Analysis of Accounting Understanding, Accounting Information Systems and Internal Control Systems on the Quality of Financial Reports

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Abstrak. *Penelitian ini bertujuan untuk mengeksplorasi sejauh mana pemahaman akuntansi, sistem informasi akuntansi, dan sistem pengendalian internal berpengaruh terhadap kualitas laporan keuangan UMKM di Kota Blitar. Metode penelitian yang digunakan adalah pendekatan kuantitatif dengan teknik pengumpulan data melalui penyebaran kuesioner kepada para pelaku UMKM. Analisis data dilakukan menggunakan regresi linier berganda guna menguji hubungan antara variabel-variabel tersebut. Hasil penelitian menunjukkan bahwa ketiga faktor—pemahaman akuntansi, sistem informasi akuntansi, dan sistem pengendalian internal—secara signifikan dan positif memengaruhi kualitas laporan keuangan UMKM. Temuan ini menegaskan pentingnya peningkatan kompetensi akuntansi, penerapan sistem informasi akuntansi yang memadai, serta penguatan sistem pengendalian internal dalam upaya meningkatkan keandalan dan kegunaan laporan keuangan. Nilai Adjusted R Square sebesar 41,7% mengindikasikan bahwa kombinasi ketiga variabel ini mampu menjelaskan proporsi yang cukup besar dari variasi kualitas laporan keuangan. Selain itu, uji simultan memperkuat bukti adanya pengaruh signifikan dari seluruh variabel independen terhadap pelaporan keuangan UMKM di Kota Blitar.*

Kata kunci: *Sistem Informasi Akuntansi; Pemahaman Akuntansi; Sistem Pengendalian Internal; Kualitas Laporan Keuangan.*

Abstract. *This study aims to examine the extent to which accounting comprehension, accounting information systems, and internal control systems influence the quality of financial reports among MSMEs in Blitar City. Employing a quantitative research design, data were collected through questionnaires distributed to MSME practitioners. Multiple linear regression analysis was utilized to investigate the relationships between the variables. The results indicate that all three factors—accounting comprehension, accounting information systems, and internal control systems—have a significant and positive impact on the quality of MSME financial reports. These findings highlight the importance of enhancing accounting skills, implementing robust accounting information systems, and strengthening internal controls to improve the reliability and relevance of financial statements. The Adjusted R Square value of 41.7% suggests that these variables collectively account for a substantial proportion of the variation in financial report quality. Furthermore, simultaneous testing confirms the significant influence of these independent variables on the financial reporting practices of MSMEs in Blitar City.*

Keywords: *Accounting Information Systems; Accounting Knowledge; Internal Control Systems; Financial Report Quality.*

Introduction

The country's economic situation this year demonstrates complex dynamics, with moderate growth amid both global and domestic challenges. The middle class is facing pressure due to declining purchasing power and increasing debt, which can affect domestic consumption. To stimulate growth, the government has implemented various measures, one of which is supporting the development of MSMEs.

MSMEs play a crucial role in the national economy, including in Blitar City. However, many MSME actors still encounter obstacles in preparing quality financial reports (Hutabarat, Harahap, *et al.*, 2025). The importance of accurate and systematic financial records for Micro, Small, and Medium Enterprises cannot be overstated (Pratama, Kusumawardani, and Herlina, 2025). The era of globalization demands rapid financial turnover with a more structured approach (Yatimin, Widiyastuti, and Jama, 2025), including the need for high-quality financial reports that provide valuable information for decision-making (Lestari and Dewi, 2020). Research shows that there are still MSME actors who lack an understanding of accounting in preparing financial reports (Hutabarat, Wulandari, *et al.*, 2025). Quality financial reports not only present the financial condition transparently, but also fulfill the needs of various internal and external parties and help companies comply with applicable regulations to avoid legal sanctions (Pratama, Kusumawardani, and Herlina, 2025).

The phenomenon of low accounting comprehension, limited implementation of accounting information systems (AIS), and weak internal control systems results in financial reports that are often inaccurate, unreliable, and not in accordance with applicable accounting standards, or in other words, of poor quality. Financial reports that do not fully comply with accounting standards and principles are often disseminated by organizations; conversely, some organizations only comply with existing standards in preparing their financial reports (Lina, Desisca, and Agung, 2025).

Adequate accounting understanding is vital for MSMEs to record transactions correctly and prepare informative financial reports. Meanwhile, the implementation of AIS can facilitate efficient and accurate processing of financial data. A robust internal control system is also essential to ensure the reliability of financial information and prevent fraud.

Financial reports are essential documents that must be prepared by every business entity within a specific period (Lina, Desisca, and Agung, 2025). The main components of financial reports include the balance sheet (statement of financial position), income statement (statement of financial performance), cash flow statement, and statement of changes in equity. According to PSAK (Conceptual Framework, 2022), the quality of financial reports is reflected in the extent to which the information presented meets qualitative characteristics, namely relevance and faithful representation, and is supported by comparability, verifiability, timeliness, and understandability. The quality of financial reports is assessed based on their ability to present relevant, reliable, timely, and easily understood financial information for stakeholders, thereby supporting accurate economic decision-making regarding the entity's condition, prospects, and sustainability. Financial reports are considered of good quality if the information they contain is understandable, meets users' needs for decision-making, is free from misleading interpretations and material errors, and can be relied upon, so that the reports can be compared with those of previous periods (Pratama, Kusumawardani, and Herlina, 2025).

Accounting understanding refers to an individual's knowledge of basic accounting principles and processes, as well as the ability to analyze and utilize financial information. It is the level of competence in understanding accounting as a body of knowledge that is both processed and practiced, either manually or using computer technology (Darmansyah, Usdeldi, and Putriana, 2022). Accounting understanding involves the process of identifying, validating, measuring, recognizing, clarifying, combining, summarizing, and utilizing basic accounting financial data derived

from events, transactions, or organizational activities to produce relevant information for stakeholders (Pratama, Kusumawardani, and Herlina, 2025).

An accounting information system (AIS) is designed to help organizations efficiently manage financial and accounting information. AIS is a system for collecting, recording, storing, and processing data to generate information for organizational decision-makers (Pratiwi and Munawarah, 2025). AIS consists of software, hardware, databases, and procedures used to collect, store, process, and present an organization's financial information (Pratama, Kusumawardani, and Herlina, 2025). Moreover, AIS can contain government information useful for supporting human resources in planning, managing, analyzing, and evaluating financial data (Pratiwi, Vonna, and Harmi, 2022).

Internal control is defined as a process influenced by human resources and information technology systems, designed to achieve specific organizational objectives (Lestari and Dewi, 2020). The internal control system encompasses actions and activities that are integrally and continuously carried out by management and all employees to provide reasonable assurance that organizational goals are achieved through effective and efficient operations, reliable financial reporting, and compliance with laws and regulations (Firmansyah and Sinambela, 2021). The internal control system includes organizational structures, methods, and measures that are coordinated to safeguard assets, verify the accuracy and reliability of accounting data, promote efficiency, and ensure adherence to management policies (Pratama, Kusumawardani, and Herlina, 2025).

Research Methodology

This study employs an explanatory quantitative research method to explain the relationship or influence between variables (Novita, 2025). The data used in this research are primary data collected from the research sample and population. The purpose of this study is to examine the effect of accounting understanding, accounting information systems, and internal control systems on the quality of financial reports of MSMEs. The population in this research consists of MSME actors in Blitar City. Data collection was carried out using a questionnaire as the main instrument (Nasution, 2025), utilizing the Likert scale method. Questionnaires were distributed to respondents online through social media platforms. The sampling technique used was purposive sampling, with a total of 100 respondents selected. For statistical analysis, this study employs multiple linear regression and classical assumption tests (Hutabarat *et al.*, 2024) to process the data. The data analysis was conducted using SPSS version 26.

Results and Discussion

Results
The validity test aims to analyze whether the questionnaire statements are valid by comparing the calculated r-value to the r-table value. In conducting the validity test, the calculated r-value is obtained through SPSS and compared to the r-table; the Sig. (2-tailed) value must also be below 0.05 (Novita, 2025). In this study, the validity test showed that the Sig. (2-tailed) results for each variable were below 0.05 and the calculated r-value was greater than the r-table value of 0.196 (Nasution, 2025). Each statement in this study is proven valid, as indicated by the Sig. (2-tailed) results of less than 0.05 (Hutabarat, Harhap, *et al.*, 2025). Thus, the results of the validity test show that all statements in the indicators of accounting understanding, accounting information systems, and internal control systems related to the quality of financial reports meet the criteria for valid data.

The reliability test is a measurement tool for questionnaires conducted using Cronbach's alpha. This test determines whether the questionnaire is reliable (Laksmono *et al.*, 2024). The results of the reliability test using Cronbach's alpha showed a value of 0.610 for accounting understanding, 0.723 for accounting information systems, 0.788 for internal control systems, and 0.602 for the quality of financial

reports. Since all Cronbach's alpha values are ≥ 0.600, it can be concluded that the instrument is reliable (Novita, 2024).

The normality test was carried out to determine if the regression residual data met the assumption of a normal distribution (Purwadisastra *et al.*, 2024). The normality test was performed using the Kolmogorov-Smirnov test (Hutabarat, 2022). The study found an unstandardized residual value with an Asymp. Sig. (2-tailed) of 0.200, which is above 0.05. This indicates that the data distribution for the variable meets the normality assumption (Wulandari *et al.*, 2025). The multicollinearity test, using collinearity statistics, showed that the tolerance value for accounting understanding was 0.858 with a VIF of 1.166, for accounting information systems the tolerance was 0.833 with a VIF of 1.201, and for internal control systems the tolerance was 0.816 with a VIF of 1.226. The tolerance values are all above 0.1 and the VIF values are below 10, indicating that there is no multicollinearity among the independent variables (Nugraha *et al.*, 2024; Masruroh *et al.*, 2023). The heteroscedasticity test was conducted to determine whether the regression model has unequal variances (Nurhayaty, Farman, and Wahyono, 2025) and whether the residuals from one observation to another are consistent (Erliyani, 2025). The test results showed a significance value of 0.998 for accounting understanding, 0.092 for accounting information systems, and 0.544 for internal control systems. Since all significance values are greater than 0.05, it can be concluded that the regression model does not experience heteroscedasticity (Afandi *et al.*, 2024).

For the multiple linear regression analysis, the data were analyzed using the following equation:

$$Y = \alpha + b1X1 + b2X2 + b3X3 + e$$

The regression equation obtained was:

$$Y = 6.261 + 0.355X1 + 0.247X2 + 0.171X3 + \varepsilon$$

Based on the results of the multiple linear regression analysis, the constant value of 6.261

means that if accounting understanding, accounting information systems, and internal control systems do not change, the quality of financial reports of MSMEs in Blitar City is 6.261. The regression coefficients are 0.355 for accounting understanding, 0.247 for accounting information systems, and 0.171 for internal control systems. The empirical determination test, or Adjusted R Square, was found to be 0.417. This means that 41.7% of the changes in the quality of financial reports can be explained by accounting understanding, accounting information systems, and internal control systems. The F-test, used to assess the simultaneous influence of the independent variables on the dependent variable, resulted in an F-value of 24.594 with a significance value of 0.000, which is less than 0.05 (Hutabarat, *et al.*, 2023).

For the partial test results, the t-value for accounting understanding was 3.457 with a significance of 0.001, indicating that accounting understanding has a positive and significant effect on the quality of financial reports of MSMEs in Blitar City. This is consistent with previous research (Pratama, Kusumawardani, and Herlina, 2025; Lestari and Dewi, 2020). The t-value for accounting information systems was 3.393 with a significance of 0.001, showing a positive and significant effect on the quality of financial reports, which aligns with the findings of Pratama, Kusumawardani, and Herlina (2025). The t-value for internal control systems was 3.702 with a significance of 0.000, also indicating a positive and significant effect, consistent with Pratama, Kusumawardani, and Herlina (2025) and Lestari and Dewi (2020). Simultaneous testing of accounting understanding, accounting information systems, and internal control systems results in a positive and significant effect on the quality of financial reports of MSMEs in Blitar City.

Discussion
Based on the results, it can be concluded that the research instruments used in this study are both valid and reliable, as shown by the results of the validity and reliability tests. The data also passed the classical assumption tests, including normality, multicollinearity, and heteroscedasticity tests, indicating that the data

are suitable for further analysis. The multiple linear regression analysis shows that accounting understanding, accounting information systems, and internal control systems each have a positive and significant effect, both partially and simultaneously, on the quality of financial reports of MSMEs in Blitar City. This supports previous studies which highlight the importance of these three factors in improving the quality of financial reporting. The Adjusted R Square value of 0.417 indicates that these three variables together explain 41.7% of the variation in financial report quality, while the remaining 58.3% is influenced by other factors not examined in this study. These findings underline the importance for MSMEs to improve their accounting knowledge, optimize their accounting information systems, and strengthen their internal control systems to enhance the transparency and accountability of their financial reports.

Conclusion

The results and discussion of this research empirically prove the partial relationship between various factors that can affect the quality of financial reports. The analysis showed that accounting understanding, accounting information systems, and internal control systems each have a positive and significant effect on the quality of financial reports of MSMEs in Blitar City. The study found that the Adjusted R Square value was empirically proven to be 41.7%. The results of simultaneous testing in this research also showed that accounting understanding, accounting information systems, and internal control systems have a significant positive effect on the quality of financial reports of MSMEs in Blitar City.

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