

**QUALITY OF FINANCIAL REPORTING VILLAGE:
TESTING DETERMINANTS AND IMPLICATIONS
FOR GOOD GOVERNANCE**

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Abstract

The enactment of Law No. 6 of 2014 concerning Villages has given wider powers to the village and brought changes to the village budget is a good number of budget as well as the demands on improving the quality of financial reporting. Village financial management requires the ability to constantly adapt to the demands of the ever-changing environment. Strategic environmental conditions are always trying to answer the demands of the times, the limitations of public resources is an important factor for creating good governance in the management of village finances. Good governance is expected to improve the performance of the village governments in running the government. Optimal government performance in the end to give satisfaction to the community with the services provided. Satisfaction has become one of the foundations of public confidence in the legitimacy of the existing government

This study aims to examine the factors which will affect the quality of the financial reporting of the village and its implications for good governance in Central Lombok regency.

The method used is quantitative method using structural models with Smart analysis tools Partial least Square. Sampling technique using non-probability sampling technique that consists of the village head, village secretary and treasurer of the village.

The results showed that the quality of financial reporting village in Central Lombok regency is quite good, although not optimal. From these studies it was found that the quality of rural financial reporting is influenced by several factors, namely the competence of human resources, internal control, information technology, organizational commitment and the role of facilitators of the village. Among these factors are influential is the competence of human resources, internal controls and organizational commitment while information technology and the role of facilitators village but not significant positive effect. Furthermore, it was found that the quality of financial reporting village has powerful implications for good governance.

Keywords: Quality of financial reporting, the determinant, good governance

1. Introduction

The development program of the National Government Joko Widodo and Jusuf Kalla are currently more focused on things that impact can be felt directly by the people. One of the existing program Nawacita is "build Indonesia from the periphery to strengthen regional and rural areas within the framework of a unitary state ". It is also in line with the mandate of Law no. 6 of 2014 concerning the Village and Government Regulation No. 43 of 2014 as its implementation, which is essentially accelerate the realization of people's welfare through improving services, empowerment and community participation in development through decentralization and democratization.

Attendance Law no. 6 of 2014 has given greater authority to the village in terms of planning and financial management. This decentralization has led governance to make it more transparent, accountable, participatory and can provide good public services.

Implementation of autonomy for the village will become a force for the village government to administer, regulate and administer their own household, at once so does the burden of responsibility and obligation of the village, however, governance still have to be accounted for. Accountability is accountability in the management of which is the village budget. The management system Village Budget (APBDes) managed by the village government including mobilization and accountability mechanisms refer to Regulation 113 of 2014 on the financial management of the village. In a system of government that exists today, the village has a strategic role in assisting local governments in the governance process, including development. All was done as a concrete step to support local government decentralization in the region. Central Lombok is one of the autonomous region in the province of West Nusa Tenggara has implemented the principles of local autonomy by seeking to optimize the potential of village by the implementation of clean government. Concrete manifestation of Central Lombok district in assisting and improving the participation of village government is to continue working to improve the allocation of funds transfer to the village that can be used to support the implementation of the authority and domestic affairs.

Some researchers have been conducting empirical studies on these factors. Among others done by Afiah et, all, (2014) shows the results of the study did not give a positive effect related to the competence of personnel and internal control over financial reporting quality. Sukmaningrum (2012),

showed that the internal control system is a significant effect on the quality of financial reporting information but the competence of human resources vice versa. While Aryani (2012) and Dwiyusufadi (2013), shows that the competence of human resources and information technology have a significant effect on the quality of financial management. In contrast to research Anggraeni (2014), who argued that information technology does not affect the quality of local government information financial reporting.

Organizational commitment is also one of the factors that significantly influence the quality of financial reporting as proposed Aryani (2012) and Dwiyusufadi (2013). Ismail et al. (2016) in his study claimed that the lack of rural financial reporting issues not optimal due to the role of facilitators of the village.

This research was motivated by several things, among others : First, Autonomous village including broad delegation of authority to the village, followed by the provision of substantial budget while the village is not ready both in terms of human resources and technology (Radar mandalika, tanggal 17 & 18 maret 2016). Second, the rise of various corruption cases village budget in several regions in Indonesia, including Central Lombok (LHP Inspectorate Central Lombok 2016), resulting in increased public demand for accountability of financial reporting of the village.

This study identifies determinants of the quality of financial reporting of the village, in order to realize good governance. Factors influencing the quality of financial reporting villages that is competence of human resources, internal control, information technology, organizational commitment and village assistants.

Based on the description of the problems in this study can be formulated as follows:

1. What is the competence of human resources, Internal Control, Information Technology, Organizational Commitment and village assistants affect the quality of financial reporting Village?
2. Is the quality of financial reporting village has an influence on good governance?

And the purpose of this research is:

1. To test and find empirical evidence about the influence of the competence of human resources, internal control, information technology, organizational commitment and professional assistants to the village of rural financial reporting quality.
2. To test and find empirical evidence about the influence of the financial reporting quality of the village towards good governance.

2. Theoretical Framework and Hypotheses Development

2.1. Effect Of Human Resource Competencies To The Quality Of Financial Reporting Village

The amount of budgets managed by the village after the enactment of Law No. 6 of 2014 requires village officials to be prepared with the financial reporting provisions established by the government, both manual and computer-based. Competent human resources and quality is needed in the financial management of the village. The competence of human resources in accordance with the duties and functions of each can help the village in completing and accountable financial management tasks and functions properly as mandated by law 6 of 2014 and Regulation 113 of 2014.

The rise of public demand for accountability, transparency and participation in financial reporting is a separate claim for the village to further optimize human resources in order to be able to answer the demands of principle are framed through the agency theory. The higher the competence of human resources the village government will improve the quality of financial reporting country or vice versa if the competence of human resources lower village will decrease the quality of the financial reporting of the village, and is therefore prepared the following hypotheses:

H1: the higher the competence of human resources, the better the quality of financial reporting Village

2.2. Effect of Internal Control of the quality of financial reporting Village

Control is a process through which an organization's management made a reasonable belief that resources are used effectively and efficiently to achieve the organization's mission and purpose, reliable financial reporting, and policies, laws and the relevant regulations are followed. Utilization of resources

economically, efficiently, effectively, just and equitable to do if taken good management control. One type of management control is financial control (financial control) by utilizing the accounting system (Darma, 2004). In line with the research Choirunnisah (2009) which states that the internal control significant effect on the quality of financial reporting

The asymmetry of information often leads to conflict of interest between principle and agent, due to the goals and motivations are different, where it can arise in financial reporting that will be difficult for stakeholders to make decisions, so that the necessary agency theory in facilitating the implementation of internal control is a way to monitor and measure the financial management of the village.

Based on the theoretical study and previous research, it can be concluded that internal control is an important factor that determines how the quality of the financial reporting of the village. Internal controls and adequate will support the improvement of the quality of the financial reporting of the village itself. Hypothesis while that can be drawn are:

H2: The better the internal control of financial reporting village then the more qualified

2.3. The Effect of Information Technology on the Quality of village financial reporting

Research supports the influence of information technology on the reliability of the financial statements is Dwi Yusufadi (2013) states that information technology is a significant effect on the quality of local government financial reporting information, in line with Winidyaningrum study (2009) showed that information technology is significant positive effect on the reliability of financial statements.

The study showed that the financial reporting country must be supported by the availability of adequate information technology so that the quality of financial reporting of the village is running as expected, because with adequate information technology both facilities, computer operator, the availability of the Internet network in the village will be able to improve the quality of the report village finances. Based on these descriptions the third hypothesis in this study are :

H3: the higher the information technology, the more qualified the village financial reporting

2.4. The influence of organizational commitment to quality financial reporting Village

Organizational commitment is a condition in which individuals have the confidence, interest, and the feeling of having the organization, so that these individuals will be more concerned with the interests of the organization than personal interests. Robbins (2001) suggested that employee commitment to the organization is one attitude that reflects the feeling of like or dislike an employee of the organization where he works.

Goal setting theory developed by Locke (1967) is used to describe someone's actions in realizing the objectives hoped. Individual goals will determine how much work to be done, the higher an individual's commitment will encourage such individuals to do more effort.

An organization in the early stages would have to formulate its own purposes, for the necessary steps to be taken to achieve these objectives, as well as conditions that occur in the village government. It would not be separated from the role of each person involved in that village officials, religious leaders, community leaders, Board deliberations village etc, so it requires a strong commitment from all stakeholders that in formulating the government's goal of villages in accordance with the vision and mission of the village chief elected , the hypothesized relationship with :

H4: The better the Organization commitments positive effect on the quality of financial reporting Village

2.5. Effect of associate personnel village on the quality of financial reporting Village

According to the Regulation of the Minister of Rural, PDT and Transmigration No. 3 in 2015 states that the village Assistants are assistants in charge of assisting the village in the planning, implementation and monitoring of the development of the village and the village community empowerment, Accompanying Village in managing basic social services, business development village economy, exploitation of natural resources and appropriate technology, the development of village infrastructure, and community empowerment villages and village fund management. From these explanations it can be said that the role of facilitators is very important village in the financial reporting process and the management of the village.

Based on the description above, the writer concludes that the alleged correlation between assistants Village on the quality of financial reporting village since the enactment of Law No. 6 of the village brought significant changes to the village which is actually not ready to enactment of the law it was pointed out that the workers village assistant was instrumental in improving the quality of financial reporting, because the more qualified assistants rural village then financial reporting will be better so that the objectives of villages in enhancing accountability, transparency and public participation can be achieved as expected by the people of the village, and the relationship is hypothesized as follows:

H5: The higher the role of facilitators Village, the better the quality of the financial reporting of the village.

2.6. The influence of the financial reporting quality of the village towards good governance

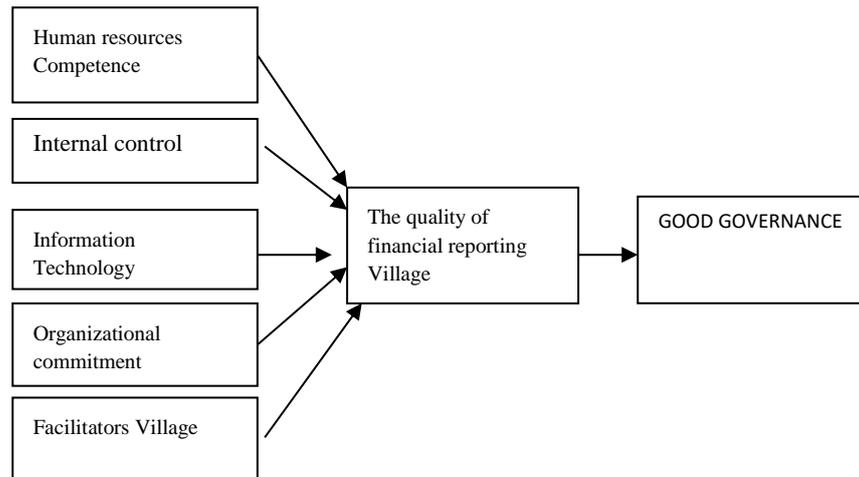
World Bank defines governance in the public sector as the way governments manage the social and economic resources for the benefit of community development, while UNDP definition emphasizes governance on the political, economic and administrative management of the country. The quality of financial management is reflected in the qualitative characteristics.

In accordance with the objectives of reform towards implementation of Good Governance (GG), the practices of corruption, collusion and nepotism should be such avoided and eradicated. Accountability, transparency and participation as a reflection of good governance a major goal in order to provide services to the community. For that all efforts should be deployed to enhance the quality of financial management towards the achievement of good governance.

Based on empirical and theoretical studies of previous studies described above, thus indicated that if the financial management of the village run optimally it will achieve the purpose of good governance (good governance) as expected by the district and the community as a mandate giver. On the basis of the description of the sixth hypothesis in this study are:

H6: The better the quality of financial reporting will implicate high to good governance

2.7. Research model



3. Research Methods

This research was conducted using quantitative research method with type research is explanatory. a study that highlights the relationship between the study variables and test hypotheses (Singarimbun (1996: 44). This research was conducted in villages in 12 sub districts in Central Lombok regency. Population in this study are those who act in financial reporting involving village officials in Central Lombok district.

The sampling technique in this research is the Non-Probability Sampling method is purposive sampling method of determination of the respondents to be sampled by criteria certain criteria (Siregar, 2014: 60). Criteria for selection of samples in this study refers to rule 113 of Foreign Ministers in 2014 on the village's financial management is directly involved in financial reporting and consists of: Head of Village, Village Secretary, Treasurer village.

Data collection techniques used in this study is the use of a questionnaire or questionnaires. Measurement of variables in this study was conducted using a Likert scale (Likert scale). Analysis of data in this study using the PLS (Partial Least Square) Smart PLS program. PLS approach is a technique Structural Equation Modeling (SEM) capable of analyzing latent variables, indicator variables and measurement error directly (wiyono, 2011: 395).

3.1. General overview of respondents

This study uses primary data obtained through a statement contained in the questionnaire / questionnaire distributed to the village designated as a financial manager is the Head of the village, the village secretary and treasurer villages in 12 districts and 24 villages in Central Lombok regency.

Deployment and Recovery Questionnaire

Commentary	amount	Percentage
Number of questionnaires distributed	72	100
Number of questionnaires returned	72	100

Source: Data processed, 2017

3.2. Data Quality Testing

3.2.1. Outer models

Examination Validity

Testing the validity of the data in this research is to use the Outer Model PLS software that Convergent Validity seen the value of the square root of average variance extracted (AVE) of each construct where the value must be greater than 0.5.

The table below describes the value of the AVE and the root of AVE of the constructs in this study. It can be seen that each constructs (variables) have a value above 0.5 AVE. This suggests that any such constructs have good validity value of each indicator or the questionnaire used to determine the relationship of belief system, diagnostic control systems, interactive control system, organizational learning and Performance as valid. Table AVE in this study are in the table below:

Table Average Variance Extracted (AVE)

	Average variance extracted (AVE)	$\sqrt{\text{AVE}}$
Human resources Competence	0.608	0.770
Internal control	0.531	0.749
Information Technology	0.573	0.756
Organizational commitment	0.528	0.724
Facilitators Village	0.585	0.730
The quality of financial reporting Village	0.468	0.789
Good governance	0.659	0.812

Sources: Primary data is processed by the Smart PLS (2017)

Reliability Test

The data is said to be reliable if the composite reliability of more than 0.7. From the table below it can be seen every constructs or latent variables that have a composite value reliability above 0.7 indicating that the internal consistency of between variables have good reliability.

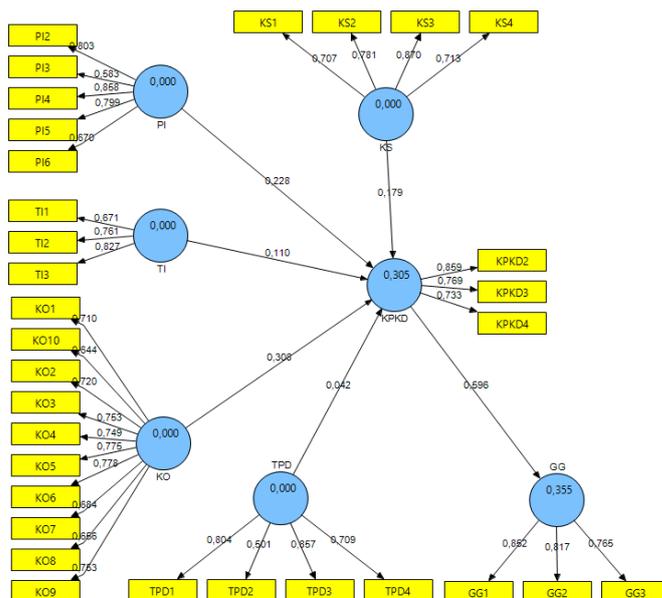
Table Composite Reliability

Variabel	Composite Reliability
Good Governance	0.853
Organization commitment	0.917
The quality of financial reporting village	0.773
Human resources competence	0.861
Internal control	0.870
Informational technology	0.801
Facilitators village	0.848

Sources: Primary data is processed by the Smart PLS (2017)

Full structural model

In the image below we can see that every construct of each variable is explained by each indicator. Where the model in the image re-sampling have done this is because the two indicators have values less than 0.5, namely internal control and quality management of village finances.



Picture. Measurements structural model

3.3. Hypothesis Testing

To be able to satisfy the hypothesis is accepted or rejected the testing of the hypothesis. Hypothesis test results can be seen from the path coefficients of Smart PLS 3.0 bootstrapping process. Support the hypothesis can be seen by comparing T with T tables and statistics or compare the P value with an alpha value. The hypothesis is accepted if T statistics is greater than the T table and or value P value less than 5% alpha. The value of T table to test one direction (one tile) with an alpha of 5% was 1.66. Results obtained bootstrapping analysis of the value of the path coefficients are as follows:

Table Path coefficient value

hypothesis	Correlation	Original Sample	T Statistics	Nilai Cut-off	Decision	Conclusion
H1	KS -> KPKD	0,179	1,896	1.66	Hypothesis accepted	Signifikan
H2	PI -> KPKD	0,228	2,439	1.66	Hypothesis accepted	Signifikan
H3	TI -> KPKD	0,109	1,339	1.66	Hypothesis rejected	Non Signifikan
H4	KO -> KPKD	0,308	4,001	1.66	Hypothesis accepted	Signifikan
H5	TPD -> KPKD	0,042	0.324	1.66	Hypothesis rejected	Non Signifikan
H6	KPKD -> GG	0,596	8,027	1.66	Hypothesis accepted	Signifikan

4. Results

4.1. Competence of Human Resources on the Quality of Financial Reporting village

The first hypothesis states that the higher the competence of human resources it will increase the quality of financial reporting in the village of village government, or in other words that the competence of human resources is directly proportional to the quality of the financial reporting of the village. This can be evidenced by the value of the parameter coefficient KS relationship with KPKD the positive value that is equal to 0.179 and the value of T statistics and the value of the T table is 1,896 > 1.66. These findings provide empirical evidence that the village administration competence of human resources and significant positive effect on the quality of the financial reporting of the village.

The competence of human resources, especially at the level of education management apparatus village finances, most are only meets the minimum requirements as a village that is high school or equivalent nevertheless work experience, expertise and mastery of systematic financial reporting either to the village is sufficient in this case because the village is often the training, technical guidance, workshops, socializing etc about the financial management of the village, both conducted by BPMD

itself, NGOs concerned with the village and conducted by the Center for educational and training the village of Malang, East Java (data reports BPMD Central Lombok in 2016).

In accordance with the Agency theory proposed by Jensen Meckling (1976), In the village government high competence of human resources will be able to improve the quality of financial reporting and vice versa that if the competence of human resources is low, will cause high information asymmetry and cause more conflict of interest. In this study, human resource competence includes education, work experience, expertise and skills and mastery of the work relating to financial reporting.

The results of this study reinforce Agency theory that if the high competence of human resources then they are more likely to understand the work carried out so that the tendency to deviate and fraud against the financial reporting will be smaller villages. It is also undeniable that a rule, accounting policies, and the outputs and outcomes of an activity can't be separated from the high or low competence of human resources to meet the expectations and desires of principle.

4.2. The internal control on financial reporting quality of the villages.

The second hypothesis states that better internal controls it will increase the quality of financial reporting in the village of village government, or in other words that the internal control is directly proportional to the quality of the financial reporting of the village. This can be evidenced by the above table that the value of coefficient parameters PI relationship with KPKD the positive value that is equal to 0.228 and the value of T statistics and the value of the T table is $2,439 > 1.66$. These findings provide empirical evidence that the village administration of internal controls and a significant positive effect on the quality of the financial reporting of the village. This means that if well implemented internal controls on financial reporting of the village it will obtain high quality results to the financial statements village government.

The findings of this study identified that the internal controls over financial reporting villagers were needed to reduce the conflict of interest between agents in this village and the principle that villagers. Good internal control over financial reporting village can also reduce the violation of accounting rules, fraud and abuse in the use of the village budget. In accordance with the results obtained in this study that the financial reporting village in Central Lombok regency, system control

and supervision by both the district through the inspectorate, BPD or control the inherent conducted by the village head himself in the administration and financial reporting, the village is already running good.

Internal controls over financial reporting includes the village of the control environment, risk assessment, evaluation, control activities, monitoring, and communication of information. Internal control of public sector based on the Article 2 of Government Regulation No. 60 of 2008 defines the Internal Control System (SPI) as an integral process in actions and activities that are carried out continuously by the management and all employees to provide reasonable assurance for the achievement of organizational goals through activities effective and efficient, the reliability of financial reporting, the safeguarding of state assets, adherence to laws and regulations. Application of an entity SPIP environment will encourage the creation of bureaucratic reform and good governance.

4.3. Information technology on the quality of financial reporting Village

Testing of the third hypothesis states that the higher information technology, increasing the quality of the financial reporting of the village, or in other words that information technology is directly proportional to the quality of the financial reporting of the village. Refer to the table above, namely in terms of the value of the original sample shows positive value of 0.109 but T statistics is less than the T table at one -tailed testing with an alpha of 5% that is $1.339 < 1.66$. Based on the value of T statistics with T table then explained the relationship of information technology but not significant positive effect on the quality of the financial reporting of the village, so the hypothesis is rejected.

The results showed this study are in accordance with the theory that information technology has a positive effect and support the improvement of the quality of financial reporting country but not significant means that those relationships do not yet have the meaning which means in other words that relationship is still weak and has contributed little to improving the quality village financial statements.

This study supports the goal setting theory (Locke, 1968), Latham and Yukl (1975) states that a goal is something you want to do someone consciously. Employees who have clear objectives require support measures to achieve the desired goals. Appropriate information technology is a necessary means to achieve those goals. Information technology on the quality of financial reporting Village

positively affect the high and low quality of financial reporting of the village but not significant because during these financial statements village still done manually, not through the application siskeudes, limitations of computer equipment in the office of the village, the lack of availability of the Internet to conduct financial reporting online through the financial system and weak rural village applied mainly finance managers to operate the computer with siskeudes.

4.4. The organization's commitment to quality financial reporting Village

The fourth hypothesis states that the higher the commitment of the organization, increasing the quality of the financial reporting of the village, or in other words that organizational commitment is directly proportional to the quality of the financial reporting of the village. Based on the result of the study are presented in the table above, namely in terms of the value of the original sample shows positive value of 0.308.

Similarly, statistics T is greater than T table at one-tailed testing with an alpha of 5% ie $4.001 > 1.66$. Based on the value of T statistics with T table then explained the relationship of organizational commitment and significant positive effect on the quality of the financial reporting of the village, so the hypothesis is accepted it means that the stronger the influence of organizational commitment it will be the quality of financial reporting villages and vice versa.

Theory of goal setting (goal setting theory) by Locke (1967) explains that the objectives that are specific tend to produce higher performance. This study supports the theory that describes the actions of a person in realizing the objectives hoped. Individual goals will determine how much work to be done, the higher an individual's commitment will encourage such individuals to do more effort.

This can be seen in the study where village officials especially financial managers feel that the commitment that was built in the organization where normal jobs of the village government is able to provide welfare to be expected, so that a sense of pride, to work higher, which would lead to the village would work well and accept any job assigned to him.

4.5. Power companion village and the quality of financial reporting

The fifth hypothesis states that the higher the role of village assistant Workers then increasing the quality of the financial reporting of the village, or in other words that the role of facilitators village is directly proportional to the quality of the financial reporting of the village. This is in accordance with the above table that can be seen from the value of the original sample shows positive value of 0.042, while T statistics is less than the T table at one -tailed testing with an alpha of 5% that is $0.0324 < 1.66$. Based on the value of T statistics with T table then explained the relationship role of facilitators village but not significant positive effect on the quality of the financial reporting of the village, so the hypothesis is rejected.

The results showed that the assistants villages positive effect on the quality of the financial statements but the impact that the still weak indicated by the value of T statistics is smaller than t table, it means that the role of facilitators village is needed in improving the quality of financial reporting village but still need to be improved especially at the level of education, expertise and experience of village assistant it is still weak because of the findings in the field mentioned that most assistants village hired less experienced or new, in addition to the communications engineering assistants villages have not been sufficient so as to empower the community and help officials village shall administer and quality financial reporting.

This study supports the agency theory that the notice of the results of the study suggested that the facilitators village positive effect on improving the quality of financial reporting where it can minimize information asymmetry and conflict of interest among the village community, so that the role of facilitators village in helping village in the planning , development and empowerment of the community, including financial reporting needs to be improved in order to achieve the desired results towards good governance.

Thus the role of village assistants are necessary to improve the quality of financial reporting of village but several factors need to be upgraded to continue to improve the quality of financial reporting of the village towards good governance.

4.6. Quality of village financial reporting to good governance

Testing the sixth hypothesis states that the higher the quality of the financial reporting of village, the greater the implications for good governance, or in other words that the quality of financial reporting is directly proportional village with good governance. As seen in the above table where the value of the original sample shows positive value of 0.596. Similarly, statistics T is greater than T table at one-tailed testing with an alpha of 5% that is $8.027 > 1.66$. Based on the value of T statistics with T table then explained village's financial reporting quality relationship positive and significant impact on good governance, so that the hypothesis is accepted.

This study shows that the influence of the quality of financial reporting to good governance is very large it can be seen in the value of T statistics it is pretty high, meaning that the financial statements quality can indeed improve accountability, transparency and participation in the management of village finances in general and financial reporting village specifically.

In an organization that certainly has a vision and mission that became the target of interest that will realize the goal setting theory, according to this study because good governance is the hopes, desires and objectives of the public on financial reporting so that the public in general, including the government thereon as a supervisor can works better again.

5. Conclusions, Implications And Limitations

Changes in government policy and regulation in village as well as its financial management system brings about changes in the amount managed accounting village including village, from the cash-based system with a very simple and still done manually be reporting to the computer system with an application called siskeudes.

The results showed that in Central Lombok regency competence of human resources, internal controls, organizational commitment and significant positive effect on the quality of financial reporting and information technology village while village assistants give positive results but it is not significant to the financial reporting quality of the villages. Endogenous variable quality of financial reporting very strong implications village towards good governance seen from the results of the sixth hypothesis that

the value of T statistics is greater than t table and the result is positive and significant. The findings are expected to provide benefits for all parties involved with village's financial reporting. The implication of this study were divided into three groups: the theoretical implications, the practical implications and policy implications.

a. Theoretical Implications

This is consistent with agency theory which states that an asymmetry of information because of their moral hazard and adverse selection at receiver mandate or agent. In this study, human resource competencies, internal control, and the role of facilitators of the village the village improving the quality of financial reporting can minimize information asymmetry.

In addition this study also provides empirical evidence on goal setting theory where this theory explain the actions of a person in realizing the objectives hoped. An organization in the early stages would have to formulate its own purposes, for the necessary steps to be taken to achieve these objectives, as well as conditions that occur in the village government involving rural communities directly, including the demands of rural communities to accountability, transparency and community involvement participatory village financial reporting.

b. Practical Implications

Based on the above results indicate that the quality of financial reporting village in Central Lombok regency which is influenced by several factors such as the competence of human resources, internal control, information technology, organizational commitment and assistants village can be studied practical for the government of Central Lombok regency especially Community Empowerment Board and Village (BPMD) that the weakness in the information technology and the role of village assistant to improving the quality of financial reporting village into a thing that should be emphasized by increasing the budget BPMD related operator training siskeudes and socialization applications siskeudes, and for villages in Central Lombok regency to be more selective in the determination relating to the procurement APBDes computer and networking devices village to support the financial reporting process of the village.

The role of facilitators village needs to be improved and made routines for BPMD to conduct coordination meetings with the consultant companion village, local facilitators of village and village

cadres to further enhance the role of facilitators village in helping village in the planning, execution and reporting and financial accountability village in order the role of village assistants was able to increase accountability, transparency and public participation in improving the quality of financial reporting of the village.

Increased competence of human resources for village officials need to be improved, especially by conducting capacity building training of village officials Financial management is the village chief, secretary and treasurer that financial reporting village can run optimally, including increasing the role of the inspectorate Central Lombok as a watchdog of internal government, government District and BPD role in conducting internal control over the process of the use of funds and financial reporting systems.

The village head as the KPA and the top leadership in the system of village administration needs to improve the safety, comfort, peace, peace to the village so that the commitment of the village towards the values and goals of the organization can be effective efficient that financial reporting village can be presented in an accountable, transparent and participatory meet the expectations and desires of rural communities in particular and the district government as a material for preparing the financial statements of local government.

c. Policy implications.

In light of the policy of the results of this study in which the central government's policies to the issuance of laws 6 of 2014 about the village where regulatory changes provide broad authority to the village including the delegation of authority and the provision of transfer of funds so great an impact on the change in the accounting system of the village, while the village as an agent not ready to accept the changes. The results of this study prove that there are several factors that lead to less optimal financial reporting villages, and the role of information technology assistants temporary village for the competence of human resources, internal controls and organizational commitment is good enough although not shown optimal results.

By looking at the above results policy-related policies need to be improved village financial reporting, particularly Regulation 113 of 2014 on the financial management of village and PP 60 of 2014 on village funds from the State Budget that financial reporting village running optimally. Besides

local policies relating to the orderly regulation of financial reporting village need to be refined as the decree of Central Lombok No. 1a 2016 guidelines for the APBDes 2016 which contains rules establishment APBDes 2016 for villages in Central Lombok and procedures for reporting and accountability village finances.

- 1) Based on the results of research and hypothesis testing is done it can be concluded as follows:
Competence of human resources and significant positive effect on the quality of the financial reporting of village means that the higher the indicator within the competence of human resources such as education, work experience, expertise and skills and control over the financial reporting procedures of financial reporting village in Central Lombok regency will more qualified.
- 2) Internal Control positive significant effect on the quality of the financial reporting of village, it is because the internal control conducted by the inspectorate, BPD, the head of village and rural communities as well as information the information submitted at the time of internal control and supervision are in accordance with the truth so that the financial reporting village in Central Lombok regency of sufficient quality
- 3) Information technology in this study has a positive effect but not significant it is caused due to lack of village officials who understand and are capable of making financial reports with computer technology, especially after the entry into force of the application system siskeudes, except that computers and the Internet are inadequate at the village level has also become the cause of the weakness of the financial reporting quality village in Central Lombok regency.
- 4) Organizational commitment in this study has a significant positive effect. This means that in Central Lombok regency commitment village head and village in creating a sense of security, peace, comfortable and well-being for the whole village that the whole village to work hard to achieve the goals and vision of the village head in order to increase customer satisfaction and well-being of rural communities. It can also improve the quality of financial reporting and the village as a comfortable feeling prosperous village is able to improve the performance of financial management officers to present quality financial reporting.

- 5) Power companion village but not significant positive effect on the quality of financial reporting means that the role of facilitators village this village although capable of affecting the quality of the financial reporting of the village but not maximized because of the weakness of communication techniques, skills and work experience of a village assistants are still a constraint in his work as a companion to help rural villages improve the quality of financial reporting.
- 6) Quality of village financial reporting positive and significant effect on the good Governance. This means that the quality of financial reporting will increase the village:
 - a. Accountability of financial reporting of the village, where the village's financial reporting and financial accountability villages have been implemented in accordance with the applicable accounting rules.
 - b. Transparency, that the village's financial reporting has been implemented openly with all parties, both the villagers, NGOs, investors and government district
 - c. Participatory, where the village's financial reporting has involved the participation of village community in the financial reporting process of village as actors, managers as well as a supervisor in the financial reporting process of the village.

Research limitations

This study has limitations that can still be improved in future studies on the determinants of the quality of financial reporting and its implications for the village of good governance. These limitations include:

1. In this study, only 5 (five) variables in a sense by the researchers were able to influence the quality of the financial reporting of the village, while there are still other factors are equally important in improving the quality of financial reporting village
2. Exogenous variables in this study only affects variable quality of the financial reporting of the village so the study is limited only examined the financial reporting of the village, less explore the village financial management in general.

3. The scope of this study is confined to the villages in Central Lombok regency so that recommendations can be applied to the study around other villages which have the character of culture, geography and a different area.
4. Variable financial reporting quality of the village which has implications for good governance, just as the first endogenous variable so that less can be answered implications for good governance, so expect further research can make the variable quality of financial reporting as an intervening variable or moderation.

Research suggestions

Based on the research that has been done and the limitations of the study above, the proposed suggestions for improvement for future research include:

1. Subsequent research can develop research variables by adding another variable in this study is the variable associated with a determinant of quality of financial reporting among other revenue villages village, organizational culture, the role of BPD and others.
2. . Further research is expected to make variable village in general financial management of the system of planning, implementation, administration, reporting to the financial accountability village as an endogenous variable in order to obtain more complete results to the financial management of village according Regulation 113 of 2014 on the financial management of village .
3. Researchers can further expand research objects such as villages on the island of Lombok or NTB so that a larger number of respondents, differences in cultural characteristics of local, area, and geographic location may be factors which will affect the quality of financial reporting.
4. Further research may make the quality of financial reporting village as moderating or intervening variables, in order to obtain a broad overview of the variables that play a role in influencing the quality of the financial reporting of village.

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