



Transparency and Accountability in Financial Reporting from the Perspective of Agency Theory

Neyla Rohmatin^{1*}, Eddy Yunus²

Dr. Soetomo University, Indonesia^{1,2}

*Corresponding author: neylalala77@gmail.com | unitomo@ac.id

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Abstract

Purpose: This study aims to analyze financial reporting practices at PT Trufindo Asta Mandiri from the perspective of Agency Theory, identify challenges in the reporting process, and examine efforts to strengthen transparency and accountability in financial reporting.

Research Methodology: This study employed a qualitative approach using a case study design. Data were collected through in-depth interviews, observations, and documentation involving nine purposively selected informants from financial, managerial, and operational units. Data validity was ensured through source, technique, and time triangulation, as well as member checking. Data were analyzed through data reduction, presentation, conclusion drawing, and verification.

Results: The findings indicate that financial reporting functions as an accountability mechanism through authority delegation, transaction recording, document verification, hierarchical approval, and internal supervision. However, delays in supporting document submission, dependence on operational information, and differences in departmental priorities may create information asymmetry and reduce reporting efficiency.

Conclusions: Financial reporting practices support transparency and accountability by providing reliable information for management evaluation and resource oversight. Strengthening reporting procedures and coordination is essential to maintain information reliability.

Limitations: This study is limited to a single non-public company with a small number of informants, which restricts broader generalization.

Contributions: This study contributes to financial reporting literature by providing qualitative insights into how Agency Theory explains transparency, accountability mechanisms, and information asymmetry within organizational reporting practices.

Keywords: *Accountability, Agency Theory, Financial Reporting, Transparency, Information Asymmetry*

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1. Introduction

Financial reporting is a crucial part of corporate management because it provides the information needed to assess a company's financial condition, business performance, the effectiveness of resource utilization, and management accountability ([Auliyah & Agit, 2024](#)). Financial statements serve not only as administrative documents but also as a means of economic communication between

management and company owners, creditors, business partners, the government, and other stakeholders. The information generated through the financial reporting process is used as a basis for evaluating a company's ability to generate profits, control costs, manage assets and liabilities, maintain cash flow, and ensure the sustainability of its operations. Therefore, financial statements must present information that is relevant, reliable, understandable, comparable, timely, and capable of fairly presenting the company's financial condition ([Weygandt et al., 2018](#)).

The quality of financial statements depends heavily on the processes leading up to their preparation, ranging from the identification of transactions, recording, measurement, recognition, classification, and verification to the presentation and disclosure of financial information. Every receipt, expenditure, purchase, payment, change in assets, and the incurrence of liabilities must be recorded systematically and supported by adequate transaction documentation. Financial reporting conducted in accordance with clear procedures can serve as a tool for control, evaluation, and decision-making ([Voinea, Coman, & Dascălu, 2022](#)). Conversely, reporting that is not supported by adequate documentation, coordination, and internal controls has the potential to produce information that is incomplete, untimely, or does not accurately reflect the company's condition. Such conditions can lead to erroneous decision-making, weaken oversight, and reduce management's ability to be accountable for the management of the company's resources.

Financial reporting issues become increasingly complex when there is a separation between the party that owns or grants a mandate and the party that carries out the company's operational activities. In this relationship, the owner acts as the principal, while management or the company's administrators act as agents who are granted the authority to manage resources and make operational decisions ([Korherr et al., 2023](#)). The delegation of authority grants the agent greater access to the company's internal information than the principal. This imbalance in information control can lead to information asymmetry a condition where one party possesses more complete, timelier, or more accurate information than the other. If not balanced by transparency and adequate accountability mechanisms, information asymmetry can create opportunities for delays in information disclosure, the selective disclosure of certain information, inaccurate reporting, and actions that are not fully aligned with the principal's interests ([Ajaegbu & Mmayie, 2025](#)).

Agency Theory provides a conceptual framework for understanding the relationship between financial reporting, transparency, and accountability in principal-agent relationships. This theory explains that the principal expects the agent to conduct the company's activities in accordance with the organization's objectives, whereas the agent may have interests and preferences that do not always align with those of the principal ([Matinheikki et al., 2022](#)). These conflicting interests can lead to agency problems, moral hazard, adverse selection, and agency costs if oversight and reporting mechanisms do not function effectively. In this context, financial statements serve as a monitoring tool that allows the principal to evaluate the agent's actions, decisions, and performance. Financial reporting also serves as a form of accountability for the agent, as every transaction, use of resources, and outcome of the company's management must be explainable and traceable through the information provided to the relevant authorities ([Efunniyi, Abhulimen, Obiki-Osafiele, Osundare, Agu, & Adeniran, 2024](#)).

Transparency and accountability are two interrelated principles that support the effectiveness of financial reporting. Transparency refers to a company's openness in providing information that is relevant, complete, clear, timely, easy to understand, traceable, and accessible to authorized parties. Transparency enables users of financial statements to understand the basis of accounting, supporting documents, data processing procedures, and the company's financial condition more objectively ([Ada, Sagnak, Kazancoglu, Luthra, & Kumar, 2021](#)). Meanwhile, accountability refers to management's obligation to explain and take responsibility for its actions, decisions, use of resources, and results achieved to those entitled to evaluate them ([Rijal, 2023](#)). It is not enough for management to simply prepare financial statements; it must also be able to explain the sources of information, the procedures used, the responsible parties, and the corrective actions taken in the event of errors. Transparency provides the informational basis for evaluation, while accountability ensures

that there are parties responsible for the information and decisions produced ([Hermansyah et al., 2023](#)).

Although they have provided a strong conceptual foundation, previous studies have tended to focus on financial statement fraud, the influence of governance variables, companies listed on capital markets, consolidated financial statements, the public sector, or theoretical constructs in the context of Islamic finance. Some studies also use a quantitative approach that assesses the relationships between variables based on financial statement data, thus failing to fully explain how financial reporting unfolds as a day-to-day organizational practice. Research that qualitatively examines the processes of document collection, transaction recording and verification, interdepartmental coordination, information dissemination, oversight mechanisms, reporting constraints, and management accountability in the context of non-public companies remains limited. In fact, non-public companies still face risks of information asymmetry, conflicts of interest, delays in information, and weak accountability if their financial reporting processes are not carried out properly ([Berg, 2025](#)).

PT Trufindo Asta Mandiri serves as a relevant context for examining this issue because the company's activities involve various operational transactions that must be collected, recorded, verified, and presented as financial information. The company's financial reporting is not solely the responsibility of the finance department but requires the involvement of parties who generate and use transaction data. The accuracy and traceability of information are greatly influenced by the completeness of documents, the clarity of task allocation, interdepartmental communication, compliance with procedures, and the effectiveness of oversight. An examination of these practices is necessary to understand whether financial reporting has functioned as a means of information transparency and management accountability or whether it still faces obstacles that could potentially widen the information gap between agents and principals. The Agency Theory perspective is used to analyze the relationships among the parties, forms of information asymmetry, potential conflicts of interest, monitoring costs, and the accountability mechanisms implemented by the company.

2. Literature Review and Hypothesis/es Development

2.1 Agency Theory

Agency Theory explains the contractual relationship between the principal and the agent in the management of an organization. In a corporate context, the principal refers to the owners or stakeholders with an interest in the company's continued existence, while the agent is the management team that has been granted the authority to manage the company's operational activities and resources. This relationship imposes an obligation on the agent to manage the company in accordance with the principal's interests and to provide information that can be used to assess performance and the results of resource management ([Stephen, Eric, John, & Peter, 2024](#); [Parker, Dressel, Chevers, & Zeppetella, 2018](#)).

The agency relationship is based on the assumption that the principal and the agent may have different objectives, interests, and preferences. The principal expects the agent to increase the company's value, ensure business sustainability, and provide accurate information. However, the agent has broader access to the company's internal conditions because they are directly involved in operational activities. This difference in access to information can lead to information asymmetry a situation in which the agent possesses more complete, timely, and detailed information than the principal. In financial reporting, information asymmetry can occur if information is presented incompletely, late, lacks transparency, or does not fully reflect the company's economic condition ([Lee & Jeong, 2022](#)).

Differences in interests and control over information can give rise to agency problems situations in which an agent's actions are not fully aligned with the principal's interests. Agency problems can manifest through suboptimal use of resources, delays in data reporting, selective disclosure of information, and financial reporting that lacks transparency. Agency Theory also explains moral

hazard when an agent engages in actions that are difficult for the principal to observe after authority has been delegated and adverse selection when the agent possesses better information before the principal makes a decision. Financial reporting is necessary as a means for the principal to monitor the agent's actions, evaluate resource management, and reduce information uncertainty ([Tran-Dang, Bhardwaj, Rahim, Musaddiq, & Kim, 2022](#); [Namyenya, Rwamigisa, & Birner, 2024](#)).

In this study, Agency Theory is analyzed through five key indicators. The first indicator is the principal-agent relationship, which is used to identify the division of authority and responsibility, as well as the parties that manage and use financial information. The second indicator is information asymmetry, which is used to assess the information gap between the preparers and users of financial statements. The third indicator is conflict of interest, which is used to identify potential differences in objectives and interests in the process of managing and disclosing financial information. The fourth indicator is agency costs, which include oversight activities, the agent's commitment to accountability, and potential losses resulting from weaknesses in information management. The fifth indicator is oversight and accountability mechanisms, which are used to assess audit procedures, document verification, internal controls, and the ability of management to explain financial information ([Namyenya et al., 2024](#)).

2.2 The Theory of Accountability

The Theory of Accountability explains a party's obligation to be accountable for its actions, decisions, use of resources, and management results to those who have the right to receive information and make assessments. In the context of accounting, accountability is not only related to the preparation and presentation of financial statements but also encompasses the regularity of processes, the traceability of transactions, transparency of information, and the ability of management to explain the basis for each financial decision ([Dashkevich et al., 2024](#)). Financial statements serve as a medium for management to demonstrate the company's financial condition, performance, and use of resources to stakeholders.

[Soares \(2022\)](#) views accountability as a relationship between actors and a forum. Actors have the obligation to convey information, provide explanations, and justify actions taken, while the forum has the authority to ask questions, make assessments, and determine consequences. In a corporate setting, actors may include management, the finance department, and other parties who manage financial information. The forum may consist of company owners, executives, auditors, creditors, or other stakeholders who require this information. Accountability in financial reporting does not end with the availability of the reports but also requires explanations, evaluations, and follow-up actions regarding the results of the accountability process ([Almasria, 2022](#)).

Financial reporting accountability also encompasses managerial, professional, and personal aspects. Managerial accountability relates to management's responsibility for ensuring that the division of duties, resource management, oversight, and the dissemination of financial information proceed in an orderly manner ([Hanlon, Yeung, & Zuo, 2022](#)). Professional accountability emphasizes competence, due care, compliance with procedures, and the ability of the finance department to produce reliable and verifiable reports. Personal accountability refers to honesty, accuracy, discipline, and individual responsibility in recording, verifying, and communicating financial data. These three aspects demonstrate that the quality of financial reporting is influenced by both the organizational system and the behavior of the parties involved ([Darmawan, 2023](#)).

2.3 Financial Reporting and Transparency

Financial reporting is an essential mechanism for providing financial information that enables stakeholders to evaluate organizational performance, resource utilization, and managerial accountability. Financial reports are not merely administrative documents but also function as communication instruments between management and stakeholders by presenting information regarding financial conditions, operational results, and resource management activities. High-quality financial reporting requires information that is relevant, reliable, understandable, comparable, and

timely to support effective decision-making ([Weygandt et al., 2018](#)). Therefore, financial reporting plays a strategic role in ensuring that organizational activities can be monitored and evaluated objectively.

Transparency is a fundamental principle that determines the quality of financial reporting because it reflects the extent to which organizations provide accurate, complete, and accessible information to relevant stakeholders. Transparent financial reporting allows stakeholders to understand the basis of financial decisions, the process of resource utilization, and the outcomes achieved by management ([Patty, Aurelia, & Diliانا, 2023](#)). In the context of agency relationships, transparency reduces information gaps between principals and agents by ensuring that decision-makers receive sufficient information regarding organizational performance. Consequently, transparent financial reporting becomes an important mechanism for reducing uncertainty and strengthening stakeholder confidence.

The implementation of transparency in financial reporting requires not only the availability of financial statements but also clear procedures for information preparation, verification, and disclosure. Management must ensure that financial information is supported by adequate documentation, proper recording procedures, and effective internal controls ([Oncioiu, Popescu, Aviana, Șerban, Rotaru, Petrescu, & Marin-Pantelescu, 2020](#)). Without these mechanisms, financial reports may fail to represent actual organizational conditions and may create difficulties for stakeholders in evaluating managerial performance. Therefore, transparency is closely associated with the effectiveness of financial reporting practices and organizational accountability.

2.4 Information Asymmetry in Financial Reporting

Information asymmetry occurs when one party possesses more complete, accurate, or timely information than another party involved in a relationship. Within Agency Theory, information asymmetry represents one of the main challenges in principal-agent relationships because managers generally have greater access to internal organizational information compared to owners or external stakeholders ([Lee & Jeong, 2022](#)). In financial reporting processes, information asymmetry may arise when financial information is delayed, incomplete, selectively disclosed, or not adequately explained by management.

The existence of information asymmetry may influence the effectiveness of organizational monitoring and decision-making processes. When stakeholders do not receive sufficient information, their ability to evaluate managerial performance and resource utilization becomes limited. This condition may increase agency problems because agents have greater opportunities to make decisions that are not fully aligned with the interests of principals ([Gupta, Chen, Hazen, Kaur, & Gonzalez, 2019](#)). Therefore, organizations require effective reporting systems, transparency practices, and accountability mechanisms to reduce information gaps.

Financial reporting serves as one of the primary mechanisms for minimizing information asymmetry by providing structured information regarding organizational activities and financial conditions. Through accurate transaction recording, document verification, and appropriate disclosure practices, organizations can improve information reliability and strengthen monitoring processes. In this context, reducing information asymmetry becomes an important objective of financial reporting because it supports effective governance and responsible resource management ([Suharsono, Nirwanto, & Zuhroh, 2020](#)).

2.5 Internal Control and Financial Reporting Accountability

Internal control represents an organizational mechanism designed to ensure that operational activities, financial transactions, and reporting processes are conducted according to established procedures and objectives. Effective internal control includes monitoring activities, authorization procedures, segregation of duties, documentation verification, and evaluation processes to maintain the reliability of financial information. In financial reporting, internal control plays an important role in preventing errors, improving information accuracy,

and ensuring that financial statements reflect actual organizational conditions ([Simatupang & Fadli, 2026](#)).

From the perspective of Agency Theory, internal control functions as a monitoring mechanism that reduces agency costs by limiting opportunities for inappropriate managerial actions. Since agents possess greater knowledge regarding organizational operations, principals require control mechanisms to ensure that resources are managed responsibly. Strong internal control enables organizations to verify transactions, evaluate managerial decisions, and ensure compliance with organizational policies. Therefore, internal control contributes to strengthening transparency and accountability in financial reporting ([Zahraini, Fithri, & Choiruddin, 2026](#)).

In addition, internal control supports accountability by establishing clear responsibilities among individuals involved in financial processes. The existence of structured approval procedures, documentation requirements, and evaluation mechanisms allows organizations to trace financial activities and identify potential weaknesses. Consequently, effective internal control enhances the credibility of financial reports and supports stakeholder confidence in organizational governance. Thus, internal control becomes an important component in achieving transparent and accountable financial reporting practices ([Pratamasari, Muawanah, & Farhan, 2025](#)).

2.6 Conceptual Relationship Between Transparency, Accountability, and Financial Reporting

Transparency and accountability represent interconnected principles that determine the effectiveness of financial reporting practices. Transparency provides stakeholders with access to relevant financial information, while accountability ensures that management is responsible for explaining decisions, actions, and outcomes related to resource management. Together, these principles create a governance environment where financial information can be evaluated, questioned, and improved ([Irianto, Usman, & Adiatma, 2026](#)).

In corporate environments, effective financial reporting requires more than the preparation of financial statements. Organizations must establish processes that ensure information accuracy, responsibility allocation, and continuous evaluation. The relationship between transparency and accountability strengthens the role of financial reporting as a monitoring mechanism because stakeholders are able to assess whether organizational resources have been managed appropriately. Therefore, financial reporting should be understood as an integrated accountability system involving information disclosure, internal supervision, and managerial responsibility. Organizations that implement transparent reporting procedures and strong accountability mechanisms are better positioned to reduce information asymmetry, improve governance quality, and maintain stakeholder trust. Based on this perspective, financial reporting serves not only as a reporting activity but also as a strategic mechanism for achieving organizational transparency and accountability ([Simatupang, & Fadli, 2026](#); [Irianto et al., 2026](#)).

3. Research Methodology

This study employs a qualitative approach to gain an in-depth understanding of financial reporting practices, information transparency, and accountability from the perspective of Agency Theory. This approach was chosen because the study focuses on processes, experiences, relationship patterns, and accountability mechanisms that cannot be explained through statistical measurements. The study was conducted at PT Trufindo Asta Mandiri in Surabaya because the company's operational activities and financial transactions involve record-keeping, report preparation, information disclosure, and accountability to stakeholders. The research focuses on the relationship between principal and agent, information asymmetry, conflicts of interest, agency costs, oversight and accountability mechanisms, and the implementation of transparency and accountability in financial reporting. The informants for this study are as follows:

Table 1. Research informant

No	Informant Name	Position
1	Didik Suprijanto	Product Manager
2	Yudhi Prastiya	Service Manager
3	M. Suwarno	Asman. Service
4	Melia Febriyanti	Finance Manager
5	Sukiati	Admin Finance
6	Sayuli Sukardiono	Special Staff to the Chair of Commission A
7	Doni Feni	Asman Remuneration
8	Suprayogi	Security
9	Diyan Bagus Sugiharto	Manager CQC & OS

Table 1 presents the characteristics of the research informants involved in this study. Research informants were selected using purposive sampling based on their involvement, knowledge, experience, and authority in managing transactions, preparing reports, using financial information, and corporate accountability mechanisms. The study involved nine informants, consisting of a product manager, a service manager, a service manager assistant, a finance manager, a finance administrator, a special staff member to the Chair of Commission A, a compensation manager assistant, a security officer, and the CQC and OS managers. The diversity of the informants' positions was utilized to obtain information from finance, management, and operational units directly or indirectly involved in the financial reporting process.

The research data consists of primary and secondary data. Primary data was obtained through open-ended and in-depth interviews, direct observation, and communication with informants regarding transaction recording processes, the preparation of financial statements, information disclosure, accountability mechanisms, reporting constraints, and efforts to improve accountability. Observations focused on document collection processes, transaction recording, interdepartmental coordination, information flow, and operational mechanisms that support financial reporting (Putra et al., 2026). Secondary data was obtained from transaction records, supporting financial evidence, report formats, administrative procedures, organizational structures, company archives, and literature related to agency theory, accountability, information transparency, and financial reporting. The documentation was used to verify the consistency between informants' statements, observed conditions, and available written evidence.

Data validity was tested through source triangulation, methodological triangulation, temporal triangulation, and member checking. Source triangulation was conducted by comparing information from the finance department, management, and other internal units. Methodological triangulation was performed by cross-checking the results of interviews, observations, and documentation, while temporal triangulation was used to assess the consistency of information obtained at different times. Member checks were conducted by reconfirming data summaries and preliminary interpretations with informants to minimize misinterpretations. The validity of the findings was further strengthened through the adequacy of references and the use of traceable supporting documents.

Data analysis was conducted qualitatively and inductively from the data collection process until all information was deemed sufficient. The analysis phase included data reduction, data presentation, drawing conclusions, and verification. Data reduction was carried out by selecting and grouping information based on the research focus, particularly regarding reporting procedures, document completeness, timeliness, information transparency, oversight, accountability, and implementation constraints. The reduced data were presented in the form of thematic narratives so that the relationships among the findings could be understood systematically. Conclusions were drawn through repeated readings, comparisons across sources, and cross-referencing interview results with observations and documentation.

4. Results and Discussions

The results of the study on financial reporting practices at PT Trufindo Asta Mandiri were analyzed using five indicators of Agency Theory, including the principal-agent relationship, information asymmetry, conflicts of interest, agency costs, and oversight and accountability mechanisms. The analysis was conducted to understand the division of authority, the flow of financial information, potential conflicts of interest among departments, the forms of control implemented, and the process by which management is accountable to the company's leadership. These indicators were selected because they represent the main dimensions explaining how relationships between management and organizational stakeholders are managed through financial information and accountability processes. In an agency relationship, management receives authority to manage organizational resources, while company leadership requires reliable information to evaluate whether those resources have been utilized effectively and responsibly.

Data was obtained through interviews with informants involved in operational activities, transaction management, report preparation, and the company's internal oversight. The involvement of informants from different organizational functions provides a broader understanding of how financial reporting processes are implemented, coordinated, and supervised within the company. The findings demonstrate that financial reporting is not only a process of recording financial transactions but also functions as an organizational mechanism that connects operational activities with managerial decision-making. Through financial reporting, information regarding resource utilization, operational performance, and financial conditions can be communicated from management to leadership as a basis for evaluation and control.

MF, the Finance Manager, explained that financial reporting serves as a form of management accountability to the company's leadership:

“The finance department prepares reports based on data and transaction evidence from each unit. These reports are submitted to leadership as a basis for assessing the company's financial condition and evaluating its operations.”

This statement highlights the relationship between the leadership, as the principal, and management, as the agent. Management is granted the authority to carry out the company's operations, while financial statements are used to account for the management of resources. The existence of financial reporting indicates that management has a responsibility to provide information regarding the outcomes of activities conducted under its authority. This finding aligns with [Olayinka \(2022\)](#), who view financial statements as a tool for the principal to evaluate the agent's actions and performance. Furthermore, the reporting process demonstrates that accountability is established through the formal delivery of financial information and the evaluation process conducted by company leadership.

SK, the Finance Administrator, explained that the accuracy of financial statements depends on the completeness of the information provided by each department:

“The preparation of reports can be hindered if documents from the operations department are late or incomplete. The finance department must reconfirm the information to ensure that the recorded data matches the actual transactions.”

This finding indicates the potential for information asymmetry, as the operations department has early access to information regarding transactions, while the finance department relies on the data and documents provided. The difference in access and timing of information creates challenges in ensuring that financial reports accurately represent actual operational activities. This situation supports the view of [Kosec and Wantchekon \(2020\)](#) that differences in access to and the speed of receiving information can create an information gap between the parties in an agency relationship. Therefore, improving coordination between departments and strengthening documentation procedures are important steps to reduce information asymmetry in financial reporting.

YP, the Service Manager, explained that conflicting interests can arise when operational needs must be reconciled with the company's financial policies and capabilities:

“The operations department has needs that must be met immediately, but expenditures must still adhere to the budget and require approval. Therefore, every request must be communicated and supported by a clear justification.”

This statement indicates that conflicts of interest do not always take the form of misconduct, but can arise from differing priorities between operational needs and financial controls. Operational units may prioritize service continuity and immediate resource availability, while financial units must consider budget limitations, approval procedures, and organizational sustainability. This finding reinforces Agency Theory, which explains that differences in objectives must be managed through communication, approval procedures, and limits on authority. Thus, organizational mechanisms are required to ensure that different departmental interests remain aligned with broader company objectives.

DS, as Product Manager, explained that the company requires document review and multi-level approval to ensure the integrity of transactions:

“Every expenditure must be supported by documentation and undergo review before being approved. While this process does take time, it is necessary to ensure that the use of funds can be traced and accounted for.”

These findings reflect monitoring costs in the form of time, effort, and audit activities used to oversee the agent's actions. The provision of supporting documents also indicates bonding costs, as management seeks to prove that transactions were carried out in accordance with procedures. These control mechanisms demonstrate that the company has implemented procedures to reduce potential agency problems through supervision and verification processes. These findings align with those of ([Matinheikki, Kauppi, & van Raaij, 2022](#)), who categorize agency costs into monitoring costs, bonding costs, and residual loss. Therefore, the existence of approval procedures and documentation requirements represents an effort to maintain accountability and minimize potential deviations in financial management.

DBS, as the CQC and OS Manager, emphasized that oversight is conducted by verifying the consistency between reports, documents, and operational activities:

“Reports are not merely accepted as final documents; their consistency with transaction evidence and the activities carried out must be verified. If discrepancies are found, the relevant department is asked to provide an explanation or make corrections.”

This statement demonstrates that oversight mechanisms at PT Trufindo Asta Mandiri involve not only administrative review but also verification of whether reported financial information reflects actual operational conditions. The verification process strengthens the reliability of financial reports by ensuring that recorded transactions are supported by valid evidence. Furthermore, corrective actions following identified discrepancies indicate the existence of continuous improvement mechanisms within the reporting system. These practices support the accountability function of financial reporting by ensuring that management can explain and justify the use of organizational resources.

Overall, the interview results indicate that financial reporting practices at PT Trufindo Asta Mandiri have served as a mechanism for accountability between management and company leadership. Their implementation is supported by the delegation of authority, the provision of transaction documents, and the processes for approving, auditing, and correcting reports. The findings demonstrate that financial reporting functions not only as a record-keeping activity but also as a governance mechanism that supports transparency, monitoring, and managerial evaluation. However, delays in document submission, the finance department's reliance on operational information, and differing

priorities among departments still have the potential to cause information asymmetry and inefficiencies in the reporting process. These findings demonstrate that the effectiveness of the agency relationship is determined not only by the existence of formal procedures but also by information discipline, interdepartmental coordination, and consistent oversight. Therefore, strengthening communication channels, improving reporting timelines, and maintaining effective internal supervision are necessary to enhance the quality and reliability of financial reporting practices.

5. Conclusions

This study shows that financial reporting practices at PT Trufindo Asta Mandiri have served as a means for management to be accountable to company leadership through the delegation of authority, transaction recording, document verification, tiered approval, and internal oversight. However, delays in document submission, reliance on information from operational units, and differences in priorities among departments still create the potential for information asymmetry. Transparency and accountability in financial reporting need to be strengthened through timely data submission, interdepartmental coordination, and more structured evaluations. This study is limited to a single non-public company, uses a limited number of informants, and has not yet made comparisons with other companies.

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Author Contributions

The authors contributed collaboratively to the development and completion of this research. NR was responsible for conceptualization, research design, data collection, qualitative analysis, interpretation of findings, and preparation of the original manuscript draft. EY contributed to theoretical framework development, methodological validation, critical review, manuscript refinement, and final editing. Both authors reviewed and approved the final version of the manuscript and agreed to be accountable for all aspects of the research.

Conflict of Interest

The authors declare that there is no conflict of interest regarding the publication of this article. This research was conducted independently, and no financial, commercial, or personal relationships influenced the research design, data collection, analysis, interpretation of findings, or preparation of the manuscript. The authors confirm that the research process was carried out objectively and that the findings are presented based on academic and scientific considerations.

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