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THE EFFECT OF USE OF INFORMATION TECHNOLOGY, HUMAN RESOURCE COMPETENCY AND INTERNAL CONTROL SYSTEMS ON THE QUALITY OF REGIONAL FINANCIAL REPORTS (Study on Bangkalan Regency Regional Apparatur Organizations)

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ABSTRACT

The quality of financial statements is said to be good if in the report the information presented can be understood and meet the needs of its users in decision making, does not provide a distorted understanding, and also material errors, but presents reliable financial statements, so that from previous periods the financial statements can be compared clearly and accurately. The purpose of this study is to examine the influence of variables in the use of information technology, human resources and internal control systems on the quality of regional financial statements. The population in this study was 9,494 government devices located in 33 Regional Apparatur Organizations of Bangkalan Regency. The sampling technique uses purposive sampling technique, so that a sample of 99 respondents is obtained, which will be given a questionnaire to be filled out. The data analysis technique uses multiple linear regression analysis. The results of this study prove that partially the use of information technology and internal control systems has a significant effect on the quality of regional financial statements. Meanwhile, human resources do not affect the quality of regional financial statements. The results of simultaneous analysis show that the use of information technology, human resources and internal control systems has a significant effect on the quality of regional financial statements.

Keywords: *Utilization of Information Technology, Human Resources, Internal Control System, Quality of Regional Financial Reports*

4. INTRODUCTION

The quality of financial reports is said to be good if the information presented in the report can be understood and meets the needs of users in making decisions, does not provide distorted understanding, and also material errors, but presents reliable financial reports, so that the financial statements from previous periods can be compared

clearly and accurately. The increasing phenomenon of government financial reports where there are many irregularities that have not presented data in accordance with government regulations and those found by the Supreme Audit Agency in conducting audits of government financial reports, has made public demands for good governance increase. Regional Governments are

given the mandate and authority to carry out financial management for the region, so they must be responsible for all mandates and authorities that have been carried out in accordance with established financial reporting standards. With the existence of regional financial reports, it is hoped that they can be managed properly in order to manage funds in a transparent, economical, efficient, effective and accountable manner. The existence of these financial reports needs further consideration of the usefulness of reports as a mere obligation without making finance a source of information to determine and adopt policies in developing and growing the region. The financial reports produced by the regional government will be used by several interested parties as a basis for decision making. Therefore, local governments must pay attention to the information that will be presented in financial reports for purposes of planning, controlling, and making decisions. We can see the phenomenon in this research through the regional budget for the 2020 – 2022 fiscal year, Bangkalan Regency namely the allocation of regional personnel spending has increased, in my opinion this is not good because the allocation of personnel expenditure that is too large can create a deficit in the regional government budget because it is burdened with employee salaries which continue to swell, so that the allocation for social assistance spending is not optimal, even though what the community needs is maximum service.

1.1. Literature Review

1.1.1. Theory Stewardship

Stewardship theory is a situation where a manager is not concerned with personal interests but is more concerned with principals. This theory indicates that there is a relationship between government organizations and the goal to be achieved, namely the welfare of society (Eman et al., 2022).

1.1.2. Quality of Regional Financial Reports

Ridzal et al. (2022) defines the quality of financial reports as financial reports providing an accurate picture of a company's financial position and performance. The more real and clear the description that has been presented regarding financial data, and the more honest the financial statements presented will provide an accurate picture of the performance and financial position of an entity or company.

1.1.3. Utilization of Information Technology

Information technology is a technology that can be used to process data, process, obtain, compile, store and manipulate data in various ways to produce information.

The information in question is good, accurate and timely information (Ramen A. Purba et al., 2020).

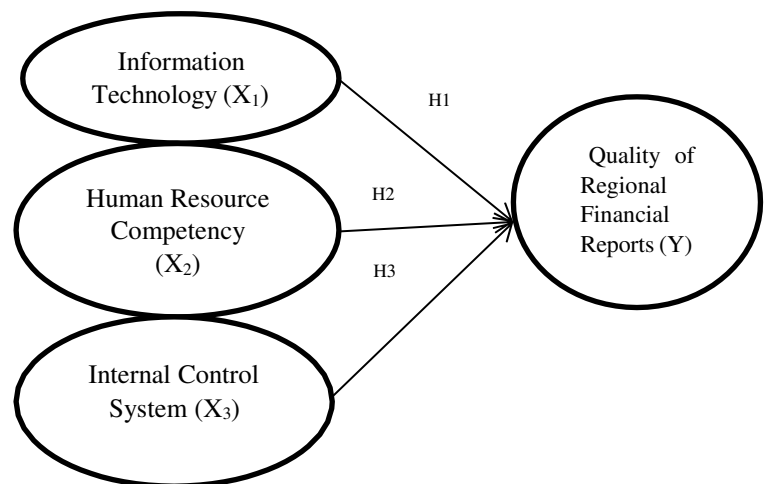
1.1.4. Human Resource Competency

Human resources are human resources that are useful for carrying out work and obligations that have been entrusted with competent training, education and experience (Sumaryati dkk, 2020).

1.1.5. Internal Control System

Internal control is an organizational plan and business methods used to safeguard assets, provide accurate and reliable information, encourage and improve organizational efficiency, and encourage compliance with established policies (Lathifah, 2021).

2. HYPOTHESES DEVELOPMENT



3. RESEARCH METHODS

This study uses a quantitative research method using an associative approach. This data collection technique uses a questionnaire (questionnaire) filled out by respondents. The questionnaire distributed in this study is by using a Likert scale.

The sampling procedure used in this research is non-probability with purposive sampling technique. Sugiyono (2019) suggests that the purposive sampling technique is a sampling technique with certain considerations. The selection of subjects is based on the duties and functions of the subjects as stated in the MENPAN Decree No. 46 of 2004 concerning instructions for implementing supervision inherent in government administration. The criteria for sampling are in accordance with their duties and authorities, namely: (1). Head of OPD Service; (2). Chief Finance; and (3). Finance Staff.

4. RESEARCH RESULT

The results of the collection in this study were obtained by distributing questionnaires to respondents by visiting each sample as many as 9,494 government officials in 33 Regional Organizational Organizations (OPD) was distributed 3 questionnaires. A total of 99 questionnaires were distributed with the provision that each Regional Apparatus Organization .

Model				
1	(Constant)			
	Pemanfaatan Teknologi Informasi	.546		
	Sumber Daya Manusia	.000	.080	
	Sistem Pengendalian Internal	.168	.072	.242

a. Dependent Variable: Kualitas Laporan Keuangan Daerah

Figure 1. Uji T

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	806.892	3	268.964	61.662	.000 ^b
	Residual	296.608	68	4.362		
	Total	1103.500	71			

a. Dependent Variable: Kualitas Laporan Keuangan Daerah
b. Predictors: (Constant), Sistem Pengendalian Internal, Pemanfaatan Teknologi Informasi, Sumber Daya Manusia

Figure 2. Uji Anova

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.855 ^a	.733	.718	2.08851

a. Predictors: (Constant), Sistem Pengendalian Internal, Pemanfaatan Teknologi Informasi, Sumber Daya Manusia
b. Dependent Variable: Kualitas Laporan Keuangan Daerah

Figure 3. Model Summary

Based on the results of the F significance test in table above, a significance value of $0.000 < 0.05$ is obtained. Thus, it can be concluded that the variables Utilization of Information Technology, Human Resources and Internal Control Systems simultaneously have a significant effect on the quality of regional financial reports. Meanwhile Based on the results of the coefficient of determination (R²) in table it can be seen that the adjusted R square is 0.718. This shows that 71.8% of the variable Quality of Regional Financial Reports is influenced by the variables Utilization of Information Technology, Human Resources and Internal Control System, while the remaining 28.1% is influenced by other variables that were not examined, for example, regional financial accounting systems, understanding of accrual-based accounting, accountability and timeliness of reporting.

AUTHORS' CONTRIBUTIONS

The Effect of Information Technology Utilization on the Quality of Regional Financial Reports. Based on the test results it shows a significance value of 0.000 which is less than 0.05, which means that the use of information technology has a positive effect on the quality of regional financial reports This proves that the use of information technology can improve the quality of the financial reports of the Regional Apparatus Organization of Bangkalan Regency. This is because the role of information technology in improving the quality of local government financial reports in regional apparatus organizations in Bangkalan Regency is urgently needed and the better the utilization of information technology, the higher the quality of the financial reports produced. Therefore it can be interpreted that the realization of the quality of regional financial reports depends on the advancement of technology used. In line with the stewardship theory which is the grand theory in this study, that the information technology used in carrying out assignments by both the leadership and staff of the Bangkalan Regency Regional Apparatus Organization can be put to good use in managing financial reports so as to produce quality financial reports, with In other words, communication between leaders and staff is going well along with the existence of information technology there which has an impact on realizing good quality financial reports so that the objectives of stewardship theory will be achieved where managers focus more on the objectives of their main results for the benefit of the organization rather than on the interests of the organization. individual. This research is in line with research conducted by Ridzal et al. (2022), and Zulvia et al. (2021) which states that the use of information technology has a positive effect on the quality of regional financial reports. However, the results of this study are different from the research conducted by Kusuma et al. (2021) which states that the use of information technology has no significant effect on the quality of regional financial reports.

The Influence of Human Resources on the Quality of Regional Financial Reports. Based on the test results it shows a significance value of 0.989 greater than 0.05, which means that human resources have no effect on the quality of the financial reports of the Bangkalan Regency Regional Apparatus Organization. This means that human resources are not a factor that can affect the quality of the financial reports of the Regional Apparatus Organization of Bangkalan Regency. This is because the managing staff or those managing the financial reports are given a training on procedures for managing financial reports that are in accordance with government accounting standards before managing financial reports and also employees who are competent or incompetent do not affect the

quality of financial reports because the standards those made for the quality of financial reports by the government are in accordance with government accounting standards and have used the same software and the lack of employees who have an educational background in accounting. This it can be interpreted that competent and incompetent employees are considered or already have the same human resource competence in managing financial reports, so that it does not affect the quality of financial reports. Contrary to the stewardship theory that competent human resources become actors (persons) who carry out all government functions in order to achieve organizational goals, namely stakeholder/community welfare. However, the human resources that exist in each regional apparatus organization are not only seen from the competencies possessed, but are also considered in terms of work discipline, participation in organized training, so that the stewards (government) use all their talents and expertise in order to improve performance of human resources to support assignments related to the quality of the financial reports of the Regional Apparatus Organization of Bangkalan Regency. This research is in line with research conducted by Purba et al. (2022) and Pangestu et al. (2019) which states that human resources have no positive effect on the quality of regional financial reports. This research is different from the research conducted by Sumaryati et al. (2020) which states that human resources affect the quality of regional financial reports.

The Influence of the Internal Control System on the Quality of Regional Financial Reports. Based on the test results it shows a significance value of 0.024 more than 0.05, which means that the internal control system affects the quality of the financial reports of the Bangkalan Regency Regional Apparatus Organization. This proves that the internal control system affects the quality of regional financial reports. This means that the quality of financial reports will be good if the internal control is also good. Detection of inaccuracies or fraud in the accounting process can be done with internal controls to encourage efficiency and comply with the law. With the existence of an internal control system, it is also hoped that it will be able to reach more easily in detecting errors in deviation data so that it can cause individual and collective losses and in the end the impact that will occur will affect the quality of regional financial reports. So that the internal control system affects the quality of regional financial reports. In line with the stewardship theory that government organizations are committed to being motivated to further improve OPD performance and also be able to provide satisfaction to the interests of stakeholders. The implementation of an internal control system in an organization is a way of directing, supervising, and measuring an organization's resources. If the internal control system in an organization is running well then this is very helpful in producing quality financial reports. These results are in line with research conducted by Sikumbang, et al. (2020) and Aldino &

Septiano, (2021) which state that the internal control system has a significant effect on the quality of regional financial reports. Unlike the research conducted by Pangestu et al. (2019) which states that the internal control system has no effect on the quality of regional financial reports.

Effect of Utilization of Information Technology, Human Resources and Internal Control Systems on the Quality of Regional Financial Reports. Based on the test results it is known that the adjusted R square is 0.718 or shows a percentage of 71.8%, the use of information technology, human resources and internal control systems has a percentage of 71.8% of the quality of regional financial reports, while the remaining is 28.1% is influenced by other variables not included in the model or regression equation, for example, regional financial accounting systems, understanding of accrual-based accounting, accountability and timeliness of reporting. And it can also be seen in table, it is known that the results of the F test have a significance value of 0.000 which is smaller than 0.05. This it can be concluded that the use of information technology, human resources and internal control systems simultaneously affect the quality of the financial reports of the Regional Apparatus Organization of Bangkalan Regency. This shows that H4 is accepted. This proves that the use of information technology, human resources and internal control systems simultaneously affect the quality of regional financial reports. In line with the theory of stewardship which is related to the results of simultaneous research which states that together the use of information technology, human resources and internal control systems has a significant effect on the quality of regional financial reports. This means that the Regional Apparatus Organization of Bangkalan Regency is able to integrate and maximize the use of information technology, improve human resource performance and realize effective internal controls to produce quality government financial reports. This research is supported by research conducted by Binawati & Nindyaningsih (2022) which state that the use of information technology, human resources and internal control systems simultaneously affect the quality of regional financial reports.

CONCLUSION

Conclusion of this study are (1). Utilization of information technology has a positive effect on the quality of regional financial reports. This proves that the use of information technology can improve the quality of the financial reports of Regional Apparatus Organizations in Bangkalan Regency; (2). Human Resources have no effect on the quality of regional financial reports. This shows that human resources are not a factor that can affect the quality of the financial reports of the Bangkalan Regency Regional Apparatus Organization. This is because competent or incompetent employees do not affect the quality of financial reports because the standards made for the

quality of financial reports by the government are in accordance with government accounting standards and have used the same software and the lack of employees who have an educational background in accounting; (3) The internal control system has a positive effect on the quality of regional financial reports. This proves that the internal control system can improve the quality of the financial reports of the Bangkalan Regency Regional Apparatus Organization. This is because the role of the internal control system in improving the quality of local government financial reports in regional apparatus organizations in Bangkalan Regency is needed and the better the internal control system, the higher the quality of the financial reports produced; (4) The simultaneous influence of the independent variables, namely the use of information technology, human resources, and internal control systems simultaneously (simultaneously) has a significant effect on the dependent variable, namely, the quality of regional financial reports. This proves that the higher the utilization of information technology, the performance of human resources and the internal control system will further improve the quality of regional financial reports.

Based on the results of this study, suggestions that need to be considered include; For Regional Apparatus Organizations: (a). It is hoped that each Regional Apparatus Organization will increase the use of existing information technology; (b). It is hoped that all employees of Regional Apparatus Organizations will continue to increase their understanding, knowledge and also experience or expertise in improving the quality of regional financial reports; (c). It is expected to improve the internal control system by seeking better coordination and communication and then creating a control environment without any political intervention by the leadership. For further researchers: It is expected that future researchers will change or add variables in further research because there are still other possible variables that have a more significant effect on the quality of regional financial reports and may consider using a broader research object.

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