

The Effect of Public Accountability, Employee Performance, Supervision, and Legislation on the Quality of Financial Reports in Preventing Fraud (A Study of the West Papua Provincial BPKAD Office)

Hustianto Sudarwadi [✉] Evaristus Yohanes Andry Jaya Ijo ² Jenita Sumari ³ Dirarini Sudarwadi ⁴

[✉] *Universitas Papua, Manokwari, Indonesia*

^{2,3,4} *Universitas Papua, Manokwari, Indonesia*

Abstract

This study aims to analyze the effect of public accountability, employee performance, supervision, and legislation on the quality of financial reports in preventing fraud at the Regional Financial and Asset Management Agency (BPKAD) of West Papua Province. This study uses a quantitative approach with a questionnaire survey of BPKAD employees. The data were analyzed using multiple linear regression preceded by validity, reliability, and classical assumption tests to ensure the model's feasibility. The results show that public accountability and employee performance do not significantly affect the quality of financial statements in the context of fraud prevention. Conversely, supervision and compliance with laws and regulations have a significant and positive effect on the quality of financial statements. Simultaneously, these four variables contribute to the production of more reliable financial reports, thereby enhancing fraud prevention. These findings emphasize the importance of strengthening the functions of supervision and regulatory compliance in regional financial management, accompanied by capacity-building for officials and the reinforcement of a culture of integrity, so that financial reports not only meet formal compliance requirements but also reflect integrity. However, they are also effective tools for public accountability and fraud prevention.

Keywords: *public accountability; employee performance; supervision, laws and regulations; quality of financial reports.*

Copyright (c) 2026 Hustianto Sudarwadi

✉ Corresponding author :

Email Address: h.sudarwadi@unipa.ac.id

INTRODUCTION

Government accounting is a field of accounting that records, manages, classifies, and reports public finances and state assets. In line with reforms across all sectors of government, as marked by Law No. 22 of 1999, demands on the public sector, including local governments, to manage and account for every fund obtained from the community in a transparent and accountable manner are increasing. Accounting science is then applied through the Local Government Financial Accounting System in accordance with Government Accounting Standards (SAP), as stipulated in Government Regulation No. 24 of 2005, and subsequently replaced by

Government Regulation No. 71 of 2010, which serves as the principles for preparing government financial statements. The financial statements of the central government, ministries/institutions, and local governments are considered high-quality if they are relevant, reliable, comparable, and understandable, as stipulated in PP No. 71 of 2010. However, this quality is greatly influenced by accountability, employee performance, effectiveness of supervision, and compliance with laws and regulations (Yanti, 2020). Empirically, audit opinion data show that the West Papua Provincial Government has received an Unqualified Opinion (WTP) five times in a row for its LKPD from 2018 to 2022 (www.bpk.go.id, IHPS II 2023), and its official website even states that it has received a WTP opinion nine times in a row. However, the BPK still found that the preparation of the expenditure budget was not careful, the management of grant expenditures was not in accordance with the provisions, the allocation of the education and health function budgets did not meet the mandate of the regulations, there were errors in the budgeting of goods and services expenditures in 12 OPDs and capital expenditures in 8 OPDs, and the accountability of grant expenditures was not orderly in 7 OPDs. In fact, Government Regulation No. 60 of 2008 concerning SPIP and the Institute of Internal Auditors (IIA) guidelines emphasize the importance of internal control and oversight functions to ensure the reliability of financial reporting and to prevent fraud. The contrast between the achievement of an unqualified opinion and the continued existence of governance weaknesses is a compelling reason why research on the influence of public accountability, employee performance, supervision, and compliance with laws and regulations on the quality of financial reports in preventing fraud at the BPKAD of West Papua Province needs to be conducted.

Recent studies show that the quality of financial reports and fraud prevention in the public sector are greatly influenced by public accountability, effective oversight, compliance with laws and regulations, and employee performance. Various studies provide evidence for this claim. Pangaribuan (2020) found that government governance, risk management, and performance accountability systems positively affect fraud detection. Umar et al. (2019) showed that internal control systems have a positive impact on fraud prevention, which ultimately improves the quality of financial reports. Kristiyani & Hamidah (2020) noted that public sector accounting can prevent fraud by considering performance accountability and implementing prevention methods, while Sattu et al. (2020) emphasized that accounting systems have a dominant influence on the quality of financial reports and management performance. Several studies provide nuanced evidence. Yunia & Muttaqin (2022) found that accountability directly affects organizational performance, while Nurjanah & Sastrodiharjo (2021) showed that accounting supervision and public-sector financial management partially affect fraud prevention. Eliana et al. (2023) assert that increased accountability can improve financial reporting and strengthen public trust. Mechanisms that have proven effective include implementing a strong governance framework, improving internal control systems, promoting transparency, and establishing clear accountability mechanisms. However, the relationship is not always linear. Yasmin et al. (2021) found that some control systems have a positive impact on fraud prevention, whereas others have no significant impact. In Indonesia, Yasis (2024) proved that government accounting standards, internal control systems, and legal compliance affect the quality of financial reports. These results are reinforced by Sari et al. (2024),

Payamta & Setyaningsih (2025), and Rizki et al. (2024), who emphasize the importance of independence, professionalism, transparency, and accountability in improving the quality of financial reporting.

Although previous studies have examined the roles of public accountability, internal control systems, supervision, and regulatory compliance in financial report quality and fraud prevention, there remain empirical and theoretical gaps that warrant further exploration. Theoretically, most studies emphasize the direct relationship between governance and financial report quality. However, few have examined how organizational behavioral factors, such as employee performance and the work environment, also influence the effectiveness of accountability principle implementation. Several previous studies, such as those conducted by Pangaribuan (2020) and Umar et al. (2019), focused more on formal control systems and governance mechanisms, while the human factors involved in implementing these systems have not been explored in depth. Empirically, studies by Nugraeni et al. (2023) and Setiawan (2017) yield inconsistent results, indicating that accountability and compliance with regulations sometimes do not have a significant effect on financial statement opinions. This inconsistency in results indicates differences in institutional context and policy implementation among government agencies. In addition, most of the research was conducted in regions with relatively strong administrative capacity and human resources, such as Java. In contrast, regions with complex geography and social dynamics, such as West Papua, have rarely been studied. Therefore, new research is needed to re-examine these variables in the context of public organizations at the regional level, thereby broadening theoretical understanding and strengthening empirical evidence regarding the factors that influence the quality of public sector financial reports.

The novelty of this study lies in its integrated testing of the influence of public accountability, employee performance, supervision, and regulatory compliance on financial statement quality, while explicitly linking it to fraud prevention efforts in the specific context of a regional financial management agency, namely the West Papua Provincial BPKAD. Unlike previous studies, which generally only highlight some governance variables or focus on the relationship with financial statement opinions without directly linking them to fraud prevention, this study places financial statement quality not only as an output of accountability but also as a strategic instrument in minimizing fraud in a bureaucratic environment that has repeatedly received unqualified opinions but still has various management weaknesses. More specifically, the objectives of this study are to analyze the effect of public accountability implementation on financial statement quality in preventing fraud, examine the extent to which employee performance contributes to improving financial statement quality, assess the role of supervision and regulatory compliance in strengthening the reliability of financial reporting, and provide practical recommendations for the West Papua Provincial BPKAD in improving governance and control systems so that the WTP opinion truly reflects substantive quality and not merely administrative compliance.

Agency Theory

Agency Theory explains the contractual relationship between the party giving the mandate (principal) and the party receiving it to act on behalf of the principal (agent) in managing resources and making decisions. In this relationship, there is

always the potential for conflicts of interest and information asymmetry because agents have more information than principals and may have personal preferences and goals that are not always aligned with principals' interests (Hendrastuti & Harahap, 2023). Therefore, agency theory views contract design, incentive schemes, and monitoring mechanisms as key instruments for aligning the interests of both parties and minimizing opportunistic behavior by agents. Contemporary theoretical studies confirm that information asymmetry, moral hazard, and adverse selection are the main sources of agency problems, which then drive the need for accountability and transparency in modern organizations (Hendrastuti & Harahap, 2023). In the context of public accountability, agency contracts are not only understood as formal legal agreements but also encompass political and social mandates issued by the public to the government to manage public resources responsibly (Purwanti et al., 2024).

Recent developments show that agency theory is no longer only used to explain the relationship between shareholders and company management, but is also widely adopted in studies of public sector governance, corruption prevention, and public value creation. In studies on governance and corruption, for example, agency theory is used to explain how weak oversight and accountability mechanisms can open the door to opportunistic behavior by agents, including abuse of authority and corruption (Al-Faryan, 2024). Strengthening monitoring and evaluation functions is seen as the primary means of reducing agency problems through increased transparency, performance tracking, and enforcement of sanctions for irregularities (Amin et al., 2024). At the local government level, agency relationships explain the relationship between the community, the legislature, and the executive, as well as how effective accountability can encourage the creation of public value through more responsive services and more prudent financial management (Ririhena & Richard, 2022). Other studies show that internal factors, such as the integrity, competence, and service orientation of public officials, need to be understood within the framework of agency theory, as the characteristics of agents will influence the extent to which they carry out the principal's mandate in an accountable manner (Jatmiko et al., 2024). In addition, institutional scale, legislative oversight, and audit quality have been shown to influence the strength of accountability and financial performance of local governments, all of which can be explained through the lens of agency relationships between political actors, bureaucracies, and supervisory institutions (Putri & Hendaris, 2025).

Employee Performance

Employee performance is the level of achievement of individual work results in an organization, measured based on predetermined standards, targets, and indicators, in terms of quantity, quality, timeliness, and compliance with work procedures and ethics. In the context of the public sector, employee performance is not only understood as administrative productivity, but also as a manifestation of the bureaucracy's ability to realize effective governance and services oriented towards the interests of the community, as illustrated in the contextual analysis of public apparatus conducted by Alsobaey & Alkhateeb (2025) in various government institutions. Global bibliometric studies show that the concept of employee performance has undergone significant development, from merely a measure of individual output to a construct encompassing behavior, organizational

commitment, and contributions to the institution's strategic goals (Elagaili et al., 2025). This change aligns with the modern human resource management paradigm, which views performance as the result of a dynamic interaction among individual capacity, structural support, organizational culture, and a conducive work environment (Liana & Hartono, 2024). Thus, employee performance cannot be separated from competence, professionalism, and integrity, as these three dimensions determine the extent to which employees can translate formal job descriptions into concrete actions that add value to the organization. On the other hand, performance is also related to employees' perceptions of fairness, appreciation, and recognition, so that performance measurement based solely on quantitative indicators risks ignoring the psychological and social dimensions inherent in daily work behavior (Emela et al., 2024). From this perspective, employee performance is understood as a multidimensional construct that requires a comprehensive management and measurement approach, not just an annual administrative assessment.

Recent empirical reviews emphasize that employee performance results from a combination of individual, organizational, and contextual factors that interact continuously. Emela et al. (2024) show that high performance generally occurs when strong work motivation is supported by a safe, comfortable, and relational work environment, as well as consistent discipline in complying with organizational rules. Other studies underscore that effective leadership, technical competence, and discipline will have a greater impact on performance when the organization retains quality employees, underscoring the importance of retention as an important link in the employee performance model (Sismiati et al., 2025). From a human capital perspective, Istiqomah & Kasmari (2025) view performance as a reflection of intellectual capacity and skills that are continuously updated through training and digital innovation, enabling employees to respond to increasingly complex, technology-based work demands. Meanwhile, Liana and Hartono (2024) emphasize that work-life balance, well-being, and career path clarity contribute significantly to long-term performance stability, as these factors influence employee commitment and emotional attachment to the organization. At the operational level, Agustiani et al. (2023) demonstrate that performance improvement cannot be separated from adequate work facilities, effective organizational communication, and the strengthening of discipline that is not only repressive but also educational. In summary, these findings indicate that employee performance is not a stand-alone phenomenon but rather the result of an HR management system that aligns with organizational needs and individual aspirations. Therefore, strengthening performance requires integrated interventions across policy, culture, work processes, and continuous employee capacity development.

Supervision

Supervision is a process that ensures all organizational activities, particularly in the administration of government and regional financial management, are carried out in accordance with established objectives, plans, and regulations. The purpose of supervision is, first, to avoid any possibility of misappropriation or deviation from the objectives to be achieved. Second, supervision can help implement established policies to achieve planned objectives effectively and efficiently. Third, through supervision, activities can be created to determine or evaluate the extent to which

work has been carried out, the extent to which leadership policies have been implemented, and the extent of deviations in their implementation. Fourth, supervision also serves to build and maintain the legitimacy of the community's support for government performance. Thus, supervision is necessary to determine whether the plans formulated can be carried out efficiently, effectively, and economically. According to Presidential Decree No. 74 of 2001 concerning Procedures for Supervising Regional Government Administration, Article 16, regional government supervision is a process of activities aimed at ensuring that regional government runs in accordance with plans and applicable laws and regulations. In the context of regional financial management, supervision is an integral stage of the overall process of preparing and reporting the regional budget, which is necessary at every stage, not only at the evaluation stage (Mardiasmo, 2009). Therefore, in supervising regional financial management, several general principles must be considered as norms and basic principles to ensure that regional financial management and supervision truly help achieve the expected objectives.

The scope of supervision in regional financial management is broad and encompasses important, interrelated aspects. According to Yani (2002), the scope of regional financial management that must be considered for supervision in its implementation includes: general principles of regional financial management; officials who manage regional finances; APBD structure; preparation of RKPD, KUA, and RKASKPD; preparation and stipulation of APBD; implementation and changes to APBD; regional financial administration; accountability for APBD management; control of deficits and use of APBD surpluses; management of state treasury; management of regional receivables; management of regional investments; management of state property; management of reserve funds; management of regional debt; guidance on regional financial management; settlement of regional losses; management of regional public service agencies; and regulation of regional financial management. In the context of regional financial management, Regional Work Units (SKPD) are prohibited from making expenditures from the regional budget for purposes not provided for in the APBD or for which there are insufficient funds in the APBD. Regional spending must be based on the principles of economy, modesty, effectiveness, efficiency, and compliance with applicable laws and regulations. With supervision covering all of these areas, it is hoped that regional financial management will be carried out in an orderly, transparent, and accountable manner, and be oriented towards achieving regional development goals.

Legislative Regulations

Legislation in the Republic of Indonesia's constitutional system is considered an integral part of the National Legal System (Astomo, 2021). In Indonesia, the term "legislation" refers to laws and their intricacies. This term is often combined with the word "regulation" to form "legislative regulations," which conceptually consists of the elements of "regulation" and "legislation." "Regulations" are understood as rules issued by authorities to govern something, such as employee salary regulations, government regulations, or other provisions issued by the government, including laws. Meanwhile, "rules" refer to methods, provisions, standards, instructions, or orders established for implementation. The formulation of legislation must take into account its philosophical, juridical, political, and sociological foundations and comply with applicable legal principles. In legislative science, the discussion of

legislation has been developed more systematically, among others, by A. Hamid S. Attamimi, Sri Soemantri, and Bagir Manan, who use the term "legislation." According to Attamimi, this term originates from wettelijke regels or wettelijke regeling, although its use is not always consistent, as in some contexts only the term "legislation" is used. The term "legislation" is more relevant when discussing the type or form of regulations (laws). In contrast, in the context of theory or fundamentals, it is more appropriate to use the term "legislation," for example, in the phrases "theory of legislation" or "fundamentals of legislation" (Ranggawidjaja, 1998).

Conceptually, according to Andreae, the term legislation (wetgeving or Gesetzgebung) has two meanings: first, as the process of forming state regulations at both the central and regional levels, and second, as all state regulations that are the result of the formation of these regulations at the central and regional levels. This definition is then normatively reinforced in Article 1, points 1 and 2 of Law Number 12 of 2011 concerning the Formation of Legislation (UU PPP), which defines legislation as written regulations containing legal norms that are generally binding and formed or stipulated by state institutions or authorized officials through procedures stipulated in legislation (UUPUU, 2011). Legislative formation is understood as a process encompassing planning, drafting, discussion, ratification or enactment, and promulgation (UUMPR, 2014). In terms of scope, legislation has the following characteristics and limitations: first, it must be a written decision with a specific form; second, it must be formulated, enacted, and issued by authorized officials at both the central and regional levels. Authorized institutions are those established in accordance with applicable provisions, either through attribution or delegation of authority. A legal draftsman must have a thorough understanding of the type of rule being formulated and its hierarchical consequences in the order of legislation, so that mistakes in choosing a form of regulation that is not in accordance with legal provisions can be avoided. In the context of public law, every authority granted by the state, whether regulated in the constitution or in subordinate regulations, must be accountable to the implementing body. Therefore, some organs derive their authority directly from the constitution or laws, and others are delegated from one state organ to another, so that the entire legal system reflects order, legitimacy, and accountability in the exercise of state power.

Quality of Financial Statements

The quality of financial statements is essentially inseparable from a proper understanding of the meaning and purpose of financial statements themselves. Financial statements are an entity's accounting records for a specific period that describe the entity's performance. In the context of local government, local government financial statements are structured reports of a local government's financial position and transactions. These reports are prepared to present information useful to users, so they must meet qualitative criteria for use in decision-making. Financial statements are prepared to provide relevant information about an entity's financial position and transactions during a specific reporting period. They are structured as reports on the entity's financial position and transactions. In determining the reporting entity, it is necessary to consider management, control, and ownership of assets; jurisdiction; duties; specific missions; and a form of accountability and authority separate from other entities. Government financial

reports are prepared to meet the information needs of various user groups, including the public, representatives of the people, supervisory agencies, auditing agencies, parties that provide or play a role in the process of donations, investments, and loans, and the government. Financial reports can be viewed as both data and information. New data becomes information when placed in a meaningful context (Lillrank, 2003). Therefore, financial statements must be prepared with good quality. That quality can be determined by the quality of the information they contain, including the extent to which the information can be relied upon for economic, social, and political decision-making.

The general purpose of financial statements is to present information about the financial position, budgetary performance, cash flows, and financial performance of a reporting entity that is useful to users in making and evaluating decisions about resource allocation. More specifically, government financial reporting aims to present information that is useful for decision-making and demonstrates the accountability of the reporting entity for the resources entrusted to it. These objectives include providing information on the position of economic resources, liabilities, and government fund equity; changes in the position of economic resources, liabilities, and fund equity; and the sources, allocation, and use of economic resources. Financial reports must also provide information on compliance with the budget, on how the reporting entity finances its activities and meets its cash needs, on the government's potential to finance the implementation of government activities, and on the reporting entity's ability to finance its activities in the future. Financial statements for general purposes have a predictive and prospective role, namely, providing information useful for predicting the resources needed for sustainable operations, the resources generated from these operations, and the associated risks and uncertainties. In addition, financial statements indicate whether resources have been obtained and used in accordance with the budget and whether their use complies with the provisions, including the budget limits set by the DPR or DPRD. To fulfill this purpose, financial statements present information related to assets, liabilities, fund equity, income, expenditures, transfers, financing, and cash flows. However, this information alone does not fully meet all user needs, so financial statements are often supplemented with additional information, including non-financial reports, to provide a more comprehensive picture of the reporting entity's activities during a period.

The quality of financial statements is the extent to which they meet the needs and expectations of internal and external users. Quality financial statements accurately describe an entity's financial situation and performance, enabling evaluation of the past and projections for the future based on available information. The closer the financial data presented is to the truth, the sharper the quality of the information produced (Ernawati, 2019). The standards governing accounting records can also be used to define quality, as they guide the form, content, and presentation of reports (Ariyanti et al., 2023). Although they do not always meet all specific requirements, financial reports are still prepared in accordance with the general objectives of financial reporting (Irafah et al., 2020). In the context of government, the quality of financial reports is designed to provide relevant information about the financial position and all transactions carried out by the reporting entity in a period, so that it can be used to determine the value of economic resources used for operational activities, assess financial conditions, evaluate effectiveness and

efficiency, and assess compliance with laws and regulations (PP No. 71 of 2010). Government Regulation No. 24 of 2005 explains the qualitative characteristics of financial statements, namely relevance, reliability, comparability, and understandability. Relevance means that information can influence users' decisions by helping to evaluate past or present events and predict the future. Relevant information has feedback value, predictive value, is presented promptly, and is complete. Reliable means that the information is free from misleading interpretations and material errors, is presented honestly, is verifiable, and is neutral, meaning that it does not favor the interests of any particular party. Comparable means that the information can be compared with reports from previous periods or other entities, allowing trends and differences to be analyzed. Understandable means that information is presented in a form and using terms within the user's understanding. With these characteristics fulfilled, the quality of financial reports is expected to support the objectives of government financial reporting and to strengthen accountability and transparency in public financial management.

Fraud Prevention

Fraud prevention can be understood as a series of systematic, structured efforts designed to reduce opportunities, motives, and rationalizations for fraud, while strengthening the organization's ability to detect and respond to indications of irregularities before they cause more widespread losses. From a modern governance perspective, fraud prevention relies not only on administrative procedures but also on technology integration, strengthening internal control systems, and comprehensive policy design. In the financial context, advanced analytics and deep learning approaches are used to identify unusual transaction patterns that could potentially be related to fraud, so that prevention no longer relies solely on reactive manual checks (Chen et al., 2025). This approach is expanded through the use of multi-actor perceptions, in which fraud detection considers the perspectives of various parties, such as management, auditors, regulators, and other stakeholders, to produce a more holistic risk assessment (Li et al., 2024). Strengthening internal control systems is also a key pillar of prevention, as artificial intelligence and automation can be integrated into control flows to monitor transactions and organizational activities in real time, thereby minimizing loopholes commonly exploited by fraudsters through rule-based controls and adaptive anomaly detection (Sun et al., 2025). Within this framework, fraud prevention encompasses a combination of structural, technological, and behavioral dimensions, all aimed at reducing information asymmetry and the ongoing abuse of authority.

The latest literature confirms that effective fraud prevention is always rooted in robust oversight and accountability systems, particularly through internal audit, internal control, and external audit quality functions. Empirical evidence shows that the synergy between internal audit, internal control systems, and audit quality can reduce the space for fraud perpetrators to maneuver by improving procedure design, enhancing documentation quality, and strengthening independent monitoring functions within the organization (Lubis et al., 2024). In the public sector, internal audit is positioned not only as a compliance tool but also as a strategic partner to management in designing and evaluating fraud-prevention policies, including through risk assessment and governance improvement recommendations (Nadirsyah et al., 2024). From a policy perspective, fraud prevention is also understood as a

dynamically evolving process that requires continuous updates to policies and guidelines, informed by mapping fraud trends and patterns across institutional contexts (Mabel et al., 2025). A synthesis of research in the public sector shows that the effectiveness of fraud prevention is determined by a combination of institutional factors, a culture of integrity, clear sanctions, human resource capacity, and adequate technological support (Nofianto & Prastiwi, 2025). The role of information technology is not only as a supporting tool but also as an infrastructure that enables transparent transaction recording, complete audit trails, and traceable reporting systems, thereby making fraud prevention efforts in public sector accounting more measurable and evaluable (Mobilingo et al., 2024).

H₁: The implementation of public accountability has a positive effect on the quality of financial reports in preventing fraud.

H₂: Employee performance evaluation has a positive effect on the quality of financial reports in preventing fraud.

H₃: The implementation of supervision has a positive effect on the quality of financial reports in preventing fraud.

H₄: Compliance with laws and regulations has a positive effect on the quality of financial reports in preventing fraud.

H₅: The implementation of public accountability, employee performance, supervision, and laws and regulations simultaneously influences the quality of financial reports in preventing fraud.

METHODOLOGY

This study uses a quantitative, survey-based approach. A quantitative approach was chosen because this study aims to test the influence of predetermined variables by collecting numerical data and conducting statistical analysis. According to Sugiyono (2019), quantitative research is grounded in the philosophy of positivism and uses objective measurements and statistical data analysis to test hypotheses. The main instrument in this study is a closed questionnaire containing several statements with structured answer alternatives on a Likert scale. The research design is causal associative, which aims to determine the cause-and-effect relationship between independent variables (Public Accountability, Employee Performance, Supervision, and Legislation) and the dependent variable (Quality of Financial Reports in Preventing Fraud). The research was conducted at the Regional Financial and Asset Management Agency (BPKAD) of West Papua Province.

The population in this study comprised all 116 employees of the West Papua Provincial BPKAD. The population consisted of various positions, such as agency heads, secretaries, division heads, staff, and honorary employees. Given the heterogeneous nature of the population, the researcher used proportional stratified random sampling, a sampling technique based on strata proportional to the population's size. The sample size was determined using the Slovin formula with a 5% margin of error, resulting in a sample of 90 respondents. This technique ensures that each member of the population has an equal chance of being selected into the sample and that each stratum is represented in the sample (Sugiyono, 2014). Thus, the data obtained is expected to accurately and representatively describe the condition of the population.

The data in this study were collected from two main sources: primary and secondary data. Primary data were obtained directly from respondents through the distribution of questionnaires, while secondary data were obtained from internal organizational documents, books, and scientific journals relevant to the research topic (Sugiyono, 2019). The questionnaire was compiled based on the indicators for each research variable and measured on a four-point Likert scale: 1 (Strongly Disagree), 2 (Disagree), 3 (Agree), and 4 (Strongly Agree). The four-point scale was chosen to avoid neutral response bias that often appears in five-point scales. The research instruments were developed based on relevant theories: Public Accountability refers to Mardiasmo (2002), Employee Performance to Moeherton (2021), Supervision to Yosa (2010), Legislation to Sinaga (2005), and Financial Report Quality to Mulyadi (2016). Before use, the instruments were tested for validity using Pearson's correlation and for reliability using Cronbach's alpha. Statement items were considered valid if they had a correlation value greater than 0.361 and reliable if the Cronbach's Alpha value was greater than 0.60.

The collected data will be analyzed using multiple linear regression in SPSS version 25. This analysis tests the simultaneous and partial effects of independent variables on dependent variables. Before testing the hypothesis, a classical assumption test is first conducted to ensure that the regression model meets the BLUE (Best Linear Unbiased Estimator) criteria, including a normality test using the Kolmogorov-Smirnov test, a multicollinearity test by looking at the VIF and Tolerance values, and a heteroscedasticity test using the Glejser test (Ghozali, 2016). Hypothesis testing was conducted through an F test to determine the simultaneous effect of all independent variables on the dependent variable, a t-test to test the partial effect of each independent variable, and a coefficient of determination (R^2) test to determine the extent to which the independent variables can explain the variation in the dependent variable. The results of this analysis will be used to draw empirical conclusions about the influence of public accountability, employee performance, supervision, and legislation on the quality of financial reports in fraud-prevention efforts within the West Papua Provincial BPKAD.

RESULTS AND DISCUSSION

Results

Table 1. Characteristics of Respondents at the West Papua Provincial BPKAD

Category	Classification	Number of Respondents	Percentage
Gender	Man	20	48%
	Woman	22	52%
	Total	42	100%
Age	20-30 years old	15	36%
	31-40 years old	18	43%
	41-50 years old	7	16%
	Over 50 Years	2	5%
	Total	42	100%
Education Level	High School	1	2%
	Diploma	10	24%
	Bachelor	27	64%
	Master	4	10%
	Total	42	100%
Job	PNS	22	52%
	Honorary staff	15	36%
	PPPK	5	12%
	Total	42	100%

Length of Service			
	1-5 years old	24	57%
	5-10 years old	4	10%
	Over 10 Years	14	33%
Total		42	100%

Source: Processed primary data (2025)

Based on Table 1, the majority of respondents in this study were women (52%), while men accounted for 48%. In terms of age, most respondents were in the 31-40 age group (43%), indicating that BPKAD employees in West Papua Province were predominantly of productive age. In terms of education, respondents with a bachelor's degree dominated with 64%, followed by diploma holders at 24%, and only a small number with a high school background (2%). By position, the majority of respondents were civil servants (PNS) at 52%, followed by temporary employees at 36% and government employees with work agreements (PPPK) at 12%. Meanwhile, in terms of length of service, most employees had 1-5 years (57%), indicating that many were still relatively new to the agency. Overall, these characteristics indicate that the research respondents were predominantly productive-age employees with higher education backgrounds, the majority of whom were civil servants, and were still in the early to mid-career stage at the BPKAD of West Papua Province.

Validity and Reliability Test. According to Sugiyono (2018), validity testing is conducted to ensure that the data collection methods used are capable of measuring what they are intended to measure. In this study, validity testing was carried out using Pearson's r via bivariate correlation analyses; a questionnaire item was declared valid if the calculated r was greater than the table r and significant at $p < 0.05$. Furthermore, a reliability test was conducted to assess the instrument's internal consistency using Cronbach's alpha. An instrument is considered reliable if its Cronbach's Alpha is > 0.60 . The results of the validity and reliability tests are presented in Table 2.

Table 2. Results of the Validity and Reliability Test of the Research Instrument

Variable	Item	r estimated	r calculated	Info	Cronbach's Alpha	Info
Public Accountability	X1.1	0.550	0.304	Valid	0.843	Reliable
	X1.2	0.685	0.304	Valid		
	X1.3	0.601	0.304	Valid		
	X1.4	0.773	0.304	Valid		
	X1.5	0.753	0.304	Valid		
	X1.6	0.752	0.304	Valid		
	X1.7	0.710	0.304	Valid		
	X1.8	0.580	0.304	Valid		
	X1.10	0.545	0.304	Valid		
	Employee Performance	X2.1	0.702	0.304		
X2.2		0.651	0.304	Valid		
X2.3		0.735	0.304	Valid		
X2.4		0.794	0.304	Valid		
X2.5		0.823	0.304	Valid		
X2.6		0.794	0.304	Valid		
X2.7		0.868	0.304	Valid		
X2.8		0.821	0.304	Valid		
X2.9		0.764	0.304	Valid		
X2.10		0.861	0.304	Valid		
Supervision	X3.1	0.688	0.304	Valid	0.844	Reliable

	X3.2	0.702	0.304	Valid		
	X3.3	0.771	0.304	Valid		
	X3.4	0.859	0.304	Valid		
	X3.5	0.765	0.304	Valid		
	X3.6	0.713	0.304	Valid		
Legislation	X2.1	0.589	0.304	Valid	0.732	Reliable
	X2.2	0.553	0.304	Valid		
	X2.3	0.672	0,304	Valid		
	X2.4	0.545	0.304	Valid		
	X2.5	0.736	0.304	Valid		
	X2.6	0.649	0.304	Valid		
	X2.7	0.659	0.304	Valid		
The Quality of Financial Statements in Preventing Fraud	X2.1	0.620	0.304	Valid	0.905	Reliable
	X2.2	0.750	0.304	Valid		
	X2.3	0.778	0.304	Valid		
	X2.4	0.638	0.304	Valid		
	X2.5	0.586	0.304	Valid		
	X2.6	0.672	0.304	Valid		
	X2.7	0.717	0.304	Valid		
	X2.8	0.777	0.304	Valid		
	X2.9	0.645	0.304	Valid		
	X2.10	0.534	0.304	Valid		
	X2.11	0.523	0.304	Valid		
	X2.12	0.687	0.304	Valid		
	X2.13	0.659	0.304	Valid		
	X2.14	0.674	0.304	Valid		
	X2.15	0.609	0.304	Valid		

Source: Primary data processed using SPSS 25 (2025)

Based on Table 2, in the initial stage of validity testing, one statement item in the public accountability variable (X1) did not meet the criteria because the calculated r value was smaller than the table r value; therefore, that item was eliminated from the research instrument. After the elimination process was carried out, all remaining statement items on the variables of public accountability (X1), employee performance (X2), supervision (X3), laws and regulations (X4), and the quality of financial reports in preventing fraud (Y) showed an r -count value greater than r -table with a significance of < 0.05 , so they could be declared valid and suitable for use as a measuring tool in the study. Furthermore, the reliability test results indicated that all research variables had Cronbach's Alpha values greater than 0.60. Thus, the instruments used to measure the variables of public accountability (X1), employee performance (X2), supervision (X3), legislation (X4), and the quality of financial reports in preventing fraud (Y) were declared reliable.

Normality Test

According to Ghozali (2016), normality testing is a statistical test used to determine whether data are normally distributed. The normality test used in this study is the one-sample Kolmogorov-Smirnov (K-S) test. The residual value can be said to be normal if the value (Sig.) is > 0.05 . The results of the One-Sample Kolmogorov-Smirnov Test indicate that the data are normally distributed. This is evident from the significance value of 0.200, which is greater than 0.05, indicating that the data in this study are normally distributed.

Heteroscedasticity Test

The heteroscedasticity test assesses whether the variance of the regression errors differs across observations. The test in this study uses the Glejser test, which regresses the independent variables against the absolute values of the residuals. In the Glejser test, if the significance value is > 0.05 , there is no evidence of heteroscedasticity; if it is < 0.05 , there is evidence of heteroscedasticity (Ghozali, 2016). The results of the heteroscedasticity test show that the significance values for the public accountability variable (0.082), the employee performance variable (0.978), the supervision variable (0.285), and the legislation variable (0.943) are not significant. Since all p-values are greater than 0.05, the regression model in this study does not exhibit heteroscedasticity.

Multicollinearity Test

Multicollinearity testing assesses whether there is high or perfect correlation among independent variables in a regression model. To determine whether a regression model is multicollinear, we can examine the tolerance and Variance Inflation Factor (VIF) values. If the VIF is > 10 or the tolerance is < 0.10 , there is multicollinearity in the regression model. Meanwhile, if the VIF value is < 10 or the tolerance value is > 0.10 , there is no evidence of multicollinearity. Based on the results of the multicollinearity test, all independent variables have tolerance values > 0.10 and VIFs < 10 , indicating no multicollinearity.

Multiple Linear Analysis Test

According to Ghozali (2016), multiple linear regression analysis is an analytical technique used to test the influence of two or more independent variables on a dependent variable. The results of this analysis are shown in Table 3.

Table 3. Multiple Linear Analysis Test Results

		<i>Coefficients^a</i>				
		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
Model		B	Std. Error	Beta		
1	(Constant)	1.639	6.118		0.268	0.790
	Public Accountability	0.411	0.221	0.268	1.859	0.071
	Employee Performance	0.116	0.136	0.117	0.849	0.401
	Supervision	0.699	0.310	0.313	2.254	0.030
	Legislation	0.761	0.271	0.310	2.813	0.008

Source: Primary data processed using SPSS 25 (2025)

Based on the results in Table 3, the multiple linear regression equation can be formulated as follows:

$$Y = 1,639 + 0,411X_1 + 0,116 X_2 + 0,699X_3 + 0,761 X_4 + 0,05$$

Based on the above equation, Y is the Financial Statement Quality variable for preventing fraud, X1 is the Public Accountability variable, X2 is the Employee

Performance variable, X3 is the Supervision variable, and X4 is the Legislation variable. Therefore, it can be concluded that:

- The constant value (a) means that if the variables of Public Accountability (X1), Employee Performance (X2), Supervision (X3), and Legislation (X4) are equal to zero and do not change, the value of financial statement quality in preventing fraud is 1.639.
- The coefficient value for the Public Accountability variable is 0.411, with a positive direction. This indicates that if public accountability increases by 1, the quality of financial statements in preventing fraud will also increase by 0.411.
- The coefficient value for the Employee Performance variable is 0.116, with a positive direction. This indicates that if employee performance increases by 1, the quality of financial statements in preventing fraud will also increase by 0.116.
- The coefficient value for the Supervision variable is 0.699, with a positive direction. This indicates that if supervision increases by 1, the quality of financial statements in preventing fraud will increase by 0.699.
- The coefficient value for the Legislation variable is 0.761, with a positive direction. This indicates that if legislation increases by 1, the quality of financial statements in preventing fraud will also increase by 0.761.

Simultaneous Significance Test (F Test)

The Simultaneous Significance Test (F Test) is used to determine whether all independent variables have a simultaneous effect on the dependent variable. If the significance value is > 0.05 , then there is no simultaneous effect of the independent variables on the dependent variable. If the significance value is < 0.05 , then the independent variables have a simultaneous effect on the dependent variable. The results of this test can be seen in Table 4:

Table 4. Simultaneous Test Results

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	579.876	4	144.969	16.528	.000 ^b
	Residual	324.528	37	8.771		
	Total	904.405	41			

Source: Primary data processed using SPSS 25 (2025)

Based on Table 4, the variables Public Accountability (X1), Employee Performance (X2), Supervision (X3), and Legislation (X4) simultaneously affect the variable Y (employee performance), with a significant p-value of $0.000 < 0.05$.

Partial Test Results (t-test)

The partial test (t-test) is conducted to determine the partial (individual) effect of an independent variable on the dependent variable. In decision making, if the significance value is < 0.05 , the hypothesis is accepted, and if the significance value is > 0.05 , the hypothesis is rejected.

The public accountability variable (X1) has a Beta coefficient of 0.411 and a significance level of 0.071 (> 0.05), indicating that it does not have a significant effect on the quality of financial reports in preventing fraud (Y). Therefore, H1 is rejected. The employee performance variable (X2) has a Beta coefficient of 0.116 and a significance level of 0.401 (> 0.05), indicating that it does not have a significant effect

on the quality of financial reports in preventing fraud (Y). Therefore, H2 is rejected. The employee variable (X3) has a Beta coefficient of 0.699 and a significance level of $0.030 < 0.05$, indicating that the employee performance variable has a significant effect on the quality of financial statements in preventing fraud (Y). Therefore, H3 is accepted. The legislation variable (X4) has a Beta coefficient of 0.761 and a significance level of $0.008 < 0.05$, indicating a significant effect on financial statement quality in preventing fraud (Y). Therefore, H4 is accepted.

Determination Test (R²)

According to Ghozali (2016), the coefficient of determination (R²) measures the extent to which independent variables explain the dependent variable. The coefficient of determination value ranges from 0 to 1. If R² = 0, it indicates that the independent variables do not explain the dependent variable. Meanwhile, if R² = 1, the independent variables can explain the dependent variables. The higher the R² value, the better; it should be close to 1. Based on the data processing results, the test results can be seen in Table 5:

Table 5. Determination Test Results

Model Summary				
Model	R	R Square	Adjusted R-Square	Std. Error of the Estimate
1	.801 ^a	0.641	0.602	2.962

Source: Primary data processed using SPSS 25 (2025)

Based on Table 5, the Adjusted R-Square is 0.602, or 60.2%. The results obtained show that the independent variables in this study, namely Public Accountability (X1), Employee Performance (X2), Supervision (X3), and Legislation (X4), can influence the dependent variable, namely the quality of financial reports in preventing fraud (Y), by 60.2%. In comparison, the remaining 39.8% is influenced by variables beyond the scope of this study.

Discussion

The Effect of Public Accountability Implementation on Financial Statement Quality in Preventing Fraud

The results of the study indicate that implementing public accountability does not have a significant effect on the quality of financial reports in preventing fraud. These findings show that although the principle of public accountability has been implemented in the West Papua Provincial Financial and Asset Management Agency (BPKAD), it has not fully improved the transparency and reliability of financial reports as an instrument for preventing financial irregularities. Conceptually, public accountability requires the government, as the entity entrusted with the people's mandate, to be accountable to the public for its every action, policy, and performance results. However, the results of this study show that fulfilling these obligations remains administrative in nature and has not yet taken a substantive form in regional financial management. This condition may occur because accountability is often focused on formal reporting rather than on strengthening the culture of ethics and integrity in budget management. Thus, even though reporting systems and mechanisms have been implemented, their effectiveness in preventing fraud remains limited because public responsibility values have not been fully internalized in officials' behavior.

These results can be explained through the perspective of agency theory, which describes the relationship between the principal (the public) and the agent (the government) in the context of public resource management. In this theory, the government, as an agent, has an obligation to act in accordance with the public's interests as the principal by carrying out transparent and accountable public management functions. However, when there is information asymmetry and personal interests within the bureaucracy, the potential for irregularities, such as financial reporting manipulation, increases. The findings of this study confirm that implementing formal accountability without strong supervision and an organizational culture oriented towards integrity is insufficient to reduce the opportunity for fraud. The implication of these findings is the need for a more comprehensive approach to strengthening public accountability, namely by integrating the dimensions of ethics, governance, and effective internal supervision into every stage of the financial reporting process.

Empirically, this study's results align with Zubaidah & Nugraeni's (2023) findings, which show that public accountability does not have a significant effect on the quality of financial reports in the context of fraud prevention. The similarity of these results shows that although accountability is an important concept in governance, its implementation still faces structural and cultural obstacles in the public sector bureaucracy. Many government organizations have not fully optimized the principle of accountability at the implementation level, where reporting mechanisms remain oriented toward procedural compliance rather than the quality of the information produced. In addition, challenges such as limited competent human resources, a lack of results-based performance evaluation systems, and weak supervision also hamper the effectiveness of accountability in improving the quality of financial reports.

The Effect of Employee Performance Evaluation on the Quality of Financial Reports in Preventing Fraud

The results of the study indicate that employee performance does not have a significant effect on the quality of financial reports in preventing fraud. Substantively, these findings indicate that even though employees have carried out their duties and responsibilities in preparing financial reports, the quality of the information produced is not greatly determined by variations in individual performance. In the context of regional organizations, employee performance is often measured by achieving administrative targets, meeting timeliness requirements, and completing workloads. At the same time, integrity, recording accuracy, and compliance with accounting standards are sometimes not the main focus of assessment. This condition can lead to situations in which employees are assessed as "performing well" based on work volume and speed. However, their contribution to improving the quality of financial reports, particularly as a fraud-prevention tool, is not significantly felt. In other words, performance standards that are more procedural and administrative are not yet fully aligned with the demands of financial reporting quality, which emphasizes reliability, relevance, and freedom from misstatements indicative of fraud.

From an agency theory perspective, employees are agents who carry out the organization's mandate to manage and report financial information responsibly. However, agency theory also emphasizes the potential for conflicts of interest and

information asymmetry between principals and agents. In this context, the finding that employee performance does not significantly affect the quality of financial reports suggests that the applicable performance measurements have not been designed to reduce information asymmetry or opportunistic behavior. Performance indicators are more focused on fulfilling bureaucratic routines than on ensuring that financial reports truly reflect the financial condition and are free from manipulative practices. The implication is that improving the quality of financial statements and the effectiveness of fraud prevention cannot rely solely on the “high or low” administrative performance of employees. However, it requires designing a performance system that is integrated with governance, internal control, and a culture of integrity. Without such a paradigm shift, improving employee performance will not automatically translate into better financial reporting quality.

The results of this study align with Handayani's (2023) findings, which indicate that employee performance does not have a significant effect on the quality of financial reports. This consistency suggests that, in the public sector, especially local government, employee performance is not yet a major determinant of financial reporting quality. The similarity of these results reinforces the assumption that structural and systemic factors, such as the strength of the internal control system, compliance with regulations, the design of accounting procedures, and the effectiveness of the supervisory function, are more dominant in shaping the quality of reports than mere variations in individual performance. On the other hand, studies find that employee performance positively affects the quality of financial reports, especially in organizations that have implemented results-based performance management and accountability. This difference can be explained by variations in institutional context, the maturity of governance systems, and the design of performance indicators used.

The Effect of Supervision on the Quality of Financial Statements in Preventing Fraud

The results of the study indicate that oversight has a significant effect on the quality of financial reports and on fraud prevention. These findings confirm that the better the oversight mechanisms implemented in a public organization, the higher the level of reliability and transparency of the financial reports produced. In the context of regional financial management, oversight plays an important role in ensuring that all budget implementation processes and financial transaction recording are carried out in accordance with legal provisions and accountability principles. Through an effective oversight system, local governments can detect potential irregularities early, whether administrative in nature or more serious indications of fraud. Thus, these results show that an institution's success in maintaining the quality of its financial reports depends not only on the technical capabilities of its employees but also on the effectiveness of the internal and external oversight systems implemented on an ongoing basis.

These results can be explained by agency theory, which holds that supervision is the primary mechanism for reducing information asymmetry between the principal (the public) and the agent (the government). In an agency relationship, agents tend to have greater access to information than principals, which can lead to opportunistic actions, such as financial statement manipulation or the abuse of authority. Therefore, oversight serves as a control mechanism to ensure agents act in the public interest and comply with applicable ethical standards and regulations.

Through effective oversight, both internally (inspectorate and internal audit) and externally (Financial Supervisory Agency), local governments can minimize the opportunity for moral hazard, strengthen the integrity of the reporting system, and ensure that financial management is efficient and transparent. The implications of these findings underscore the importance of strengthening oversight by improving internal auditors' competence, clarifying reporting procedures, and optimizing the use of information technology in the monitoring system to ensure an objective, sustainable oversight process.

The results of this study are also consistent with those of Novita et al. (2022), who found that supervision has a positive and significant effect on the quality of financial reports in the context of fraud prevention. The similarity of these results indicates that supervision's role in maintaining the quality of financial reports is a universal factor in governance systems. Good supervision can create a disciplinary effect on employees, strengthen compliance with regulations, and foster a culture of transparency in every reporting process. Thus, government agencies with strong supervisory systems tend to produce financial reports that are more accurate, relevant, and credible to the public.

Conversely, weaknesses in the oversight system can lead to inaccurate reporting, budget misappropriation, and reduced public trust in local governments' financial performance. Empirically, this study's results also emphasize that effective oversight is one of the main pillars for maintaining the quality of public financial reporting.

This is in line with the Minister of Home Affairs Regulation No. 51 of 2010, which states that local government oversight is a process aimed at ensuring that government administration runs in accordance with plans and statutory provisions. With strong oversight, local governments cannot only control budget use efficiently but also identify potential risks that could lead to fraudulent practices. Therefore, this study provides practical implications for local governments to strengthen their financial oversight systems by improving evaluation functions, enhancing report transparency, and increasing the active involvement of internal oversight units. Overall, these results emphasize that effective oversight functions not only as an administrative mechanism but also as a strategic instrument in creating clean, accountable, and fraud-free governance.

The Effect of Law Enforcement on Financial Statement Quality in Preventing Fraud

The results of the study show that the implementation of laws and regulations has a significant effect on the quality of financial reports and on fraud prevention. These findings indicate that clear, firm, and consistently enforced regulations play an important role in establishing an accountable and transparent financial reporting system. In the context of public financial management, laws and regulations are not only normative guidelines but also serve as control mechanisms that ensure all administrative, recording, and financial reporting processes are carried out in accordance with applicable legal provisions. When regulations are consistently applied, every financial activity can be traced, audited, and properly accounted for, thereby minimizing the potential for fraud. Thus, success in maintaining the integrity of financial reports depends heavily on the extent to which these regulations are enforced and internalized by financial management officials.

This result can be explained using agency theory, which views the relationship between the government (agent) and the public (principal) as requiring oversight and control mechanisms to protect the public interest. In this context, laws and regulations serve as governance mechanisms that limit agents' discretion, preventing them from abusing their authority in financial management. Strong regulations can reduce information asymmetry and encourage agents to act in accordance with the principles of transparency, integrity, and accountability. With a clear legal basis, the government, as an agent, is not only bound by moral responsibility but also by legal consequences if it violates provisions in the performance of its duties. Therefore, consistent enforcement of laws and regulations has a direct implication on increasing the reliability of financial reports and reducing the possibility of irregularities or fraud in the reporting process. The practical implications of these findings indicate that bureaucratic reform and consistent law enforcement are important prerequisites for establishing clean public financial management free from fraud.

The findings of this study align with those of Mawuntu et al. (2020), which show that the implementation of laws and regulations has a positive, significant effect on the quality of financial reports in preventing fraud. The similarity of these results indicates that the effectiveness of Indonesia's public financial reporting system is strongly influenced by the quality of regulations and the level of compliance with them. In practice, regulations such as Law Number 17 of 2003 concerning State Finances, Law Number 1 of 2004 concerning State Treasury, and Minister of Home Affairs Regulation Number 64 of 2013 concerning the Application of Government Accounting Standards (SAP) are fundamental instruments that guarantee order, openness, and integrity in government financial reporting. These regulations not only establish technical procedures for preparing reports but also emphasize the importance of accountability and legal compliance as an integral part of fraud prevention efforts.

The results of this study reinforce the view that strong, consistently enforced regulations can foster a culture of compliance in public bureaucracies. This culture encourages officials to act in accordance with legal norms and professional ethics, while improving the quality of governance. In addition, this study provides implications for policymakers to continuously update and adjust financial regulations to the dynamics of the government environment and developments in information technology. Harmonization of regulations between levels of government is also important to prevent overlapping policies that could create loopholes for malpractice.

The Effect of Public Accountability, Employee Performance, Supervision, Legislation, and Oversight on the Quality of Financial Reports in Preventing Fraud

Based on the results of simultaneous testing, it is known that public accountability, employee performance, supervision, and legislation collectively influence the quality of financial reports in preventing fraud. These findings indicate that the four variables cannot be viewed as independent factors, but rather as a complementary system of governance in shaping the quality of financial reporting at the West Papua Provincial BPKAD. Public accountability helps ensure clarity of responsibility for the management of public resources. Employee performance reflects the capacity and professionalism of the apparatus in compiling and presenting financial information accurately; supervision ensures control over budget

implementation and reporting, while legislation provides a legal framework that serves as a reference and limit for behavior at every stage of regional financial management. Substantively, these results indicate that the quality of financial reports is determined not only by technical accounting factors but also by the integration of structural, procedural, and organizational factors. When public accountability is strongly enforced, employee performance is adequate, oversight mechanisms are effective, and regulations are consistently adhered to, the resulting financial reports tend to be more relevant, reliable, comparable, and understandable, thereby narrowing the scope for fraud in financial management and reporting. Conversely, if there are still indications of fraud, this suggests that the combination of these four aspects has not been optimized and needs to be strengthened comprehensively through system improvements, capacity building, and stricter enforcement of compliance.

The relevance of this research to agency theory is clear when local governments are positioned as agents who receive a mandate from the public, serving as principals, to manage public resources responsibly. From the perspective of agency theory, the main problems that often arise are potential conflicts of interest and information asymmetry between agents and principals, thus requiring a set of control mechanisms to ensure that agents act in line with the public interest. In the context of this study, public accountability, employee performance, supervision, and legislation serve as control instruments that reduce the space for opportunistic behavior and simultaneously strengthen public trust in the government. The government, as an agent, is required to formulate and implement policies that not only comply with regulations but are also responsive to the needs of public service users. When the quality of financial reports is maintained, the information presented becomes more reliable for the public, the legislature, supervisory agencies, and other stakeholders in assessing government performance. At this point, public satisfaction with public services will increase, along with growing confidence that public funds are managed transparently and free from fraudulent practices. In practical terms, the results of this study emphasize the importance of strengthening the synergy between the normative dimension (regulations and accountability), the structural dimension (oversight), and the behavioral dimension (employee performance) so that the agency relationship between the government and the public can run more harmoniously, efficiently, and be oriented towards achieving sustainable public value.

CONCLUSION

The conclusion of this study confirms that the quality of local government financial reports in the context of fraud prevention cannot be separated from the governance configuration encompassing public accountability, employee performance, supervision, and compliance with laws and regulations. Using a quantitative approach with respondents from the West Papua Provincial BPKAD, this study addresses the extent to which these four factors simultaneously contribute to the development of reliable and transparent financial reports that serve as instruments of public accountability and fraud prevention. In general, the research findings underscore the importance of viewing the quality of financial reports not only as a technical accounting product but also as the result of interactions among

regulatory structures, oversight mechanisms, and human resource capacity in regional financial bureaucracies.

In terms of scientific contribution, this study adds value by integrating public accountability, employee performance, supervision, and legislation into a single analytical framework specifically aimed at the quality of financial reports for fraud prevention in the context of local government in West Papua. This focus is novel because it simultaneously tests normative, structural, and behavioral factors within an empirical model grounded in the institutional reality of a region that has been relatively unexplored. Practically and managerially, the research results provide a basis for local governments, particularly the West Papua Provincial BPKAD, to strengthen the design and implementation of financial oversight, improve employee capacity and professionalism, and ensure that all financial reporting processes are fully aligned with legal regulations. The policy implications include the need for continuous competency improvement programs, strengthening a culture of compliance and integrity, and establishing more effective control mechanisms so that financial reports truly serve as instruments for fraud prevention, not merely as a means of fulfilling administrative obligations.

This study is not without several limitations that need to be considered and can be used as a basis for further research. First, the scope of respondents does not optimally represent the entire population and focuses only on one agency, namely the BPKAD of West Papua Province, limiting the generalizability of the findings to other local government contexts with different institutional characteristics. Second, the use of questionnaires risks bias and normative response tendencies, thereby failing to fully capture the complexity of governance and fraud-prevention practices in the field. Given these limitations, future research should expand the scope of the study to include multiple local government agencies, use a larger sample, and combine quantitative and qualitative methods through in-depth interviews or case studies. Future research could also include other variables, such as organizational culture, internal control systems, the use of information technology, and the moral sensitivity of officials, to deepen understanding of the factors that influence the quality of financial reports in preventing fraud.

Reference:

- Agustiani, N. H., Ismiyati, I., Sholikah, M., Hanum, H. L., & Permana, D. F. (2023). The Improvement Of Employee Performance Through Employee Competence, Work Facilities, Work Discipline, And Organizational Communication. *Jurnal Ekonomi*, 12(04), 2565–2575. <https://ejournal.seaninstitute.or.id/index.php/Ekonomi/article/view/2631>
- Al-Faryan, M. A. S. (2024). Agency theory, corporate governance and corruption: an integrative literature review approach. *Cogent Social Sciences*, 10(1), 2337893. <https://doi.org/10.1080/23311886.2024.2337893>
- Alsobaey, T. M., & Alkhateeb, F. Q. (2025). A Contextual Analysis of Factors Influencing Employee Performance in the Public Sector: The Case of Bahrain. *International Journal of Public Administration in the Digital Age (IJPADA)*, 12(1), 1–38. <https://doi.org/10.4018/IJPADA.376011>
- Amin, H., Malik, M., & Scheepers, H. (2024). An agency-theory unpacking of how monitoring and evaluation affect the impact of international development projects. *International Journal of Project Management*, 42(8), 102654.

- <https://doi.org/https://doi.org/10.1016/j.ijproman.2024.102654>
- Ariyanti, D. O., Ningsih, W. F., & Rakhmawati, R. (2023). Pengaruh Implementasi Standar Akuntansi Pemerintahan, Good Governance, Akuntabilitas Dan Transparansi Terhadap Kualitas Laporan Keuangan Daerah (Studi Kasus Pada Badan Keuangan Dan Aset Daerah Kabupaten Situbondo). *SIFEBRI'S*, 1(1), 108–125. <https://www.unars.ac.id/ojs/index.php/sifebri/article/view/3315>
- Chen, Y., Zhao, C., Xu, Y., Nie, C., & Zhang, Y. (2025). Deep Learning in Financial Fraud Detection: Innovations, Challenges, and Applications. *Data Science and Management*. <https://doi.org/https://doi.org/10.1016/j.dsm.2025.08.002>
- Elagaili, T. A., Azam, S. M. F., Tham, J., & Khatibi, A. (2025). Employee Performance in Public Sector: A Bibliometric Analysis of Global Trends and Thematic Development. *International Review of Management and Marketing*, 15(6), 10. <https://doi.org/10.32479/irmm.20150>
- Eliana, E., Astuti, I. N., Ivana, F., Suryafatma, S., & Juned, V. (2023). The Influence of the Use of Information Technology and Public Accountability on the Quality of Financial Reports in Government Organizations. *Journal of Law and Sustainable Development*, 11(11), 116. <https://doi.org/10.55908/sdgs.v11i11.1866>
- Emela, S., Gemina, D., & Kartini, T. (2024). Employee performance based on work motivation, work environment, and work discipline. *Jurnal Ekonomi*, 13(01), 1057–1068. <https://ejournal.seaninstitute.or.id/index.php/Ekonomi/article/view/3555>
- Ernawati, D. (2019). Pengaruh kualitas produk, inovasi produk dan promosi terhadap keputusan pembelian produk Hi Jack sandals Bandung. *JWM (Jurnal Wawasan Manajemen)*, 7(1), 17–32. <https://doi.org/10.20527/jwmthemanagementinsightjournal.v7i1.75>
- Ghozali, I. (2016). Aplikasi analisis multivariete dengan program IBM SPSS 23.
- Handayani, R. (2023). Pengaruh Sistem Informasi Akuntansi, Sistem Pengendalian Internal Dan Kinerja Pegawai Terhadap Kualitas Laporan Keuangan. *Akuntansi*.
- Hendrastuti, R., & Harahap, R. (2023). Agency theory: Review of the theory and current research. *Jurnal Akuntansi Aktual*, 10, 85. <https://doi.org/10.17977/um004v10i12023p085>
- Irafah, S., Sari, E. N., & Muhyarsyah, M. (2020). Pengaruh Kompetensi Sumber Daya Manusia, Peran Internal Audit, dan Kesuksesan Penerapan Sistem Informasi Keuangan Daerah terhadap Kualitas Laporan Keuangan. *Jurnal Riset Akuntansi Dan Keuangan*, 8(2), 337–348. <https://doi.org/10.17509/jrak.v8i2.21775>
- Istiqomah, D., & Kasmari, K. (2025). Human Capital and Employee Performance: The Mediating Role of Training and Digital Innovation. *International Journal of Economics and Management Research*, 4(3), 300–309. <https://doi.org/10.55606/ijemr.v4i3.556>
- Jatmiko, B., Haya, B. S., & Laras, T. (2024). Sector public accountability performance measurement: The role of internal factors public sector and accountability as intervening. *Fair Value: Jurnal Ilmiah Akuntansi Dan Keuangan*, 6(3), 279–294. <https://doi.org/10.32670/fairvalue.v6i3.4349>
- Kristiyani, D., & Hamidah, H. (2020). Model penerapan akuntansi sektor publik untuk mencegah fraud pada sektor publik di era digital. *Jurnal Bisnis Dan Akuntansi*, 22(2), 289–304. <https://doi.org/10.34208/JBA.V22I2.732>
- Li, G., Wang, S., & Feng, Y. (2024). Making differences work: Financial fraud detection based on multi-subject perceptions. *Emerging Markets Review*, 60, 101134. <https://doi.org/https://doi.org/10.1016/j.ememar.2024.101134>
- Liana, E., & Hartono, H. (2024). Factors Affecting Employee Performance: Analysis of Work-Life Balance, Competence, Employee Welfare, and Career Development. *International Journal of Advanced Multidisciplinary*, 3(2 SE-Articles), 331–345. <https://doi.org/10.38035/ijam.v3i2.618>

- Lillrank, P. (2003). The quality of information. *International Journal of Quality & Reliability Management*, 20(6), 691–703. <https://doi.org/10.1108/02656710310482131>
- Lubis, H. Z., Sari, M., Ramadhany, A. A., Ovami, D. C., & Brutu, I. R. (2024). Effect of internal audit, internal control, and audit quality on fraud prevention: Evidence from the public sector in Indonesia. *Problems and Perspectives in Management*, 22(2), 40. [https://doi.org/10.21511/ppm.22\(2\).2024.04](https://doi.org/10.21511/ppm.22(2).2024.04)
- Mabel, S. N., Payamta, P., & Winarna, J. (2025). The development of fraud prevention policies in the public sector: A bibliometric analysis. *Jurnal Akuntansi Dan Auditing Indonesia*, 119–133. <https://doi.org/10.20885/jaai.vol29.iss1.art10>
- Mardiasmo. (2009). *Akuntansi sektor publik*. Yogyakarta: Andi.
- Mawuntu, N. S., Manossoh, H., & Afandi, D. (2020). Pengaruh Kepatuhan Dan Pengawasan Terhadap Kualitas Laporan Keuangan Pemerintah Daerah (Studi Empiris Pada Pemerintah Kabupaten Minahasa Utara). *Going Concern : Jurnal Riset Akuntansi*, 15(2), 260–268. <https://ejournal.unsrat.ac.id/v3/index.php/gc/article/view/28230>
- Mobilingo, D. S., Hailah, & Nirwana. (2024). The Role of Technology Integration in Public Sector Accounting Fraud Prevention Efforts. *Jurnal Akuntansi, Manajemen, Dan Perencanaan Kebijakan*, 2(2 SE-Articles), 6. <https://doi.org/10.47134/jampk.v2i2.471>
- Nadirisyah, Indriani, M., & Mulyany, R. (2024). Enhancing fraud prevention and internal control: the key role of internal audit in public sector governance. *Cogent Business & Management*, 11(1), 2382389. <https://doi.org/10.1080/23311975.2024.2382389>
- Nofianto, E., & Prastiwi, A. (2025). Pencegahan Fraud Di Sektor Publik: Systematic Literature Review. *Jurnal Akuntansi STIE Muhammadiyah Palopo*, 11(1), 146–164. <https://journal.stiem.ac.id/index.php/jurakun/article/view/2377>.
- Novita, K., Rahayu, S., Gede, L., Dewi, K., & Ekonomi, J. (2022). Pengaruh transparansi dan pengawasan keuangan daerah terhadap kualitas laporan keuangan daerah buleleng. *JIMAT (Jurnal Ilmiah Mahasiswa Akuntansi) Universitas Pendidikan Ganesha*, 13(2), 464–471. <https://ejournal.undiksha.ac.id/index.php/S1ak/article/view/36451>
- Nurjanah, N., & Sastrodiharjo, I. (2021). Pengaruh Penerapan Akuntansi Sektor Publik, Good Governance, dan Pengawasan Pengelolaan Keuangan terhadap Pencegahan Fraud. *Media Ilmiah Akuntansi*, 9(2), 65–76. <https://doi.org/10.34208/mia.v9i2.6>
- Pangaribuan, D. (2020). Governance practices government, of accountability performance and implementation of risk management and implications for fraud detection and prevention. *International Journal of Contemporary Accounting*, 1(2), 75–98. <https://doi.org/10.25105/IJCA.V1I2.6167>
- Payamta, P., & Setyaningsih, T. (2025). Enhancing audit quality to detect financial statement fraud at public accounting firms member of OAI Solusi Manajemen Nusantara. *Journal of Infrastructure, Policy and Development*, 9, 7403. <https://doi.org/10.24294/jipd7403>
- Purwanti, L., Triyuwono, I., Ichsan, M., Ramadhani, F. N., & Arief Effendi, S. (2024). Formal-cultural accountability: a [new] paradigm of public accountability. *Cogent Social Sciences*, 10(1), 2297756. <https://doi.org/10.1080/23311886.2023.2297756>
- Putri, R. D., & Hendaris, R. B. (2025). Public Sector Accountability and Performance : The Influence of Institutional Scale , Legislative Oversight , and Supreme Audit Judgements Keywords : Pengaruh Ukuran Pemerintah Daerah , Ukuran Legislatif , dan Opini Audit BPK terhadap Kinerja Keuangan Pem. *Jurnal Akuntansi*, 35(6), 1752–1771. <https://doi.org/10.24843/EJA.2025.v35.i06.p17>
- Ranggawidjaja, R. (1998). *Pengantar Ilmu Perundang-Undangan Indonesia*. Bandung: Mandar Maju.
- Ririhena, S. W., & Richard, Y. F. (2022). Agency relations, accountability, and their relation to local government public value creation. *International Journal of Science and Society*,

- 4(3), 126–139. <https://doi.org/10.54783/ijsec.v4i3.506>
- Rizki, I. P., Hali, A., & Andi, K. (2024). The influence of transparency, governance, and financial accountability in managing financial reporting in the public sector. *International Journal of Educational and Life Sciences*, 2(10), 1165–1180. <https://doi.org/10.59890/ijels.v2i10.2571>
- Sari, F. M., Safitri, A., & Elshifa, A. (2024). Pengaruh Penerapan Akuntansi Sektor Publik dan Kualitas Aparatur Pemerintah terhadap Pencegahan Fraud Laporan Keuangan (Studi Empiris pada Kota Pekalongan). *Journal of Social and Policy Issues*, 74–78. <https://doi.org/10.58835/jspi.v4i2.331>
- Sattu, Y., Alam, S., & Nohong, M. (2020). Analysis of accountability performance of financial management in Hasanuddin university as legal entity state university. *Hasanuddin Journal of Business Strategy*, 2(3), 100–108. <https://doi.org/10.26487/hjbs.v2i3.359>
- Sismiati, S., Sulaiman, S., Rudhan, A. M., Nurlela, N., Dema, Y., Darmawansyah, I., Rahmawan, R., & Che-Ni, H. (2025). Determination of Employee Performance: Analysis of Leadership, Competence, and Discipline through Employee Retention. *Jurnal Ilmiah Manajemen Kesatuan*, 13(4 SE-Articles), 2037–2046. <https://doi.org/10.37641/jimkes.v13i4.3305>
- Sugiyono. (2018). *Metode Penelitian Kuantitatif, Kualitatif, dan R&D*. Bandung: Alfabeta.
- Sun, G., Ling, Z., Li, Y., & Xie, C. (2025). Artificial intelligence and financial fraud. *Pacific-Basin Finance Journal*, 93, 102830. <https://doi.org/https://doi.org/10.1016/j.pacfin.2025.102830>
- Umar, H., Indriani, A., & Purba, R. B. (2019). The Determinant Fraud Prevention Of Quality Local Government – TM S FINANCIAL REPORT. *Jurnal Akuntansi Dan Bisnis: Jurnal Program Studi Akuntansi*, 5(1), 41–52. <https://doi.org/10.31289/JAB.V5I1.2310>
- Yani, A. (2002). Hubungan keuangan antara pemerintah pusat dan daerah di Indonesia. *Library.Stik-Ptik.Ac.Id*.
- Yanti, E. (2020). Pengaruh Penerapan Sistem Akuntansi Keuangan Pemerintah Daerah Terhadap Kualitas Laporan Keuangan Pemerintah Daerah:(Studi Kasus Pada Dinas Prasarana Jalan, Tata Ruang dan Permukiman Sumbar). *Pareso Jurnal*, 2(2), 315–319. <https://ejurnal-unespadang.ac.id/index.php/PI/article/view/124>
- Yasis, U. (2024). Influence of Government Accounting Standards, Systems Internal Control, Regulatory Compliance Legislation on Quality Financial Statements. *International Journal of Science and Society*, 6(1). <https://doi.org/10.54783/ijsec.v6i1.1008>
- Yasmin, Y., Winarningsih, S., & Mulyanti, S. (2021). The effect of the internal control system effectiveness and the quality of financial reporting and its impact on fraud prevention of Bandung regency. *Jurnal Manajemen Pelayanan Publik*, 5(1), 13–27. <https://doi.org/10.24198/jmpp.v5i1.25785>
- Yunia, D., & Muttaqin, G. F. (2022). The Influence of The Quality of Financial Reports on The Performance of Public Sector Organizations. *Jurnal Akuntansi*, 9(2), 2339–2436. <https://doi.org/10.30656/jak.v9i2.4606>
- Zubaidah, A., & Nugraeni, N. (2023). Pengaruh Akuntabilitas Dan Transparansi Terhadap Kualitas Laporan Keuangan Pada Pemerintah Kabupaten Sleman. *Jurnal Ilmiah Manajemen, Ekonomi, & Akuntansi (MEA)*, 7(3 SE-Articles). <https://doi.org/10.31955/mea.v7i3.3475>