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From Finance to Justice: How Regional Accounting and Information Systems Support SDG Accountable and Inclusive Institutions at All Levels Outcomes?

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ABSTRACT

Indonesia has shown a strong commitment to achieving SDGs through various regulations and strategic initiatives. This study focuses on the SDG target "Accountable and Inclusive Institutions at All Levels" by examining financial perspectives specifically, the influence of regional financial information systems, understanding of government accounting standards, and human resource competencies on the quality of government financial reports. As a decentralized and archipelagic country, Indonesia promotes regional autonomy to support equitable development and social welfare. However, persistent corruption issues expose accountability gaps within this system. The study focuses on the heads of financial subdivisions and treasurers who are involved in financial reporting across regional government organizations in Kebumen Regency, Central Java. Using purposive sampling, 60 we selected respondents. The data were analyzed using multiple linear regression with SPSS 26. The results show that understanding government accounting standards has the greatest impact on financial report quality ($\beta = 0.476, p = 0.021$), followed by human resource competencies ($\beta = 0.244, p = 0.007$) and regional financial information systems ($\beta = 0.214, p = 0.021$). These findings highlight the critical role of technical knowledge and capacity in improving financial report quality, reinforcing the importance of accurate, transparent financial management for achieving accountable and inclusive governance within the SDGs framework. The results of the study can be applied in the planning and management of the activities of the authorities of Central Java and other similar regions in the field of sustainable development.

Keywords: "villages" within the SDGs; understanding government accounting standards; financial report quality; regional financial information systems; human resource competencies

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ОРИГИНАЛЬНАЯ СТАТЬЯ

От финансов к правосудию: как региональные системы бухгалтерского учета и информации поддерживают достижение ЦУР подотчетными и инклюзивными учреждениями на всех уровнях?

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АННОТАЦИЯ

Индонезия продемонстрировала твердую приверженность достижению целей устойчивого развития (ЦУР) с помощью различных нормативных актов и стратегических инициатив. Цель исследования — в соответствии с задачей ЦУР «Подотчетные и инклюзивные учреждения на всех уровнях» определить влияние финансовых аспектов, ре-

гиональных информационных систем, стандартов государственного учета и квалификации персонала на качество финансовых отчетов. Являясь децентрализованным государством-архипелагом, Индонезия поощряет региональную автономию для поддержки справедливого развития и социального обеспечения. Однако постоянные проблемы с коррупцией выявляют пробелы в подотчетности в этой системе. Исследование касалось руководителей финансовых подразделений и казначеев, отвечающих за финансовую отчетность в региональных правительственных организациях в Кебумен Ридженси на Центральной Яве. Из целенаправленной выборки было отобрано 60 респондентов. Данные проанализированы с помощью множественной линейной регрессии с использованием SPSS 26. Результаты показали, что понимание государственных стандартов бухгалтерского учета оказывает наибольшее влияние на качество финансовой отчетности ($\beta = 0,476$, $p = 0,021$), за которым следуют компетенции персонала ($\beta = 0,244$, $p = 0,007$) и региональные финансовые информационные системы ($\beta = 0,214$, $p = 0,021$). Сделан **вывод** о важной роли технических знаний и потенциала в повышении качества финансовой отчетности, а также о ценности точного и прозрачного финансового управления для обеспечения подотчетного и инклюзивного руководства в рамках ЦУР. Результаты исследования могут быть применены при планировании и управлении деятельностью органов власти Центральной Явы и схожих по уровню развития территорий в области устойчивого развития.

Ключевые слова: «деревни» в рамках ЦУР; понимание государственных стандартов бухгалтерского учета; качество финансовой отчетности; региональные системы финансовой информации; компетенции в области управления персоналом

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INTRODUCTION

Sustainable development has become a crucial global agenda to ensure the well-being of society in various aspects of life. The Sustainable Development Goals (SDGs), initiated by the United Nations (UN), emphasize the importance of establishing accountable, transparent, and inclusive institutions at all levels of government, as stated in Goal 16. Unfortunately, the 2030 Agenda does not provide a legally binding global compliance mechanism, leaving the responsibility for SDG implementation primarily to the national regulations and institutions of member states. This presents a unique challenge for each country in holding governments accountable for SDG implementation and achievement.

However, accountability concepts differ significantly across countries, and as a result, the implementation of SDGs between governments is often considered irrelevant due to the non-binding nature of the agenda. Therefore, it is essential for countries to address the challenge presented by SDG Target 16.6, which calls for the development of effective, accountable, and transparent institutions at all levels, to ensure the successful achievement of other sustainable development targets [1]. Even in the private sector, accountability has become a major concern, reflecting an internal awareness of stakeholders' interests in sustainability reporting [2].

Indonesia has demonstrated its commitment to achieving this goal through various regulations and national strategies. As a vast archipelagic country, Indonesia has adopted a decentralized governance system to promote equitable development and improve public welfare. While decentralization is expected to enhance societal well-being, its implementation faces

significant challenges, particularly in establishing accountable institutions. The high number of corruption cases across various sectors in Indonesia remains a major obstacle to creating a clean and transparent government. This concern is also reflected in the Indonesian public budgeting context, where weaknesses in public financial management can create conditions that undermine accountability and public trust [3]. The high number of corruption cases in various sectors in Indonesia remains a major barrier to creating a clean and transparent government.

For instance, from 2021 to 2023, at least 61 regional leaders were involved in corruption and abuse of power. At the village level alone, in 2022, 155 corruption cases were recorded with state losses exceeding IDR 381 billion, while bribery and extortion practices amounted to IDR 2.7 billion. The following year, in 2023, village fund corruption dominated with 187 cases. Corruption involving village officials in the management of village funds hinders the achievement of the SDG target "Accountable and Inclusive Institutions at All Levels." Although village funds are intended for community empowerment and sustainable development, corruption such as bribery and extortion undermines public trust and diminishes accountability.

Achieving the ambitious goals of the 2030 Agenda depends heavily on the presence of strong and accountable institutions [4]. However, corruption poses a major challenge in realizing accountable and transparent governance, which is at the core of SDG 16. A key target of SDG 16, specifically Target 16.6, emphasizes the need to develop effective, accountable, and transparent institutions at all levels, including reducing corruption and bribery in all its forms.

Sustainable development can only be achieved in an environment where there is a good governance, stability, and public trust in government institutions.

Many have called for the establishment of a robust accountability regime under the 2030 Agenda. However, they often fail to address the importance of policy integration. This integration demands a fair distribution of responsibilities across sectors and stakeholders, which influences the effectiveness of accountability [5].

Widespread corruption not only undermines the effectiveness of development policies but also leads to social and economic instability [6]. Countries with higher levels of corruption tend to experience slower economic growth and a lack of transparent financial reporting. Improving the quality of government financial reports, including at the regional level, is a key element in ensuring responsible budget use and supporting the achievement of sustainable development goals.

Government accountability for the implementation of SDG is further complicated by the perception that intergovernmental negotiations on accountability lack relevance due to their non-binding nature [7]. A crucial aspect of ensuring financial accountability in government is the quality of financial reporting which should be transparent and compliant with established standards. Financial reporting transparency is particularly important because financial information provides stakeholders with a basis for assessing the financial activities and accountability of organizations [8]. The quality of financial statements directly affects the effectiveness of regional budget management. According to Government Regulation No. 71 of 2010 on Government Accounting Standards, high-quality financial statements should meet four main criteria: relevance, reliability, comparability, and understandability. These reports are prepared as a form of compliance and accountability [9, 10]. However, in practice, there are still various obstacles that hinder the realization of transparency in regional financial management.

We observe a gap in achieving the SDG target 16.6 to develop effective, accountable, and transparent institutions at all levels. This gap is due to its regulation being grounded in the legal frameworks of individual member states. Therefore, we offer some insights into how Indonesia can achieve the SDGs by creating accountable, transparent, and inclusive institutions at all government levels, measured through the quality of regional financial reporting. While financial reporting quality has been a widely discussed topic in accounting literature, few studies have linked it to the achievement of SDG 16.6. Hence,

this study aims to contribute to filling this gap in the literature.

We consider various factors that influence the quality of regional financial reports. For example, the use of information and communication technology (ICT) has the potential to become an effective tool for enhancing public accountability [11, 12]. This study aims to examine how ICT can help improve financial accountability in government. The use of ICT in regional financial management is essential for enhancing the transparency and accountability of financial reports. Recent research on public finance also emphasizes the role of digitalization in improving the management and processing of budgetary information, highlighting the increasing importance of digital technologies in public financial management [13]. ICT can assist local governments in preparing more accurate and timely reports. Additionally, adequate human resource competencies are essential for ensuring that financial statements are prepared in accordance with government accounting standards. A solid understanding of these standards is crucial to producing accountable financial statements [14, 15]. This inspired us to examine the role of ICT in achieving accountability, taking into account prior research [16].

We also examine the human resource competence and understanding of government accounting standards, which are essential for producing high-quality financial reports. Preparing high-quality financial reports requires skilled and responsible personnel [17]. Therefore, human resource competence directly affects the preparation of government financial reports [18, 19].

Finally, a strong understanding of government accounting standards is crucial for producing reliable financial reports. Local governments need to prepare accurate financial accountability reports using internationally recognized accounting standards to ensure sound national financial management [20, 21]. Thus, both understanding of accounting standards and human resource competence contribute significantly to the quality of regional government financial reports.

Most previous research has focused on the general application of accounting standards without considering the specific regional context of each area. This study aims to contribute to contemporary insights by analysing the achievement of SDG 16.6 developing effective, accountable, and transparent institutions at all levels — from a financial perspective. The primary focus of this research is to identify the factors that influence the quality of regional financial reports as a key indicator of the level of accountability in local governance in Indonesia.

By examining the use of ICT, human resource competencies, and understanding of government accounting standards, this study aims to fill gaps in the literature and provide practical solutions for improving accountable, transparent, and inclusive local government governance. Consequently, the results of this study are expected to offer valuable insights for policymakers in Indonesia to enhance the quality of regional financial reports and strengthen more effective and transparent accountability mechanisms in support of achieving SDG 16.6 in Indonesia.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Agency Theory as Grand Theory

This study is based on agency theory, which highlights the relationship between the principal (the public or oversight institutions) and the agent (local governments) in managing public finances. Information asymmetry where the agent has more information than the principal can hinder transparency and accountability. To address this issue, the implementation of an effective regional financial information system, deep understanding of government accounting standards, and improvement of human resource competence are crucial in producing high-quality financial reports. Transparent and accountable financial reporting allows principals to effectively monitor and evaluate the performance of agents, thereby strengthening public trust [22]. Performance auditing further strengthens this monitoring function by assessing the effectiveness and efficiency of public financial management. These mechanisms are important for ensuring that government institutions remain accountable for the management and use of public resources [23]. This accountability relationship is also evident in the Indonesian public sector, where government audit institutions such as the Supreme Audit Agency (BPK) and the Government Internal Supervisory Apparatus (APIP) play an important role in ensuring accountability in state financial management and the credibility of government financial reporting [24]. Financial control and budget monitoring also represent important mechanisms for reducing violations and improving the efficiency of public resource management [25]. In this context, effective financial reporting provides an important basis for monitoring the use of public resources and evaluating the performance of government institutions.

Improving the quality of local government financial reports aligns with Sustainable Development Goal

(SDG) 16, which emphasizes the importance of building effective, accountable, and transparent institutions at all levels of government. By ensuring that local governments prepare and present financial reports that comply with established standards and are accountable, transparency and accountability in public financial management can be enhanced, supporting the achievement of SDG 16.6 [26]. Public financial management encompasses core concepts that emphasize the importance of transparency and accountability in public sector financial reporting [22]. The adoption of accounting standards is essential for improving accountability and government effectiveness through public sector accounting reform and enhanced governance quality [26]. Public sector accounting, management control, and risk management also play vital roles in improving the performance and accountability in public organizations [27]. Accountability further strengthens the relationship between financial reporting quality and public sector performance, contributing to improved public sector outcomes [28]. The incentives for digital versus printed public financial disclosure also highlight the importance of transparency in government [29]. Recent developments in public sector transparency have significant implications for accountability and public trust [30].

The achievement of SDG 16, which aims to build strong, accountable, and transparent institutions, depends heavily on increasing accountability and the quality of local financial reporting. Transparency in financial reporting allows the public and oversight institutions to objectively assess local government performance, reduce the risk of corruption, and increase public trust. Implementing accounting standards, utilizing technology in regional financial information systems, and strengthening human resource capacity are strategic steps to ensure more accountable financial management. Additionally, digitization of financial reporting accelerates access to information and encourages public participation in financial oversight, thus creating more effective and ethical governance. Therefore, improving accountability and transparency in local government financial reporting is not just an administrative necessity, but also a key pillar for achieving inclusive and sustainable governance aligned with SDG 16.

Quality of Local Government Financial Reports as a Measure of Achieving SDG 16.6: Accountable and Inclusive Institutions at All Levels

The implementation of regional autonomy within decentralized governance empowers local governments the authority to prepare financial

reports according to their respective needs while still adhering to Government Regulation No. 71 of 2010 on Government Accounting Standards. Transparent and responsible local financial reports play a crucial role in enhancing public financial management and supporting the achievement of Sustainable Development Goal (SDG) 16.6, which focuses on building effective, accountable, and transparent institutions at all levels [31]. The transparency of financial reporting is an important dimension of financial accountability because transparent financial information enables stakeholders to assess financial activities and organizational accountability [8].

The quality of local financial reports can be assessed through four main characteristics: relevance, which ensures information influences decision-making; reliability, which emphasizes data accuracy and transparency; comparability, which allows for analysis across periods or entities; and understandability, ensuring that stakeholders can easily access and comprehend the information [32]. These four aspects are prerequisites for trustworthy financial reports that support evidence-based policymaking.

By maintaining high-quality financial reports, local governments can strengthen transparency, accountability, and the effectiveness of public financial management. This not only increases public trust but also promotes inclusive and sustainable governance in alignment with the SDGs. Quality financial reporting ensures more effective budget allocation, optimizes public services, and improves the relationship between government and the public.

The Regional Financial Information System

The use of information technology in regional financial management through the Regional Financial Information System (SIKD) has become an essential component in improving transparency and accountability in governance. This use of modern financial tools can also contribute to more effective public financial management by improving the processes through which financial resources and information are managed [33]. According to Government Regulation No. 65 of 2010, SIKD is designed to provide financial information not only for local governments but also accessible to the general public as a form of openness [12]. With this system, local governments can prepare financial reports that are more structured, accurate, and accountable, supporting the achievement of SDG 16.6: building effective, accountable, and transparent institutions at all levels. This development is consistent with the broader trend of digitalizing of public financial

management, in which digital technologies are increasingly used to improve the processing and management of budgetary information [13].

SIKD provides accurate and timely financial information, which serves as the foundation for financial policy-making at both local and national levels. The Minister of Finance uses data from SIKD to formulate fiscal policies, while local governments use it for preparing regional budget plans (APBD). Leveraging technology in this system enables faster, more efficient and secure processes, thereby improving the quality of local financial reporting. Enhanced transparency in regional budget management also strengthens public oversight and prevents potential irregularities.

With the proper use of information technology, regional financial management can become more efficient, accurate, and error-minimized, contributing to the production of valid and credible financial reports. Additionally, SIKD ensures compliance with government-mandated reporting standards and characteristics. Data security and efficiency in report preparation are top priorities in this system. Therefore, SIKD plays a crucial role in realizing accountable and transparent institutions as mandated by SDG 16.6, while also enhancing the quality of financial management for more sustainable development.

H1: The Regional Financial Information System has a significant effect on the quality of local government financial reports in achieving the SDGs.

Understanding of Government Accounting Standards

The implementation of Government Accounting Standards (SAP) in regional financial management plays a vital role in producing high-quality, transparent, and accountable financial reports. SAP serves as the main reference for presenting financial statements that are accountable to external stakeholders in accordance with generally accepted accounting principles [21]. A solid understanding of SAP helps to ensure that financial reports meet established standards and supports the achievement of SDG 16.6, which emphasizes the importance of building effective, accountable, and transparent institutions at all levels.

By using SAP, local governments can produce financial reports that are more structured and compliant with regulations, making it easier to evaluate financial performance [21]. SAP also addresses the unique characteristics of the governmental environment, such as autonomous systems and intergovernmental transfers, which are critical for public financial accountability. Compliance

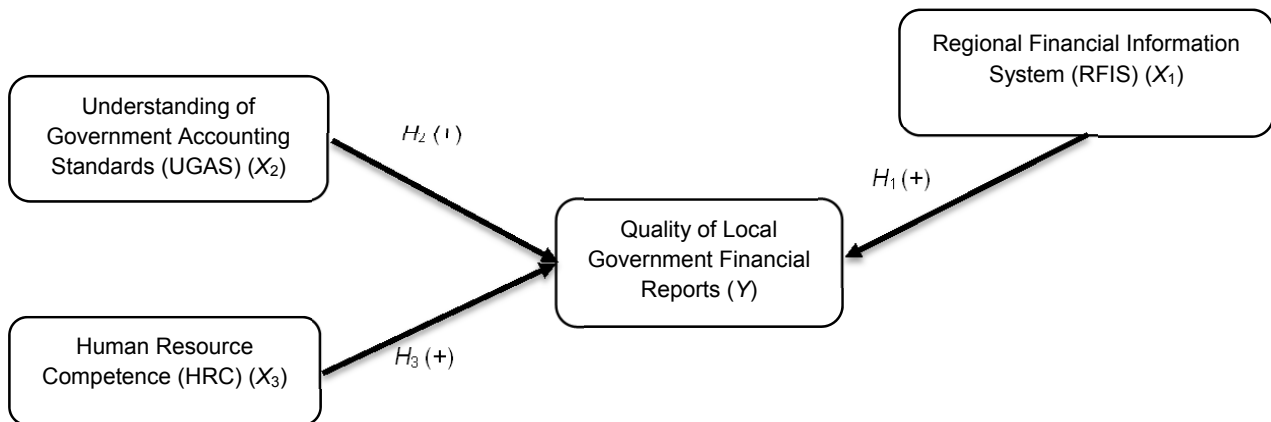


Fig. 1. Research Framework

Source: Authors' conceptual framework.

with SAP improves the quality of financial reports, enables more effective monitoring of regional budgets (APBD), and ensures more transparent and responsible budget use.

The quality of local government financial reports heavily depends on how well local governments understand and apply SAP correctly. Compliance with accounting standards leads to more accurate financial reports, which positively impacts transparency and accountability. On the other hand, non-compliance may result in reporting errors and erode public trust. Therefore, the proper implementation of SAP not only enhances financial governance but also contributes to the creation of more effective, transparent, and accountable government institutions, in line with SDG 16.6.

H2: Understanding of Government Accounting Standards has a significant effect on the quality of local government financial reports in achieving the SDGs.

Human Resource Competence

Human resource competence in governmental accounting plays a critical role in ensuring financial reports that are accurate, transparent, and accountable. Competence encompasses knowledge, skills, and experience, enabling HR professionals to prepare financial reports effectively, efficiently, and on time [34]. A solid grasp of government accounting standards (SAP) and financial reporting procedures reduces the risk of errors that could lead to poor data-driven decision-making. Competent HR professionals contribute to higher-quality local financial reports, thus supporting the achievement of SDG 16.6, which emphasizes developing effective, accountable, and transparent institutions at all levels.

HR with a deep understanding of regional financial regulations and strong data analysis skills can prepare more relevant, reliable, and timely financial reports

[17, 19]. In the context of governmental accounting, HR expertise also contributes to more efficient and accountable regional financial management. Strengthening HR capacity to understand and apply SAP, policies, and financial procedures is vital to improving financial report transparency and preventing reporting discrepancies.

Qualified HR can create added value through innovation and the better application of expertise in financial management [18]. Therefore, strengthening HR competence in the public sector is a strategic step in improving regional budget management effectiveness and ensuring efficient and responsible resource use. Competent HR leads to more transparent and credible financial reports, ultimately supporting effective, inclusive, and sustainable governance aligned with SDG 16.6.

H3: Human resource competence has a significant effect on the quality of local government financial reports in achieving the SDGs.

RESEARCH METHODS

Population, Sample and Data Collection Technique

This study uses a causal research design within a quantitative research approach to examine the cause-and-effect relationship between independent and dependent variables. The objective is to identify factors that influence the quality of local government financial reports as part of efforts to achieve SDG 16.6, which emphasizes the development of effective, accountable, and transparent institutions at all levels. Data analysis is conducted using statistical tools, specifically SPSS, to predict the impact of changes in the independent variables on the dependent variable.

The population for this study comprises all Regional Government Organizations (Organisasi Perangkat Daerah/OPD) in Kebumen Regency, totaling 56 OPDs, including district offices. This

study uses a purposive sampling technique, which involves selecting samples based on specific criteria. The sampling criteria exclude all district offices in Kebumen Regency, focusing solely on non-district OPDs. Based on this technique, a total of 30 non-district OPDs were selected as the sample.

From each of these 30 OPDs, two respondents were selected: the Head of the Financial Planning and Accountability Subdivision and the Treasurer. These individuals were chosen because of their expertise and involvement in financial management and report preparation, ensuring the relevance and validity of the data collected. Therefore, the total number of participants in this study is 60 individuals (30 OPDs × 2 respondents).

The study relies on primary data collected directly from the selected respondents. Data collection was conducted through a questionnaire, which was distributed to finance/accounting personnel in the respective OPDs. The questionnaire items were adapted from previous research and structured using the Likert scale. The Likert scale was used to measure attitudes, perceptions, and views of respondents regarding financial reporting practices and institutional accountability. Variables were operationalized into measurable indicators, which were then formulated into statements or questions within the questionnaire.

Variables, Measurement, and Data Analysis Technique

This study employs four main variables: the Regional Financial Information System (RFIS), Understanding of Government Accounting Standards (GAS), Human Resources (HR) Competency, and the Quality of Local Government Financial Statements. The first variable, the Regional Financial Information System (X_1), is defined as a system that records various activities and processes related to local government financial information. The indicators used to measure this variable include speed level, security level, cost efficiency, and the quality of results all of which are measured using a Likert scale.

The second variable, Understanding of Government Accounting Standards (X_2), refers to the process of correctly comprehending government accounting standards. The indicators for this variable include understanding the balance sheet, presentation of the Budget Realization Report, presentation of the Cash Flow Statement, presentation of the Notes to Financial Statements, inventory valuation, and fixed asset recognition. All of these are measured using the Likert scale.

The third variable, Human Resources Competency (X_3), refers to the abilities and traits of public servants

that are reflected in the behavior they exhibit while performing their duties, enabling them to carry out their tasks professionally, effectively, and efficiently. Indicators for this variable include knowledge, skills, and attitude, which are also assessed using the Likert scale.

The dependent variable in this study is the Quality of Local Government Financial Statements (Y), which reflects the extent to which a local government's financial reports are considered favorable or unfavorable. Indicators used to assess report quality include relevance, reliability, comparability, and understandability — all measured using the Likert scale.

This study employs multiple linear regression analysis as the primary technique to examine the influence of independent variables on the dependent variable. This analysis is chosen because it can explain the simultaneous relationships between more than one independent variable and a single dependent variable. The independent variables in this study include the Regional Financial Information System (X_1), the Understanding of Government Accounting Standards (X_2), and the Human Resources Competency (X_3). The dependent variable analyzed is the Quality of Local Government Financial Statements (Y).

Data analysis is conducted using the SPSS (Statistical Package for the Social Sciences) software. The use of the SPSS allows for systematic, accurate, and efficient data processing and supports relevant statistical testing for the model used.

The multiple linear regression model used in this study is formulated in the following equation:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon,$$

where Y — Local Government Financial Report's Quality; α — constant; $\beta_1, \beta_2, \beta_3$ — Regression coefficients X_1, X_2, X_3 ; X_1 — Regional Financial Information System; X_2 — Understanding of Government Accounting Standards; X_3 — Competency of Human Resources; ε — Error.

This analysis is conducted to determine the degree to which each independent variable, both partially and simultaneously, significantly influences the quality of local government financial reports. The results of this analysis are expected to provide empirical insights supporting the objectives of the study.

RESULTS

This study aims to measure the achievement of Target 16.6, which seeks to develop effective, accountable, and transparent institutions at all levels. The primary

Table

Multiple Regression Results

Variable	Unstandardized Coefficient (B)	T Statistics	Sig	Result
Constant	2.159	0.879	0.383	—
RFIS (X ₁) → KLKP (Y)	0.244	2.789	0.007	Accepted
GAS (X ₂) → KLKP (Y)	0.476	5.074	0.000	Accepted
HR (X ₃) → KLKP (Y)	0.214	2.379	0.021	Accepted

Source: Authors' SPSS Output.

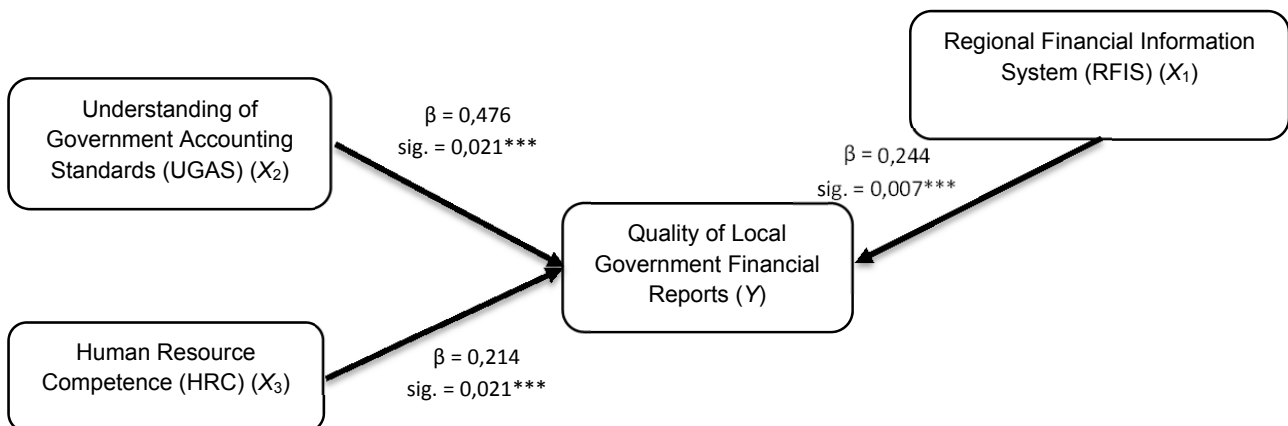


Fig. 2. Results of the Hypothesis Testing

Source: Authors' conceptual framework.

focus of this research is to assess the accountability of local government financial statements as a key indicator of transparency and the effectiveness of governance. To achieve this goal, the study analyzes various predictive factors that influence the level of accountability in local government financial statements. Statistical analysis has been conducted to identify the correlation between these factors and the achieved level of accountability, providing a more comprehensive view of how well Target 16.6 has been met, as well as recommendations for improving the quality of local financial governance in the future.

The data processed in this study is primary data collected from 60 respondents who meet the criteria for inclusion, consisting of the Head of the Financial Planning and Accountability Subdivision and employees working as Treasurers. All statements presented, totalling 60 items, were deemed appropriate. The results of the hypothesis testing using SPSS 23 are presented in Table.

The multiple regression equation can be derived from the coefficients mentioned earlier as follows:

$$Y = 2.159 + 0.244 X_1 + 0.476 X_2 + 0.214 X_3.$$

Based on the equation and Fig. 2, the coefficient value β for the variable X_1 (Regional Financial Information System) is 0.244 with a significance value (sig.) of 0.007. This indicates that the Regional Financial Information System has a positive and significant effect on the quality of local government financial statements, meaning that the first hypothesis (H_1) is accepted. Next, for the second hypothesis (H_2), the β value obtained is 0.476 with a sig. value of 0.000, indicating that the understanding of Government Accounting Standards also has a positive and significant impact on the quality of local government financial statements, thus the second hypothesis (H_2) is accepted. Similarly, for the third hypothesis (H_3), where the β value is 0.214 and the sig. value is 0.021, it shows that human resource competency also has a positive and significant effect on the quality of financial reports, meaning that the third hypothesis (H_3) is accepted.

DISCUSSION

This study aims to measure the achievement of Target 16.6 of the Sustainable Development Goals (SDGs), which is to develop effective, accountable,

and transparent institutions at all levels. The primary focus of this research is to assess the accountability of local government financial statements as a key indicator of transparency and the effectiveness of governance. To achieve this goal, the study analyzes various predictive factors that influence the level of achieved accountability in local government financial statements. Statistical analysis is performed to identify the relationships between these factors and the achieved level of accountability, providing a more comprehensive view of how well target 16.6 has been met, as well as recommendations for improving the quality of local financial governance in the future.

This study was applied to the local government of Kebumen Regency, Central Java, as a case study to demonstrate the implementation of regional autonomy in the preparation of local government financial statements. The results of this study show that the implementation of an integrated regional financial information system for the region, a good understanding of government accounting standards, and the improvement of human resource competencies can support the transparency and accountability of local financial management. Therefore, the findings of this study can serve as a reference for other local governments in improving the effectiveness of local financial governance to achieve the SDGs target 16.6 and support sustainable development and public welfare.

The results of the statistical analysis show that all hypotheses proposed in this study have been accepted and have a significant impact on the quality of local government financial reports. The three main factors tested — Regional Financial Information System (H_1), the understanding of Government Accounting Standards (H_2), and human resource competency (H_3) — each have a positive contribution to the quality of local government financial statements.

The Regional Financial Information System has been proven to significantly improve the quality of local government financial statements. With an integrated and computerized system, financial information can be accessed more quickly, accurately, and in accordance with the qualitative characteristics of good financial statements. This supports the transparency and accountability of local governments in managing finances, as mandated in SDGs Target 16.6. This study is in line with the findings of [17], which show that regional financial information systems improve the quality of local government financial statements, although it contradicts the research by [35], which found that this factor does

not have a significant impact. The understanding of technology in accounting must continue to be promoted to encourage the use of information systems in accounting practices, leading to the production of high-quality financial statements [36]. In this context, Law No. 33 of 2004 on the fiscal balance between central and regional governments requires the support of a nationally organized regional financial information system [37]. Through the use of information systems, the transparency and accountability of village financial management can be justified and supported by legal and factual evidence [38].

Additionally, understanding Government Accounting Standards has been shown to affect the quality of local government financial statements. Having a good knowledge of these standards ensures that financial statements are prepared in accordance with the principles outlined in Government Regulation No. 71 of 2010 on Government Accounting Standards. Therefore, a strong understanding of these standards supports the achievement of target 16.6, as it ensures comparability, transparency, and accountability in local government financial reports. This finding is consistent with the research by [18, 39], which shows that understanding government accounting standards has a positive impact on the quality of financial statements. This is also in line with the study by [40], which found that understanding government accounting rules has a significant impact on the quality of local government financial reports [21].

Agency theory can be used to explain the impact of understanding Government Accounting Standards on the quality of local government financial statements because local governments, as agents, work and are accountable to the head of the school in the form of accountability reports, such as local government financial statements [40]. Therefore, to fulfil this obligation, local governments need to be able to present high-quality financial statements. One of the most important things in preparing these reports is that every employee must have a good understanding of government accounting standards in order to produce financial statements that are relevant, reliable, comparable, understandable, accountable, and useful for users of those financial reports.

The analysis of the findings in this study indicates that there is a strong correlation between human resource competency and the quality of local government financial statements in Kebumen Regency. This implies that improving human resource competency will impact the quality of financial reports. In other words, the higher the quality of

human resources responsible for preparing financial statements, the better the quality of the financial statements produced. Human resource competency is a key driver in an organization, as well as the backbone and driving force behind the organization's efforts to realize its vision and mission. Each regional working unit (OPD) must have human resources with necessary knowledge, skills, and behavioral attitudes required to carry out their activities professionally, effectively, and efficiently.

The results of this study indicate that human resource competency has a positive effect on the quality of government financial statements. This finding is consistent with previous studies, which has found that human resource competency affects the quality of local government financial statements [19, 21]. Therefore, improving human resource competency is an important step in creating effective and accountable government institutions, in line with the goals of SDGs Target 16.6.

CONCLUSIONS

This study supports the achievement of Sustainable Development Goal (SDG) 16.6, which emphasizes the importance of developing effective, accountable, and transparent institutions at all levels of government. The findings reveal that the quality of local government financial statements is significantly influenced by three main factors: the understanding of Government Accounting Standards (GAS), the technology of regional financial information systems, and human resource competency. A strong understanding of GAS ensures compliance with reporting standards, while advanced financial information systems promote efficiency and transparency. Furthermore, competent human resources are crucial for professional and accountable financial management. Therefore, improving the

quality of financial statements directly contributes to strengthening governance effectiveness, enhancing public trust, and fostering policies based on transparency and accountability, in line with SDG 16.6 objectives.

Recommendations

Based on the study's findings, we propose several recommendations:

1. Local governments should strengthen the infrastructure of their regional financial information systems to enhance the accuracy, transparency, and efficiency of financial reporting.
2. They should deepen the understanding of Government Accounting Standards among their employees through comprehensive and continuous training programs.
3. Efforts should be made to improve the competency of human resources, ensuring that financial management practices are professional, accountable, and standardized.

Final Considerations

This study has certain limitations. It was conducted only in Kebumen Regency, which may limit the generalizability of the results to other regions. Additionally, the study focused on three main factors without exploring other potential variables that may affect the quality of local government financial statements. Future research should consider expanding the scope to include other regions and explore additional influencing factors to provide a more comprehensive understanding. Nonetheless, the study contributes valuable insights for policymakers and practitioners in their efforts to enhance public financial management and achieve the goals of effective, accountable, and transparent governance.

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