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The Impact of Internal Audit Technology Adoption (CAATs and Data Analytics) on Financial Report Quality through Reporting Accountability

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Abstract

In the digital era, the demands of good governance require the public sector to adopt advanced audit technology. This research aims to examine the effect of *Computer-Assisted Audit Techniques* (CAATs) and *Data Analytics* on Financial Report Quality with Reporting Accountability as a mediating variable at the Dompu Regency Inspectorate. Based on Agency Theory, this explanatory quantitative study used a saturated sample technique of 45 auditors. Questionnaire data were analysed using *Structural Equation Modelling-Partial Least Squares* (SEM-PLS). The test results prove that CAATs' adoption does not directly affect report quality, but rather must go through reporting accountability as a full mediation. Conversely, *Data Analytics* is proven to have a significant effect both on accountability and directly on financial report quality without requiring mediation intervention. Reporting accountability itself is the most dominant determinant of report quality. This finding has an important implication that investment in supervisory technology infrastructure (especially CAATs) in local government will not impact the quality of public reporting if it is not accompanied by strengthening the overall bureaucratic accountability ecosystem.

Keywords: *Computer-Assisted Audit Techniques* (CAATs); *Data Analytics*; Financial Reporting Quality; Reporting Accountability; Internal Audit.

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INTRODUCTION

The development of information technology has brought significant transformations in various aspects of life, including internal audit practices in the government sector. Based on *Agency Theory*, local governments act as agents who are obliged to be accountable for the management of public resources to the community as the principal (Jensen, MC, & Meckling, 1976) . In realizing *Good* governance, the quality of the Regional Government Financial Report (LKPD), is the main indicator to measure the level of accountability. In the era of Society 5.0, the demand for transparency is increasing, forcing the public sector to transform digitally. The development of information technology has brought significant disruption in internal audit practices, making the adoption of technologies such as *Computer-Assisted Audit Techniques* (CAATs) and *Data Analytics* a fundamental necessity, no longer merely an option.

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(Akuba, 2025) . This technology enables the Inspectorate, as the Government Internal Supervisory Apparatus (APIP), to conduct comprehensive population data analysis, identify anomalies in *real-time*, and reduce the risk of misstatement more efficiently than traditional manual methods (Eulerich & Wood, 2023) .

Although digitalisation offers an ideal solution, on-the-ground conditions indicate that the utilisation of internal audit technology in the local government sector is suboptimal. The Inspectorate in Dompu Regency often faces constraints on human resource competency, limited infrastructure, and a lack of comprehensive financial reporting systems (Matei et al., 2007; Ega Saiful et al., 2024). These issues create vulnerability to information asymmetry, with the Supreme Audit Agency (BPK) still finding non-compliance or weaknesses in internal control systems in various regions. This demonstrates that conventional oversight is no longer adequate to handle the current volume and complexity of regional financial transactions. Therefore, strengthening the Inspectorate's role through the adoption of modern audit technology is crucial to mitigate *fraud risks* and ensure the quality of the resulting financial reports is free from material misstatement.

Amidst the urgency of adopting this technology, studies still show inconsistent findings (*a research gap*). (Rostianna et al., 2025 ; Sati et al., 2018). Prove that accountability has a significant positive effect on the quality of the LKPD. However, (Rizka et al., 2021 ; Putri & Rahmah, 2023) found that internal control systems and HR competencies do not directly impact report quality, indicating the need for intervening variables. Furthermore, (Masdar et al., 2025) found an anomaly in that the use of technology in the Society 5.0 era did not show a significant effect on financial reporting accountability. This empirical gap raises a critical question: Does simply adopting CAATs and *Data Analytics technology* automatically improve the quality of financial reports, or does the technology first need to be able to create strong reporting accountability as a bridge?

Responding to this gap, this research offers *novelty* by positioning Reporting Accountability as an intervening variable between the adoption of internal audit technology (CAATs and *Data Analytics*) and financial report quality. This model is very interesting because it examines the audit value chain, how the technical efficiency of CAATs and the depth of insight from *Data Analytics* can facilitate the Inspectorate in presenting more transparent findings, which in turn boosts the entity's reporting accountability (Kogan & Vasarhelyi, 2017; Earley, 2015) . The focus of the study is focused on the Dompu Regency Inspectorate, which is currently facing the challenge of digitalisation transition in implementing its supervisory function. Given the limited literature that integrates these four variables in a comprehensive model at the local government level in Indonesia, this study has a high urgency to be conducted immediately.

Based on the phenomena and empirical *gaps* that have been described, this research aims to empirically test the effect of CAATs and *Data Analytics adoption* on the quality of financial reports, both directly and indirectly through reporting accountability as a mediating variable in the Dompu Regency Inspectorate. The results of this study are expected to not only enrich the public sector accounting literature theoretically related to information system integration and accountability, but also provide practical guidelines for APIP in other regions in formulating audit technology optimisation strategies to maintain an Unqualified Opinion (WTP).

METHOD

This research uses an explanatory quantitative design that aims to test the causal relationship between variables based on *the Agency Theory framework*, where technology is positioned as a monitoring instrument. The target population in this research is focused specifically on internal supervisory officers or auditors directly involved in the financial reporting process. Given the relatively small population size, sampling was conducted using

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a saturation or census sampling technique (Sugiyono, 2019) . Through this technique, all members of the population, totalling 45 respondents, were drawn as research samples. The selection of this sample size is considered highly representative to comprehensively capture the phenomenon in the intended unit of analysis.

All indicators of the research variables were measured using a Likert-scale questionnaire. Variable values were calculated by averaging the statement items per indicator, guided by the evaluation rules for measuring reflective or formative constructs. (Hair et al., 2021) . To process the data, this study used the *Structural Equation Modelling-Partial* Least *Squares* (SEM-PLS) analysis technique operated through SmartPLS software. The selection of this variance-based modelling approach is very precise and methodologically relevant. SEM-PLS has statistical advantages in handling small sample sizes (n=45 respondents) and has been proven robust *in* modelling indirect relationships (mediation) without requiring strict multivariate normal distribution assumptions (Hair et al., 2019).

The data analysis process using SEM-PLS will be carried out through two comprehensive stages. The first stage is the evaluation of the measurement model (*outer model*) to ensure the quality of the data collection instrument, which includes testing convergent validity, discriminant validity, and internal consistency reliability. The second stage is the evaluation of the structural model (*inner model*), which is carried out through a *bootstrapping procedure*. This stage aims to test the level of significance of the path coefficient (p-value) and assess the strength of the model's determination (R2), in order to empirically prove the effect of technology adoption on the quality of financial reports through reporting accountability.

Table 1. Operational Variables

Variables	Indicator	Source
Computer-Assisted Audit Techniques (CAATs) (X1)	*Performance Expectancy:* Auditor confidence that the use of CAATs helps improve audit quality and speed. *Effort Expectancy:* The degree to which the CAATs system is easy to learn and operate. *Facilitating Conditions*: Availability of supporting infrastructure, integrated systems, and technical *helpdesks within the local government environment.* *Actual Usage*: Frequency, intensity, and routine of APIP auditors in each assignment	(Venkatesh et al., 2003)
Data Analytics (X2)	Descriptive Analytics: The ability to identify "What happened?" Diagnostic Analytics: The ability to drill down to "Why did that happen?" Predictive Analytics: The ability to project "What might happen?" Prescriptive Analytics: The ability to recommend "What to do.	(Earley, 2015) and (Kogan & Vasarhelyi, 2017)
Quality of Financial Reports (Y)	Timeliness: Reports are presented on time. Predictive Value: Financial information predicts the financial future. Feedback Value: Information allows for the correction of past expectations. Faithful Representation: Information faithfully depicts transactions and other events. Verifiability: Information can be tested and proven to be true. Neutrality: Information is directed at general needs, not biased. Comparability: Reports can be compared with previous periods. Understandability: Reports are presented in easy-to-understand forms and terms.	(PP No. 71, 2010)
Accountability of Financial Reporting (Z)	Availability: Reporting documents are available both physically and digitally. Timely Submission: The report is submitted to the authorities. *Accessibility*: Reports are easily accessible to interested parties/the	(Bastian, 2014; *State Administration Institute &*

	public. *Full Disclosure*: The report is presented in full, along with Notes to the Financial Statements (CaLK) and supporting attachments. *Regulatory Compliance*: The format and content of the report are in accordance with laws and regulations. Clarity: Information in the report is free from ambiguity, thus facilitating the evaluation and follow-up audit process.	*Financial and Development Supervisory Agency*, 2003)

Source: Processed from various secondary data (2026)

RESULTS AND DISCUSSION

The Dompu Regency Inspectorate plays a strategic role as the Government Internal Supervisory Apparatus (APIP). As the primary supervisory entity at the regional level, this institution has an important responsibility in overseeing good governance *and* ensuring that the Regional Government Financial Report (LKPD) is free from material misstatements in order to maintain an Unqualified Opinion (WTP). Currently, the Dompu Regency Inspectorate is facing the dynamics of digitalisation transition through the adoption of the latest internal audit technology, namely *Computer-Assisted Audit Techniques* (CAATs) and *Data Analytics*. By involving 45 auditors or internal supervisory apparatus who are directly involved in the reporting process as the analysis unit, this research object is an ideal representation to capture the reality in the field, including the challenges of limited human resource competencies and infrastructure, while empirically testing the effectiveness of this supervisory technology in encouraging accountability in regional financial reporting.

Table 2. Results of Convergent Validity and Reliability Tests

Variables	Indicator	Outer Loadings	Cronbach's Alpha	Composite Reliability (CR)	AVE
Computer-Assisted Audit Techniques (CAATs) (X1)	CAATs.1	0.892	0.887	0.922	0.746
	CAATs.2	0.872			
	CAATs.3	0.829			
	CAATs.4	0.862			
Data Analytics (X2)	DA.1	0.866	0.856	0.902	0.698
	DA.2	0.816			
	DA.3	0.838			
	DA.4	0.822			
Quality of Financial Reports **(Y)**	QFR.1	0.832	0.910	0.927	0.614
	QFR.2	0.807			
	QFR.3	0.793			
	QFR.4	0.760			
	QFR.5	0.751			
	QFR.6	0.825			
	QFR.7	0.734			
	QFR.8	0.762			
Accountability of Financial Reporting (Z)	AFR.1	0.769	0.885	0.913	0.636
	AFR.2	0.830			
	AFR.3	0.800			
	AFR.4	0.842			
	AFR.5	0.783			
	AFR.6	0.760			

Source: SmartPLS. (2026)

Table 2 shows that the measurement instrument perfectly meets the criteria for convergent validity and internal consistency reliability (Hair et al., 2021) and (Ghozali, 2016) . Convergent validity was strongly confirmed by all indicators having *outer loading values*

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above the critical threshold of 0.70 and *the Average Variance Extracted* (AVE) value for all variables greater than 0, meaning each latent construct is able to explain more than half of the indicator's variance. Furthermore, the instrument's reliability was also proven to be very strong, as indicated by *Cronbach's Alpha* (>0.856) and *Composite Reliability* (>0.902) values, all of which exceeded the minimum limit of 0.70. Therefore, the data from the 45 respondents from the Inspectorate environment were fully suitable to proceed to the hypothesis testing stage (*inner model*).

Table 3. Results of the Discriminant Validity Test (*Fornell-Larcker*)

Variables	AFR	CAATs	DA	QFR
AFR	**0.798**			
CAATs	0.676	**0.864**		
DA	0.663	0.731	**0.836**	
QFR	0.763	0.654	0.698	**0.784**

Source: SmartPLS. (2026)

Table 3 shows that all research instruments have convincingly met the eligibility criteria through the approach (Fornell & Larcker, 1981) reinforced (Hair et al., 2021). The data proves that the square root of the AVE values for the variables Accountability Reporting/AFR (0.798), CAATs (0.864), *Data Analytics* /DA (0.836), and Quality of Financial Reporting/QFR (0.784) are consistently higher than the cross-variable correlation values in the same row and column. The fulfillment of this postulate empirically proves that each latent variable is unique and specifically measures a different phenomenon, so that the measurement model is free from indicator overlap bias and is fully ready to be tested at the structural model stage (*inner model*).

Table 4. Heterotrait-Monotrait Ratio (HTMT)

Variables	AFR	CAATs	DA	QFR
AFR				
CAATs	0.758			
DA	0.759	0.840		
QFR	0.844	0.727	0.788	

Source: SmartPLS. (2026)

Table 4, In addition to the classical approach (Fornell & Larcker, 1981) , the test is strengthened rigorously through the evaluation of *the Heterotrait-Monotrait Ratio* (HTMT), proven to be more sensitive and accurate in detecting collinearity problems between constructs (Henseler & Sarstedt, 2013) . Based on (Hair et al, 2021), Discriminant validity is declared to be ideally met if all HTMT ratios are below the critical threshold of 0.85. The results of the HTMT correlation values between variables, including Accountability Reporting (AFR), CAATs, *Data Analytics* (DA), and Quality of Financial Reports (QFR), range from 0.727 to the highest value of 0.844. These results convincingly confirm that each variable instrument truly represents different phenomena empirically without any overlapping measurements, so that the validity of the instrument is very solid to proceed to the structural evaluation stage.

Table 5. F Square (F^2)

	AFR	QFR
AFR		**0.347**
CAATs	**0.163**	**0.012**
DA	0.127	0.100

Source: SmartPLS. (2026)

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Table 5 measures the practical, substantial impact of each predictor variable on the endogenous variables in the structural model. This evaluation is guided by the standard (Cohen, 1988) , which classifies the strength of the effect into three levels: 0.02 (small), 0.15 (medium), and 0.35 (large). Referring to these criteria, the Accountability for Reporting (AFR) variable provides a very dominant medium predictive effect, almost reaching a large level on the Quality of Financial Reports (QFR) with a value of 0.347. On the technology side, the adoption of CAATs is proven to have a medium effect on the formation of AFR (0.163), but its direct impact on QFR is classified as very weak below the minimum threshold (0.012). On the other hand, *Data Analytics* (DA) consistently provides a small effect on both AFR (0.127) and QFR (0.100). Essentially, the distribution of F2 values reinforces the argument of the novelty of the research model, where the sophistication of technological instruments independently has weak leverage on the quality of public reporting, so it is highly dependent on the development of reporting accountability (AFR) as its main driving force.

Table 6. Value of the Determination Coefficient (R^2)

	R Square	R Square Adjusted	Information
Accountability of Financial Reporting	0.518	0.495	Moderate
Quality of Financial Reports	0.652	0.626	Moderate

Source: SmartPLS. (2026)

Table 6 demonstrates robust predictive ability according to classification standards (Hair et al., 2021) . The analysis reveals that the Reporting Accountability variable has an R2 value of 0.518, indicating that the simultaneous adoption of CAATs and *Data Analytics* can explain 51.8% of the variance or changes in reporting accountability. Furthermore, the Financial Reporting Quality variable recorded a higher R2 value of 0.652, indicating that the combination of internal audit technology and reporting accountability can predict 65.2% of the quality of the Inspectorate's financial reports. The remaining variance in these two endogenous variables is explained by factors outside the research model, while the consistent *Adjusted R2 values* (0.495 and 0.626) also confirm that this regression model is robust and free from estimation bias due to the number of predictors, making it highly suitable for proceeding to the hypothesis verification stage.

Table 7. Fit Model

	Saturated Model	Estimated Model
SRMR	0.079	0.079
Chi-Square	347,664	347,664
NFI	0.622	0.622

Source: SmartPLS. (2026)

Table 7 shows an SRMR value of 0.079, which empirically confirms the feasibility and validity of this research model (Hair et al., 2021) . Meanwhile, the *Normed Fit Index* (NFI) was recorded at 0.622. Although this value is below the traditional fit index standard (>0.90) proposed by Bentler & Bonett, 1980 , it does not degrade the model's quality. As explained by Henseler & Sarstedt, 2013, comprehensive fit indices such as the NFI and Chi-Square have limited application in variance-based modeling (PLS) and tend to be unstable in small sample sizes (n=45). Therefore, meeting the single SRMR criterion is sufficient to validate the model's suitability and allow it to proceed to the hypothesis testing stage.

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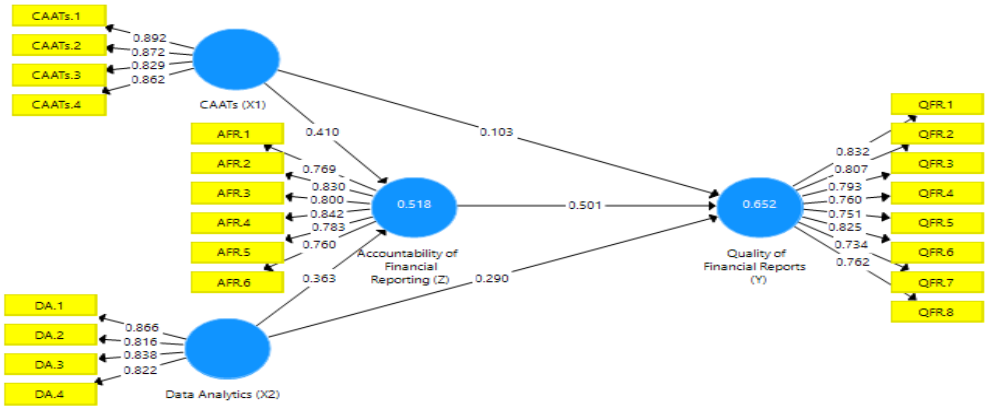
Figure 1. PLS -SEM Model Estimation Results (PLS Algorithm)



Source: SmartPLS. (2026)

Table 8. Hypothesis Test Results (Direct & Indirect Effects)

Hip.	Relationship Path	Original Sample (O)	T-Statistics (|O/STDEV|)	P-Values	Decision
Direct Influence					
H1	CAATs (X1) -> QFR (Y)	0.103	0.665	0.253	Reject
H2	CAATs (X1) -> AFR (Z)	0.410	2,241	0.013	Accept
H3	DA (X2) -> AFR (Z)	0.363	1,694	0.045	Accept
H4	DA (X2) -> QFR (Y)	0.290	1,846	0.033	Accept
H5	AFR (Z) -> QFR (Y)	0.501	3,235	0.001	Accept
Indirect Relationship					
H6	CAATs (X1) -> AFR (Z) -> QFR (Y)	0.206	2,137	0.017	Accept
H7	DA (X2) -> AFR (Z) -> QFR (Y)	0.182	1,236	0.108	Reject

Source: SmartPLS. (2026)

The Effect of *Computer-Assisted Audit Techniques* (CAATs) on the Quality of Financial Reports (H1)

The results of statistical tests indicate that the adoption of CAATs does not have a significant direct effect on the Quality of Financial Reports, with a path coefficient value of 0.103, T-Statistic 0.665 (<1.96), and p -value 0.253 (>0.05). Based on these results, the first hypothesis (H1) is rejected. This finding indicates that simply having and using CAATs instruments within the Dompu Regency Inspectorate does not automatically guarantee an increase in the quality of Regional Government Financial Reports (LKPD) to be more relevant, reliable, and comparable.

The results of this research emphasise the limitations of *Agency Theory* in the digital era. Although CAATs were originally designed as a monitoring mechanism *to* reduce information asymmetry between agents (local governments) and principals (the public), this technological infrastructure will produce biased *output if positioned solely as a means of fulfilling administrative requirements without being balanced by improvements to the bureaucratic system. This finding aligns with research* by (Masdar et al. 2025) and Rizka et al 2021) , which states that the availability of technology and internal control systems does not have an immediate impact on report quality. (Awuah et al. 2022) and Eulerich et al. 2025) underscore the operational challenges in adopting CAATs, while (Abbott et al. 2016) explicitly confirm that the effectiveness of *audit tools* is highly susceptible to malfunction if auditors' capabilities in interpreting analytical results are still low. Consequently, the technology's benefit chain is broken before it can make a significant contribution to the quality of final reporting.

The Effect of *Computer-Assisted Audit Techniques* (CAATs) on Reporting Accountability (H2)

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Testing for the second path proves that CAATs have a positive and significant influence on Reporting Accountability. This is indicated by a path coefficient of 0.410 with a T-Statistic of 2.241 (> 1.96) and a p -value of 0.013 (< 0.05), so that the second hypothesis (H2) is accepted. The capacity of CAATs to process financial population data comprehensively (no longer *sampling*) has proven effective in facilitating the Inspectorate in presenting audit findings that are faster, more detailed, and free from operational ambiguity.

These findings confirm the relevance of *the Unified Theory of Acceptance and Use of Technology* (UTAUT) in the transformation of public sector oversight, particularly in the *Performance Expectancy dimension*. The Inspectorate auditors' strong belief that the use of CAATs can accelerate the audit process and improve the precision of findings has significantly restructured the work culture to be more transparent. This behavioural transformation is directly reflected in improved accountability indicators, such as adherence to timely report submission *and* guaranteeing comprehensive information disclosure (*full disclosure*). Essentially, when auditors feel facilitated by monitoring technology that provides high utility, this technical efficiency directly resonates in upholding the accountability standards of the supervised entity.

The findings of this study align with those of (Alawaqleh. 2021), who highlighted the public sector in developing countries, where internal audit automation has been shown to radically improve accountability indexes because the existence of digital audit *trails* significantly limits the scope for data manipulation by internal parties. To enrich this discourse, a Scopus-indexed study by (Correia et al., 2020) also validated that high auditor acceptance of CAATs instruments is positively correlated with strengthening transparent reporting systems. Furthermore, (Appelbaum et al., 2018) emphasized that computer-based audit instruments no longer merely function as tools for automating repetitive tasks but have transformed into proactive control mechanisms. The regular use of technology ultimately forces local governments to discipline themselves and strictly adhere to accountability governance long before the Regional Government Financial Report (LKPD) is finalized and audited by the Supreme Audit Agency (BPK).

The Influence *of Data Analytics* on Reporting Accountability (H3)

The analysis results prove that *Data Analytics* has a positive and significant effect on Reporting Accountability, indicated by a path coefficient of 0.363, a T-Statistic value of 1.694, and a p -value of 0.045 (<0.05). Thus, the third hypothesis (H3) is accepted. The auditor's ability to apply advanced data analytics from the descriptive to the prescriptive stages is empirically able to dissect complex regional transaction anomalies, thus leading to increased availability and clarity of supervisory reporting documents.

Referring to the proposed level of analytical maturity (Earley, 2015) and a critical perspective (Kogan & Vasarhelyi, 2017). The implementation of *Data Analytics* has proven to be vital in unravelling the complexities of local government financial management. Linked to *Agency Theory*, diagnostic and predictive analytical capabilities enable auditors to radically reduce information asymmetry, identify deviant transaction patterns, and proactively mitigate fraud risks *long* before the report is finalised and published to the public. These conditions collectively create a detailed effect that encourages agencies to be more transparent. (Wang & Cuthbertson, 2015) also strengthens this finding by emphasising that *Data Analytics* has fundamentally changed the view of internal auditors from previously operating merely as historical error finders (*traditional watchdogs*), now transforming into strategic advisors (*trusted advisors*). This precision data-based role transformation continuously forces supervised entities to be disciplined in regulatory compliance reporting *and* present information that is free from ambiguity, which in turn leads to a measurable and sustainable improvement in the quality of reporting accountability.

The Influence *of Data Analytics* on the Quality of Financial Reports (H4)

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In the fourth hypothesis test, *Data Analytics* was proven to have a direct positive and significant effect on the Quality of Financial Reports. The resulting path coefficient was 0.290 with a T-Statistic of 1.846 and a p -value of 0.033 (<0.05), which means (H4) was accepted. In contrast to CAATs, which are more mechanical (*rules-based*), *Data Analytics* provides in-depth insights that have a direct impact on the qualitative characteristics of LKPD, especially on the aspects of *Predictive Value* and *Faithful Representation*.

The in-depth insights generated from the application of diagnostic and predictive analytics enabled the Dompu Regency Inspectorate to precisely detect *misstatements* in draft financial reports long before the documents were submitted to the Supreme Audit Agency (BPK). Unlike traditional sample testing, this analytical capability facilitates the evaluation of a comprehensive data population to identify anomalous transaction patterns and latent risks in *real time*. This empirical finding aligns with (Turetken et al., 2020) who concluded that the implementation of *Big Data Analytics* in modern audit assignments directly contributes to mitigating the risk of material misstatement. Furthermore, this argument is solidly reinforced by (Gepp et al., 2018) , who assert that advanced data analytics techniques provide auditors with layered verification instruments to evaluate the fairness of an entity's transactions with a level of accuracy unattainable by manual methods. This data-driven preventive intervention ultimately boosts the qualitative characteristics of reporting, resulting in highly relevant, bias-free (*faithful representation*), and fully reliable Regional Government Financial Reports (LKPD) for public decision-making.

The Effect of Reporting Accountability on the Quality of Financial Reports (H5)

The test results show that Reporting Accountability has a positive and most dominant influence on the Quality of Financial Reports among all predictor variables. This is evidenced by the highest path coefficient value of 0.501, T-Statistic 3.235 (> 1.96), and a very strong p -value of 0.001 (< 0.05), so that (H5) is absolutely accepted. The stronger the principle of accountability (information availability, accessibility, regulatory compliance) is firmly held by the apparatus, the equivalently the quality of the entity's financial reports will be more adequate and effective.

In the lens of *Agency Theory* (Jensen, MC, & Meckling, 1976) , the realization of accountability is not merely the fulfilment of administrative obligations, but rather a crucial manifestation to bridge the information asymmetry gap between local governments as agents and the public as principals. If agents proactively present highly accountable reports that include document accessibility, strict regulatory compliance, and full disclosure, conflicts of interest and reporting oversight costs (*agency costs*) will be drastically reduced. This reduction in agency cost escalation logically leads to the formation of financial reports with high integrity, free from material engineering, and with strong verification reliability. The results of this research solidly confirm previous empirical findings by (Rostianna et al., 2025) and (Sati et al, 2018) , which places accountability as the most dominant determinant of reporting quality. Furthermore, this argument is comprehensively strengthened (Nuhu et al., 2019) in the realm of public sector accounting. The study clearly emphasises that performance accountability reform is a primary prerequisite for the creation of credible governance. No matter how sophisticated the form of technological oversight instruments adopted by the Inspectorate, their strategic impact will be illusory if they are not firmly rooted in an institutional commitment to present genuine public accountability.

The Mediating Role of Accountability in the Influence of CAATs on the Quality of Financial Reports (H6)

This research successfully proved a significant mediation effect with a path coefficient of 0.206, a T-Statistic of 2.137, and a p -value of 0.017 (<0.05). Since the direct effect of CAATs on reporting quality (H1) was rejected, while its indirect path (H6) was accepted, Reporting Accountability acts as a full *mediation*. This means that the adoption of CAATs will

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only be able to improve the quality of financial reports if and only if the implementation of the technology succeeds in building a strong reporting accountability ecosystem within the Inspectorate environment first.

This finding is the most important *novelty* in this study, which also resolves the research gap *from previous* studies (Rizka et al., 2021) and (Masdar et al., 2025) . Overturning the conservative assumption that IT always has a positive impact, this analysis empirically proves that CAATs are merely precision tools. If the computational efficiency of CAATs does not translate into transparency and compliance by agencies (Accountability Reporting), the tool is nothing more than a display. (Zhen et al., 2021) who stated that IT governance *always* requires organisational accountability capabilities as a bridge (*bridging mechanism*) to create real value for external parties.

The Mediating Role of Accountability in the Influence *of Data Analytics* on the Quality of Financial Reports (H7)

Surprisingly, testing on this mediation path yielded an influence coefficient of 0.182 with a T-Statistic of 1.236 (<1.96) and a p -value of 0.108 (>0.05). Thus, the seventh hypothesis (H7) was rejected. The failure of this mediation effect indicates that *Data Analytics* has a different influence route than CAATs; analytical intelligence has a direct, boundary-spanning impact on the preparation of financial reports, as evidenced by the acceptance of H4 without requiring the existence of reporting accountability as a prerequisite intervention.

The results of this research are very interesting and can be explained by the nature of the technology itself. Unlike CAATs that focus on basic compliance functions that still rely on audit procedures (*compliance-driven*), modern *data analytics, especially predictive* and *prescriptive,* autonomously work behind the scenes to map financial risk trends (*value-driven*). This study, in line with the views of (Appelbaum et al., 2018), validates this anomaly. They found that analytical intelligence (*data analytics*) often transcends institutional bureaucracy, providing fundamental corrections to real-time financial reports *that* stand independently of traditional government accountability structures.

CONCLUSION

Based on the empirical testing results and discussion, this research concludes that the adoption of internal audit technology has a specific and distinct influence on the quality of public reporting within the Dompu Regency Inspectorate. The mechanical use of *Computer-Assisted Audit Techniques* (CAATs) does not provide a significant direct impact on improving the quality of Regional Government Financial Reports (LKPD), but this tool has proven very effective in boosting the culture of auditor reporting accountability. On the other hand, *Data Analytics capabilities* demonstrate a more comprehensive advantage in their utilization not only strengthening reporting accountability but also directly and proactively improving the quality of LKPD through predictive insights and risk detection. Furthermore, reporting accountability itself has proven to be the most dominant determinant of the high or low quality of an entity's financial reports.

The most crucial and novel finding of this research lies in the evidence of the mediating role of reporting accountability. Reporting accountability is proven to play a full mediation role *in* the relationship between CAATs adoption and financial report quality. This confirms that investment in CAATs infrastructure will only be meaningful for LKPD quality if the technology is accompanied by increased transparency and reporting compliance (accountability) as a bridge. Conversely, reporting accountability is not proven to mediate the effect of *Data Analytics* on report quality. This anomaly concludes that analytical intelligence (*Data Analytics*) has autonomous leverage that can penetrate bureaucratic boundaries, providing fundamental corrections directly to the quality of financial reports without absolute reliance on traditional reporting accountability structures.

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