

## **ABSTRACT**

*Financial statements are the output from implementation of government's programs for the welfare of the people. City's government, as agent in agency theory, is responsible for providing financial statements with the best quality and also providing the access that can be used by public community (principal). To make this happen, it is necessary to implement a good internal control system, transparency and accountability in every agency. Based on this theory, the author conducted a study to provide empirical evidence of the influence of the internal control system, transparency and accountability on the quality financial statements in OPD in Semarang.*

*The population in this study are all OPD in Semarang City consisting of Agencies, Offices and Districts. Data-collecting done by distributing questionnaire by collecting primary data. Using purposive sampling, there were 45 regional agencies willing to be researched with 113 respondents. The variables used in this study is, dependent variable (quality of financial statements), and independent variables (internal control system, transparency and accountability). Variables will be tested by descriptives statistical analysis and multiple linear regression tests.*

*The result of this study reveal that there is a significant positive influence between internal control system and accountability on government's financial statements quality. The better the implementation of internal control system and accountability, the better government's financial statements quality. Meanwhile, transparency does not have a significant influence on government's financial statements quality.*

*Keywords: Government's financial statements quality, internal control system transparency, accountability.*