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Internal Aspects in their Impact on the Quality of Financial Reports of Gianyar Village Credit Institutions (LPD)

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ABSTRACT

There is no other region that has the Village Credit Institution (LPD), a financial institution run by traditional villages, except Bali. The sustainability of LPDs needs to be maintained. Indicators for assessing the health of LPDs can be through financial reports submitted to supervisory institutions in each district/city. Two of the forty LPDs in the Gianyar sub-district (2021) do not submit reports, and many reports do not meet user needs; this is also a common occurrence in other locations. The author raises this issue to be researched from the LPD's internal side, such as understanding accounting, supervisory bodies, use of information technology, leader ethics and HR competency. The questionnaire is completed by all parties involved in the preparation of financial reports, and the author gathers data directly. Researchers tested and found a positive relationship between the use of information technology, leader ethics and HR competency on the quality of the financial reports produced. However, understanding of accounting and regulatory bodies does not show a significant influence.

Keywords: Accounting Understanding; Information Technology; Leader Ethics; LPD; Supervisor Quality of Financial Reports

INTRODUCTION

Bali is not only known as a foreign tourist destination but is also known for having various unique customs and culture. In contrast to other parts of Indonesia, Bali features traditional villages, each of which has a customarily run financial institution. A financial institution itself is an institution that is regulated by the government in its activities to provide financial services such as collecting funds from the public and channeling them back to the community (Pratiwi et al., 2021). Village Credit Institutions (LPD), which are financial institutions owned by Bali's traditional villages and whose operations are run by the village community (Kepramareni & Pradnyawati, 2021), play a crucial role in the lives of Bali's village communities. They operate similarly to cooperatives or banks. The regulations state that LPD is subject to distinct regional restrictions than other financial institutions (Kepramareni et al., 2022). In order to maintain the management and sustainability of LPD, despite their uniqueness, their health is still reviewed and monitored. As a result, LPD is still required to submit financial reports to LPD empowerment institutions in each region as a means of holding stakeholders accountable (Silviani, 2018). The financial reports produced by LPDs must of course be of high quality, the quality of a financial report will help information users in assessing the performance of an institution, making the right decisions and as a means of conveying various important information related to the condition of the institution being reported (Amalia, 2014).

The importance of a financial report does not provide a guarantee that every LPD will prioritize this reporting. From the currently available data, it appears that certain LPDs do not provide the LPD Empowerment Institution (LPPLD) with financial reports that are accessible to the public. Apart from not sending financial reports, there are also LPDs who are late making deposits resulting in discrepancies in the financial reports deposited which result in inappropriate and untimely information. The qualities of financial reports are defined as follows: that they must be impartial and trustworthy, relevant and understandable so that late reporting or financial reports that present inappropriate information can be said to be of poor quality. As happened in the sub-district Gianyar In 2021, 2 out of 40 LPDs will not report financial reports due to problems with LPD management itself. This illustrates how the internal dynamics of an LPD organisation can affect the calibre of the financial reports generated. The performance of an institution is closely related to several internal elements that occur there, including staff, management, and organisational culture (Kepramareni et al., 2022). The author employs a number of internal variables that are both theoretically and empirically pertinent to the calibre of the financial reports generated, and the Gianyar Bali LPD is chosen as the study site in accordance with the phenomena that take place.

The first internal factor used is understanding accounting, the preparation of financial reports involving reliable, professional accountants who have a good understanding of accounting in theory will certainly influence the quality of the financial reports prepared. The better understanding the preparers of financial reports will minimize misrepresentation of information and can help make the right decisions for institutions. This has a positive relationship with the financial reports produced later. This theory is supported by test results in research by Sanjaya (2017) and Komarasari (2016) It goes against the conclusions of Pramesti et al. (2021) and Sintya (2023), which show that there is no meaningful correlation between the quality of financial reports and the accounting understanding of the compilers, and as opposed indicates a positive relationship between accounting understanding and the level of accuracy of the financial reports generated.

The second internal factor used is the existence of a supervisor within the LPD environment. According to Bali Governor Regulation no. 3 of 2017 concerning Management and Internal Supervisory of Village Credit Institutions (LPD) article 10, it is clearly stated that the person tasked with carrying out the internal supervisory function of LPD is the Village Credit Supervisory Board. The existence of supervisors in an institution has an important role in policies, operational activities, accounting practices, institutional financial reporting and as a liaison between the LPD and external auditors when needed (Bumi & Suartana, 2019). The function of a supervisor in informal financial institutions such as LPD is similar to the function of an internal auditor in an organization. In the financial reporting process, the presence of a supervisor can prevent opportunistic actions and minimize errors that can be material or not. Not only do they play a role in related to finance, LPD supervisors also have rights and obligations in various non-financial LPD activities. The results of Sintya (2023) research indicate that the supervisor has a positive influence on the quality of financial reports; however, the research results of Dewi (2018) and Diani (2014) indicate that there is no significant relationship between the supervisor's function and the quality of financial reports. These findings suggest that the more active supervisor's role is, the more impact it will have on the quality of financial reports prepared by the institution's management.

Apart from internal supervisory bodies that can influence the quality of an institution's financial reports, especially LPD, is information technology. Information technology means supporting technology that focuses on the activity of delivering information to users. The development of technology requires institutions to be able to adapt, increasingly sophisticated information technology can help institutions increase effectiveness and efficiency. In terms of financial reporting, using information technology can help institutions produce reliable and timely reporting. Preparing reports without information technology can hinder the suitability of reporting times and make it difficult for management to find errors in reporting because reporting is done conventionally (Komasari, 2016). The unidirectional relationship between information technology and the quality of the financial reports produced is in line with the research results of Lestari et al. (2022) and Mahaputra (2014) while Sara (2022) shows that information technology has no effect on the quality of financial reports.

Another internal factor is the leader's ethics, ethics itself can be defined as an individual's attitudes.; in behaving in an environment with fellow individuals or groups, while leadership according to Wirawan (2016) is a process that involves a person's influence on other individuals or groups. Processes related to leadership relate to how the influence exerted by a person can motivate other individuals or groups to be able to work together, achieve the institution's vision and mission and strategize to achieve the institution's goals. The concept of leader ethics pertains to the way in which the moral principles upheld by leaders within an organisation impact the institutional milieu, enabling it to conform to relevant standards and guidelines. Leaders who are considered to have good ethics will strengthen loyalty and a positive view of the institutional environment itself. On the other hand, leaders who are considered less ethical will create a sense of insecurity for the organization. A sense of security can help preparers of financial reports to produce quality financial reports because they feel they have leaders who follow applicable values and norms. Dewi (2014) found that leader ethics have a positive influence on the quality of financial reports, although it is not linear, with research by Silviani (2018) which did not find any significance between the two.

The final factor examined is the competency of human resources preparing the financial reports themselves. Preparing financial reports is not just an individual activity but involves collaboration between individuals who have their own duties, complex information requires that the preparation of financial reports must involve competent resources so that the information presented can be said to be of high quality, human resource competence does not only include basic competencies on the necessary knowledge but also competence in social, communication and professionalism at working. The quality of the financial reports produced therefore increases dependent on the competency of the human resources actively involved. This is consistent with studies by Setyowati (2016) and Saputra and Anggraini (2015), which discovered an unidirectional association between the calibre of financial reporting and human resource competency. This contrasts with the conclusions of Sanjaya (2017), who found that the quality of financial reports produced is negatively impacted by competent human resources.

LITERATURE REVIEW

Agency Theory

Agency theory explains the relationship between agents (management) and principals (business owners/shareholders). According to Sambera and Meiranto (2013), each party in an agency relationship has their own interests. Shareholders want profits from their investments in the company, while management wants compensation for their performance in running the company. This difference in interests could cause information asymmetry. Information asymmetry is an imbalance in the information held by management and company shareholders because management knows more about the company's internal information and prospects than shareholders. Submission of financial reports can minimize information asymmetry that occurs between management and shareholders, because financial reports are a means of communicating financial information to parties external to the organization.

Likewise, with LPDs, the LPD management (board) makes financial reports as a form of management accountability for the LPD's performance in one accounting period. Based on agency theory, the information contained in the financial report produced by the LPD management as the agent functions as a tool to provide confidence to the LPD members, namely Pekraman Village as the principal, that the LPD can manage the invested funds well. Financial reports are also a source of information regarding the financial position, performance and changes in the LPD's financial position. The quality of financial reports is a priority in order to maintain principal trust.

Old Institutional Theory

Widyawati (2013) explains old institutionalism as a theory about how a company develops and survives when it is in a competitive environment full of competitors, as well as studying how companies satisfy stakeholders. Institutional theory emerged due to a feeling of dissatisfaction and distrust towards neoclassical theory. There are two theories related to this institutional theory, namely old institutional theory and new institutional theory. The use of this theory is also to explain how something can last for a long time in an organization. The object of analysis in the old institutional theory was the individual. This research uses Old Institutional Theory because LPD, as a financial institution, must be able to develop and survive in competition with other financial institutions. So that for an institution to be able to grow and survive, Focus needs to be placed on internal elements that may have an impact on the calibre of financial reports, such as the level of accounting expertise, the supervisor's function, the use of information technology, leadership ethics, and human resource competency.

Quality of Financial Statements

The series of accounting activities culminates in a report called a financial report. This report was created in order show the economic activity of each company over a specific time period so that any information could possibly be taken into account by the company's internal and external those who make decisions. Financial reports consist of several forms of reports including profit and loss reports, cash flow reports, balance sheets, capital changes reports and notes to financial reports. Various information containing every transaction that can affect the company's profits can be seen in the profit and loss report, while information that provides an overview of the company's cash flow in the form of income and use of the company's cash can be seen in the cash flow report. Another report is the balance sheet or financial position report where the function of the balance sheet can help stakeholders to see the liquidity and health of the company in each period. The capital component is an important part to evaluate so that changes in the capital structure can be seen in the capital changes report. In a complex financial report there is a variety of information that can cause bias or double understanding so that various possible ambiguities that can occur can be minimized in the notes section of the financial report. This series of reports shows the importance of information related to company financial activities, so it is important for every company to be able to present quality financial reports for information users.

The qualitative aspects of financial reports are what determine their quality. Information that can be interpreted more easily by users and readers, who are presumed to be reasonably knowledgeable about business, accounting, and economic matters, is a sign of a high-quality financial report. The information presented in financial reporting can provide more understanding and information about management and the condition of the company itself. The first general characteristic that describes the quality of a financial report is relevance, where the information presented can be used as an evaluation of past, current and future events. Apart from that, relevance is also associated with timeliness.

The second characteristic is reliability, financial reports must be able to describe financial conditions or events in accordance with actual events and can be verified. Apart from being relevant and reliable, financial reports can be said to be of quality if they have comparative power and can be understood by information users. Financial reports consist of five types of reports, each report focuses on various indicators including balance sheet, cash flow report, profit and loss report, capital changes report and notes to financial reports.

Understanding Accounting

Horngren and Harrison (2007) Assume accounting is an information system that tracks corporate operations, compiles information into reports, and informs decision-makers of the outcomes. According to the Indonesian Dictionary, understanding is a process that involves making, understanding, or comprehending anything, whereas understanding itself refers to intelligence and accurate comprehension. This implies that intelligent people who comprehend accounting are those who possess this understanding. If someone can efficiently complete the accounting process to generate financial reports, they are considered to have an understanding of accounting. The degree to which one can comprehend accounting as a body of knowledge as well as a process or practice, including knowledge of relevant accounting standards, accounting policies, accounting systems and procedures, and the elements of financial reports, is referred to as their level of accounting comprehension (Mulia, 2014).

The importance of information in a financial report means that organizations need individuals with a good level of understanding of accounting in the process of making the report itself. A good level of accounting understanding can help minimize the possibility of data misrepresentation and can understand all the information contained in the numbers in financial reports so that the financial reports presented can be of higher quality.

H1: There is a positive influence between accounting understanding on the quality of LPD financial reports

Supervisor
LPD supervisors are appointed based on agreement from the LPD traditional village community itself. Authority as LPD supervisor is generally given to community leaders or referred to as Bendesa (traditional village leaders). In terms of age, the LPD supervisor who is also a village head will have an average age of over 40 years with varying levels of education, ranging from high school graduates or undergraduate degrees with various majors.

The supervisor is an auditor employed by a company whose primary responsibilities include assessing the quality of information generated by different departments within the organisation and whether or not the management-established policies and procedures have been followed. The audit division at the LPD is an internal supervisor which is often called a village supervisor which institutionally must understand all control elements which include risk management evaluation, control evaluation and governance process evaluation. Various important functions of the supervisor are functions in planning, controlling LPD and reporting. In relation to financial reporting, the supervisor has the rights and obligations to monitor a series of reporting activities. The existence of a supervisor can help individuals involved in preparing financial reports to minimize misstatements and avoid activities that lead to opportunistic actions.
H2: There is a positive influence among supervisory bodies on the quality of LPD financial reports

Information Technology
The advancement of information technology (IT) is keeping pace with the growth of human civilization. The process of processing and sharing data for human activities through the use of computers and telecommunications equipment is known as information technology utilisation. Indonesian information technology is evolving in step with the more advanced advancement of human civilization. Developments in information technology include developments in hardware, software, data storage technology and communications technology (Laudon, 2014).

The development of increasingly advanced information technology will make it easier to prepare financial reports and implement financial information because it has the power to be more accurate and precise and has the ability to store greater data. The job done will be more productive and efficient, but as information technology advances, more money will be needed to support it.In order to produce a comprehensive financial report that complies with legal requirements, Setyowati (2016) claims that the use of information technology can help expedite the management of financial transaction data, the presentation of financial reports, and the prevention of errors in the posting of documents from books, journals, and ledgers. invitation regarding the financial report administration.
H3: There is a positive influence between information technology on the quality of financial reports

Leader Ethics
Ethics are established behavioural norms or ideals that members of a particular group or individual follow. Ethical rules explain when a behavior is acceptable or considered wrong. Ethics is closely related to fundamental relationships that function to direct moral behavior. In an organizational environment, ethics is very important, especially for top management. The ethics possessed by a leader or what is known as leadership ethics have a very big role. A leader who has ethics or applies attitudes and behavior that are in accordance with norms and is able to motivate the environment in the organization

can more easily form the loyalty of individuals in the organization. Individual loyalty in the organization will be able to help leaders utilize every potential that exists to bring the organization they lead to achieve organizational goals.

Leadership ethics is related to how leaders can lead their followers while still paying attention to the rules, values and norms that apply in society. According to Wirawan (2013) Leadership ethics is the practice of modelling normatively acceptable behaviour for followers through interpersonal interactions and acts; it also involves communicating with them in both directions, providing reinforcement, and making decisions. The ethical principles of leadership are leaders who respect others, serve others, are leaders who are objective, honest, and build communication.
H4: There is a positive influence between leader ethics on the quality of financial reports

Human Resources Competency
The existence of an organization cannot be separated from the role of humans in it. The unity of individuals in an organization is called human resources, each individual has an important role in the organization. Human resources are essential to the process of organisational development and the successful execution of the main objectives of the company because they carry out a variety of organisational driving activities, beginning with the planning and implementation of each programme. Because of their significance, human resources are not only necessary for organisations to continue functioning, but they also provide individual competencies. Human resource competency is the level of ability and characteristics of each individual which can be measured in the form of knowledge, skills and behavioral attitudes used to fulfill their activities in the organizational environment. High competency indicates high quality of human resources.

Human resource competency can be improved through training and providing fair compensation, including various employee welfare facilities. Human resource competency encompasses two dimensions: the non-physical dimension (non-physical quality), which pertains to skills, job capacity, and cognitive abilities, and the physical dimension (physical quality). A person's education, level of experience, maturity in themselves, attitudes, and values, in addition to their physical ability or abilities, all affect their human resource competency. Increasing theoretical ability, increasing technical ability, increasing conceptual ability, raising morale, and improving technical skills are all indicators of human resource competency.
H5: There is a positive influence between human resource competence on the quality of financial reports.

RESEARCH METHOD

The author uses Village Credit Institution (LPD) as a research object considering the importance of this financial institution in Bali. 38 registered active LPD are utilised as samples, and the phenomena demonstrates that two out of 40 LPD in one of Gianyar, Bali's subdistricts do not file financial reports. Gianyar subdistrict is used as a research location. This research used a questionnaire method to collect research data, the respondents used were accountant staff who occupied a direct role in preparing financial reports so that 76 respondents were obtained. The questionnaire used was measured using a scale of 1-5 (strongly disagree - strongly agree) where internal factors were measured using accounting understanding containing three indicators and 7 questions, supervisory bodies were assessed using 3 indicators with 7 questions, information technology contained 2 indicators and 6 questions. Questions, leader ethics contains 2 indicators and 6 questions, human resource competency contains 3 indicators with 6 questions, finally the quality of financial reports is assessed using 4 indicators with 7 questions. Questionnaires were distributed to respondents at each LPD in hardcopy form. Regression analysis was used to test the data, following the conceptual framework in this research:

Figure 1. Conceptual Framework

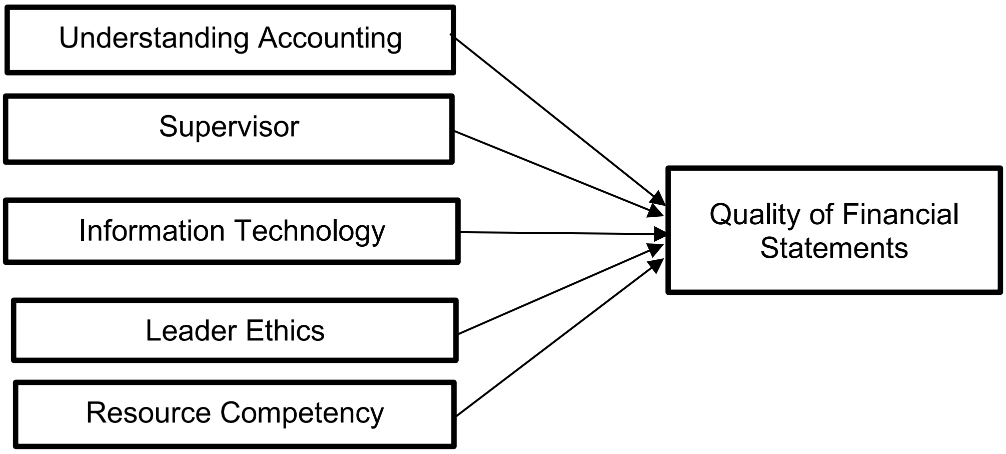

Table 1. Variable Measurement

Analysis	**Variables**	**Measuring instruments**
Internal factors	Understanding Accounting	Asset
		Liabilities
		Equity
	Supervisor	Independence
		Professionality
		Inspection
	Information Technology	Computer
		Internet Network
	Leader Ethics	Ethical standards
		Integrity
	Human Resources Competency	Knowledge
		Skill
		Behavior
Quality of Financial Statements		Relevant
		reliable
		Can be understood
		Comparable

Table 1 on the left above explains each factor used in the study, in the middle section is a variable that represents each research factor and in the column on the right is each assessment indicator listed on the questionnaire paper which will be filled in by the selected respondents.

RESULTS

Testing Research Instruments

The testing instrument must be said to be valid and reliable when using a questionnaire. In order to determine whether a questionnaire is valid, it must describe an item that will be measured. This is why validity testing is necessary for this research. The way to measure validity in this research is to calculate the correlation between the questions on the questionnaire and the question scores. The condition for an instrument to be said to be valid is if it has a Pearson correlation coefficient >0.3 and significant <0.05. Apart from

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validity, reliability testing of the model is also needed. When a respondent to a questionnaire provides answers that are steady or consistent throughout time, the questionnaire is considered dependable (Ghozali, 2016). The condition for the value of an instrument is said to be reliable if it provides a Cronbach Alpha value > 0.70. The following are the results of instrument testing in this article:

Table 2. Instrument Testing

Question	Pearson Correlation	Sig	Information
Understanding Accounting			
1	0.706	0,000	Valid
2	0.720	0,000	Valid
3	0.726	0,000	Valid
4	0.710	0,000	Valid
5	0.781	0,000	Valid
6	0.669	0,000	Valid
7	0.776	0,000	Valid
Supervisor			
1	0.590	0,000	Valid
2	0.748	0,000	Valid
3	0.667	0,000	Valid
4	0.787	0,000	Valid
5	0.588	0,000	Valid
6	0.670	0,000	Valid
7	0.782	0,000	Valid
Information Technology			
1	0.784	0,000	Valid
2	0.859	0,000	Valid
3	0.788	0,000	Valid
4	0.806	0,000	Valid
5	0.837	0,000	Valid
6	0.573	0,000	Valid
Leader ethics			
1	0.788	0,000	Valid
2	0.685	0,000	Valid
3	0.792	0,000	Valid
4	0.793	0,000	Valid
5	0.796	0,000	Valid
6	0.725	0,000	Valid
Human Resources Competency			
1	0.826	0,000	Valid
2	0.773	0,000	Valid
3	0.791	0,000	Valid
4	0.712	0,000	Valid
5	0.784	0,000	Valid
6	0.815	0,000	Valid
Quality of Financial Reports			
1	0.745	0,000	Valid
2	0.614	0,000	Valid
3	0.782	0,000	Valid
4	0.812	0,000	Valid
5	0.783	0,000	Valid
6	0.759	0,000	Valid

7	0.841	0,000	Valid

It can be explained that each variable indicator has a Person Correlation value of more than > 0.3 and sig value 2 tailed < 0.05 so it can be concluded that all indicators used in this research are declared valid and suitable for use as research instruments.

Table 3. Reliability

Factor	Cronbach's Alpha	Information
Understanding Accounting	0.843	Reliable
Supervisor	0.796	Reliable
Information Technology	0.864	Reliable
Leader ethics	0.854	Reliable
Human Resources Competency	0.874	Reliable
Quality of Financial Reports	0.879	Reliable

Since all of the statements about the independent and dependent variables can be observed to be above the Cronbach's alpha value of 0.70, it can be said that the data used in the questionnaire are all deemed reliable and can be used for study.

Classical assumption testing

Table 4 will represent each result of testing a series of stages on the classical assumptions. The research will only be conducted in 2022 without a research timeframe so that autocorrelation in the test series is not used. These results were obtained based on observations of a number of 76 (n) respondents as participants who were in accounting positions from 38 LPDs in Gianyar District. The following is a representation of multicollinearity, normality and heteroscedasticity tests:

Table 4. Classical assumptions

Normality	Asymp Sig. (2-Tailed)	0.161	Normal
Multicollinearity	tolerance		
	Understanding Accounting	0.486	Multicollinearity Free
	Supervisor	0.442	
	Information Technology	0.416	
	Leader ethics	0.365	
	Human Resources Competency	0.382	
	VIF		
	Understanding Accounting	2,057	Multicollinearity Free
	Supervisor	2,262	
	Information Technology	2,402	
	Leader ethics	2,741	
	Human Resources Competency	2,620	
Heteroscedasticity	Significance		
	Understanding Accounting	0.781	Free of Heteroscedasticity
	Supervisor	0.956	

	Information Technology	0.775	
	Leader ethics	0.916	
	Human Resources Competency	0.963	

The first representation is testing at the normality stage, shown by the test results that the asym tailed points meet the criteria that exceed the significance standard by five percent so that the model that the author examines falls into the normal category. For the second representation, it is a test involving multicollinearity, at this testing stage there are two assessment indicators that must be ensured to state that the model is free from multicollinear symptoms (Sugiyono, 2019). Two indicators that must be looked at are on the tolerance side (more than five percent) and VIF points (more than ten percent) where the table shows that it escapes multicolline symptoms.

The final representation involves the heteroscedasticity test, the author's model can be said to meet the heteroscedastic standard when the resulting significance exceeds the lime percent threshold and it can be seen in the table that all the points generated have met the criteria for escaping heteros symptoms.

Hypothesis testing

Table 5. Regression Analysis and T results

Variables	coefficient	t-statistics	Significance	Conclusion
Constant	3,762	1,685	0.097	
Understanding Accounting	0.167	1,359	0.179	H1 is rejected
Supervisor	-0.068	-.682	0.497	H2 is rejected
Information Technology	0.301	2,792	0.007	H3 is accepted
Leader ethics	0.338	2,784	0.007	H4 is accepted
Human Resources Competency	0.329	2,686	0.009	H5 is accepted

Beginning with column t in the table representation, each number indicates the direction in which the five elements tested—of which there were five—showed results. Of these, only work experience indicated a negative sign or direction, while the other four characteristics were positive. Turning to the significant column reflects every effect that is generated, each aspect shows a different point, the condition for being declared influential is when the point or score shown must be smaller than the threshold that becomes the provision, which is 5 percent. Based on the table, Information technology, leadership ethics, and the skill of LPD human resources are the three internal elements that positively and significantly affect the quality of LPD financial reports. Two other internal aspects, namely understanding accounting and supervisory bodies, do not show any influence on the quality of financial reports produced by LPD.

DISCUSSION

The relationship between understanding accounting and the quality of financial statements of LPD Gianyar District

Accounting understanding is the extent of the ability to understand accounting both as a set of knowledge and as a process or practice, knowing accounting systems and procedures, applicable accounting standards, and understanding the components of financial reports produced by each entity, both accounting entities and reporting entities.

Answering the hypothesis revealed that there was no correlation between the level of understanding of those responsible for creating financial reports in the non-formal financial entities that served as research sites and the calibre of financial reports that were generated. Based on observations, various factors can be used as justification, including that in general the employees or management who work in the LPD are residents of the traditional village in the LPD. So individuals who work, especially in financial reporting, often do not have the knowledge or background related to accounting. Authorised village officials even choose some roles. Apart from recruiting workers based on zoning, the employees who work also have very low turnover so that the average age of employees is more than 40 years and they do not have an educational level that meets financial specifications. This could be one of the explanations for why accounting understanding variables have no effect on the calibre of financial reporting at LPD.

The relationship between supervisor and the quality of financial statements of LPD Gianyar District

Supervisors in an institution play an important role, not only supervising non-financial financial activities, the presence of supervisors also helps minimize various errors. In financial reporting, supervisors also play a role in preventing the organization from deviations related to budgets and reporting procedures. The findings from the t test results show that there is no any connection between the regulatory body's role and the calibre of financial reports. One of the factors that can cause the existence of the supervisor's function to be ineffective is because some supervisors are village heads from a selected traditional village. The selection of supervisors is based on the agreement of the village community and based on the governor's regulations, the LPD supervisors are villagers who have authority in the village or are referred to as Bendesa (traditional village leaders). These provisions mean that some supervisors do not necessarily have a good understanding of financial reports and appropriate supervision, so that the presence or absence of a supervisor does not affect the quality of the financial reports produced by the LPD.

The relationship between information technology and the quality of financial statements of LPD Gianyar District

Technology helps all types of human activities, information technology is a technology whose existence is used to help convey information more effectively to information users. In Table 5 it can be seen that the existence of information technology has a positive impact on financial reporting activities. Adapting and using technology for some employees requires consistent training so that the benefits can be maximized. Therefore, the positive side of information technology which can help the effectiveness and efficiency of the reporting process makes employees enthusiastic to adapt to developments in information technology. In the era of digitalization, all financial institutions, including LPD, need to adapt to technology. The existence of technology that can be utilized optimally will help with efficiency in terms of costs, time and energy. In terms of financial reporting, optimal use of information technology can simplify the entire process of making reports until they become financial reports. Good information technology support for reporting can help reduce hard-to-trace errors, meaning that the more information technology is used and exists in the LPD, the higher the quality. as well as the financial reports that follow.

The relationship between leader ethics and the quality of financial statements of LPD Gianyar District

The results of a number of examinations indicate that the calibre of financial reports generated and the ethics of leaders have a good correlation. An organization's equilibrium may be upset by a leader who lacks suitable ethics. Because of the company's societal values, employees are more likely to trust their leaders or superiors when they see leaders practicing leadership ethics in the day-to-day operations of the organisation. The above can be especially beneficial for enhancing mental and spiritual fitness. Security for employees and lack of pressure to perform well at work are factors that positively correlate with a leader's leadership ethics and the quality of financial reports produced by finance staff.

The relationship between human resource competency and the quality of financial statements of LPD Gianyar Bali

The ensuing result shows a strong positive correlation between human resource competency and financial reporting quality. Nobody can provide financial reports of a high calibre. This is demonstrated by the importance of human resource competency in generating high-quality financial reports. It is imperative that those who prepare the financial reports are actual specialists in their respective fields. As a result, LPD needs human resources capable of producing high-caliber financial reports. It is believed that the quality of financial report preparation can be impacted by human resource competence. The calibre of your human resources will raise the calibre of the financial reports you provide, and vice versa. Financial reports of lesser quality will be the outcome of reduced human resource capability.

CONCLUSION

This research examines several internal factors which in theory can influence the quality of a financial report, especially for LPD in Gianyar District, Bali. The internal aspects used include understanding the accounting of the individual who prepares the report, the way the LPD supervisor is operating, how well to employ technology, how morally upright institutional leaders are as well as and how capable the human resources engaged are. The usage of information technology, institutional leaders' ethics, and human resource competency all positively correlate with the calibre of the LPD financial reports under study, according to what comes out of several test a series arrangement. However, internal aspects in terms of accounting understanding and the existence of a supervisor do not show any influence or significance on the test results.

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DECLARATION OF CONFLICTING INTERESTS

This study's findings cannot be applied generally to different financial institutions due to the characteristics of Village Credit Institution (LPD) with other financial institutions is different. The research location only covers the Gianyar District, Bali, so it cannot be generalized to LPDs in different areas. The year the research was conducted is 2022 so that differences in years can also produce differences in results. Participants are allowed to fill out the survey as long as they follow the instructions that the author has provided.

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