on The Quality of Financial Statements

Research on the *influence of good governance* on the quality of financial reports has been conducted by previous researchers including Azlim, Darwanis, Usman Abu Bakar (2012) which resulted *in Good governance affecting* the quality of financial reports. Based on the above description, the research hypothesis is formulated as follows:

H_1: Good *governance has a significant* effect on the quality of financial statements

b. The Effect of Government Accounting Standards on The Quality of Financial Statements

According to Government Regulation No. 71 of 2010 on Government Accounting Standards (SAP) there is a related relationship between Government Accounting Standards and The Quality of Financial Statements, namely: "Government Accounting Standards, hereby called SAP, are accounting principles applied in compiling and presenting government financial statements. Thus SAP is a requirement that has the power of law in an effort to improve the quality of financial statements in Indonesia. Research on the influence of government accounting standards on the quality of financial reports has been conducted by previous researchers including Azlim, Darwanis, Usman Abu Bakar (2012),Susilawati, Dwi (2014), Stephen et al (2013), Kadek et al (2013) and Purwaniati Nugraheni and Imam Subaweh (2008) which resulted in government accounting standards affecting the quality of financial reports. Based on the above description, the research hypothesis is formulated as follows:

H_2: Accounting standard had a significant effect to financial statement quality

c. Effect of Effectiveness of Internal Control System on The Quality of Financial Reports

The purpose of the internal control system according to Warren et all (2005) one of them is to check the accuracy and reliability of accounting data. With accounting system, the risk of errors and misrepresentation or calculation can be minimized thus reducing the likelihood of local governments experiencing errors. One of the parts in the accounting information system that supports the smooth working of the accounting information system is*internal control* influence between Internal Control System and Quality of Local Government Financial Report namely: "Internal control system includes various management tools aimed at achieving various broad objectives. The objectives are to ensure compliance with laws and regulations, ensure the reliability of financial statements and financial data, facilitate the

efficiency and effectiveness of government operations. Research on the influence of internal control system on the quality of financial reports has been conducted by previous researchers including by Susilawati, Dwi Seftihani Riana (2014) and Widiastuti (2013) which resulted in the effectiveness of the internal control system affecting the quality of financial reports. Based on the above description, the research hypothesis is formulated as follows:

H_3: The effectiveness of the internal control system has a significant effect on the quality of financial statements

d. The Effect of Human Resource Quality on The Quality of Financial Reports

Human resources are human beings who work in the environment of an organization, humane potential as the driver of the organization in realizing its existence. According to Susilo (2002) human resources are the main buffer pillars as well as the engine drive of the organization in an effort to realize its vision and mission goals. The quality of human resources is measured by the ability of his knowledge reflected in his performance and seen from competent, fast and innovative behavior and a strong drive to learn. The above research shows that the relationship between HR policy and the quality of SKPD financial statements is more precise in establishing human resources in accordance with its competence will improve the quality of SKPD financial statements. Research on the influence of human resources on the quality of local government financial reports conducted by previous researchers including Kadek, Nyoman, Ni Kadek (2014), and Widiastuti (2013) which produced human resources had a significant positive effect on the quality of local government financial statements.

H_4: The Quality of Human Resources has a positive effect on the Quality of SKPD Financial Report

3. Research Methodology

The objects in this study are all institutions / institutions of regional task force in the city government and two districts in maluku province, namely as many as 140 SKPD. Consisting of 52 SKPD Ambon City, 44 SKPD Central Maluku regency and 44 SKPDs regency in western part. Sampling in this study uses purposive sampling techniques. The reason for sampling with purposive method aside (judgment sampling) is because it will only select samples that meet the selection criteria so that they can provide answers that can support the course of this research. The samples in this study were 90 SKPDs which consisted of 30 Ambon city SKPDs, 30 SKPDs of Central Maluku district and 30 SKPDs western district. The respondents in this study were the Office of Financial Administration of the Regional Task Force (PPK-SKPD).

Non-response bias testing is conducted with the the purpose to see if the characteristics of the answers given by participating respondents (returning questionnaires) with respondents who do not want to participate (non-response) are different. By determining the first responder returns the questionnaire before the return date with the last respondent returning the questionnaire before the questionnaire's return date, there is no significant difference between the two groups of respondents with the t-test. If the test shows insignificant results (p-value>0.05) then there is no difference between the two groups of respondents and vice versa. In this study, data analysis used the *Partial Least Square* (PLS) approach. PLS is a structural equation *modelling* (SEM) model based on components or variants. According to Ghozali (2006), PLS is an alternative approach that shifts from a covariarian-based SEM approach to a variant-based one. Covariarian-based SEM generally tests causality/theory whereas PLS is more *predictive of models.* PLS is a

powerful method of analysis (Ghozali, 2006), as it is not based on many assumptions. For example, the data must be normal, the sample does not have to be large. In addition to being used to confirm the theory, PLS can also be used to explain the absence of relationships between latent variables. PLS can simultaneously analyze constructs formed with reflective and normative indicators.

*The Inner Model (inner relation, structural model and substantive theory) describes*the relationship between latent variables based on substantive theory. Structural models are evaluated using *R-square* for dependent constructs, *Stone-GeisserQ-square tests for* predictive relevance and t tests as well as the significance of structural path parameter coefficients. In assessing the model with PLS begins by looking at R-square for each dependent latent variable. His achievements are the same as regression. Changes in the R-square value can be used to assess the effect of certain independent latent variables on dependent latent variables whether they have a substantive influence (Ghozali, 2006).

*Convergent validity*of the measurement model with reflective indicator model is assessed *based* on correlation between item score */component score*and construct score calculated with PLS. Reflective size is said to be high if correlated more than 0.70 with the construct you want to measure. Another method to assess dicriminant validity is to *compare the square root value of Average Variance Extracted (AVE)* of each construct with the correlation between other constructs and models. If the AVE value of each construct is greater than the correlation value between the construct and the other construct in the model, then it is said to have a good discriminant validity.

4. Result of the research and Disucssion
4.1. Non Response Bias-Test

The non-response bias testing in this study was conducted with the aim of knowing the difference in response from respondents who return the first questionnaire in and the last entry. The non-response bias test was conducted with an independent sample t-test by looking at the average respondent's answer in the group of respondents who return the first questionnaire in and the last one entered. Significant differences between the population variances of both samples can be seen in *levene's test for equality of variance.*.

From the results of the test with independent sample t-test shows:
For respondents who return the first questionnaire in and the last to enter against the *variable implementation of good governance, government*accounting standards, effectiveness of internal control system and human resource quality shows test results with t values of0.387, 0.096, 0.350, 0.088 and 0.861 greater than α = 0.05. This suggests that there was no difference in response between respondents who return the first questionnaire in and the last to enter. Thus no *non-response bias was found.*.

4.2. Partial Least Square (PLS)
Assessing the Outer Model or Measurement Model

There are three criteria in the use of data analysis techniques with SmartPLS to assess the outer model *namely Convergent Validity, Discriminant Validity. And Composite Reability*

Convergent Validity

Convergent validity of the measurement model with reflexive indicators is assessed based on the correlation between the estimated item score/component score with Sofware PLS. Individual reflexive measures are said to be high if correlated more than 0.70 with measured constructs. But according to Chin, the 1998 (in Ghozali, 2006) for early-stage research of the development of a loading value measurement scale of 0.5 to 0.6 was considered sufficient. In this study will be used a *loading limit* factor of 0.6. The outer model value or correlation between the construct and the variable at first does not have convergen validity because there are still quite a lot of indicators that have a loading value factor below 0.60. Model modifications are made by removing indicators that have a value below 0.60. The modified model indicates that all loading factors have a value above 0.60, so the construct for all variables is no longer eliminated from the model. After the revision of the outer model test, it is obtained that all statement items are valid.

Discriminant validity

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Table 1. Discriminant Validity Value (Cross Loading)

	GG	SAP	SPI	SDM	Kualitas
GG3	0.829	0.354	0.262	0.368	0.577
GG4	0.782	0.366	0.201	0.491	0.640
GG7	0.627	0.211	0.178	0.200	0.406
SAP1	0.574	0.834	0.297	0.720	0.922
SAP2	0.538	0.842	0.494	0.431	0.914
SAP8	0.455	0.635	0.519	0.434	0.605
SPI1	0.578	0.539	0.890	0.755	0.198
SPI7	0.523	0.488	0.810	0.305	0.654
SPI8	0.915	0.157	0.718	0.162	0.252
SPI10	0.274	0.205	0.732	0.176	0.270
SDM2	0507	0.368	0.373	0.755	0.486
SDM3	0.544	0.589	0.283	0.840	0.884
SDM5	0.562	0.386	0.304	0.717	0.578
SDM7	0.433	0.348	0.198	0.626	0.405
KUALITAS1	0.630	0.676	0.361	0.740	0.779
KUALITAS2	0.499	0.676	0.310	0.502	0.763
KUALITAS4	0.683	0.490	0.507	0.397	0.840
KUALITAS6	0.567	0.497	0.466	0.458	0.748
KUALITAS9	0.571	0.558	0.482	0.492	0.853
KUALITAS10	0.561	0.543	0.316	0.592	0.758

Source: SmartPLS Output (processed), 2020

From table 1 it can be seen that some loading factor values for each indicator of each latent variable still have a loading factor value that is not greater than the loading value if associated with another variable. This means that each latin variable does not yet have a good discriminant validity where some latent variables still have a meter that is highly correlated with other constructs.

Composite Reliability dan Average Variance Extracted (AVE)

Validity and reliability criteria can also be seen from the reliability value of a construct and the Average variance Extracted (AVE) value of each construct. The construct is said to have a high reliability if the value is 0.70 and the AVE is above 0.50. In table 2 will be presented composite reliability and AVE values for the entire variable.

Table 2. *Composite Reliability* dan *Average Variance Extracted*

	Composite Reliability	Average Variance Exrtacted
Kualitas	0.909	0.626
GG	0.793	0.564
SAP	0.818	0.603
SPI	0.869	0.625
SDM	0.826	0.545

Source: SmartPLS Output (processed), 2020

Based on table 2 shows that the composite reliability value for the Good Governance implementation variable is 0.793 and the AVE value is 0.564, for Government Accounting Standard variables of 0.818 and AVE value 0.603, for Internal Control System Effectiveness variables of 0.869 and AVE value 0.625, for Human Resource Quality variables of 0.826 and AVE value 0.545 while for SKPD Financial Report Quality variables of 0.909 and AVEnya value 0.626. These results show that all five variables have a composite reliability value greater than 0.70 and an Average Variance Extracted value greater than 0.50. Thus the models in this study have fulfilled composite reliability and it can also be concluded that the construct has good convergent validity.

Structural Model Inner Model Testing (Inner Model)

From previous test results show that the estimated model meets the outer moder criteria. Furthermore, structural model testing *(inner model).* The results of structural model testing can be found in the following table:

Table 3. R Value -square Model

	R-square
Quality of Financial Statements	0,818

Source: SmartPLS Output (processed), 2020

Table 3. indicates that the *obtained R-square* value for the SKPD report quality variable is 0.818. This means that the quality of SKPD financial statements is explained by *the variable implementation of good governance,* government accountingstandards, effectiveness of interen

control system and human resource quality of 81.8%. The results also show that the variable implementation of good *governance,*government accounting standards, effectiveness of interen control system and human resource quality is able to affect the quality of SKPD financial statements by 81.8% and 18.2% influenced by other variables.

Hypothesis Testing

Hypothesis testing and relationship between variables can be seen from *the inner weight results* on the model, here are the results of the path coefficient on the inner model:

a. Hypothesis Testing 1

The result of the estimated inner weight on the effect *of good governance on* the quality of SKPD financial statements, obtained a t-statistics value of 2,885. The t-statistics score indicates greater than 1.96 for a 5% two-way test. The results show that the implementation of good *governance has a* significant effect on the quality of SKPD's financial statements. Thus the first hypothesis that states Good *governance has a significant* effect on the quality of financial statements, can be **accepted**.

b. Hypothesis Testing 2

The estimated inner weight on the effect of government accounting standards on the quality of SKPD financial statements, obtained a t-statistics value of 5,766. The t-statistics score indicates greater than 1.96 for a 5% two-way test. The results show that the government's accounting standards have a significant impact on the quality of SKPD's financial statements. Thus the second hypothesis that states government accounting standards have a significant effect on the quality of financial statements, can be **accepted**.

c. Hypothesis Testing 3

The result of the estimated inner weight on the effect of the effectiveness of the interen control system on the quality of SKPD financial statements, obtained a t-statistics value of 0.756. The t-statistics score represents less than 1.96 for a 5% two-way test. The results showed that the effectiveness of the interen control system had no significant effect on the quality of SKPD's financial statements. Thus the third hypothesis stating the effectiveness of the interen control system has a significant effect on the quality of financial statements, **is rejected**

d. Hypothesis Testing 4

The result of the estimated inner weight on the influence of human resource quality on the quality of SKPD financial report, obtained a t-statistics value of 0.855. The t-statistics score represents less than 1.96 for a 5% two-way test. These results show that the quality of human resources has no significant effect on the quality of SKPD's financial statements. Thus the fourth hypothesis that states the quality of human resources has a significant effect on the quality of financial statements, can be **rejected.**

a. **The effect** *of good governance* **on the quality of SKPD financial statements**

From the hypothetical test results, supporting the hypothesis that the application of *good governance has* a positive effect on the quality of SKPD financial statements, indicated by the results of research of 0.186 means that the better the application of good *governance* by SKPD ambon city government and two districts in maluku province then the better the quality of SKPD financial report. Also the effect of good governance on the quality of SKPD

financial statements is significant, this can be seen from the t-statistical value of 2,885 which means greater than 1.96. This result indicates that the implementation of Good Governance in the Ambon city government SKPD and two districts in Maluku Province has been carried out in keeping with the principles of good management, such as transparency, accountability, participation, fairness, effectiveness and efficiency so that regional resources that are in government management actually achieve the most goals for the prosperity and progress of the people, because transparency and accountability of state financial management is the main foundation for the creation of. The results of this study support previous research conducted by Azlim, Darwanis, Usman (2012) whose research on the influence of good governance and accounting standards of government on the quality of financial information of SKPD in the city of Banda Aceh. From the results of the study shows that the implementation of good *governance* and accounting standards of the government positively affects the financial information of SKPD in The City of Banda Aceh.

b. **The Effect of Government Accounting Standards on the Quality of SKPD Financial Statements**

From the hypothetical test results, showed that the government accounting standards had a positive effect on the quality of SKPD financial statements, indicated by the results of the study of 0.675 meaning that the better the implementation of government accounting standards there will be an improvement in the quality of financial statements. The effect of the implementation of government accounting standards on the quality of SKPD financial statements is significant, this can be seen from the t-statistical value of 5,766 which means greater than 1.96. The results of this study support the research conducted by Azlim, Darwanis, Usman (2012), with the results of government accounting standards affecting the quality of financial information of SKPD, where the understanding and use of absolute government accounting standards is carried out so that the resulting financial statements are more qualified. and the results of this study are also in line with previous research conducted by Susilawati, Dwi (2014) with the results of the implementation of government accounting standards positively affecting the quality of the financial statements of the Ministry of Water and Environment of the Uganda Government. Similarly, kadek et al research (2014), which mentions that the implementation of government accounting standards has a significant effect on the quality of regional financial statements. The results of this study were also reinforced by the results of research conducted by Purwaniati Nugraheni and Imam Subaweh (2008) which stated that there are changes/differences in the results of quality financial statements after applying the Government accounting standards with before applying the Government Accounting Standards.

c. **Effect of Effectiveness of Internal Control System on The Quality of SKPD Financial Report**

From the hypothetical test results, shows that the effectiveness of the internal control system positively affects the quality of SKPD's financial statements by 0.067 and has no significant effect on the quality of SKPD's financial statements, this can be seen from the t-statistical value of 0.756 which shows smaller than 1.96. This means that the implementation of the internal control system by the local government is not able to improve the quality of its financial statements. This is due to the ineffectiveness of the internal control system, especially on the weaknesses of the accounting and reporting control system, the weakness of the control system of the implementation of revenue and expenditure budgets, and the

weakness of the internal control structure. The results of this study do not support research conducted by Susilawati and Dwi (2014) who conducted research on government accounting standards and internal control system as an anthesthesis of the quality of financial statements, which states the internal control system has a significant effect on the quality of local government financial reports, which is the most influential in improving the internal control system namely the reliability of financial reporting. The results of this study are also not in line with previous research conducted by Widiastuti (2013) where test results showed that the internal control system had a positive effect on the quality of local government financial statements.

d. The Effect of Human Resource Quality on The Quality of SKPD Financial Report

From the hypothetical test results, shows that the quality of human resources has a positive effect on the quality of SKPD's financial statements by 0.080, and has no significant effect on the quality of SKPD's financial statements, this is seen in the t-statistical value of 0.855 which shows less than 1.96. Based on the results of this study, it can be known that the quality of human resources of the city and district governments in maluku province is not optimal, so there are still problems regarding education where there are still few employees who have the ability to make financial statements that are still there that are backgrounds other than accounting. And the problem of training where employees rarely attend training because the training implementation is not routine. The findings of this study are not in line with the results of Widiastuti research (2013), which shows that human resources have a positive effect on the Local Government Financial Report, where the better the capacity of human resources the better the quality of local government financial reports. And the results of this study also contradict the results of research conducted by Kadek, Nyoman, Ni kadek (2014), where the test results showed that human resource competency had a positive and significant effect on the quality of regional financial reports, but the fourth hypothesis stating the quality of human resources affects the quality of SKPD financial statements is not proven.

5. Conclusion and Suggestion
5.1. Conclusion

a. The implementation *of good governance* partially affects the quality of SKPD's financial statements. This means that the better the implementation of *good governance,* the better the quality of SKPD's financial statements will be.

b. Government accounting standards partially affect the quality of SKPD's financial statements. This means that the better the accounting standards of the government, the better the quality of SKPD's financial statements will be.

c. The partial effectiveness of the interen control system has no significant effect on the quality of SKPD financialstatements. This means that the effectiveness of the interen control system is still weak on the accounting and reporting control system and on its internal control structure it does not affect the improvement of the quality of SKPD financial statements.

d. The quality of human resources has no significant effect on the quality of SKPD financialstatements. This means that the quality of human resources is still not optimal due to the lack of training and still lack of employees who have the ability to make financial statements because there are still employees with backgrounds other than accounting in the city and district governments in maluku province so as to influence the quality of SKPD financial statements.

5.2. Sugestions

a. The results showed that the perception of good governance implementation has an influence on the quality of SKPD financial statements. The findings are expected to provide a reference for the city and district governments in Maluku province to improve its governance, especially on accountability and transparency in its financial statements.

b. The results showed that perceptions of government accounting standards has an influence on the quality of SKPD financial statemenID. The findings are expected to provide a reference for the city and district governments in Maluku province to be able to conduct financial reporting in accordance with appropriate accounting principles.

c. The results showed that the effectiveness of the internal control system has no effect on the quality of SKPD's financial statements. The findings are expected to provide a reference for the city and district governments in maluku province to pay attention to the internal control system, especially on the accounting and reporting control system and the internal control structure itself.

d. The results showed that the quality of human resources has no effect on the quality of SKPD's financial statements. This finding is expected to provide a reference for the city and district governments in Maluku province to be able to improve the quality of human resources of its employees, encourage employees in accounting trainings, as well as placing employees in positions that suit their educational capabilities and backgrounds.

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