

The Influence of Supervision, Control and Inspection on the Quality of Financial Reports at the Palopo City Inspectorate

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Abstract

This research aims to analyze the influence of internal auditors in improving the quality of financial reports. The hypothesis of this research is that supervision, control and inspection influence the quality of the Palopo City government's financial reports. The data used in this research is primary data. This research was conducted at the Palopo City Inspectorate Office by distributing questionnaires to 40 respondents. The data analysis method uses multiple linear regression analysis. The research results found that supervision, control and inspection had a significant effect on the quality of financial reports by the Palopo City Inspectorate Auditor, both partially and simultaneously.

Keywords: Supervision, Control, examination, quality of Financial Reports

1. Introduction

Efforts to realize transparency and accountability of government financial management, both central and local governments, are by submitting accountability reports in the form of financial statements, which are then communicated to the DPR / DPRD and the general public after being examined by the financial audit agency (BPK) and then submitted to the public and DPRD / DPR. This is done in accordance with Law Number 17 of 2003 concerning State Finance and Law Number 32 of 2004 concerning Regional Government. In addition, important information regarding the financial position and all transactions carried out by the reporting company during a reporting period is presented in the financial statements.

Further research on the quality of financial reporting in Indonesia will be an interesting phenomenon. Improving the quality of government financial statements to ensure public accountability for government performance and produce higher quality financial statements is one of the problems caused by the expansion of the public sector in Indonesia. According to the laws and regulations Number 17 of 2003 concerning State Finance which, among others, regulates the management and accountability of regional finances, they are given the right, authority, and obligation to regulate and manage their own government affairs and the interests of local communities. In accordance with the existence of regional autonomy. In the agreement, the Regional Revenue and Expenditure Budget (APBD) and Financial Statements are prepared as a whole; Of course, the Regional Finance Agency (BKD) must verify these documents [1].

The process of providing and assessing evidence to support statements about events and activities to determine the extent to which those statements relate to established criteria is known as auditing. It is an objective and methodical procedure that involves providing interested parties with information about the findings. The purpose of an independent auditor in examining financial statements is to provide an impartial assessment of the state of finances, operating performance, and cash flows with respect to generally accepted accounting principles. Regulation of the Minister of State on Misuse of State Apparatus Number

PER/05/M.PAN/03/2008 concerning Examination Standards for Government Internal Supervision Apparatus which contains minimum requirements for individual auditors is a crucial regulation [2].

Palopo City is one of the cities that has WTP (Reasonable Without Exception) opinion, while the Regency / City is one of the economic centers. It is evident that the government handles its finances in accordance with expectations. The opinions expressed by the BPK (Audit Agency) are presented in the following table:

Table. 1 List of BPK Audit Opinions on District / City LKPD 2018 – 2022

Year	District / City	Opini Audit
2018-2022	Kota Palopo	WTP
2018-2022	Luwu Timur	WTP
2018-2022	Luwu	WTP
2018-2022	Luwu Utara	WTP
2018-2022	Toraja	WDP

Based on the table, BPK did not provide an opinion or received a Disclaimer opinion in 2018 after submitting an opinion to the district/city. This is because the funds distributed to the public are not presented appropriately or according to Orderly Accounting Standards, because they are given based on the net value that can be achieved. The year 2010 experienced a significant increase due to the WTP (Reasonable Without Exception) opinion. In addition, from 2018 to 2023, we continue to receive WDP (Reasonable With Exception) opinions periodically because there are still problems with assets that have not been recorded properly [3].

Performance audits are needed to determine the extent to which local government performance successfully serves the interests of the community. An objective and methodical evidence audit is called a performance audit, and is performed to conduct an impartial evaluation of the performance of the organization or company. Performance audits are conducted by local government agencies to ensure their goals and objectives are aligned with the needs of relevant parties and the information required is objective. These audits are usually carried out by internal auditors from local governments, in which case the Inspectorate serves as the internal supervisor of local governments. A local government organization called the Inspectorate conducts checks and oversees how well local governments are performing in terms of local finances [4].

Financial performance is defined as the stage of revenue in carrying out activities to achieve the goals, mission, and vision of the organization as stated in the formulation of strategic methods when discussing local government performance measurement. In this case, the work is completed as a by-product or result of some ongoing or newly initiated project or programme in connection with the implementation of a budget of a predetermined quantity and quality. Finally, performance is measured by comparing results against completed plans or objects. One of the factors used to determine whether or not a local government needs to implement a plan to implement its financial strategy is the financial performance of the local government [5].

So that the financial performance of local governments can be compared with the results of the BPK examination. This is important to prevent various types of fraud in running government operations. It is stated that audit is a process of problem identification, analysis, and evaluation carried out independently, objectively, and professionally based on audit standards, to assess the truth, accuracy, and credibility, as well as the reliability of information regarding management and responsibility. state finance. This is based on Law of the Republic of Indonesia Number 15 of 2004 concerning Examination of State Financial Management and Responsibility. The Audit Board (BPK) may produce examination findings, examination opinions, or examination conclusions as a result of its financial audit. Mustikarini and Fitriasari (2012) studied the results of the BPK examination and used an explanation of the examination results based on the findings of the BPK examination. Examination opinions are used in Indarti (2011) research to explain the results of CPC examination. Based on this research, researchers obtained the results of audit examinations by utilizing variables of BPK audit findings and BPK audit opinions [6].

Transparency in planning, drafting, and implementing local government budgets is a prerequisite for transparency in local government financial management. In addition, accountability of public responsibility is also needed in the sense that the entire budgeting process, from planning, preparation to implementation, must be truly reportable and accountable to the public and DPRD. Next, let's talk about money, which refers to the use of three budgeting principles namely economy, efficiency, and effectiveness. Based on the description above, researchers can identify the following problems: (1) How the quality of the Palopo Inspectorate's financial statements affects (2) How the Palopo Inspectorate monitors, supervises, and verifies the quality of its financial statements (3) The extent to which the Palopo Inspectorate Office's Internal Control System affects the quality of government financial statements [7].

2. Methodology

Research Location

The research was conducted at the government inspectorate office in Palopo City.

Population and Sample

The population and sample in this study are all auditors working in the Palopo City Government Inspectorate Office into the study population. So that the samples needed for this study are 40 samples. This study distributed 40 questionnaires to respondents because the data sampling method used was saturated samples. The jenu sample is part of the number and characteristics shared by the population.

Types of Research

In this study, one type of research was used, namely quantitative research. In conducting research, quantitative methods are used to test hypotheses or hypotheses that have been formulated previously based on existing theories. The quality of financial statements is a related variable, and the supervision, control, and influence of audits should be viewed as independent variables.

Data Collection Techniques

This data collection method is applied in research that uses questionnaire techniques, namely by providing responses to respondents for each written statement or series of questions that must be answered.

Data Analysis Methods

Multiple linear regression is a data analysis technique used to test, and SPSS software is used to facilitate this process. After all research data were collected, a partial test (t test), f test was carried out using regression analysis methods and determinant coefficient tests. linear multiple, which seeks to determine how one variable affects another variable in a relationship. It is the independent variable that influences, and the dependent variable that is influenced. The analysis used is a multiple linear regression equation with the following model:

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

Information:

Y :Quality of Financial Statements

X1 :Supervision

X2 :Control

X3 :Examination

α :Konstanta (value Y when X1,X2 and X3=0)

β :Regression coefficient (increase or sequence value)

3. Result and Discussion

3.1. Result

Descriptive Analysis Test

The number of samples in the study amounted to 40 respondents. Of the 40 questionnaires, 40 (100%) were used in this study. Because the entire questionnaire is back and no questionnaire is missed. The following is a statistical descriptive table on some variable results calculated using the SPSS26 program.

Table 1. Results of Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
Supervision	40	10,00	25,00	20,6750	3,00758
Control	40	10,00	25,00	18,4000	2,70612
Examination	40	10,00	25,00	20,1250	3,48762
Quality of Financial Statements	40	15,00	25,00	21,0000	3,06343
Valid N (listwise)	40				

Source : Data Processed SPSS 26

Based on table 1. Can be drawn 3 general descriptions of research results as follows. First, surveillance data has a minimum score of 10 and a maximum score of 25. The average score is 20.6750 with a standard deviation of 3.00758. A sufficiently large standard deviation indicates a large variation of the lowest value and the highest value for the variable X1. Second, the control data has a minimum score of 10 and a maximum score of 25. The average score is

18.4000 with a standard deviation of 2.70612. A sufficiently large standard deviation indicates the presence of a large variable from the lowest and highest values for the variable X2. Third, the examination data has a minimum score of 10 and a maximum score of 25. The average score is 20.1250 with a standard deviation of 3.48762. A sufficiently large standard deviation indicates a large variation of the lowest value and the highest value for the variable X3. And fourth, financial statement quality data has a minimum score of 15 and a maximum score of 25. The average score is 21.0000 with a standard deviation of 3.06343. A sufficiently large standard deviation indicates a large variation of the lowest value and the highest value for the variable Y.

Validity Test

Validity test (validity test) is a tool for which is used to measure the validity / validity of questionnaires. The validity test is carried out by testing the correlation between the item score and the total score of each variable, using pearson correlation. A statement item is said to be valid if the significance level is below 0.05. Based on table 2, the values of X1,X2,X3 and Y sig. (2-tailed) < 0.05 then the questionnaire is declared valid. To find out the validity of the statement of each variable, then r-count compared to r-table can be calculated with $df=N-2$. The number of respondents in this study was 40, so $df=40-2=38$, $r_{38}=0.263$. If r-count > r-table, then the statement is said to be valid.

Table 2. Validity Test

Variable	Question	rcalculate > rtabel	Information
Surveillance (X1)	X1.1	0,747>0,263	Valid
	X1.2	0,748>0,263	Valid
	X1.3	0,775>0,263	Valid
	X1.4	0,828>0,263	Valid
	X1.5	0,758>0,263	Valid
Handling (X2)	X2.1	0,731>0,263	Valid
	X2.2	0,860>0,263	Valid
	X2.3	0,880>0,263	Valid
	X2.4	0,859>0,263	Valid
	X2.5	0,738>0,263	Valid
Examination (X3)	X3.1	0,803>0,263	Valid
	X3.2	0,825>0,263	Valid
	X3.3	0,900>0,263	Valid
	X3.4	0,843>0,263	Valid
	X3.5	0,750>0,263	Valid
Quality of Financial Statements (Y)	Y1	0,793>0,263	Valid
	Y2	0,856>0,263	Valid
	Y3	0,947>0,263	Valid
	Y4	0,943>0,263	Valid
	Y5	0,665>0,263	Valid

Source : Data Processed SPSS 26

Reliability Test

Table 3. Reliability Test

Variable	Cronbach's Alpha	Information
Supervision	0,829	Reliable
Control	0,866	Reliable
Examination	0,881	Reliable
Quality of Financial Statements	0,896	Reliable

Source : Data Processed SPSS 26

A tool for measuring questionnaires that serves as an indicator of a variable or construct is a reliability test. This reliability test was conducted using Cronbach's Alpha statistical method with a significance value of more than ($>$) 0.6 to assess the consistency of respondents' answers based on the statements given. Table 3 shows that the variables Supervision, Control, Inspection and Quality of financial statements have a Cronbach's alpha value greater than 0.6 which indicates the reliability of the measurement results. This indicates the validity of the statement items used in the study. To ensure that each statement item used can produce consistent data and if the statement is resubmitted, a response is largely similar to the previous response.

Normality Test

The normality test aims to test whether in a regression model, confounding or residual variables have a normal distribution or not. The normality test in this study used the Kolmogorov Smirnov test processed with SPSS version 26. The conclusion of the normality test results can be seen, namely, If the significance value $>$ 0.05, then the data is declared to be normally distributed and if the significance value is $<$ 0.05, then it is stated that the data is normally distributed.

Table 4. Normality Test

		<i>Unstandardized Residual</i>
<i>N</i>		40
<i>Normal parameters a, b</i>	<i>Mean</i>	0,0000000
	<i>Std. Deviation</i>	1,93941758
<i>Most Extreme Differences</i>	<i>Absolute</i>	0,102
	<i>Positive</i>	0,060
	<i>Negative</i>	-0,102
<i>Test Statistic</i>		0,102
<i>Asymp. Sig. (2-tailed)</i>		0.200c,d

Source : Data Processed SPSS 26

Based on the table above, it shows that the significance value of 0.200c,d is greater than 0.05 so that it can be concluded that the data of the three variables tested are declared normally distributed.

Multicollinearity Test

The multicollinearity test aims to test whether the variables in the regression model are determined by the correlation between independent variables. The multicollinearity test can be done in two ways, namely by looking at the VIF (Variance Inflation Factor) and tolerance value. If $VIF > 10$ and the tolerance value < 0.10 then multicollinearity occurs. Below are the results of the multicollinearity test by looking at Tolerance and Variance Inflation Factor (VIF). The data in table 65 shows that all VIF values of the independent variable are below 10 which means that multicollinearity does not occur.

Table 5. Multicollinearity Results (Tolerance and VIF)

Model	Collinearity Statistics	
	Toletance	BRIGHT
Supervision	0,781	1,281
Control	0,817	1,224
Examination	0,732	1,366

Source : Data Processed SPSS 26

Heteroscedasticity Test

Table 6 presents the results of heteroscedasticity testing using spearman rank where each variable obtained numbers of 0.894, 0.724 and 0.489 which are greater than 0.05 so that the conclusion is that there is no heteroscedasticity problem.

Table 6. Heteroscedasticity Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Say.
	B	Std. Error	Beta		
1 (Constant)	1,711	1,692		1,011	0,319
Supervision	0,010	0,074	0,025	0,134	0,894
Control	-0,029	0,080	0,065	0,356	0,724
Examination	-0,046	0,066	-0,135	-0,699	0,489

Source : Data Processed SPSS 26

Double Linear Regression Test

This analysis is used to examine the effect of independent variables, namely supervision (X1), control (X2) and examination (X3) on the dependent variable, namely the quality of financial statements (Y).

Table 7. Multiple Linear Regression Test

Model	Unstandardized Coefficient		Standardized Coefficients
	B	Std. Error	Beta
1 (Constant)	1,784	2,792	
Supervision	0,248	0,112	0,243
Control	0,327	0,132	0,289
Examination	0,402	0,108	0,457

Source : Data Processed SPSS 26

Based on the table above by looking at the column of *unstandardized Coefficients* , a simple linear regression equation model is obtained as follows:

$$Y=1,784 + 0,248X1 + 0,327X2 + 0,402X3$$

From the results of the table above can be explained as follows: The data above can be made multiple linear regression equations as follows:

- From the regression equation above, the constant (α) of 1.784 means that if the supervisory, control and examination variables are one or equal to zero, then the quality of the financial statements (Y) score value is 1.784.
- The value of the supervisory coefficient of 0.248 affects the quality of the Government's financial statements (Y). This shows that for every increase in one unit's financial audit, the quality variable of Palopo City's financial statements is 0.248 assuming that the other independent variables remain.
- The value of the control coefficient of 0.327 affects the quality of the Government's financial statements (Y). This shows that every increase in one unit financial audit then the quality variable of Palopo City's financial statements is 0.327 assuming that the other independent variables remain.
- The value of the examination coefficient of 0.402 affects the quality of the Government's financial statements (Y). This shows that for every increase in one unit's financial audit, the quality variable of Palopo City's financial statements is 0.402 assuming that the other independent variables remain.

Test Coefficient of Determination (R2)

After testing whether the data is worth using or not, the test results say the data is worth using, then the next test is a hypothesis test. Hypothesis testing aims to predict how much the strength of the influence of supervisory, control, and examination variables (the influence of internal audit and accounting understanding) how to conduct a hypothesis test by testing the coefficient of determination (R2), Test f, and Test t. From the calculation and processing of data using SPSS 26 is obtained.

Table 8. Koefisien determinas (R2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,774a	0,599	0,566	2,01861

Source : Data Processed SPSS 26

Table 8 shows that the Adjusted R Square value is 0.566 or 56.6%, this means that the independent variable affects the dependent variable by 56.6%, while the remaining 43.4% is influenced by other variables not included in this study.

Simultaneous Test (F-Test)

The simultaneous test (F-Test) is carried out to see how much influence all independent variables (supervision, control and examination) have on the dependent variable (quality of financial statements) while the results of Test F can be seen in table 9.

Table 9. Simultaneous Test Results (F-Test)

Model	Sum of Squares	df	Mean Square	F	Say.
Regression	219,308	3	73,103	17,940	0,000b
Residual	146,692	36	4,075		
Total	366,000	39			

Source : Data Processed SPSS 26

Based on table 9 the calculation results obtained a significance of 0.000b. Using a significance level of 0.05, the significance value f of 0.000 indicates less than 0.05 ($0.000 < 0.05$), and the calculated value of $17.940 >$ table 2.87. Thus, the hypothesis that states there is an influence between the independent variables of Supervision (X1) Control (X2) and Examination affects the variable tied to the quality of financial statements (Y) can be accepted.

Uji Parsial (Uji t)

The next stage is partial testing (t-test) aimed at determining the effect of each independent variable on the dependent variable. The test criteria used are if the value of < 0.05 then H_a is accepted and if the value of > 0.05 then H_0 is rejected. The results of the t test can be seen in table 10.

Table 10. Partial Results (Test t)

Model	Unstandardized Coefficient		Standardized Coefficients	t	Say.
	B	Std. Error	Beta		
1 (Constant)	1,784	2,792		0,639	0,527
Supervision	0,248	0,112	0,243	2,036	0,049
Control	0,327	0,132	0,289	2,472	0,018
Examination	0,402	0,108	0,457	3,709	0,001

Source : Data Processed SPSS 26

Proof of the hypothesis is done using the t test, and the test results can be seen from the table of *coefficients* in the t and sig columns. and the table t value is 1.687 ($df = 37$ ($n-k-1 = 40-2-1$)). Using a significant 5%, t-test results can be seen in table 10. Based on the data of table 10, it can be explained using significant tests as follows:

- The calculation results obtained for the Surveillance variable (X1) with a significance of 0.049 show that the value is smaller than 0.05 ($0.049 < 0.05$), and the calculated value of $2.036 >$ table 1.687. Thus, this shows that hypothesis 1 is that supervision has a partially significant effect on the quality of government financial statements.
- The calculation results obtained for the Control variable (X2) with a significance of 0.018 show that the value is smaller than 0.05 ($0.018 < 0.05$), and the calculated value is $2.472 >$ table 1.687. Thus, this shows that hypothesis 2 is that the internal control system has a partial significant effect on the quality of government financial statements.
- The calculation results obtained for the Examination variable (X3) with a significance of 0.001 show that the value is smaller than 0.05 ($0.001 < 0.05$), and the calculated value

is 3.709 > table is 1.687. Thus, this shows that hypothesis 3 is that the examination system has a partial significant effect on the quality of government financial statements.

3.2. Discussion

The Effect of Supervision on the Quality of Financial Statements

Supervision is an organization or government that can be measured and performance-oriented if it has a good management system, therefore supervision is very important in assessing regional financial management. According to [8], explained that the person in charge of the task in question is the person who carries out supervision. This type of supervision is also called formal or vertical supervision because the individual who carries it out has the necessary authority. Three indicators were used in this study to measure oversight: assessing reports, selecting measuring instruments, and implementing corrective actions. The results of the hypothesis test revealed evidence that the supervision produced by the Palopo City government affects the quality of financial statements. The higher the level of supervision, the higher the quality of the financial statements. If oversight is carried out to ensure that the system operates as it should and supports high-quality financial statements, then the system will function effectively.

The above description is in line with agent theory (agency theory) is a framework used to analyze the relationship between agents (society) and principals (inspectors). Agency theory can play a significant role in oversight of the quality of financial statements. In agency theory, there is a conflict of interest between the agent (community) and the principal (inspectorate). The inspectorate may have an incentive to present financial statements that support their personal interests. Effective supervision by agents can help reduce the risk of manipulation of financial statements and ensure their quality. Agency theory emphasizes the importance of supervision in managing the relationship between target and principal. Internal and external supervision, including auditing, are instruments used by anget to ensure that financial statements are prepared with good quality. Agency theory recognizes the advantages of separation of ownership and control. Agency theory emphasizes transparency and disclosure as means to address uncertainty and conflicts of interest. Transparent financial statements can help target in monitoring and evaluating the performance of principals (Inspectorates). By understanding the dynamics of the agency's relationship between target and principal, stakeholders can design effective oversight mechanisms and incentive systems that encourage the Palopo City Inspectorate to present good quality financial statements.

The results of this study are in line with research [9] stating that partial supervision affects the quality of financial statements. The results of this study also strengthen the theory put forward by [10] which says in order to provide quality audit services, auditors must have and maintain supervision. Therefore, supervision is needed to ensure that local budgets are managed effectively and produce quality financial statements [11] The financial statements issued by the Palopo City government are affected by supervision. It is known that supervision has an impact on the quality of financial statements based on partial test results. This shows that the effectiveness of auditors' performance in improving the quality of financial statements, among others, depends on supervision. Research findings show that Palopo City Government auditors provide highly qualified oversight, are well written, and executed successfully. Therefore, supervision plays a role in improving the auditor's ability to improve the quality of

financial statements. The results of this study are in line with the results of previous research from [12] which found supervision contributes and influences the quality of financial statements.

The Effect of Control on the Quality of Financial Statements

Control uses the executive (local government) as a tool to ensure that good management practices and policies are followed, thus enabling the achievement of organizational goals. Four indicators of control environment, control activities, information, and internal control monitoring were used in this study to measure control. The implementation of the control system has an impact on the quality of financial statements produced by the Palopo City Government, based on the results of the hypothesis test reveal evidence that the control produced by the Palopo City government affects the Quality of Financial Statements. The higher the level of control, the higher the quality of the financial statements. If controls are in place to ensure that the system operates as intended and supports high-quality financial statements, then the system will function effectively. The implementation of regulations carried out by the Palopo City government has been going well. Implementing a need-based entity structure and having a clear division of responsibilities within a government entity are two ways to demonstrate good control.

The above description is in line with the theory of anget (theory agency) is a framework used to analyze the relationship between principals (Inspectorates) and agents (Government). Agency theory can play a significant role in controlling the quality of financial statements developed by [13] internal control of the quality of government financial statements is based on agent theory, the existence of an internal control system so that the government acting as an agent authorized by the principal is expected to make the best decisions and can reduce irregularities that occur. The internal control system is used by government agencies to control and evaluate all activities and responsibilities. Through an effective internal control system, the implementation of the preparation of good government financial statements will be arranged. The more effective the internal control system applied, the better the quality of government financial statements.

The results of this study are in line with the results of previous research from [14] The quality of financial statements produced by the Palopo City Government is influenced by internal control. Meanwhile, control is known to have an impact on the quality of financial statements based on partial test results. The research findings show that the controls implemented by Palopo City Government auditors are of the highest quality, have excellent content, and are successfully implemented. Therefore, control helps auditors become more proficient in improving the quality of financial statements [15] which finds control contributes to and affects the quality of financial statements.

The Effect of Examination on the Quality of Financial Statements

Audit is a process in which a neutral and potentially professional third party verifies that the results of local government operational performance meet established measurements. Four indicators were used in this study to measure the effectiveness of the examination: independence of internal audit, competence of internal audit, scope of internal audit, and conduct of internal audit. Based on the results of the hypothesis test, it is known that the examination is proven to affect the quality of financial statements. The audit conducted by

Palopo City Government auditors is of excellent quality, contains quality material, and is carried out effectively. Therefore, audits help auditors become more proficient in improving the quality of financial statements [16] which finds audits contribute and influence the quality of financial statements.

The above description is in line with agency theory in the context of an examination or audit of financial statements can provide insight into how the examination can affect the quality of financial statements. Inspection can act as a monitoring mechanism to reduce potential conflicts of interest between owners and managers. By examining financial statements, examiners can help ensure that the information presented reflects actual transactions and is not manipulated for the benefit of management. By applying agency theory, the examination of financial statements contributes to improving the quality of financial statements by ensuring compliance with accounting standards, managing conflicts of interest, and providing confidence that the information presented in the financial statements is trustworthy. Screening also helps mitigate behavioral risks oportunistik and ensure that the incentives and rewards provided are consistent with the owner's objectives. With agency theory, the examination of financial statements aims to provide confidence that the financial statements reflect the company's financial state objectively and transparently. Checks also help mitigate the risk of opportunistic behavior and ensure that the financial information presented is reliable for decision making.

The results of this study are in line with the results of previous research from [17] The quality of financial statements produced by the Palopo City Government is influenced by the examination. Meanwhile, the examination is known to have an impact on the quality of financial statements. The research findings showed that the examination implemented by Palopo City Government auditors was of the highest quality, had excellent content, and was successfully implemented. Therefore, audits help auditors become better in improving the quality of financial statements [18] which finds that audits contribute and affect the quality of financial statements.

4. Conclusion

This study aims to determine whether supervision, control, and examination affect the quality of financial statements. Based on the results of the study, it was concluded that supervision has a significant effect on the quality of financial statements, which means that the higher the supervision, the better the quality of the financial statements produced. Similarly, for control which also has a significant effect on the quality of financial statements, which means that the higher the control system, the better the quality of the financial statements produced. For examination variables, it has a significant effect on the quality of financial statements, which means that the better the inspection, the better the quality of the financial statements produced.

Based on the research findings, auditors at the Palopo City Inspectorate must focus more and improve the supervision, control, and inspection system so that regional financial managers can effectively carry out their accounting duties and functions in accordance with laws and regulations. requirements and produce timely and accurate local government financial

statements. The sample size in this study was limited to auditors employed by the Palopo City Inspectorate, thus requiring further research.

5. Acknowledgement

This research is expected to help related auditors by providing suggestions and things to think about to further improve the quality of performance. For future research should include a number of additional variables that are not included in this variable. In addition, it is also expected to develop samples and locations so that research results can be generalized.

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