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# THE EFFECT OF INTERNAL AUDIT, HUMAN RESOURCE COMPETENCE (HR), AND INFORMATION TECHNOLOGY-BASED INTERNAL CONTROL ON THE QUALITY OF FINANCIAL REPORTING AT PTPN IV REGIONAL II MEDAN, WITH MANAGEMENT COMMITMENT AS A MODERATING VARIABLE

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**ABSTRACT**

This study aims to analyze the effect of internal audit, human resource competence (HR), and information technology-based internal control on the quality of financial reporting at PTPN IV Regional II Medan, with management commitment as a moderating variable. The method used in this study is Structural Equation Modeling (SEM) with a Partial Least Squares (PLS) approach. Data was collected from 50 employees in the accounting and finance department through a questionnaire to measure their perceptions of the variables studied. The results of the study indicate that internal audit and HR competence have a significant impact on the quality of financial reporting, while management commitment and information technology-based internal control do not show a significant direct effect. Furthermore, the moderation test results show that management commitment does not strengthen or weaken the relationship between the independent variables and the quality of financial reporting. This study contributes theoretically to the understanding of the relationship between factors influencing the quality of financial reporting and provides practical recommendations for PTPN IV Regional II to improve the quality of financial reporting through strengthening internal audit and HR competence.

## Introduction

PTPN IV Regional II Medan, as one of the largest plantation SOEs in Indonesia, has a very important role in supporting the country's economy, especially the oil palm and rubber plantation sector. Along with the increasingly dynamic development of the plantation industry, the quality of financial statements is one of the vital elements in assessing company performance and maintaining accountability to the public and shareholders. Quality financial statements must reflect relevant, reliable, and transparent

information, so that it can be used as a basis for appropriate decision-making (Indonesian Institute of Accountants, 2018).

Various reports and audit findings show that the quality of financial statements at PTPN IV Regional II Medan is still experiencing various challenges. The findings of the Audit Board (BPK) in 2019 identified weaknesses in internal control and internal audits that were not effective, which had a direct impact on the quality of financial statements. In addition, the limited competence of human resources (HR) in the field of accounting and financial reporting has also worsened the situation. Although internal control based on information technology has been implemented, its implementation in the field has not been optimal and inconsistent. This raises questions about the factors that affect the quality of financial statements and why, despite the control and audit systems in place, the quality of financial statements has not reached the expected standards.

Several previous studies have shown a relationship between internal audit, human resource competence, and information technology-based internal control on the quality of financial statements. Nugroho and Purwanti (2019) found that effective internal audits and adequate human resource competencies have a significant influence on the quality of local government financial statements. Research by Sari and Lestari (2021) also revealed that management commitment plays an important role in improving the accountability of financial statements, by linking internal audit and report quality.

Although some of these studies provide an overview of the direct influence of internal audit and HR competence on the quality of financial statements, few address the role of management commitment as a moderation variable in this relationship. Furthermore, most of the research focuses only on the public or government sector, while few research on the state-owned sector, especially on plantation companies such as PTPN IV.

In addition, information technology-based internal control as an important factor in improving the quality of financial statements also showed mixed results. Several studies, such as those conducted by Sari & Hidayat (2020), indicate that although information technology has been applied in internal control systems, weaknesses in system implementation and organizational governance still hinder the achievement of optimal reporting quality.

This research has significant scientific novelty by examining the role of management commitment as a moderation variable that relates the influence of internal audit, human resource competence, and information technology-based internal control on the quality of financial statements in the plantation SOE sector. In addition, this study introduces the specific context of PTPN IV Regional II Medan, which has not been used as a research object for many years, and uses a more comprehensive analysis model with a Structural Equation Modeling (SEM) approach to test the relationships between variables.

Based on the background and previous literature review, the problem raised in this study is how the influence of internal audit, human resource competence, and information technology-based internal control on the quality of the financial statements of PTPN IV Regional II Medan, with management commitment as a moderation variable. This study proposes the following hypotheses:

a. Internal audit has a positive effect on the quality of PTPN IV Regional II Medan's financial statements.

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b. Human resource competence has a positive effect on the quality of PTPN IV Regional II Medan's financial statements.
c. Information technology-based internal control has a positive effect on the quality of the financial statements of PTPN IV Regional II Medan.
d. Management commitment to moderate the influence of internal audit, human resource competence, and information technology-based internal control on the quality of financial statements.

The purpose of this study is to examine the influence of internal audit, human resource competence, and information technology-based internal control on the quality of PTPN IV Regional II Medan's financial statements, by examining the role of management commitment as a moderation variable. This research aims to make a theoretical contribution to the development of literature related to accounting and corporate governance, as well as provide practical recommendations for PTPN IV in improving the quality of its financial statements and accountability..

## RESEARCH METHOD

This study uses a quantitative approach that aims to analyze the influence of internal audit, human resource competence, and information technology-based internal control on the quality of financial statements in PTPN IV Regional II Medan, with management commitment as a moderation variable. This study examines the relationship between variables using Structural Equation Modeling (SEM) to analyze the direct and indirect relationship between latent variables and their indicators.

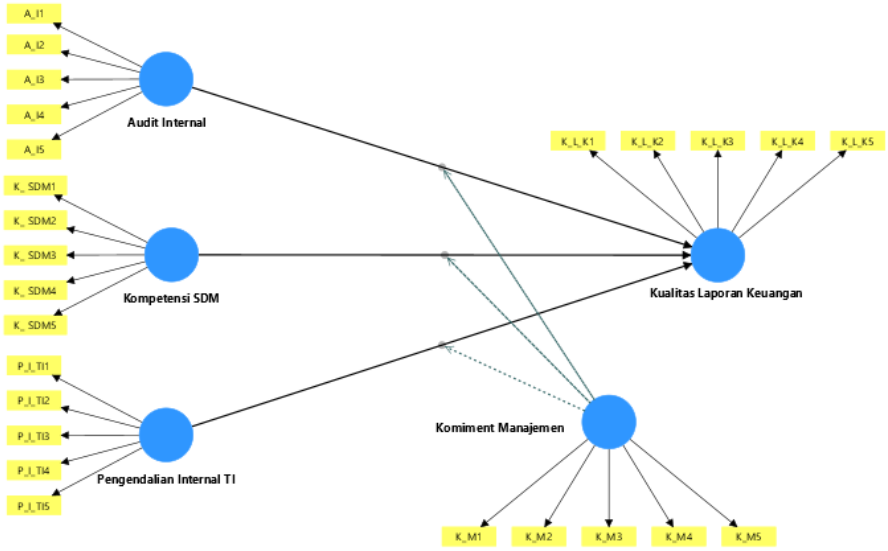
The object of the research is PTPN IV Regional II Medan, with the research subject consisting of 50 employees in the accounting and finance section. Data was collected through questionnaires distributed to employees to gauge their perception of internal audits, HR competencies, IT controls, management commitments, and the quality of financial statements using the Likert scale.

The data obtained will be analyzed using SEM-PLS with the help of SMART-PLS software. This analysis involves validity and reliability tests to ensure the quality of the measurement model, using Outer Loading, AVE, and Composite Reliability indicators. Furthermore, a hypothesis test was carried out with a Bootstrapping Test to measure the significance of the relationship between variables, focusing on the role of management commitment as a moderation variable in the relationship between internal audit, HR competence, IT control, and financial report quality.

### Results and Discussion

This study aims to analyze the influence of internal audit, human resource (HR) competence, and information technology-based internal control on the quality of PTPN IV Regional II Medan's financial statements, with management commitment as a moderation variable. Data analysis was carried out using the Structural Equation Modeling approach

based on Partial Least Squares (SEM-PLS), which allows simultaneous testing of structural relationships between latent constructs. The model of variables analyzed is as follows:




## A. Testing Measurement Model (Outer Model)

### 1. Covergent Validity Test

#### a. Loading Factor

The results of the measurement model test show that all indicators in each construct have sufficient validity and reliability. The results of the phase 1 Loading Factor test showed that there was still an invalid indicator, namely the outer loading value < 70, and then the indicator was removed and the Outer Model phase 2 test was carried out.

| | Audit Internal | Quality of Financial Statements | Management Commitment | HR Competencies | IT Internal Control | Remarks |
|---|---|---|---|---|---|---|
| **A_I1** | 0.779 | | | | | Valid |
| **A_I2** | 0.792 | | | | | Valid |
| **A_I3** | 0.803 | | | | | Valid |
| **A_I4** | 0.844 | | | | | Valid |
| **A_I5** | 0.784 | | | | | Valid |
| **K_LK1** | | 0.748 | | | | Valid |
| **K_LK2** | | 0.826 | | | | Valid |
| **K_LK3** | | 0.805 | | | | Valid |
| **K_LK4** | | 0.591 | | | | Invalid |
| **K_LK5** | | 0.801 | | | | Valid |
| **K_M1** | | | 0.906 | | | Valid |
| **K_M2** | | | 0.627 | | | Invalid |
| **K_M3** | | | 0.795 | | | Valid |
| **K_M4** | | | 0.772 | | | Valid |
| **K_M5** | | | 0.717 | | | Valid |
| **K_SDM1** | | | | 0.789 | | Valid |

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| | | | |
|---|---|---|---|
| **K_SDM2** | 0.844 | | Valid |
| **K_SDM3** | 0.577 | | Invalid |
| **K_SDM4** | 0.747 | | Valid |
| **K_SDM5** | 0.746 | | Valid |
| **P_I_TI1** | | 0.81 | Valid |
| **P_I_TI2** | | 0.852 | Valid |
| **P_I_TI3** | | 0.654 | Invalid |
| **P_I_TI4** | | 0.762 | Valid |
| **P_I_TI5** | | 0.849 | Valid |

The results of the Loading Factor phase 2 test show that all indicators are valid, namely the outer loading value of >70.

| | Audit Internal | Quality of Financial Statements | Management Commitment | HR Competencies | IT Internal Control | Remarks |
|---|---|---|---|---|---|---|
| **A_I1** | 0.78 | | | | | Valid |
| **A_I2** | 0.796 | | | | | Valid |
| **A_I3** | 0.799 | | | | | Valid |
| **A_I4** | 0.840 | | | | | Valid |
| **A_I5** | 0.789 | | | | | Valid |
| **K_LK1** | | 0.767 | | | | Valid |
| **K_LK2** | | 0.845 | | | | Valid |
| **K_LK3** | | 0.811 | | | | Valid |
| **K_LK5** | | 0.805 | | | | Valid |
| **K_M1** | | | 0.905 | | | Valid |
| **K_M3** | | | 0.79 | | | Valid |
| **K_M4** | | | 0.785 | | | Valid |
| **K_M5** | | | 0.723 | | | Valid |
| **K_SDM1** | | | | 0.785 | | Valid |
| **K_SDM2** | | | | 0.861 | | Valid |
| **K_SDM4** | | | | 0.739 | | Valid |
| **K_SDM5** | | | | 0.74 | | Valid |
| **P_I_TI1** | | | | | 0.811 | Valid |
| **P_I_TI2** | | | | | 0.867 | Valid |
| **P_I_TI4** | | | | | 0.746 | Valid |
| **P_I_TI5** | | | | | 0.849 | Valid |

**b. Average Variance Extracted (AVE)**

The results of the AVE test in this study showed that the entire construct had an AVE value above the minimum recommended threshold. The AVE value of each construct is in the range of 0.613 to 0.672, as shown in the results of data processing using SmartPLS 4.

| | Average variance extracted (AVE) | Remarks |
|---|---|---|
| **Audit Internal** | 0.642 | Valid |
| **Management Commitment** | 0.645 | Valid |
| **HR Competencies** | 0.613 | Valid |
| **Quality of Financial Statements** | 0.652 | |
| **IT Internal Control** | 0.672 | Valid |

The construct of internal audit, human resource competence, information technology-based internal control, management commitment, and the quality of financial statements all meet the criteria of convergent validity. This indicates that the indicators used are able to adequately and consistently represent the measured construct. In other words, the variance of the indicator is more predominantly explained by latent constructs than by measurement errors.

## 2. Discriminant Validity

Discriminant validity testing is performed to ensure that each latent construct in the research model is completely empirically different from the other. With the fulfillment of discriminant validity, it can be ensured that there is no overlap of meanings between constructs, so that each variable measures a unique and specific concept. The Discriminant validity test is carried out by looking at the *Cross Loading value* of each indicator.

### a. Cross Loading

The results of the Cross Loading test in this study showed that the results of all indicators met the valid criteria. The test table can be seen as follows:

| | Audit Internal | Quality of Financial Statements | Management Commitment | HR Competencies | IT Internal Control | Remarks |
|---|---|---|---|---|---|---|
| **A_I1** | 0.78 | 0.324 | 0.021 | 0.175 | 0.244 | Valid |
| **A_I2** | 0.796 | 0.345 | 0.373 | 0.019 | 0.315 | Valid |
| **A_I3** | 0.799 | 0.389 | 0.272 | -0.015 | 0.149 | Valid |
| **A_I4** | 0.84 | 0.379 | 0.118 | 0.092 | 0.289 | Valid |
| **A_I5** | 0.789 | 0.292 | 0.149 | 0.174 | 0.178 | Valid |
| **K_LK1** | 0.349 | 0.767 | 0.065 | 0.361 | 0.021 | Valid |
| **K_LK2** | 0.388 | 0.845 | 0.382 | 0.22 | 0.257 | Valid |
| **K_LK3** | 0.351 | 0.811 | 0.188 | 0.168 | 0.18 | Valid |
| **K_LK5** | 0.319 | 0.805 | 0.255 | 0.345 | 0.249 | Valid |
| **K_M1** | 0.235 | 0.348 | 0.905 | 0.022 | 0.105 | Valid |
| **K_M3** | 0.149 | 0.173 | 0.79 | -0.192 | 0.102 | Valid |
| **K_M4** | 0.187 | 0.074 | 0.785 | -0.319 | 0.03 | Valid |
| **K_M5** | 0.169 | 0.085 | 0.723 | -0.262 | -0.002 | Valid |
| **K_SDM1** | -0.055 | 0.201 | -0.224 | 0.785 | 0.113 | Valid |
| **K_SDM2** | 0.095 | 0.39 | -0.04 | 0.861 | 0.165 | Valid |
| **K_SDM4** | 0.155 | 0.168 | -0.189 | 0.739 | 0.313 | Valid |

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| | | | | | | |
|---|---|---|---|---|---|---|
| **K_SDM5** | 0.134 | 0.207 | -0.018 | 0.74 | 0.141 | Valid |
| **P_I_TI1** | 0.22 | 0.174 | 0.107 | 0.063 | 0.811 | Valid |
| **P_I_TI2** | 0.315 | 0.234 | 0.057 | 0.191 | 0.867 | Valid |
| **P_I_TI4** | 0.217 | 0.083 | 0.1 | 0.139 | 0.746 | Valid |
| **P_I_TI5** | 0.194 | 0.193 | 0.082 | 0.297 | 0.849 | Valid |

## 3. Construct Rebility Test

The construct reliability test was carried out to assess the level of internal consistency of indicators in measuring latent constructs in the research model. In the SEM-PLS approach, construct reliability is generally evaluated using Cronbach's Alpha, Composite Reliability (ρc), and Composite Reliability rho_a (ρa). A construct is declared reliable if Cronbach's Alpha and Composite Reliability values exceed the minimum limit of 0.70 (Hair et al., 2019).

### a. Cronbach's alpha

The results of the reliability test based on Cronbach's Alpha in this study can be seen as follows.

| Variable | Cronbach's alpha | Remarks |
|---|---|---|
| **Audit Internal** | 0.861 | Reliable |
| **Management Commitment** | 0.851 | Reliable |
| **HR Competencies** | 0.802 | Reliable |
| **Quality of Financial Statements** | 0.823 | Reliable |
| **IT Internal Control** | 0.845 | Reliable |

The test results showed that all constructs in the research model had a Cronbach's Alpha value in the range of 0.802 to 0.861 being at the threshold of > 70, which indicates a good level of internal consistency. This shows that the indicators in each construct are correlated with each other and consistently measure the same concept.

### b. Composite reliability

The results of the reliability test are based on b. Composite reliability in this study can be seen as follows.

| Variable | Composite reliability | Remarks |
|---|---|---|
| **Audit Internal** | 0.899 | Reliable |
| **Management Commitment** | 0.879 | Reliable |
| **HR Competencies** | 0.863 | Reliable |
| **Quality of Financial Statements** | 0.882 | Reliable |
| **IT Internal Control** | 0.891 | Reliable |

The Composite Reliability test results for all variables were in the range of 0.863 to 0.899, which exceeded the recommended threshold of >70. These results confirm that the research constructs have strong and stable reliability in explaining the variance of the indicators.

### B. Validate the Fit Model

The evaluation of the fit model is used as a supporting indicator to assess whether the model built in general is adequate in representing the data. The results of the Model Fit test are as follows.

| Parameters | Rule of Thumb | Parameter Values | Remarks |
|---|---|---|---|
| **SRMR** | Smaller < 10 | 0.10 | Moderate/Marginal Fit Model |
| **NFI** | Close to 1 | 0.592 | Lack of Fit |

Based on the output of the fit model, the SRMR value is 0.10, meaning that the fit model is sufficient/marginal. In the context of SEM-PLS, SRMR is positioned as a complementary indicator because PLS is more prediction-oriented than "perfect fit" such as SEM covariance. The NFI value = 0.592 indicates a relatively low value (generally NFI ≥ 0.90 is considered good). Low NFI can occur in SEM-PLS especially when the sample size is small (n=48), the number of indicators is relatively large, and the model has complexity/interaction (moderation).

Overall, the global fit value in this model indicates that the fit of the model is at a moderate/marginal level (SRMR is close to the limit and the NFI is low). However, because the study uses SEM-PLS, the evaluation of the feasibility of the model should be more emphasized on the quality of the measurement model (outer loading, AVE, CR), explaining/predictive ability ($R^2$ and $Q^2$), as well as the significance of structural relationships and the effect of moderation through bootstrapping. If the indicators have met the criteria, then the model can still be declared viable for hypothesis testing even if the global fit index is not high**.**

### C. Structural Model Testing (Inner Model)

Structural model testing (inner model) aims to assess the causal relationships between latent constructs that have been identified in the research model. The test was carried out on 3 aspects, namely the R Square Value, the significance of the relationship (hypothesis testing, and and the F Square/ *Effect Size.*

#### 1. R Square (R2)

R-squared is used to measure the extent to which independent variables in a model can explain dependent variables. A higher $R^2$ value indicates that the model is better at explaining variations in dependent variables. The results of the R Square test in this study are as follows.

| Dependent Variable | R-square | R-square adjusted |
|---|---|---|
| **Quality of Financial Statements** | 0.350 | 0.239 |

The $R^2$ value of 0.352 indicates that 35.2% variation in the quality of financial statements (Y) can be explained by independent variables in the model, namely Internal Audit (X1), HR Competency (X2), IT Internal Control (X3), and Management Commitment (M) as

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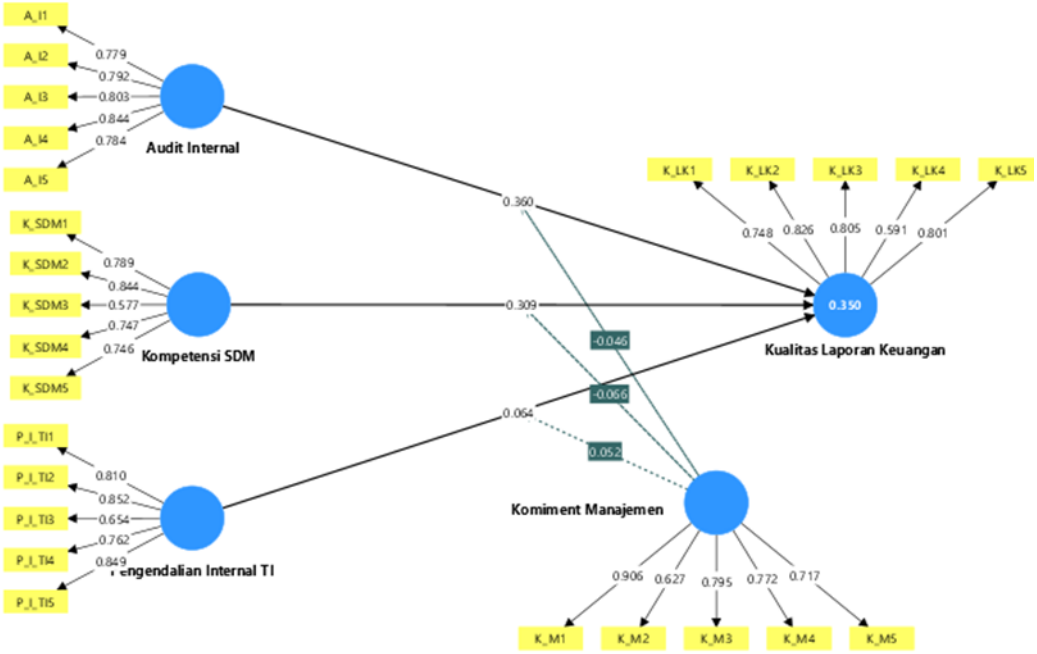
moderation variables. These results show that the model can explain in a moderate way the quality of financial statements. There is still about 64.8% of variances that cannot be explained by the variables present in the model. This indicates that other factors that have not been included in the model, such as external variables or other factors that affect the quality of financial statements, also play an important role in explaining the remaining variations.




## 2. Effect Size (F2)

Effect Size ($f^2$) is a measure used to measure how much an independent variable affects the dependent variable in a structural model. The F2 influence criteria were, $F^2 < 0.02$ (very small), $0.02 \leq F^2 < 0.15$ (small effect), $0.15 \leq F2 < 0.35$ (medium effect), and $F^2 \geq 0.35$ (large effect). The results of the R Square test in this study are as follows.

| Variable | Management Commitment | HR Competencies | Quality of Financial Statements |
|---|---|---|---|
| **Audit Internal** | | | 0.164 |
| **Management Commitment** | | | 0.077 |
| **HR Competencies** | | | 0.135 |
| **Quality of Financial Statements** | | | |
| **IT Internal Control** | | | 0.005 |
| **Management Commission x HR Competence** | | | 0.005 |
| **Management Commitment x IT Internal Control** | | | 0.003 |
| **Management Commission x Internal Audit** | | | 0.002 |

Based on the results of the Effect Size ($f^2$) test, it can be explained that:

1) The Effect of Internal Audit on the Quality of Financial Statements
   The value of $f^2 = 0.164$ indicates that the influence of Internal Audit on the Quality of Financial Statements is moderate. These results show that internal audit has a significant effect on improving the quality of financial statements.
2) The Effect of Management Commitment on the Quality of Financial Statements
   The value of $f^2 = 0.077$ indicates that the influence of Management Commitment on the Quality of Financial Statements is small. These results show that Management Commitment contributes to the Quality of Financial Statements, but has a small influence.
3) The Influence of Human Resource Competence on the Quality of Financial Statements
   The value of $f^2 = 0.135$ shows that the influence of HR Competency on the Quality of Financial Statements is moderate. These results show that HR Competence makes a significant contribution to the Quality of Financial Statements.
4) The Effect of IT Internal Control on the Quality of Financial Statements
   The value of $f^2 = 0.005$ indicates that the effect of IT Internal Control on the Quality of Financial Statements is very small and negligible. This result shows that although Internal IT can contribute to the Quality of Financial Statements, in this very small amount of capital it can contribute directly to the Quality of Financial Statements.
5) The Effect of Moderation Interaction (Management Commitment and Human Resource Competence) on the Quality of Financial Statements.
   The value of $f^2 = 0.005$ shows that the effect of the interaction of moderation of Management Commitment and HR Competence on the Quality of Financial Statements is very small. This means that even though Management Commitments and HR Competencies interact with each other, their influence on the quality of financial statements is not very significant. These factors may work independently to improve the quality of financial statements, and the interaction of the two does not result in a strong influence.

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6) The Effect of Moderation Interaction (Management Commitment and IT Internal Control) on the Quality of Financial Statements.
The value of $f^2$ = 0.003 indicates that the effect of the moderation interaction of Management Commitment and IT Internal Control on the Quality of Financial Statements is very small. While management commitment can reinforce the influence of IT's internal controls on the quality of financial statements, the effect of this moderation is very small in this model. This may be due to IT control that is still not optimal or low integration between managerial and technological commitments in the internal control system.
7) The Effect of Moderation Interaction (Management Commitment and Internal Audit) on the Quality of Financial Statements.
The value $f^2$ = 0.002 shows that the effect of the interaction of moderation of Management Commitment and Internal Audit on the Quality of Financial Statements is very small. This means that the influence of the interaction of the Moderation of Management Commitment and Internal Audit has no meaningful interaction effect in improving the Quality of Financial Statements.

### 3. Hypothesis Testing (Significance Test)

The hypothesis test in this study aims to test the significance of causal relationships between variables in structural models, which include the relationship between independent variables, moderation variables, and dependent variables. In SEM-PLS, hypothesis testing is carried out using bootstrapping, which is a statistical technique used to measure t-statistic and p-value of each path in the model. The following are the results of bootstrapping of direct effect and indirect effect research models.
The following are the results of the bootstrapping test for direct influence in this study.

| Path Coefficients | Original sample (O) | T statistics (\|O/STDEV\|) | P values | Remarks |
|---|---|---|---|---|
| **(H1) Internal Audit - > Quality of Financial Statements** | 0.36 | 2.536 | 0.006 | Accepted |
| **(H2) Management Commitment - > Quality of Financial Statements** | 0.245 | 1.088 | 0.138 | Not Accepted |
| **(H3) Human Resources Competencies - > Quality of Financial Statements** | 0.309 | 1.699 | 0.045 | Accepted |
| **(H4) IT Internal Control -> Quality of Financial Statements** | 0.064 | 0.378 | 0.353 | Not Accepted |
| **(H5) Management Commission x Internal Audit -> Quality of Financial Statements** | -0.046 | 0.28 | 0.39 | Not Accepted |
| **(H6) Management Commitence x Human Resources Competencies -> Quality of Financial Statements** | -0.066 | 0.334 | 0.369 | Not Accepted |
| **(H7) Management Commitment x IT Internal Control -> Quality of Financial** | 0.052 | 0.281 | 0.389 | Not Accepted |

**a) Direct effect bootstrapping results**

The results of the bootstrapping test for direct influence in this study showed that there were some significant pathways and some insignificant ones.

1) The Effect of Internal Audit on the Quality of Financial Statements (H1) has a t-statistic value = 2.536 and p-value = 0.006, which shows a significant positive influence, and means that the hypothesis is accepted. This indicates that Internal Audit has a significant influence on the Quality of Financial Statements.
2) The effect of Management Commitment on the Quality of Financial Statements (H2) with t-statistic = 1.088 and p-value = 0.138 was not significant, and the hypothesis was not accepted. This shows that Management Commitment does not have a direct effect on the Quality of Financial Statements in this model.
3) The Effect of Human Resource Competency on the Quality of Financial Statements (H3) has a t-statistic value = 0.309 and p-value = 0.045, which shows a significant positive influence, and means that the hypothesis is accepted. This indicates that HR Competence has a significant influence on the Quality of Financial Statements.
4) The effect of IT Internal Control on the Quality of Financial Statements (H4) has a t-statistic value = 0.064 and p-value = 0.045, which shows an insignificant positive influence, and means that the hypothesis is not accepted. This indicates that IT Internal Control does not have a significant influence on the Quality of Financial Statements.

**b) Bootstrapping Results of Interaction/Moderation Effect**

The results of the bootstrapping test for the effect of interaction/moderation in this study can be explained as follows

1) The effect of Interaski/moderation of Management Committee x Internal Audit on the Quality of Financial Statements has a p-value of > 0.05, which indicates that the effect of moderation is not significant, and the barmeaning (H5) is rejected. This means that the Management Commitment does not strengthen or weaken the Internal Audit of the Quality of Financial Statements.
2) The effect of Interaski/moderation of Management Commitment x HR Competency on the Quality of Financial Statements has a p-value of > 0.05, which indicates that the influence of moderation is not significant, and bararti (H6) is rejected. This means that the Management Commitment does not strengthen or weaken the competence of human resources to the Quality of Financial Statements.
3) The effect of Interaski/moderation of Management Committee x IT Internal Control on the Quality of Financial Statements has a p-value of > 0.05, which indicates that the effect of moderation is not significant, and bararti (H7) is rejected. This means that the Management Commitment does not strengthen or weaken IT's Internal Control over the Quality of Financial Statements.

## Conclusion

Based on the results of the bootstrapping test in this study, it can be concluded as follows:

The effect of Internal Audit on the Quality of Financial Statements (H1) has a t-statistic value = 2.536 and p-value = 0.006, which shows a significant positive influence. This indicates that Internal Audit plays an important role in improving the Quality of Financial Statements, so this hypothesis is accepted. The Effect of HR Competency on the

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Quality of Financial Statements (H3) with a t-statistic value = 0.309 and p-value = 0.045 shows a significant positive influence, so this hypothesis is accepted. This indicates that adequate human resource competence has an effect on the quality of financial statements.

The effect of Management Commitment on the Quality of Financial Statements (H2) has a t-statistic = 1.088 and p-value = 0.138, which is not significant. This shows that the Management Commitment does not have a direct effect on the Quality of the Financial Statements, so this hypothesis is rejected. The effect of IT Internal Control on the Quality of Financial Statements (H4) with t-statistic = 0.064 and p-value = 0.045, does not show a significant influence, which means that this hypothesis is rejected.

The Effect of Interaction/Moderation of Management Commitment x Internal Audit on Financial Statement Quality (H5), Management Commitment x HR Competency on Financial Statement Quality (H6), and Management Commitment x IT Internal Control on Financial Statement Quality (H7) all had a p-value of > 0.05, which indicates that the effect of moderation was not significant and these hypotheses were rejected.

Overall, Internal Audit and HR Competency were shown to have a significant influence on the Quality of Financial Statements, while IT Management Commitments and Internal Control did not provide a significant direct or moderate influence in this model.

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