THE INFLUENCE OF THE GOVERNMENT'S INTERNAL CONTROL SYSTEM AND THE USE OF ACCOUNTING INFORMATION SYSTEMS ON THE QUALITY OF FINANCIAL REPORTS

(AN EMPIRICAL STUDY ON THE RADIO FREQUENCY SPECTRUM MONITORING UNIT OF DIRECTORATE GENERAL OF RESOURCES AND EQUIPMENT OF POST AND INFORMATION TECHNOLOGY)

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ABSTRACT

This research aims to determine the effect of the Government's Internal Control System and the Use of Accounting Information Systems on the Quality of Financial Reports. The samples were taken through the saturated sampling (census) technique, a sampling technique from all population members, as many as 70 respondents. The data used are quantitative and qualitative, and the data sources used are secondary and primary data. The data analysis used in this research is multiple regression analysis. Based on statistical tests on the Government's Internal Control System and the use of Accounting Information Systems, it influences the quality of financial reports at the office of Radio Frequency Spectrum Monitoring Unit, Directorate General of Resources and Equipment of Post and Information Technology. The Government's Internal Control System partially influences the quality of financial reports at the office of Radio Frequency Spectrum Monitoring Unit, Directorate General of Resources and Equipment of Post and Information Technology. Accounting Information Systems partially influences the quality of financial reports at the office of Radio Frequency Spectrum Monitoring Unit of the Directorate General of Resources and Equipment of Post and Information Technology.

Keywords: Internal Control System, Accounting Information System, Financial Report Quality.

INTRODUCTION

In Indonesia, government financial reporting is an exciting subject, given the increasing demands for accountability on public institutions, both at the central and regional levels. Salamun (2007:107) states that the increasing demands for public accountability have implications for government management (public sector) to provide better information to the public, one of which is financial reports which are part of financial reporting. According to Government Regulation Number 71 of 2010 concerning Government Accounting Standards, accounting entities are units in the government that manage budgets, assets, and obligations that carry out accounting and present financial reports based on the accounting they carry out. Based on Government Regulation Number 71 of 2010 concerning government accounting standards, government financial reports consist of budgetary reports and financial statement notes. The budget implementation report consists of the LRA and the SAL Change Report.
Government Regulation Number 71 of 2010 concerning government accounting standards accrual-based that the characteristics of financial statements are relevant, reliable, comparable, and understandable. Suppose the information contained in the Regional Government Financial Report meets the criteria for qualitative characteristics. In that case, the regional government has realized transparency and accountability in regional financial management (Fathia, 2020).

In 2008 the President of the Republic of Indonesia ratified government regulation Number 60 concerning the Government's Internal Control System. This government regulation is the implementation of Law Number 1 of 2004 concerning the State Treasury article 58 paragraph 1, which states that in order to improve the performance, transparency, and accountability of state financial management, the President as the Head of Government regulates and implements the internal control system within the government as a whole.

Mahmudi (2016:251) states that the Government Internal Control System is an integral process for actions and activities carried out continuously by the leadership and all employees to provide adequate assurance on the achievement of organizational goals through effective and efficient activities, reliability of financial reports, safeguarding state assets, and compliance with laws and regulations.

The Directorate General of Resources and Equipment of Post and Information Technology on Monday (15/10/2019) in Jakarta gathered all work units and the Technical Implementation Unit to discuss the preparation of the third quarter of 2019 financial statements. At the meeting, several things were noted in the preparation of the financial statements of the Directorate General of Resources and Equipment of Post and Information Technology for the third quarter of 2019, including the realization of minus expenditures for personnel and goods in several Technical Implementation Units, as well as supplies and assets that have not been registered or inventoried and some are still under construction (Setditjen SDPPI, 2019).

The main problem in the financial report of the Radio Frequency Spectrum Monitoring Unit of the Directorate General of Resources and Equipment of Post and Information Technology is related to fixed assets, among others; namely, there are expenditures for goods whose value exceeds the capitalization value but are not recorded as fixed assets and vice versa there are capital expenditures that are not meet the capitalization value so that it cannot be listed as fixed assets. There are also fixed assets that are not used in government operations due to, among others, being worn out, outdated, not by the growing needs of the organization, heavily damaged but not reclassified to other assets - or discontinued its use for a proposed deletion (Setditjen SDPPI, 2019).

Based on the description of the problems that occurred above, the researchers are interested in conducting research under the title "The Influence of Government Internal Control Systems and the Use of Accounting Information Systems on the Quality of Financial Reports (An Empirical Study on the Radio Frequency Spectrum Monitoring Unit, Directorate General of Resources and Equipment of Post and Information Technology)". Based on the description of the background that has been described previously, the formulation of the problem in this research is:

1. Does the government's internal control system and accounting information system jointly affect the quality of the financial reports of the Radio Frequency Spectrum Monitoring Unit of the Directorate General of Resources and Equipment of Post and Information Technology?
2. Does the government's internal control system affect the quality of the financial reports of the Radio Frequency Spectrum Monitoring Unit of the Directorate General of Resources and Equipment of Post and Information Technology?
3. Does the use of accounting information systems affect the quality of the financial reports of the Radio Frequency Spectrum Monitoring Unit of the Directorate General of Resources and Equipment of Post and Information Technology?
4. How is the government's internal control system, accounting information system, and quality of financial reports of the Radio Frequency Spectrum Monitoring Unit of the Directorate General of Resources and Equipment of Post and Information Technology?

**METHOD**

This research was a quantitative research type using survey methods. The reason for using the survey method is to complete data and research needs. This research was conducted at 35 Radio Frequency Spectrum Monitoring units of the Directorate General of Resources and Equipment of Post and Information Technology. It was conducted at these places because there were no previous studies that researched the Radio Frequency Spectrum Monitoring Unit of the Directorate General of Resources and Equipment of Post and Information Technology, and there were phenomena related to the quality of financial reports as described in the background section of this research. The estimated time for this research is one month, starting from March to April 2021.

The population of this research is the Radio Frequency Spectrum Monitoring Unit of the Directorate General of Resources and Equipment of Post and Information Technology which consists of 35 Units. Determination of the sample in this research using saturated sampling (census) is a sampling technique from all population members. The sample in this research amounted to 70 respondents from 35 Units; each Unit selected 2 (two) respondents consisting of:
1) Head of Administration and Household Sub-Section / Commitment-Maker Officer.
2) Finance and Assets staff, as SIA application officer (Saiba Application / Check out BMN).

The type of data used in this research is quantitative data or information obtained in the form of numbers. Quantitative data can be processed using mathematical formulas or analyzed with statistical systems. Sources of data in this study are primary data and secondary data.
1) Primary data is research data sourced directly without going through intermediary media, in the form of questionnaire data obtained by researchers directly from respondents, namely the head of the Administrative and Household Sub-section / Commitment-Maker Officer and staff operating the Accounting Information System application for Frequency Spectrum Monitoring Radio Unit of the Directorate General of Resources and Equipment of Post and Information Technology.
2) Secondary data is research data sourced from the Radio Frequency Spectrum Monitoring Unit of the Directorate General of Resources and Equipment of Post and Information Technology in the form of information on Technical Implementation Unit data, the name and the profile of the Unit.

The ways to obtain the data needed in this research are as follows:
1) Questionnaires are data collection techniques in the form of submitting written questions/statements through a list of questions/statements that have been prepared in advance and must be filled out by the respondent. The questionnaire created will be distributed and filled out by all respondents who have been determined, and researchers expect honesty from each individual in filling out the questionnaire.
2) An interview is a data collection technique by conducting a direct question and answer with respondents. The interview technique was carried out to support each statement of the
questionnaire to be filled in and the answers to the questionnaire that the respondent had filled out.

RESULTS AND DISCUSSION

Result
Multiple Linear Regression Analysis

This research uses quantitative analysis methods, namely, numbers and statistical calculations, to analyze a hypothesis. The analytical model used in this research is the multiple regression analysis models and the residual Test. For the validity of the analysis results, the research instrument test and classical assumption test were carried out before entering the regression test. Data processing uses the Statistical Product and Service Solution (SPSS) software application.

Research Findings

Multiple linear regression analysis was conducted to see how much influence the government's internal control system and the use of accounting information systems had on the quality of financial reports. Based on the output results of the SPSS assisted for Windows version 25 computer program, the results of the multiple linear regression analysis are shown in table 4.1 below:

Table 4.1
The Result of Multiple Linear Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>-1.311</td>
<td>2.414</td>
<td>-.543</td>
<td>.589</td>
</tr>
<tr>
<td>government internal control system</td>
<td>.232</td>
<td>.064</td>
<td>.303</td>
<td>3.600</td>
</tr>
<tr>
<td>The use of Information technology</td>
<td>.659</td>
<td>.086</td>
<td>.643</td>
<td>7.632</td>
</tr>
<tr>
<td>Multiple R</td>
<td>.899</td>
<td>F-Count</td>
<td>140.366</td>
<td></td>
</tr>
<tr>
<td>R Square</td>
<td>.807</td>
<td>F-Table</td>
<td>2.74</td>
<td></td>
</tr>
<tr>
<td>Adjusted R Square</td>
<td>.802</td>
<td>F-Significant</td>
<td>0.000</td>
<td></td>
</tr>
</tbody>
</table>

Source: The Result of Output SPSS, Processed in 2021

The table above shows the Adjusted R Square value of 0.802. This table shows that the variation of the independent variables (government internal control system and information technology) contributes 80.2% to the dependent variable of financial reporting quality. In comparison, the remaining 19.8% is another variable that is not included in the calculation of this model. The correlation coefficient value (Multiple R) is 0.889. This value shows that the independent variable (X) correlation to the dependent variable (Y) is 88.9%. This value indicates a strong and significant relationship between the independent variable (X) and the dependent variable (Y). Based on the results of the multiple linear regression analysis of data processing in the table above, the following regression equation is formed:

\[ Y = 0.303X1 + 0.643X2 + e \]

The above equation describes the magnitude of the influence of the independent variable on the dependent variable. The coefficient of the government's internal control system and the use of
accounting information systems with a positive sign indicate a unidirectional influence between the independent and dependent variables.

**Simultaneous Test (F-Test)**

Based on the results of the ANOVA (Analysis Of Variance) test or F test, the Fcount value of 140.36 is more significant than Ftable, which is 2.74, and the significance level is less than the 5% distrust rate (0.000<0.05). The result means that simultaneously variable X (government internal control system and use of information technology) has a significant effect on variable Y (quality of financial reports) in the Radio Frequency Spectrum Monitoring Unit of the Directorate General of Resources and Equipment of Post and Information Technology. The hypothesis which states that variable X (government internal control system and utilization of accounting information systems) has a significant effect on variable Y (quality of financial reports) at the Radio Frequency Spectrum Monitoring Unit of the Directorate General of Resources and Equipment of Post and Information Technology is acceptable.

**Partial Test (t-Test)**

Based on the results of statistical calculations, the results of the t-test can be interpreted as follows:

1. For the government internal control system variable (X1), the tcount value is 3,600 > ttable is 1.996, and the significance level is smaller than the 5% level of distrust, namely, 0.001 <0.05. Thus, it can be concluded that partially the government's internal control system variable (X1) positively and significantly influences the quality of financial reports (Y). The research hypothesis, which states that the government's internal control system variable has a positive and significant effect on the quality of the financial reports of the Radio Frequency Spectrum Monitoring Unit of the Directorate General of Resources and Equipment of Post and Information Technology, is acceptable.

2. For the accounting information system utilization variable (X2), the tcount value is 7.632 > ttable is 1.996 and the significance level is smaller than the 5% level of distrust, namely, 0.000 <0.05. Thus, it can be concluded that partially the accounting information system utilization variable (X2) has a positive and significant influence on the quality of financial reports (Y). The research hypothesis which states that the variable utilization of accounting information systems has a positive and significant effect on the quality of the financial reports of the Radio Frequency Spectrum Monitoring Unit of the Directorate General of Resources and Equipment of Post and Information Technology is acceptable.

**Discussion**

**The Influence of Government Internal Control System, Utilization of Accounting Information Systems on the Quality of Financial Reports**

Based on the results of hypothesis testing regarding the effect of the government's internal control system and the use of accounting information systems on the quality of the financial reports of the Radio Frequency Spectrum Monitoring Unit, the Directorate General of Resources and Equipment of Post and Information Technology concluded that simultaneously the government's internal control system and the use of accounting information systems had a significant effect on the quality of the financial reports of the Radio Frequency Spectrum Monitoring Unit of the Directorate General of Resources and Equipment of Post and Information Technology. This result
means that the first hypothesis states that the government's internal control system and the use of accounting information systems simultaneously affect the quality of financial reports at the Radio Frequency Spectrum Monitoring Unit of the Directorate General of Resources and Equipment of Post and Information Technology is accepted.

The results of this study are supported by the frequency table of the government's internal control system, the use of accounting information systems and the quality of financial reports. These tables contain the answers given by the respondents to the questionnaire statements submitted by the researchers, with some of them supporting the government's internal control system and the use of accounting information systems in influencing the quality of financial reports. Thus, the higher/optimal the government's internal control system and the more optimal the utilization of the accounting information system in the preparation of financial reports, the higher the quality of the financial reports produced by the Radio Frequency Spectrum Monitoring Unit of the Directorate General of Resources and Equipment of Post and Information Technology.

Based on the results of research on Government Regulation Number 60 of 2008 concerning the Government Internal Control System states that the internal control system is an integral process for actions and activities carried out continuously by the leadership and all employees to provide adequate confidence in the achievement of organizational goals through effective and efficient activities, reliability of financial reporting, safeguarding state assets and compliance with laws and regulations. Operational activities can also run effectively and efficiently with an effective control system. The possibility of irregularities in the agency's operational processes can be minimized. So, the more effective the control system applied in an entity, the lower the occurrence of material errors in the financial statements.

The results of this study support the statement of Tawaqal and Suparno (2017), which states that financial statements are produced from a process based on good input, good process, and good output. These three aspects must be integrated and sustainable as the foundation of a good financial reporting system. In addition, a strong internal control system will make it easier to detect fraud/inaccuracies in the accounting process, so that audit evidence obtained from accounting data becomes more competent. Thus, internal control and accounting information systems can jointly affect the quality of financial reports.

The Effect of the Government's Internal Control System on the Quality of Financial Reports

Based on the hypothesis test results, it can be concluded that the government's internal control system has a positive effect on the quality of financial reports. This result means that the second hypothesis, which states that the government's internal control system has a positive effect on the quality of the financial reports of the Radio Frequency Spectrum Monitoring Unit of the Directorate General of Resources and Equipment of Post and Information Technology, is accepted.

The results of this research are stated to be in line with previous studies, which revealed that the internal control system could affect the quality of financial reports. The better the internal control system applied, the better the quality of the financial reports produced. It happens because the internal control system can prevent an activity not by applicable regulations. An internal control system that is implemented optimally and continuously will provide adequate assurance on the achievement of effective and efficient activities, reliability of financial reporting, and compliance with laws and regulations that will produce quality reports (Darwis and Meliana, 2020).
The Influence of the Use of Accounting Information Systems on the Quality of Financial Reports

Based on the hypothesis test results, it can be concluded that the use of accounting information systems has a positive effect on the quality of financial reports. This result means that the third hypothesis, which states that the use of accounting information systems has a positive effect on the quality of the financial reports of the Radio Frequency Spectrum Monitoring Unit of the Directorate General of Resources and Equipment of Post and Information Technology, is accepted.

The results of this study are stated to be in line with previous studies, which revealed that the use of accounting information systems could affect the quality of financial reports. The better the use of accounting information systems, the better the quality of the financial statements produced. A good accounting information system can link procedures that are prepared according to a comprehensive scheme and are intended to produce information in the form of financial reports that will be used by internal and external parties of the government to make economic decisions.

The results of this research are in line with research conducted by Eveline (2016), which states that a good accounting information system shows good data processing so that the possibility of data processing errors is minimal, a good accounting information system will produce output in the form of good financial reports as well. Likewise, well-documented procedures will record all transactions and procedures correctly. The presented financial statements contain reliable information, and decision-makers can utilize the resulting financial statements properly.

CONCLUSIONS

The result of the analysis and discussion of the hypothesis testing conducted to determine the effect of the Government's Internal Control System and the Use of Accounting Information Systems on the Quality of Financial Reports (An Empirical Studies at the Radio Frequency Spectrum Monitoring Unit of the Directorate General of Resources and Equipment of Post and Information Technology) can be concluded as follows:

1. The government's internal control system and the use of accounting information systems simultaneously significantly affect the quality of financial reports. The better the government's internal control system and the use of accounting information systems, the better the quality of the financial reports produced.
2. The government's internal control system has a positive and significant effect on the quality of financial reports. It means that the better the government's internal control system carried out by the Radio Frequency Spectrum Monitoring Unit of the Directorate General of Resources and Equipment of Post and Information Technology can improve the quality of financial reports.
3. The use of accounting information systems has a positive and significant effect on the quality of financial reports. It means that the better the Radio Frequency Spectrum Monitoring Unit of the Directorate General of Resources and Equipment of Post and Information Technology utilizes the accounting information system, the quality of financial reports will increase.
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