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ON THE QUALITY OF
ORGANIZATIONAL FINANCIAL
REPORTS LOCAL APPLIANCES

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ANALYSIS OF THE INFLUENCE OF THE COMPETENCE OF FINANCIAL MANAGEMENT OFFICERS, REGULATION AND THE ROLE OF INTERNAL AUDIT, ON THE QUALITY OF ORGANIZATIONAL FINANCIAL REPORTS LOCAL APPLIANCES (OPD) IN MANGGARAI REGIONAL GOVERNMENTS WITH ORGANIZATIONAL COMMITMENTS AS MODERATING VARIABLES

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ABSTRACT

The purpose of this study was to analyze the effect of the competence of financial management officials, regulations and the role of internal audit, with organizational commitment as a moderating variable on the quality of the financial reports of Regional Apparatus Organizations (OPD) in the Manggarai Regency Government. The type of research used is causality research. The population in this study was 99 people, consisting of the Head of Regional Apparatus Organizations (OPD) (Budget Users), Financial Administration Officials (PPK-OPD), and expenditure treasurers in all Regional Apparatus Organizations (OPD) of the Regency Government. Manggarai, totaling 33 OPD. The method of determining the sample is the census method, so that the entire population is used as the research sample. The data in this study are primary data and data collection techniques using a questionnaire. Hypothesis testing using multiple regression analysis and residual test with the help of the SPSS program. The results of this study prove that the competence of financial management officials, regulations and the role of internal audit have a significant effect on the quality of financial reports simultaneously. Partially, the competence of financial management and regulatory officials has a significant effect on the quality of financial reports, while the role of internal audit has no effect on the quality of financial reports. Organizational commitment as a moderating variable can moderate the relationship between the competence of financial management officials, regulations and the role of internal audit, with the quality of the financial reports of Regional Government Organizations (OPD) in the Manggarai Regency Government. The results of this study prove that the competence of financial management officials, regulations and the role of internal audit have a significant effect on the quality of financial reports simultaneously. Partially, the competence of financial management and regulatory officials has a significant effect on the quality of financial reports, while the role of internal audit has no effect on the quality of financial reports. Organizational commitment as a moderating variable can moderate the relationship between the competence of financial management officials, regulations and the role of internal audit, with the quality of the financial reports of Regional Government Organizations (OPD) in the Manggarai Regency Government. The results of this study prove that the competence of financial management officials, regulations and the role of internal audit have a significant effect on the quality of financial reports simultaneously. Partially, the competence of financial management and regulatory officials has a significant effect on the quality of financial reports, while the role of internal audit has no effect on the quality of financial reports. Organizational commitment as a moderating variable can moderate the relationship between the competence of financial management officials, regulations and the role of internal audit, with the quality of the financial reports of Regional Government Organizations (OPD) in the Manggarai Regency Government. Partially, the competence of financial management and regulatory officials has a significant effect on the quality of financial reports, while the role of internal audit has no effect on the quality of financial reports. Organizational commitment as a moderating variable can moderate the relationship between the competence of financial management officials, regulations and the role of internal audit, with the quality of the financial reports of Regional Government Organizations (OPD) in the Manggarai Regency Government.

Keywords: Quality of Financial Reports, Competence of Managing Officers Finance, Regulation, Internal Audit Role, and Organizational Commitment.

1. Introduction

In order to realize good governance (*good governance*), Local Governments are expected to continue to make efforts to increase transparency and accountability in local financial management. This is in line with the observable phenomenon of the current development of the public sector where the demands for accountability implementation are getting stronger, such as central and local government, government work units, departments and state institutions.

The enactment of Law Number 22 of 1999 concerning Regional Government and Law Number 25 of 1999 concerning Financial Balance between the Central and Regional Governments became the initial milestones for reforms in Indonesia, including reforms in the financial sector or fiscal decentralization. These two laws were later replaced respectively by Law Number 32 of 2004 and then Law Number 23 of 2014 concerning Regional Government and Law Number 33 of 2004 concerning Financial Balance between Central and Regional Governments, commonly referred to as Regional autonomy.

With the existence of this law on regional autonomy, it provides considerable authority for regions to manage their resources while at the same time giving local governments an obligation to report and account for the management of these resources, so that regional governments must continue to make efforts to increase transparency and accountability in financial management. area. Regional financial management regulates all technical aspects including regulations, institutions, regional financial information systems, and improving the quality of human resources

Accountability can be interpreted as a form of accountability to those in need. Stanbury, quoted from Mardiasmo (2006) states that accountability is a form of obligation to account for the success or failure of the implementation of the organization's mission in achieving predetermined goals and objectives, through a medium of accountability that is carried out periodically. Thus, financial accountability is the provision of information on activities in maintaining the accuracy of financial reports to interested parties.

Regional financial management regulates all technical aspects including regulations, institutions, regional financial information systems, and improving the quality of human resources. The government's role in managing regional finances is a form of service to the community by presenting accountable financial reports, providing financial information openly and providing supervision in the financial management process in order to produce accountable financial management. This corresponds to *stewardship theory* namely the task of the government to present financial reports, provide accessibility of financial statements and the internal control system is a form of service to the public so that the quality of financial reports can be seen from the qualitative characteristics of financial reports (Wirawan, 2016).

Financial reports are a reflection of knowing whether a government activity has been going well, therefore the government is required to be able to produce quality financial reports, so that the publication of these financial statements can be useful for interested parties and become the basis for decision making (Erawati & Maya , 2019).

The financial report is a form of government accountability for the implementation of the State/Regional Revenue and Expenditure Budget (APBN/APBD) in the form of a budget realization report, a report on changes in the excess budget balance (SAL), a report on financial position, operational reports, reports on changes in equity, cash flow reports, and notes. on financial statements. The Regional Government Financial Report (LKPD) is a combination of the financial statements of several accounting and reporting entities in the regional government.

Based on **Law Number 1 of 2004 concerning the State Treasury** Article 51 paragraph (2), the head of regional apparatus organizations (OPD) as Budget Users must carry out accounting for financial transactions, assets, debts, and equity funds, including income and expenditures, which are in his responsibilities. This means that every Head of regional apparatus organization (OPD) must make financial reports of work units, namely Budget Realization Reports, Financial Position Reports, Operational Reports, Changes in Equity Reports, and Notes on Financial Statements, while those who prepare Cash Flow Statements are the Head of the Management Work Unit. Regional Finance as the Regional General Treasurer.

Accountability report for the implementation of the State Revenue and Expenditure Budget / Regions (APBN/APBD) in the form of financial reports that are prepared and presented must be

in accordance with ¹ Government Accounting Standards (SAP). SAP are accounting principles applied in preparing and presenting government financial statements, expressed in the form of a Government Accounting Standard Statement (PSAP), prepared by an independent Government Accounting Standards Committee (KSAP) and stipulated by Government Regulation.

Governmental Accounting Standards Board (GASB, 1999) in *Concepts Statement No. 1* states about the purpose of financial statements, which is the basis for reporting financial information in government that will be used as a basis for decision making. Therefore, the Government needs to pay attention to the quality of these financial reports. Quality financial reports indicate that the Regional Head is responsible in accordance with the authority delegated to him in carrying out the responsibility for managing the organization. Quality according to Mulyana (2010) is conformance to standards, measured based on the level of nonconformity, and achieved through inspection. Quality means something that meets or exceeds expectations or predetermined criteria. Criteria for assessing the quality of financial statements according to ¹

Financial reports are the basis of the performance of the government bureaucracy. For this reason, the status of Unqualified (WTP) is a reflection of the successful performance of the state apparatus in providing services to the public. When the Supreme Audit Agency (BPK) issues an WTP opinion, it can be interpreted that the financial statements are presented and disclosed fairly and of good quality.

The government of Manggarai Regency throughout history has won the opinion for the first time. The highest result from the BPK audit was Unqualified (WTP) in 2019 (Fauzi, 2020). Meanwhile, in the previous years, 2014 and 2015, they received an unfair opinion, then they were upgraded to Fair with Exceptions (WDP) in 2016, 2017, 2018, and 2020.

The results of the examination of the local government financial reports that have been submitted to the Manggarai Regency Government on March 31, 2020, the Manggarai Regency Government only received a Fair With Exception (WDP) opinion for the 2020 Regional Government Financial Report (LKPD) This can be seen from the following table:

Tabel 1.1 Opinion on Local Government Financial Statements of Manggara Regency i

No.	Year	CPC opinion
1	2014	Unreasonable
2	2015	Unreasonable
3	2016	Fair With Exception
4	2017	Fair With Exception
5	2018	Fair With Exception
6	2019	Unqualified
7	2020	Fair With Exception

Source: Regional Government of Manggarai Regency

This change in the opinion rating of the Financial Audit Board (BPK) in the ¹ Regional Government Financial Report (LKPD) of Manggarai Regency shows that in the preparation of the Manggarai Regency Government's financial report which is a consolidated financial report of all Regional Apparatus Organizations (OPD) it has not fully met the quality of financial reports. government as stated in the qualitative characteristics in Government Regulation Number 71 of 2010 concerning Government Accounting Standards. This phenomenon that wants to be investigated further on

There are several reasons that make the opinion of the ¹ Local Government Financial Report (LKPD) of the Manggarai Regency Government fluctuate every year. The head of the NTT Provincial BPK said that to get a fair opinion without exception (WTP) there are four things that must be considered. Namely, the first is the suitability of the report with government accounting standards, the second the information must be sufficient, the third is internal control and the fourth is compliance with the legislation (Fauzi, 2015).

In previous research, the competence of financial management officials affected the quality of financial reports. (Fuad and Ahmad, 2009) , Financial Management Officer in this case is the Head of Regional Apparatus Organization (OPD) who has the authority to delegate financial management power from the Regional Head as the highest authority holder of regional financial management, tasked with compiling and submitting financial reports of Regional Apparatus Organizations (OPD) which he leads.

Empirically testing the effect of competence on the quality of local government financial reports (Yuliani, 2010), (Wirawan, 2016) and (Yeni, 2017), their results show that competence affects the quality of local government financial reports. (Yuliani 2010) added that every time there was an increase in the competence of financial reports for local government officials, the quality of the financial reports they produced would increase.

The regulation serves as a guideline to ensure whether the implementation of regional finances is in accordance with the objectives and stipulated laws and regulations. (Konadi and Amiruddin (2012) in Power et al. (2016) stated that with the existence of regulations, the level of understanding and implementation of the regulation itself is still very limited.

However, it is hoped that the implementation of laws and regulations regarding the preparation of financial statements in each local government will have an impact on the attitudes and behavior of employees in that environment.

This is different from the results of Budiono's research (2018) which shows that regulation has no significant effect on the quality of regional financial reports. This is because not all officials and staff in making a policy that is appropriate and can be accounted for in accordance with the regulations and do it without any mistakes.

The role of internal audit on the quality of government financial reports and accounting records as well as compliance with predetermined top management policies and compliance with government regulations and the provisions of the accounting profession (According to Agoes (2012), Internal audit is a managerial oversight whose function is to measure and evaluate the control system with the aim of assisting all members of management in managing it effectively and responsibly in accordance with applicable regulations (Bastian (2014)

Research conducted by Nazaruddin and Syahril (2017) shows that the role of internal audit affects the quality of regional financial reports. However, research conducted by (Suyono 2016), Erawati et al, Syarifudin (2014) and (Septiana 2017) showed different results that the role of internal audit had no significant effect on the quality of regional financial reports. This means that whether or not the role of internal audit is active in supervising financial reports has no effect on the quality of local government financial reports. In contrast to Inapty and (Martiningsih 2016) research which states that the application of SAP, the competence of the apparatus, the role of internal audit and the internal control system has no effect on the quality of financial statement information.

Some researchers also conclude that several factors influence

quality of Local Government Financial Reports (LKPD). (Power et.al. (2016) in their research concluded that the competence of financial management officials, regulations, and the role of internal audit partially have a positive effect on the quality of the financial reports of Regional Apparatus Organizations (OPD) in the Nagada Regency government environment. Kiranayanti and Erawati (2016) states that Human Resource Competence (HR), Internal Control System (SPI), and understanding of accrual-based government accounting system regulations have a positive and significant impact on the quality of local government financial reports and HR competence, Implementation of Government Accounting Standards (SAP). (Evicahyani 2015)

The results of this study are different from the results of research conducted by (Atika, et al 2019) which empirically tested the competence, regulation and role of internal audit on the quality of regional financial reports in the Manggarai Regency. The results of his research indicate that the level of understanding of employee accounting does not affect the quality of the financial statements of the local government of Manggarai Regency.

In addition to the Competence of Officials and Regulations, the role of internal audit is also one of the factors that have an influence on the quality of regional financial reports (Syarifudin, 2014). The role of internal audit is directly related to the quality of financial reports in the management and responsibility of state finances. To assess the accuracy of implementing organizational policies and take corrective actions if there are deviations, a supervisory role is needed (*internal audit*) so that the organization can achieve its goals efficiently and effectively. and research (Al-Shetwi et.al.2011) also states that the internal audit function does not have a significant impact on the quality of financial reports. (Sagara 2015) states that simultaneously the implementation of accounting information systems and HR competencies have a significant effect on the quality of financial reports, but partially Human Resources (HR) competencies have no significant effect on the quality of financial reports.

Research (Setyowati et. al 2016) states that simultaneously the role of regulation, competence of Human Resources (HR), and the role of internal audit have a significant positive effect on the quality of the Regional Government Financial Reports (LKPD) of Semarang City but partially shows that only the competence of human resources Humans (HR and the role of internal audit that affect the quality of the Regional Government Financial Reports (LKPD) of Semarang City while the Regulations have no effect on the quality of the Regional Government Financial Reports (LKPD) of Semarang City

In addition to competition, regulation and the role of internal audit are also factors that have an influence on the quality of regional financial reports (Syarifudin, 2014). The role of internal audit is directly related to the quality of financial reports in the management and responsibility of state finances. To assess the accuracy of implementing organizational policies and take corrective actions if there are deviations, a supervisory role is needed (*internal audit*) so that the organization can achieve its goals efficiently and effectively.

According to Agoes (2012), internal audit (internal audit) is an examination carried out by the internal audit department of the Government, on the financial statements and accounting records of the Government as well as compliance with predetermined top management policies and compliance with government regulations and provisions of applicable professional ties. .

The role of internal audit in local government is carried out by the Government Internal Supervisory Apparatus (APIP). Rahmat's research (2010) in Permana (2013) states that the internal supervisory apparatus, the Inspectorate General of the Ministry of Finance has begun to carry out its functions as the function of the internal supervisor with

a new paradigm, namely providing added value and helping the achievement of organizational goals, by carrying out the function as a *giver assurance and advisory consulting* where this provides significant results in improving the quality of financial reports.

To produce quality financial reports, the accounting reporting and implementation process can be guaranteed by the Government Internal Supervisory Apparatus (APIP) to comply with Government Accounting Standards. A systematic and objective assessment carried out by internal auditors on the operations and controls of different organizations within an organization is the meaning of internal audit. In addition to providing assurance that the implementation and reporting of accounting according to standards, the other role of the internal auditor is to provide consulting services for local government financial reports (Suyono, 2016).

Based on Government Regulation Number 71 of 2010, financial statements are structured reports regarding the statement of financial position and transactions carried out by a reporting entity. In order for a financial report to provide benefits to its users, the financial report must have quality information value and be useful in decision making. The quality of the financial statements is reflected in the qualitative characteristics. The qualitative characteristics of financial reports are normative prerequisites needed so that government financial reports can meet the desired quality, namely: relevant, reliable, comparable and understandable.

There are differences in the results of research conducted between (Wirawan 2016) and (Yenni 2017) with the results of research conducted by Yulilani et al (2010), Atika et al (2019) and (Sri Nova 2015) regarding the effect of financial processing officer competence on report quality. local government finances, research conducted by Wardani (2014), (Suryani (2017) with research conducted by Budiono (2018), as well as research conducted by Nazaruddin and Syahria (2017), Endianti et al (2017) with research results showing conducted by Syarifudin (2014) and Suyono (2016) regarding the influence of the role of internal audit on the quality of Local Government Financial Reports.

Based on the phenomena described above, the researcher feels the need to know the reasons for the financial statements of the local government of Manggarai Regency regarding the results of the Unfair (TW), Fair With Exception (WDP) and Unqualified (WTP) audit results in following up on the results of the NTT Provincial BPK examination. This research is needed to determine the factors that influence the quality of local government financial reports. There are many factors that can affect the quality of regional financial reports. However, in this study, researchers only examined the Competence of Financial Management Officers, Regulations, and the Role of Internal Audit

Based on the results of the differences in previous studies which are inconsistent, the researchers will conduct research and review the "Analysis of the Effect of Competence of Financial Management Officials, Regulations, and the Role of Internal Audit on the Quality of Financial Reports of Regional Apparatus Organizations (OPD in the Manggarai Regency Government). This study adds organizational commitment as a moderating variable. Several studies that add organizational commitment as a moderating variable have also been carried out. Research by Suarmika and Suputra (2016) states that organizational commitment strengthens the effect of implementing the Regional Financial Information System (SIKD) on the quality of Local Government Financial Reports (LKPD)

2. Research Method

This type of research is causality research. According to Erlina (2011) causality research aims to test hypotheses and is a research that explains phenomena in the form of relationships between variables. This study will examine the effect of the competence of financial management officials, regulations, and the role of internal audit with organizational commitment as a moderating variable on the quality of the financial reports of Regional Apparatus Organizations (OPD). This research approach based on measurement and data analysis is quantitative research, namely research whose data is in the form of numbers and can be analyzed using statistical techniques (Sugiyono, 2015).

Operational Definition and Measurement of Variables

The operational definition of each variable is the definition that is used as the basis for determining the value of each of these variables. Sugiyono (2015) said that the operational definition allows an abstract concept to be made operational, making it easier for research to take measurements. Some concepts can be directly broken down and found elements of behavior that can be measured, but many concepts can not be directly found elements of behavior, but through several dimensions first.

1. Dependent Variable

Quality of Regional Apparatus Organization Financial Reports (Y)

The quality of the financial reports of Regional Apparatus Organizations (OPD) are normative measures that need to be realized in accounting information so that it can fulfill its objectives.

There are four (4) following characteristics which are the Assessment Indicators needed so that government financial reports can meet the quality, namely: Relevant, reliable, comparable and understandable. (Setyowati et al,2016)

2. Independent Variable

a. Competency of Financial Management Officer (X1)

The competence referred to in this study is the ability of financial management officials in the Manggari Regency Government.

In the implementation of the main tasks and functions of the Assessment Indicators, there are three (3) namely Knowledge, expertise, and behavior of financial management officials in carrying out the duties and responsibilities assigned to them to the maximum and according to the stipulated regulations. (Setyowati et al,2016)

b. Regulation (X2)

Regulations are regulations, decisions, procedures and legislation relating to the management and preparation of regional financial reports that can be the right and clear directions and guidelines for financial management officials in producing financial reports of Regional Apparatus Organizations (OPD).

Regulatory measurements are described in four dimensions, namely:

1. The process of drafting regulations, with indicators: availability of regulations, involvement in the process, socialization and understanding.
2. Implementation of regulations, with indicators: consistency of implementation, ease of implementation and response to regulations.

3. Linkages between regulations, with indicators: the availability of support for local regulations and central regulations, linkages between one regulation and another.

4. Evaluation, with indicators: evaluation process and audit changes (Suyono 2016)

1

3. The Role of Internal Audit (X3)

The role of Internal audit is an independent activity, objective assurance and consultation designed to add value and improve the organization's operations so as to assist the organization in achieving its objectives.

The indicators for measuring these variables were developed from Sawyer (2005) in Riyanti (2015), namely:

1. Assessment of the level of accuracy and reliability of financial information
2. Assessment of the level of compliance with policies and procedures Improving the quality of presentation of financial accountability information
3. Running the supervisory function
4. Ensure compliance with regulations
5. Identify the level of deviation or deviation.

4. Organizational Commitment Moderating Variable (Z)

Organizational commitment is a strong desire and hard effort from financial management officials to provide all their abilities and expertise supported by regulations, guidance provided by the inspectorate so as to produce quality Regional Apparatus Organization (OPD) financial reports.

Indicators of measuring organizational commitment variables used in this study include:

1. Knowing about the vision and mission of the organization;
2. Have loyalty to the organization;
3. Involvement in work;
4. There is maximum effort in work;
5. Knowing about the goals and objectives of the work
6. Knowledge of the main job.

Measurement of variables in this study using an interval scale with the stratified scale method (Likert scale). According to Nazir (1999) the Likert scale is a technique of making a scale by changing the qualitative facts attached to the object or subject of research (*attributes*) into a quantitative order. The Likert scale is used to measure attitudes, opinions and perceptions of a person or group of people about social events or phenomena. Each response from respondents to their respective statements is given a score, namely a score of 1 = Strongly Disagree (STS); score 2 = Disagree (TS); score 3 = Neutral (N); score 4 = Agree (S); score 5 = Strongly Agree (SS).

Population and Sample

The population in this study are financial management officials according to Permendagri 21 of 2011 obliged to carry out accounting and compile and submit financial reports to PPKD namely Budget User Officers (PA)/Budget User Authorities (KPA), Financial Administration Officers (PPK-OPD) and Treasurers Expenditure. In this study the number of Regional Apparatus Organizations (OPD) in the Binjai City Government was 33 (thirty three) OPD so that

the total population in this study was 99 people. The sampling method used is a saturated sample technique (census), which is a sampling technique by making all members of the population as a sample (Sugiyono, 2015) so that the sample in this study is 99 people.

Data analysis method

Processing and data analysis to test the hypothesis in this study using multiple regression analysis method (*multiple regression analysis*). The questionnaires that have been filled out by respondents before being analyzed are first quantified by using an interval measuring scale and using the Likert Scale weighting method, so as to produce output in the form of numbers. Furthermore, these numbers were analyzed through the SPSS software application program (*S.statistical Package for Social Science*). Hypothesis testing was carried out using the F-test (simultaneous significance test) and -t test (partial significance test) and the coefficient of determination (R^2). The hypothesis that will be carried out in this study is hypothesis one (H_1) which consists of H_{1a} , H_{1b} , H_{1c} , and H_{1d} by using multiple linear regression and hypothesis testing two (H_2) with residual test.

a. First Hypothesis Testing Model

Hypothesis testing in this study is the independent variable on the dependent variable where the regression model aims to test the effect of one variable with other variables. This method will test the significance level of the influence of all independent variables. The first hypothesis regression equation is as follows:

$$Y = \alpha_0 + \alpha_1 X_1 + \alpha_2 X_2 + \alpha_3 X_3 + \alpha_4 X_4 + e$$

Where :

Y	=	Constant OPD financial report
α_0	=	Quality
X_1	=	Competence of Regulatory Financial
X_2	=	Management Officer
X_3	=	The Role of Internal Audit
$\alpha_1, \alpha_2, \alpha_3, \alpha_4$	=	Regression coefficient
e	=	error

To test the first hypothesis model, hypothesis testing is used, namely the coefficient of determination (R^2), simultaneously with the F statistical test, and partially with the t statistical test as follows:

1. Simultaneous Significance Test (F Statistics Test)

The F statistic test basically shows whether all the independent variables included in the model have a joint effect on the dependent variable (Ghozali, 2016). The decision-making steps in the F Statistical Test are as follows:

H_0 : = 0, Competence of Financial Management Officials, Regulations, The role of Internal Audit, simultaneously has no effect on the Quality of Financial Reports Regional Apparatus Organization (OPD)

H_a : 0, Competence of Financial Management Officials, Regulations, The role of Internal Audit, simultaneously affects the Quality of Financial Reports of Regional Apparatus Organizations (OPD)

2. Partial Significance Test (Test Statistical t)

Testing the hypothesis partially or individually is done by using the t statistic test. According to Ghozali (2016) the t statistic test basically shows how far the influence of one explanatory variable individually in explaining the variation of the dependent variable. The steps in decision making are:

Ho : = 0, ¹ Competence of Financial Management Officers, Regulations, the Role of Internal Audit, partially have no effect on the Quality of Financial ReportsRegional Apparatus Organization (OPD)

Ha : 0, ¹ Competence of Financial Management Officers, Regulations, the Role of Internal Audit, partially affect the Quality of Financial ReportsRegional Apparatus Organization (OPD)

b. Second Hypothesis Testing Model

In the second hypothesis using a moderating variable to find out whether organizational commitment can moderate the relationship between the independent variable and the dependent variable, namely the quality of financial reportsRegional Apparatus Organization (OPD). There are three ways to test regression with moderating variables, namely: 1) Interaction Test; Absolute difference value test; and 3) Residual Test. In this study, the residual test model was used so that multicollinearity did not occur (Ghozali, 2016).

Residual test shows whether a variable can be said to be moderating variable, that is, if the result of the significance coefficient value is less than 0.05 which means it is significant and has a negative value, then this variable can be used as a moderating variable (Ghozali, 2016). Testing the moderating variable with the residual test, regression was carried out with the following 2 (two) stages:

Stage I:

All independent variables were regressed with the moderating variable, namely Organizational Commitment to obtain the residual value, with the regression equation as follows:

$$Z = a + X_1 + X_2 + X_3 + X_4 + e \text{ Phase II:}$$

The residual value from the results of the first stage of the equation will be transformed to get the absolute value of the residual. Furthermore, the absolute value will be regressed with the dependent variable, namely the Quality of SKPD Financial Reports so that it will produce the following equation:

$$e = a + 5 Y$$

Where:

Z = Moderating organizational

Y = commitment = Quality of OPD financial

a = reports = Constant

X1 = Competency of Financial Management Officer =

X2 = Regulation

X3 = Internal Audit Role

1, 2, 3, 4 = Regression coefficient of independent variable 5

= Regression coefficient of moderating variable =

e = error

e | = Absolute error

3. Results and Discussion

a. Hypothesis test

After testing the classical assumptions and the conclusion that the model can be used to test multiple regression analysis, the next step is to test the hypothesis.

The hypothesis that will be tested is whether the Competence of Financial Management Officers, Regulations, and the Role of Internal Audit, affect the Quality of OPD Financial Reports both simultaneously

The test will be carried out with the coefficient of determination (R²), the F statistical test to determine the effect simultaneously and the t statistic test to determine the partial effect. Furthermore, testing the residual test model which aims to test whether Organizational Commitment moderates the relationship between Financial Management Officer Competence, Regulation, Internal Audit Role, and Utilization of Information Technology on the Quality of OPD Financial Reports. The results of the multiple regression analysis test can be seen in Table 1.

Table 1. Multiple Regression Analysis Test Results

Model	Coefficients ^a				
	B	Unstandardized Coefficients		Standardized Coefficients	Sig.
		Std. Error	Beta	t	
1 (Constant)					
Competence (X1)	.219	.086	.197	2,540	.013
Regulation (X2) The Role of Internal Audit (X3)	.411	.080	.386	5.130	.000
Information (X4)	.007	.064	.008	.116	.908

Based on Table 1. the regression equation between the independent variables and the dependent variable in this study are:

$$Y = 0.017 + 0.219 X_1 + 0.411 X_2 + 0.007 X_3 + 0.443 X_4$$

From this equation it can be seen that the coefficient of the variable independent competence of financial management officials (X₁), regulation (X₂), the role of internal audit (X₃) shows a positive number, this shows the relationship between the competence of financial management officials, regulations, and the role of internal audit with the quality of OPD financial reports (Y) is unidirectional, which means the higher/better the competence of financial management officials, regulations, the role of internal audit, the use of information technology, the higher/better the quality of OPD financial reports.

1. Coefficient of Determination (R²)

The value of the coefficient of determination or the value of R square (R²) essentially measures how far the model's ability to explain the variation of the dependent variable. R Nilai value is between zero and one. The results of the measurement of the coefficient of determination can be seen in Table 2 below:

**Table 2. Coefficient of Determination
Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.735 ^a	.540	.521	.29834

Predictors: (Constant), Utilization of Information Technology (X4), Role of Internal Audit (X3), Regulation (X2), Competence (X1)
Source: research results, 2017 (data processed)

In Table 2, it is known that the value of R square (R^2) of 0.540. If the variable independent is more than one, then the value used is the adjusted R . value². Mark *adjusted* R^2 of 0.521 means that the dependent variable can be explained by the independent variable by 52.1%. It means that 52.1% of the financial report quality variables can be explained by the competence variables of financial management officials, regulations, the role of internal audit, while the remaining 47.9% is explained by other variables outside of this study.

2. Simultaneous Significance Test (Statistical Test F)

The F statistical test was conducted to determine the simultaneous effect of the competence of financial management officials, regulations, and the role of internal audit on the quality of financial reports, the results of which can be seen in Table 3 below:

**Table 3. F . Statistical Test
ANOVA^a**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9,832	4	2.458	27,616	.000 ^b
	Residual	8.366	94	.089		
	Total	18.198	98			

a. Dependent Variable: Quality of Financial Statements (Y)

b. Predictors: (Constant, Internal Audit Role (X3), Regulation (X2), Competence (X1)

Source: research results, 2020 (data processed)

Based on Table 3, it is known that the calculated F value of 27.616 is greater than the table F value of 2.47 and the F significance value of 0.00 is smaller than $\alpha = 0.05$, then H_0 is rejected or the proposed hypothesis (H_1) is accepted. This means that it can be concluded that the competency variables of financial management officials, regulations, the role of internal audit, simultaneously have a significant effect on the OPD financial report quality variable.

3. Test of Partial Significance (Test Statistical t)

The results of the t statistic test to see the partial effect between the competence of financial management officials, regulations, the role of internal audit, on the variable quality of OPD financial reports. Based on the test results in Table 3 with the decision making criteria using a significance value of $\alpha = 0.05$ (5%) and a t table value of 1.985, partially the effect of each independent variable on the dependent variable is described as follows:

- The competency variable of financial management officials has a significance level of 0.013 which is smaller than $\alpha = 0.05$ and a t-count value of

2.540 is greater than t table 1.985 and the regression coefficient is positive, then H1a is accepted so that it can be concluded that the competency variable of financial management officials has a significant effect on the variable quality of SKPD financial reports.

- b) The regulatory variable has a significance level of 0.000, smaller than = 0.05, and the t-count value of 5.130 is greater than t table 1.985 and the regression coefficient is positive, so H1b is accepted so it can be concluded that the regulatory variable has a significant effect on the quality variable. OPD financial report.
- c) The internal audit role variable has a significance level of 0.908, which is greater than = 0.05 and the t-count value of 0.116 is smaller than t-table 1.985 and the regression coefficient is positive, so H1c cannot be accepted, so it can be concluded that the internal audit role variable does not have a significant effect on the financial report quality variable of Regional Apparatus Organizations (OPD).

4. Residual Test

Furthermore, the researchers tested the moderating variable, namely organizational commitment, whether it can moderate the relationship between the competence of financial management officials, regulations, and the role of internal audit with the quality of OPD financial reports. The test is carried out using the residual test in multiple regression analysis. A variable is said to be a moderating variable if the results of the residual test are significant and the parameter coefficients are negative (Ghozali, 2016). This test is carried out in 2 (two) stages, namely:

Stage I:

The researcher regressed all independent variables with the moderating variable, namely organizational commitment to obtain residual values (regression results can be seen in appendix 8). Based on the results of the regression, it can be formulated the regression equation between the independent variables and the moderating variable, namely:

$$Z = 4.849 + 0.031 X_1 - 0.192 X_2 - 0.018 X_3$$

Stage II:

In the second stage, the researcher carried out the transformation of the residual number from the equation of the first stage to produce the absolute value of the residual. Furthermore, the absolute value is regressed with the dependent variable, namely the quality of OPD financial reports, the results of which can be seen in Table 5.18 below:

Table 4 Residual Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	.851	.220		3,863	.000
Quality of Financial Statements (Y)	-.126	.051	-.243	-2,471	.015

a. Dependent Variable: ABS_MOD

Source: Research Results, 2020 (Processed Data)

Based on the regression results, the following equation can be formulated:

$$| e | = 0.851 - 0.126 Y$$

Based on the results of the residual test conducted, it is known that the level of significantly the variable quality of OPD financial reports is 0.015, smaller than $\alpha = 0.05$ and the regression coefficient is -0.126 so it can be concluded that the organizational commitment variable is a moderating variable that can moderate the relationship between the competence variables of financial management officials, regulations, the role of internal audit, with the quality of OPD financial reports.

Discussion

1. The Influence of Competence of Financial Management Officers on Report Quality OPD Finance

The competence of financial management officials has a positive effect on the financial report quality variable. This means that the better the competence of financial management officials, the better the quality of the financial reports produced. This is in accordance with the agency theory. The results of this study are in line with those stated by Power, et.al. (2016) which states that the competence of financial management officials has a positive and significant effect on the quality of OPD financial reports. The results of this study are also in line with the research of Evicahyani (2015), Kinarayanti and Erawati (2016) and Setyowati, et. al. (2016) which states that human resource competence has a positive and significant effect on the quality of financial reports.

The competence of financial management officials has a positive effect on quality OPD's financial report shows that the condition of financial managers within the Manggarai Regency Government has knowledge, expertise, and good behavior so that they are maximal in carrying out their duties and responsibilities. One of the contributing factors is suspected to be due to the intense guidance from BPKP starting from 2012 to financial managers from various lines ranging from the expenditure treasurer, the head of the finance sub-section, as well as to budget users in introducing accounting,

This is also supported by a fairly high level of education of the respondents, namely 72 people (72.73%) have an undergraduate education level and 12 people (12.12%) have a master's education level, this shows that the respondents are people who are familiar with academics and science so that it tends to be fast and easy to catch teaching materials in following the courses/training/bimtek held. Supported by the respondent's length of service as a financial manager, namely:

respondents who have had a working period of more than 25 years are as many as 26 people or 26.26% while respondents with a working period of less than 5 years do not exist. This shows that financial managers have experience in financial management. In accordance with what was stated by Bastian, in the Public Accounting Lecturer Forum (2006) stated that the preparation and preparation of quality financial reports requires Human Resources who master Government Accounting (Irwan, 2011). Tuasikal (2007) also explains that to produce financial information that is useful for users, financial reports must be prepared by human resources who have competence in the field of regional financial management and accounting systems (Kuasa, 2016).

2. The Effect of Regulations on the Quality of Financial Reports of Regional Apparatus Organizations (OPD)

Regulation has an effect on the variable of the quality of OPD financial reports. The results of this study are in line with the research of Power et.al. (2016) which states that regulation has a positive effect on the quality of the financial reports of Regional Apparatus Organizations (OPD). This is in line with Firdaus' research (2015) which states that the application of accounting policies has a positive effect on the quality of financial reports and is in line with Kinarayanti and Erawati (2016) who state that an understanding of accrual-based government accounting system regulations has a positive influence on the quality of local government financial reports.

Regulations have a positive effect on the quality of financial reports in the Manggarai Government because of the existence of regulations on regional financial management and the preparation of adequate local government financial reports, followed by a high willingness and awareness of financial management officials to understand and update regularly the development of regulations relating to management, regional finance and preparation of local government financial reports so that financial management officials know that regulations must be complied with in financial management and in the preparation of OPD financial reports. This is presumably because since the transition period, namely in 2012, the Manggarai Regency Government, accompanied by BPKP, has made improvements in financial management to welcome the transition of the accounting basis which was originally cash-based.

As well as the Manggarai Mayor's Regulation Number 13 of 2015 concerning the Government Accounting System as a guide for OPD/PPKD in preparing local government financial reports. The existing regulations in the Manggarai Regency Government also continue to follow the latest developments, it can be seen that in 2016 the Manggarai Regency Government Regulation Number 54 of 2016 concerning changes to the Manggarai Regency Government Number 12 of 2014 among others stipulates that OPD recognizes and records fixed assets at cost / fair value at acquisition. Changes that occur to regulations in terms of presentation of financial statements must be updated regularly, so that errors in the presentation of financial statements do not occur again so that the preparation of financial statements becomes more effective (Pamungkas, 2012 in Power et. al., 2016).

BPK examination which if found to be subject to sanctions and assistance from the Financial and Development Supervisory Agency (BPKP), financial managers are increasingly trying to comply with regulations.

3. The Influence of the Role of Internal Audit on the Quality of the Financial Reports of Regional Apparatus Organizations (OPD)

The internal audit role variable has no effect on the quality variable OPD financial report. The results of this study are in line with the research conducted by Al-Shetwi et.al. (2011) which states that the internal audit function does not have a significant impact on the quality of financial reports. Likewise, the results of research by Inapty and Martiningsih (2016) which state that the role of internal audit has no effect on the quality of financial statement information. However, the results of this study contradict the research of Yuliani et. al. (2010) and Setyowati et. al. (2016) which states that the role of internal audit has a positive and significant effect on the quality of financial reports.

Rahmat (2010) in Permana (2013) states that the Supervisory Apparatus Government Intern (APIP) at the Inspectorate General of the Ministry of Finance has played a role in providing added value and assisting the achievement of organizational goals, by carrying out functions as an assurance and advisory consulting provider which has provided significant results in improving the quality of financial reports. However, various negative judgments and perceptions are often directed against the internal audit function. Internal auditors are considered to be far from being able to become an internal consultant (which is the highest expression in the role of internal supervisors) (Hery, 2014). The results of the 2014 Internal Supervisory Apparatus (APIP) capability assessment in ministries/agencies and local governments conducted by the Financial and Development Supervisory Agency (BPKP) showed that the capabilities of most inspectorates were still weak, in terms of human resource capacity, Regional inspectorates are generally faced with a limited number of auditors. Regional inspectorates also face problems with varying competence and quality of personnel (Mosii, 2017). Even the Head of the BPKP Representative for East Nusa Tenggara Province, Mulyana, reminded that the APIP contained in the Regency/City Inspectorate should not look for OPD faults but must move on to the process, namely by conducting an ongoing review of budget management that is being carried out by each OPD, not only at the time of implementation. after the fiscal year ends. The inspectorate is really expected to be the spearhead in handling cases, so APIP needs to improve its capabilities (BPKP, 2016). The role of internal audit has no effect on the quality of OPD financial reports in the Manggarai Regency Government, perhaps due to a combination of an inadequate legal system and lack of good governance (Al-Shetwi, 2011). This can be seen from the minimal number of auditors in the Manggarai Regency Government, which only amounted to 12 people, not comparable to the number of OPD in the Manggarai Regency Government which amounted to 33 OPD and most of the auditors came from non-accounting educational background.

4. The Effect of Organizational Commitment as a Moderating Variable on the Quality of Financial Reports

The moderating test in this study shows organizational commitment is a moderating variable that can moderate the relationship between financial management officials, regulations, the role of internal audit, and the quality of OPD financial reports. This is evidenced by the results of the residual test, namely the significance value of $0.015 <$ from the value of $= 0.05$ and the regression coefficient of -0.126 according to Ghozali (2016)

which states that a variable is a moderating variable if the parameter coefficient value is negative and significant.

According to Mowday in Sopiah (2008) organizational commitment is the desire of organizational members to maintain their membership in the organization and are willing to strive for the achievement of organizational goals. Halim (2010) states that it is important for local financial management officials to implement financial accounting and reporting to produce reliable and timely financial reports. In managing regional finances, both Budget Users, PPK-OPD as officials who carry out financial administration functions at OPD in accordance with Permendagri No. 13 of 2006 concerning guidelines for regional financial management and expenditure treasurers should have a high organizational commitment in carrying out their responsibilities so that they can present higher quality financial reports in accordance with the provisions of laws and regulations. This is in line with Damini and Rahmawati's (2015) research which states that organizational commitment significantly moderates the effect of HR capacity on the quality of regional government financial reports, Suarmika and Suputra's research (2016) also states that organizational commitment strengthens the effect of SIKD implementation on LKPD quality.

Financial management officials within the Manggarai Regency Government, both Budget Users, PPK-OPD, as well as expenditure treasurers based on the results of this study are generally committed to carrying out their duties which can be seen through respondents' understanding of the importance of quality financial reports supported by the existence of adequate regulations and understanding on these regulations. With organizational commitment, respondents are also aware of the important role of internal audit in assisting financial management and preparation of OPD financial reports. This can be seen from the lack of respondents who have an accounting/finance background, which is 24 people (24.24%) but are able to carry out their duties, principals, and functions as financial managers in their respective OPDs by utilizing competencies in the form of knowledge, skills, and abilities, and behavior obtained by the courses/training/bimtek that were followed. From the data on respondents who attended courses/training/training/technical guidance, it can be concluded that all 99 respondents had attended financial training/training/bimtek courses. With organizational commitment, respondents are also increasingly aware of producing quality OPD financial reports. This can be seen from the age data of the respondents, the majority of whom are over 40 years old, amounting to 55 people (55.56%) and there are no productive age respondents, namely under 25 years of age. Luthans (2005) defines organizational commitment as a strong desire to remain as a member of a particular organization, a desire to strive according to the wishes of the organization,

4. CONCLUSIONS AND SUGGESTIONS

Conclusion

Based on the results of hypothesis testing and research discussion, it can be concluded as follows:

1. The competence of financial management officials, regulations, and the role of internal audit have a significant effect on the quality of the financial reports of Regional Apparatus Organizations (OPD) in Manggarai Regency simultaneously, in line with the proposed hypothesis. This shows that if the competence of financial management officials, regulations, and the role of internal audit is carried out together, it will be able to improve the quality of the financial reports of Regional Apparatus Organizations (OPD) in the Manggarai Regency Government. Partially, the competence of financial management officials, regulations have a significant effect on the quality of the financial reports of Regional Apparatus Organizations (OPD) in Manggarai Regency, while the role of internal audit has no effect on the quality of Regional Apparatus Organizations (OPD) financial reports in the Manggarai Regency Government.

When associated with the results of previous studies, partially the competence of financial management officials has a significant effect on the quality of financial reports in line with the research of Power (2016), Evicahyani (2015), Kinarayanti and Erwati (2016) and Setyowati et.al. (2016) but contradicts the research of Sagara (2015) and Inapty and Martiningsih (2016). Regulations have a significant effect on the quality of financial reports in line with the research of Power (2016). The role of Internal Audit has no effect on the quality of OPD financial reports in line with the research of Al-Shetwi et.al. (2011) and Inapty and Martiningsih (2016)

2. Organizational Commitment is a moderating variable that is able to moderate the relationship between the competence of financial management officials, regulations, and the role of internal audit with the quality of OPD financial reports in the Manggarai Regency Government

When associated with the results of previous studies, the results of this study This is in line with the research of Damini and Rahmawati (2015) which states that organizational commitment significantly moderates the capacity of human resources on the quality of local government financial reports, but contradicts the research of Suarmika and Suputra (2016) which states that organizational commitment weakens the influence of HR capacity on the quality of LKPD and Ratifah and Ridwan (2012) whose research results state that organizational commitment has no significant effect if placed as a moderating variable between the regional financial accounting system and the quality of financial reports.

Suggestion

The results of this study are expected to motivate future research to conduct further research related to the quality of local government financial reports. Based on the research results that have been described, conclusions and limitations in this study, the suggestions for this research include:

- a. District Government. Manggarai should increase the number of certified auditors so that financial managers will feel more there is a role internal audit in assisting regional financial management and help the process of preparing the financial reports of Regional Apparatus Organizations (OPD) through services assurance and consulting services provided by APIP in terms of

This is the Regency/City Inspectorate as the government's internal auditor, this is also to reduce the dependence of financial management officials on the accounting department in Regional Apparatus Organizations (OPD) in compiling their financial reports so that OPD's concentration is only to consolidate financial reports from various Regional Apparatus Organizations (OPD) into Regional Government Financial Reports (LKPD) so that they can produce quality local government financial reports.

- b. Further researchers can add independent variables outside of the study where the coefficient *adjusted R square* of 0.521, which means that 52.1% of the variable quality of financial statements can be explained by the competence of financial management officials, regulations, the role of internal audit, while the remaining 47.9% of the variability of LKPD quality can be explained by other variables, such as the implementation of regional financial accounting systems. and HR work experience.

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ANALYSIS OF THE INFLUENCE OF THE COMPETENCE OF FINANCIAL MANAGEMENT OFFICERS, REGULATION AND THE ROLE OF INTERNAL AUDIT, ON THE QUALITY OF ORGANIZATIONAL FINANCIAL REPORTS LOCAL APPLIANCES (OPD) IN

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