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Accounting Information System Management in Mediating The Relationship between Business Processes and The Quality of Financial Reports

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Abstract

Introduction/Main Objectives: *This research aims to determine and analyze the influence of business processes on the quality of financial reports.* ***Background Problems:*** *Business processes on the quality of financial reports were done through the mediation of the Accounting Information System (AIS).* ***Research Methods:*** *The data used in this study were primary data obtained from the responses of respondents to questionnaires sent to managers and accounting and finance staff in vocational education in Tegal. The data analysis method used was descriptive verification with a quantitative approach. Data were processed using SmartPLS software version 4.0.9.5.* ***Finding/Results:*** *The study's results indicated that business processes had a significant favourable influence on AIS management. AIS management had a significant favourable influence on the quality of financial reports, while business processes had a direct, significant favourable influence on the quality of financial reports.* ***Conclusion:*** *AIS had been proven to mediate the influence of business processes on the quality of financial reports.*

Keywords: *AIS Management; Business Processes; Financial Report Quality.*
JEL Classification: M40; M41

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INTRODUCTION

The accounting information system integrates various elements to collect and process accounting-related data. This method allows for the gathering, organizing, and disseminating accounting information in an organization's activities. By successfully delivering information to employees, owners, customers, and other business stakeholders, the Company is responsible for providing timely data and information to users (Taib et al., 2023).

Most disciplines had evolved as a result of technological advancements. Financial control was just one aspect of the accounting information system, which is a fundamental information and technology tool that also examines the overall performance of a company (Jalloul et al., 2022). Previous research had shown that information systems improve company productivity and efficiency (Sari, 2020). Other studies had found that profitability, efficiency, and corporate trust had increased in Malaysia, Finland, Spain, Iran, and Pakistan (Jalloul et al., 2022).

There had been many developments in the business sector due to the application of technology. Over the last decade, technological developments had become very crucial in the development of accounting systems (Ifada & Komara, 2023). The integration of accounting and information technology had been created to meet the need for current and accurate information. This allows businesses to generate accurate reports quickly. Accounting information technology had become commonplace (Suhendi et al., 2022). Due to its extensive use, it is almost only possible to perform most accounting tasks with this information technology (Jalloul et al., 2022). Research by (Meiryani & Lusianah, 2018) showed that business processes influence the accounting information system.

Using accounting information system technology in a company could help system users present accurate and reliable financial reports. In processing data into information, a company needed an accounting information system to collect and integrate data from highly complex business activities (Awang et al., 2023). The quality of information was crucial for decision-making processes. This was because the value of information depends significantly on its quality. An information system could be considered of high quality if the system was relevant, accurate, timely, and complete. Information was deemed relevant if it meets the needs and benefits users. The information generated by the information system must be accurate because it is used for user decision-making and is often interpreted as representing the actual situation and condition. Completeness means that it contains all the necessary information so that there are no gaps when that information is needed.

Education played a significant role in a nation's development; formal and informal education greatly influence the younger generation's mindset (Sugiyono, 2019). The emergence of various educational institutions in Indonesia that continue growing offered various alternatives for knowledge seekers and became a business opportunity in the education sector. This becomes a profitable business sector for education sector participants, but attention must be paid to the quality of teaching and what is taught to knowledge seekers. Therefore, a good education would produce future generations who would advance the nation with the knowledge they had acquired.

One of the supporting factors for the quality of financial reports was an accounting information system, where to produce good quality financial reports, a sound system or procedure was needed to document all accounting transactions to be processed into financial reports (Kania & Tanjung, 2021). The research results of Rashedi and Dargahi (2019) stated that accounting information systems significantly affect the quality of financial reports. This means the optimal use of accounting information systems helped companies provide quality financial reports. Research by Gusherinsya & Samukri (2020) and Kania & Tanjung (2021) stated that implementing an accounting information system positively and significantly affects the quality of financial reports. Implementing an accounting information system would simplify and speed up the completion of tasks carried out by each agency employee. This means that a sound information system helps improve the quality of financial reports.

The phenomenon of financial report quality related to the accounting information system (AIS) in educational institutions had become an increasingly relevant topic in recent years. AIS plays a crucial role in the financial management of educational institutions because it assists in producing accurate and timely financial reports. However, some problems in AIS could affect the quality of financial reports. One issue that arises is a lack of human resources and inadequate training for financial management staff, which could affect the quality of financial reports. This could lead to errors in data input and misunderstandings of financial information. Therefore, educational institutions need to ensure that adequate human resources are available. In addressing these

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challenges, educational institutions could provide training for financial management staff to maximize the use of AIS. Thus, the quality of financial reports could be improved and trusted by stakeholders such as investors, creditors, and the government.

Another supporting factor in improving the quality of financial reports is business processes. Research Hutahayan (2020) stated that business processes influence the quality of AIS. This shows that the more influential the Company's business processes, the more quality the AIS Company had and implements. Rapina and Hadianto (2018) also emphasized that business processes are generally considered an essential factor influencing the success of accounting information systems. Research conducted by Al-Matari et al. (2022), Susanto & Meiryani (2018), and Syaifullah (2015) proved that business processes influence accounting information systems.

Based on the background above, the research problem in this study could be formulated as follows: How could business processes enhance the quality of financial reports through AIS? Therefore, the objectives of this research are to determine and analyze the influence of business processes on the accounting information system and the quality of financial reports.

The grand theory underlying this research was part of agency theory, namely stewardship theory (Donaldson & Davis, 1991), which described a situation where management is not motivated by individual goals but is more focused on their main results for the organization's benefit. The theory assumed a strong relationship between satisfaction and organizational success. Organizational success describes maximizing the utility of the principals and management group. Maximizing the utility of this group would ultimately maximize the interests of individuals in the organizational group.

The relationship between stewardship theory here emphasizes the importance of managers providing accurate and reliable information to owners or shareholders. Good AIS management must ensure that the data and information used in financial reporting are accurate and reliable (Sulasmining & Alliyah, 2023). Stewardship theory assumes that managers would act with integrity in processing transactions, and well-functioning business processes could help support this assumption.

Rashedi & Dargahi (2019) defined financial reporting as the process of identifying, measuring, collecting, analyzing, preparing, interpreting and communicating information to external users such as shareholders, suppliers, banks and the government as regulators. The quality of financial reporting was the ability of the information in financial reports to benefit its users. The terms some quality information, as expressed by Romney and Steinbart., (2018), were relevant, reliable, complete, timely, understandable and accessible. The quality of financial reports based on the FSAB conceptual framework in his book Herry (2013) in Kania & Tanjung (2021) defined the quality of financial reports by identifying several characteristics of financial report quality, namely understanding, relevance, reliability, comparability and consistency. So, based on the opinions above, it could be concluded that financial reporting was a system that records and summarizes the Company's financial transactions into financial reports that are used for reliable, current purposes in order to improve the financial decisions of stakeholders (internal and external) towards the entity as a whole. Financial reporting also transforms data into financial information to support every Company's operational activity.

A business process was a natural series of activities to create organizational value or a collection of tasks and activities that exist structurally and regularly to produce goods and services for the Company's internal and external users (Rapina & Hadianto, 2018). According to Laudon & Laudon (2021), business processes could be defined as follows: "Business processes refer to how work is organized, coordinated, and focused on producing a valuable product or service. Business processes are the collection of activities required to produce a product or service." Other experts, namely Romney and Steinbart., (2018), put forward a similar definition for business processes: "A business process was a set of related, coordinated, and structured activities and tasks, performed by a person, a computer, or a machine, that helps accomplish a specific organizational goal". From the above definitions, a business process is a series of activities, procedures, and provisions carried out by various company resources to help the Company achieve its organizational goals. The existence of a business process always begins with a series of economic events with a clear starting and ending point.

According to Romney & Steinbart., (2018), “An Accounting Information System is a system that collects, records, stores and processes data to produce information for decision-makers”. This includes people, procedures and instructions, data, Software, information technology infrastructure, internal controls and security measures. Romney & Steinbart., (2018), “There were six components of AIS: 1.) People who operate the system. 2.) Procedures and instructions used to collect, process and store data. 3.) Data about the organization and its business activities. 4.) Software is used to process data. 5.) Information technology infrastructure, including computers, peripheral devices, and network communications devices used in AIS. 6. Internal controls and security measures that protect AIS data." Fibriyani et al. (2022) stated that AIS is a system that processes data and transactions to provide information to users. They needed to plan, control and run a business. Rashedi & Dargahi (2019) defined AIS as a collection (integration) of sub-systems/components, both physical and non-physical, interconnected and working together harmoniously to process transaction data related to financial matters into financial information. Based on the opinions above, an accounting information system is a collection of integrated systems that manage financial transaction data and turn them into financial statements.

Organizations always work process-oriented in carrying out activities that consume resources for producing goods and providing services to create value for customers and the organization (Trigo et al., 2016). Next, Meiryani & Lusianah (2018) found that understanding integrated business processes would increase communication effectiveness for information system development. Therefore, business processes and system design were essential factors in determining the success of information systems. Business processes influenced the development of accounting information systems. Identifying and understanding business processes in an organization is an important consideration when developing an accounting information system (Fibriyani et al., 2022). Laudon & Laudon (2021) also said that the organization's business processes are a factor that must be considered. The success of an information system should not be measured only by efficiency in minimizing costs, time and use of information resources. The success of an information system must also be measured by the effectiveness of information technology in supporting an organization's business strategy, activating business processes, improving organizational structure and culture and increasing customer and company business value. Research Hutahayan (2020); and (Ifada et al., 2023) stated that business prcesses influence the quality of AIS. This showed that the more influential the Company's business processes, the more quality the AIS Company had and implemented. Rapina & Hadianto (2018) also emphasized that business processes are generally considered an essential factor influencing the success of accounting information systems. Research conducted by Al-Matari et al. (2022), Susanto & Meiryani (2018), and Syaifullah (2015) proved that business processes influence accounting information systems.

H_1: Business processes influence accounting information system management.

The implementation of an accounting information system had a significant effect on the quality of financial reports. The use of computer and communication technology in financial management would improve the quality of financial reports in terms of accuracy and timeliness in

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preparing financial reports (Fuadah & Setiyawati, 2020). The research results of Rashedi and Dargahi (2019) stated that accounting information systems significantly affect the quality of financial reports. This means the optimal use of accounting information systems helps companies provide quality financial reports. Kania and Tanjung (2021) and Gusherinsya and Samukri (2020) stated that implementing an accounting information system positively and significantly affects the quality of financial reports. Implementing an accounting information system would simplify and speed up the completion of tasks carried out by each agency employee. This means that a sound information system helps improve the quality of financial reports. So, the hypothesis in this research:

H_2: Accounting information systems influence the quality of financial reports

AIS was used to improve quality and increase efficiency in a company's business processes. Accounting information had three main parts (Rapina & Hadianto, 2018). The first part was the same structure consisting of human and computer resources. The second is the same process referring to the use of accounting methods. The third goal is the same, namely providing information. The accounting system would be of quality if the accounting information from the information system could contribute to fulfilling the information required by management. Research by Al-Matari et al. (2022) showed that good-quality business processes and accounting information systems support the creation of good-quality accounting information. Research by Kania & Tanjung (2021) stated that one of the supporting factors for the quality of financial reports is the accounting information system, where financial reports are produced from a process based on sound input, good processes and sound output. In other words, if an accounting information system in an institution was running well, the quality of the financial reports produced would also be good and vice versa (Suprihatin & Ananthy, 2019). Based on this information, the second hypothesis could be put forward as follows:

H_3: Accounting information system management mediates the relationship between business processes and the quality of financial reports.

The conceptual framework in this research is formulated as follows:

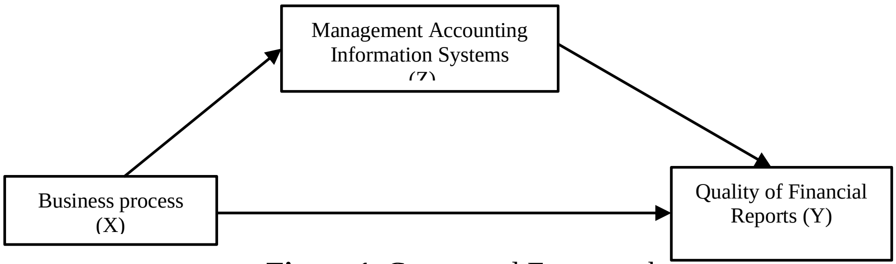

Figure 1. Conceptual Framework

RESEARCH METHOD

Population

Population is a generalization comprising objects/subjects with specific quantities and characteristics set by the researcher to be studied and then draw conclusions from (Sugiyono, 2019). The population in this research consists of managers and accounting and finance employees in vocational education institutions in Tegal (Harapan Bersama Polytechnic Tegal, LP3I College Tegal, Trisila Dharma Polytechnic, Stibisnis Polytechnic Tegal, Muhammadiyah Polytechnic Tegal, Road Transportation Safety Polytechnic, and Purbaya Polytechnic Tegal), all 95 employees.

Sample

A sample is a part of the quantity and characteristics possessed by the population (Sugiyono, 2019). The sampling procedure used in this research is saturated sampling. Saturated sampling is a sampling determination technique that uses all population members as samples. This was often done when the population size was small or in research that aimed for generalization with a tiny margin of error. Another term for saturated sampling is a census, where all population members are included, all 95 employees.

Source and Type of Data

The data source used was primary data, which was data obtained directly from specific data sources and directly related to the research problem. The primary data collected in this research were obtained through answers to questionnaires received from employees of vocational education institutions in Tegal related to business processes and accounting information systems that affect the quality of financial reports.

Data Collection Method

Questionnaire (Survey)

This research used a questionnaire as the data collection technique. A questionnaire was carried out by providing a set of written questions or statements to respondents for their responses (Sugiyono, 2019). In this research, the answers given by employees were based on an interval scale.

Table 1. Table of Operational Definitions and Measurement of Variables

Variable	Dimensions	Indicators	Measurement Scale
Business Processes (X)	Main Activities	Learning and Teaching Activities Job Placement Marketing Activities	Likert Scale 1-7
Accounting Information System (Z)	Accessibility	Availability of Support and Maintenance *User Interface* Documentation and User Guides Data Security	Likert Scale 1-7
Financial Report Quality (Y)	Reliable	Reflecting the actual condition Consistency Being a comprehensive source of information Relevance	Likert Scale 1-7

Source: (Budiman & Daito, 2022)

RESULTS AND DISCUSSION

Analysis of Research Data Results

This analysis was a multivariate statistical analysis that estimates the simultaneous influence between variables with the aim of prediction, exploration, or structural model development, as described by

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Hair et al. (2019). Model evaluation in PLS consists of the measurement model evaluation, structural model evaluation, and goodness-of-fit model evaluation.

Measurement Model Evaluation

The measurement model in this research consists of a reflective measurement model, where business processes, AIS, and financial report quality variables were measured reflectively. According to (Hair et al., 2019), the evaluation of a reflective measurement model includes loading factors ≥ 0.70, composite reliability ≥ 0.70, and average variance extracted (AVE ≥ 0.50), as well as discriminant validity evaluation, which includeed Fornell-Larcker criteria and HTMT (Heterotrait et al.) below 0.90.

Table 2. Table of Outer Loadings, Cronbach's Alpha, Composite Reliability, and AVE

Variable	Measurement Items	*Outer Loading*	*Cronbach's alpha*	*Composite reliability*	AVE
Business Processes	X3.1	0.804	0.881	0.911	0.632
	X3.2	0.841			
	X3.3	0.693			
	X3.4	0.824			
	X3.5	0.900			
	X3.6	0.688			
AIS	Z1.1	0.847	0.954	0.962	0.759
	Z1.2	0.858			
	Z1.3	0.864			
	Z1.4	0.908			
	Z1.5	0.886			
	Z1.6	0.898			
	Z1.7	0.827			
	Z1.8	0.876			
Financial Report Quality	Y1.1	0.869	0.947	0.956	0.731
	Y1.2	0.882			
	Y1.3	0.825			
	Y1.4	0.828			
	Y1.5	0.851			
	Y1.6	0.881			
	Y1.7	0.848			
	Y1.8	0.856			

Source: Processed data, 2023

The reliability level of all variables is acceptable, as indicated by Cronbach's alpha and composite reliability above 0.70 (reliable). The level of convergent validity, as indicated by the AVE value > 0.50, meets the criteria for good convergent validity.

Structural Model Evaluation

Structural model evaluation pertains to testing hypotheses regarding the influence between research variables. The examination of structural model evaluation is carried out in three stages. Firstly, it involves checking for the absence of multicollinearity between variables, with the inner VIF (Variance Inflated Factor) used as a measure. An inner VIF value below 5 indicates the absence of multicollinearity between variables; following (Hair et al., 2019). Secondly, it involves hypothesis testing between variables by examining the t-statistic value or p-value. If the calculated t-statistic is more significant than 1.98 (t-table) or the p-value from the test is less than 0.05, there is a significant influence between the variables.

Thirdly, it includes the f-square value, which represents the direct influence of variables at the structural level, with the criteria being (f-square 0.02 low, 0.15 moderate, and 0.35 high), following (Hair et al., 2019). The f-square for mediation effects was called the upsilon v statistic, which was obtained by squaring the mediation coefficient, as described by (Lachowicz et al., 2017) and interpreted by (Ogbeibu et al., 2021)) as a low mediation effect (0.02), moderate mediation effect (0.075), and high mediation effect (0.175).

Inner Multicollinearity Test

Table 3. Table of Inner Multicollinearity Test

	AIS	Financial Report Quality
AIS		3.861
Financial Report Quality		
Business Processes	3.897	4.790

Source: Processed data, 2023

Before conducting hypothesis testing for the structural model, it is necessary to examine the presence of multicollinearity between variables using the inner VIF statistical measure. The estimation results show that the inner VIF values are < 5, indicating a low level of multicollinearity between variables. This result supports the robustness (lack of bias) of parameter estimates in SEM PLS.

Direct Effect Hypothesis Test

Table 4. Table of Direct Effect Hypothesis Test

Hypothesis	Path Coefficient	p-value	95% Path Coefficient Confidence Interval		f square
			Lower limit	Upper limit	
Business Processes -> AIS	0.835	0.000	0.755	0.894	2.301
AIS -> Financial Report Quality	0.614	0.000	0.418	0.804	0.453
Business Processes -> Financial Report Quality	0.309	0.002	0.118	0.508	0.138

Source: Processed data, 2023

Based on the hypothesis testing results above, the following conclusions could be drawn:

1. The first hypothesis (H1) was accepted, indicating a significant favourable influence of business processes on AIS management with a path coefficient of 0.835 and a p-value of 0.000 < 0.05.

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Any change in business processes would increase AIS management. Within a 95% confidence interval, the magnitude of the influence of business processes in enhancing AIS management ranges from 0.755 to 0.894. However, the presence of business processes in enhancing AIS management had a high effect (f square = 2.301).

2. The second hypothesis (H2) was accepted, indicating a significant favourable influence of AIS management on financial report quality with a path coefficient of 0.614 and a p-value of 0.000 < 0.05. Any change in AIS management would increase the quality of financial reports. Within a 95% confidence interval, the magnitude of the influence of AIS management in enhancing financial report quality ranges from 0.418 to 0.804. However, the presence of AIS management in enhancing financial report quality had a high effect (f square = 0.453).
3. The third hypothesis (H3) was accepted, indicating a significant positive influence of business processes on financial report quality with a total path coefficient of 0.309 and a p-value of 0.002 < 0.05. Any change in business processes would increase the quality of the financial report. Within a 95% confidence interval, the magnitude of the influence of business processes in enhancing financial report quality ranges from 0.118 to 0.508. However, the presence of business processes in enhancing financial report quality had a low effect (f square = 0.138).

Hypothesis Testing for Mediation Effects

Table 5. Table of Hypothesis Testing for Mediation Effects

Hypothesis	Path Coefficient	p-value	95% Path Coefficient Confidence Interval		Upsilon v
			Lower limit	Upper limit	
Business Processes -> AIS -> Financial Report Quality	0.233	0.008	0.091	0.437	0,054

Source: Processed data, 2023

The third hypothesis (H_3) is accepted, where AIS management significantly mediates the indirect influence of business processes on financial report quality with a mediation path coefficient of 0.233 and a p-value of 0.008 < 0.05. However, the mediating role of AIS management is still considered to had a low effect (average upsilon v = 0.054), following (Ogbeibu et al., 2021). Improving AIS management within a 95% confidence interval would increase this mediating role to 0.437.

Model Fit Evaluation

PLS was a variance-based SEM analysis that focused on testing theory models that emphasize predictive studies. Therefore, several measures, such as SRMR, were developed to indicate the acceptability of the proposed model.

SRMR Test

Table 6. Table of SRMR Test

	Estimated model
SUMMER	0.087

Source: Processed data, 2023

SRMR stands for Standardized Root Mean Square Residual. According to (Yamin, 2021), this value measures model fit, representing the difference between the data correlation matrix and the model-estimated correlation matrix. In (Hair et al., 2019), an SRMR value below 0.08 indicates a good model fit. However, according to (Schermelleh-Engel et al., 2003), an SRMR value between 0.08–0.10 indicates an acceptable model fit. The estimated model result is 0.087, meaning the model had an acceptable fit. Empirical data could explain the influence between variables in the model.

Discussion

The Influence of Business Processes on Accounting Information System Management

The first hypothesis proposed in this study suggests that business processes positively influence AIS management. The research results confirm this hypothesis. Clearly defined and well-defined business processes could help managers understand their role and responsibilities as stewards or managers of company assets. By understanding how business processes operate in detail, managers could more effectively manage assets and report their results to owners or shareholders.

Effective business processes should ensure the integrity and reliability of transactions recorded in AIS. This includes setting procedures to prevent errors or misuse and ensuring that transactions are recorded correctly and promptly. Stewardship theory assumes that managers would act with integrity in processing transactions, and well-functioning business processes could help support this assumption.

The findings of this research are consistent with previous studies conducted by Meiryani and Lusianah (2018), which proved that, theoretically, business processes significantly influence AIS management. The results are also consistent with a study by Abidin and Carolina (2021), which stated that business processes influence AIS management. This indicates that the better or more effective the Company's business processes are, the higher the quality of AIS management the Company possesses and applies.

However, research conducted by Nusa and Budi Setya Nusa (2015) suggested that business processes do not significantly affect AIS management. This may be because production/service activities, administration, control systems, and the integration between components and sub-components in implementing business processes had not yet been optimally executed.

The Influence of Accounting Information System Management on Financial Reporting Quality

The second hypothesis presented in this study states that AIS management positively influences the quality of financial reporting. The research results confirm this hypothesis, as they show that AIS management significantly affects the quality of financial reporting. Responsible and accurate AIS management could enhance the quality of financial reporting, which, in turn, helps managers preserve and increase the value of the Company's assets and more effectively fulfil their roles as stewards or caretakers of the Company's wealth. Stewardship theory emphasizes the importance of managers providing accurate and reliable information to owners or shareholders. Good AIS management should ensure that the data and information used in financial reporting are accurate and reliable. This includes transaction validation, strict internal controls, and continuous monitoring to prevent errors or fraud. Stewardship theory also values transparency in financial reporting. Effective

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AIS management should enable preparing financial reports that are easy to understand and accessible to shareholders. This involves using appropriate formats and terminology and presenting information.

Stewardship theory assumes that managers should provide shareholders with adequate access to relevant information. AIS management should ensure that shareholders had sufficient access to monitor the Company's performance and make decisions based on that information. A good accounting information system should also include strong internal controls to protect company assets and prevent potential fraud or misuse by managers. This includes controls such as authorization, segregation of duties, and internal audits.

This shows that adequate AIS management would result in excellent and high-quality financial reporting. This finding is consistent with the results of studies by (Suprihatin & Ananthy, 2019), (Tanjung, 2021), and (Samukri, 2020), which suggest a significant impact of AIS management on the quality of financial reporting.

However, according to research conducted by (Mawar et al., 2023), AIS management only partially affects the quality of financial reporting. This may be due to the existing human resources conditions. An employee involved in an automated accounting information system must understand accounting because AIS is a process of collecting, classifying, analyzing, and summarizing transaction data into financial reports. However, based on the research data received, most respondents in terms of educational background are from something other than an accounting background. With a non-accounting background, the existing Accounting Information System (AIS) would be difficult to control. This is because AIS could operate well and run without errors if there are quality human resources.

The Influence of Business Processes on Financial Reporting Quality Through AIS Management

The fifth hypothesis presented in this study states that business processes positively influence the quality of financial reporting through AIS management. The research results confirm this hypothesis. In the business process, training activities help ensure that personnel involved in financial reporting understand consistent accounting procedures and standards. This is important in minimizing reporting errors and may involve a better understanding of collecting and managing financial data. This could ensure that relevant data is included in financial reports.

The significance of business processes' influence is that they create an environment where the quality of financial reporting could be improved through effective AIS management. Companies could produce more accurate, consistent, complete, relevant, and secure financial reports with proper training, wise work allocation, and adequate information technology support. This would help the Company meet the needs of stakeholders and maintain compliance with applicable accounting standards.

CONCLUSION

This study examined the influence of business processes on financial reporting quality through the management of the Accounting Information System (AIS). Business processes had highly positive influence on AIS management. Meanwhile, the management of the Accounting Information System (AIS) had influence on the quality of financial reporting. Next, the business processes had positive influence on the quality of financial reporting. Last, business processes had a significant favourable influence on the quality of financial reporting through AIS management.

Limitations of this research included the attempt to isolate the influence of AIS management as a mediator without considering the impact of other factors, such as regulatory changes, economic conditions, or management decisions unrelated to AIS. Therefore, recommendations for future research could serve as additional information and considerations for vocational education institutions in Tegal when making policies related to preparing high-quality financial reports. To improve the quality of financial reporting in vocational education institutions, attention should be given to clear and effective AIS management and organizational systems.

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