

QUALITY OF WORK IN UNIT FINANCIAL STATEMENTS OF LOCAL GOVERNMENT: FACTORS' AFFECT AND THE IMPLICATIONS OF FINANCIAL ACCOUNTABILITY

(Studies on the Local Government Unit in the District of Central Lombok)

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Abstract

Based on this research, low quality of financial statement presentation, especially local government level accounting entity. Presentation of the financial statements of the Local Government Unit was not fully in appropriate with the Governmental Accounting Standards and Accounting Policies so that affect the accuracy of the information presented in the financial statements. Inaccurate financial reports has negative impact to users in policy making. his study aims to test empirically the factors that affect the quality of the financial statements and the problems was faced by local government unit (SKPD) in preparing the financial statements and the implications for the financial accountability. The population in this research were 285 respondents. The sample is determined by purposive sampling technique amount 85 respondents including the Financial Administration Officer (PPK) SKPD, PPK staff at 39 SKPD staff and staff in accounting staff and reporting on SKPKD. Data analysis too was used on Partial Least Square (PLS). The findings of this study indicate that the quality of SKPD financial statements was affected by the application of reconciliation and applying accounting policies, but this study is not affected by the competence of human resources and the use of applications SIMDA. Other findings indicate that the financial statements SKPD have implications for financial accountability. The implications of this study can contribute some ideas for the Central Lombok regency government to increase financial assistance to personnel managers through education and training so that it can make good quality in the financial statements and practical contribution in formulating the direction and policies related to the accountability of local government financial reporting.

Keywords: Competence of human resources, Reconciliation, SIMDA, Accounting Policies, Quality of Financial Statements, Financial Accountability.

1. Introduction

The law No. 28 of 1999 on state how to Implementation of Clean and Free country from Corruption, Collusion and Nepotism stating that transparency and accountability are two of several principles that must be completed by the government including local government. Transparency and accountability are not only be duty of the central government but also local governments in accordance with the mandate of Law No. 23 In 2014 in local government. There is obligations and the strong pressure from the central government so that local governments are required to implement transparency and accountability for financial management.

One of the instruments tools to facilitate the creation of public accountability is through the presentation of the financial statements of comprehensive local government (Riyansa 2015, Erniati 2015). The financial statements are an important component for creating public sector accountability and is one measure of financial performance of local governments. Associated with the duty to enforce financial accountability, especially in the regions, the regional government responsible for publishing the financial reports to stakeholders (Indasari and Nahartoyo 2008, Setiawati and Sari, 2014). The financial statements are medium in delivery some informations. The financial statements of the government is a representation of financial position of the transactions that carried out by the government. (Indasari and Nahartoyo 2008, Nurizkana, et al 2017). Presentation of complete information in the financial statements will create transparency and accountability will realize (Nordiawan, 2007: 15). Research Zyen, (2011), Fitriyah, (2013) and Nurizkana, et al (2017), proving The better presentation of the financial statements in the local government then it will have implications on the increase of financial management accountability, it different with Riyansa's research (2015) which the presentation of financial statements do not affect on the financial accountability.

Central Lombok regency government is one of entity that obtained some peredikat WTP reporting on LKPD audit in 2015 from BPK RI (www.mataram.bpk.go.id). The opinion does not ensure that acquisition of local governments free of findings and irregularities. SPI is still weak in the area financial management and assets were becoming the findings of the examination LKPD Central Lombok. The results of the audit on compliance with laws BPK RI find some losses on government

supplying of goods and services, these findings indicate that still low levels of financial accountability, especially from the aspect of local government financial management integrity. Results of the Review inspectorate on LKPD Central Lombok in 2015 found weakness in the SPI and discrepancies presentation of financial statements with SAP so that it has affect on the quality of financial reporting such as: First, the implementation of systems and accounting procedures in each SKPD and SKPKD has not been worked with applicable regulations. Second, the regulation has not fully support the implementation of accrual based on accounting. Third, the financial statement presentation mismatches with SAP. Based on the data of BPKAD to consolidated financial statements SKPD in 2015 found 18 from 39 SKPD it got corrections to the financial statement presentation SKPD, 17 SKPD present financial report does not complete and 2 SKPD does not present financial statements. These problems have an impact on the declining quality of financial reporting which implications for the decrease in the level of financial accountability of local governments.

Considering the urgency as an accountability so, the presentation of financial statements must meet the elements of quality characteristics it was stated on PP 71 in 2010 about SAP that include relevant, reliable, comparable and understandable. Presentation of the financial statements must be able to provide relevant information to the user in decision-making so that the information in the financial statements must provide some benefits in decision making and can be understood by the user (Xu, et al, 2003, Suwarjono 2005 in Setiawati and Sari, 2014). To improve the usefulness of financial reporting information of local government began in 2015, local governments must implement accrual basis in preparing the financial statements as mandated by UU 17 2003 on State Finance junto PP 71 2010 on SAP and Minister Regulation No. 64 2013 on the application accrual accounting in local government. The changes in the basis of accounting in preparing the financial statements have an impact on the methods and techniques of recognition, measurement, recording and disclosure of any financial transactions of local government. To carry out these changes, it needs competence human resources that have knowledge in accounting so that it was resulting a quality financial statements and information value. Studies on the effect of HR Competency on the quality of financial statements is one done by Stiawati and Sari (2014), where in their research found some changes in regulations related to financial management was able to be anticipated by the local government, government apparatus is able to

understand SAP and SPIP in the presentation of financial statements, however it was not supported by Karmila et al (2013) and Erniati (2015).

Application of reconciliation, which is part of the internal control system can improve the reliability of the financial statements of local government. PP No 8 in 2006 on the Finance and Performance Reporting instance of Government in Article 33, verse 1 states that to improve the reliability of financial statements and performance, each reporting and accounting entities have to implement the SPI in accordance with statutory provisions. Verse 2 explain that the SPI referred to in verse 1 must be created procedure of reconciliation between the data of financial transactions who was carried out by the PA / KPA with financial transaction data that was accountanted by BUN / BUD. Reconciliation is one of the keys in the effort credible financial strucure (Pradono et al, 2015). The effect of reconciliation to the financial transaction quality has tested by Pradono et al (2015) the results of research find reconciliation positive and significant impact on the quality of financial statements. The better the intensity of reconciliation so quality of the financial statements SKPD will be better. It's different with results of Roni's research (2015) in which a reconciliation does not affect, toward the quality of financial reporting.

The accounting system of local government has a complex transaction and have a large volume of post-implementation of accrual accounting, so the use of information technology in local government financial management is absolutely necessary in helping the process and present financial information faster and free from material error due to human error. The use of information technology in the area of financial management in Government Regulation No. 56 of 2005 on the financial information systems area. One of information technology that is widely used in the local government financial management is the application SIMDA. According to Budiman et al (2013) This application used mainly in order to facilitate the financial management of the Local Government Unit (SKPD). Indrisari's research and Nahartoyo (2008), Budiman et al (2013) Alfian (2014) conducted a study at a different time and place, but it showed similar results which application of SIMDA has positive effect on the quality of financial reporting.

Accounting policies play an important role as a guide SKPKD and SKPD in preparing and presenting financial statements which include the recognition and disclosure techniques, measurement

of financial transactions by accounting entity and the reporting entity. A good understanding of accounting policies by the financial manager SKPD apparatus can improve the quality of financial reporting. The result of Fikri research, et al (2015) showed the SAP does not affect to the quality of financial reporting. Erniati (2015) examined the effect of SAP in similar with accounting policies, their research show the effect of accounting policies on the quality of financial statements SKPD.

The previous studies described above indicate a difference results (gap research) about the determinants of the quality of the financial statements of the Local Government Unit. This is one reason researchers to test and re-analyze the effect of the competence of Human Resources, reconciliation, SIMDA implementation and accounting policies as determinants of quality of financial reporting sectors SKPD in Central Lombok regency. This study explored the determinants of the quality of financial statements SKPD and elaborate financial reports on the influence of the quality of financial management accountability. The previous researchers tends to test the internal control system as a whole whereas in this study explores the variables reconciliation is an important part of the SPI, Variable proksikan SAP in accounting policies, besides it emphasis on testing the quality of financial reports to the accountability of financial management.

Based on this argument, formulated the problem as follows: First, do the competence of the Human Resources, Reconciliation, SIMDA Implementation and Application of Accounting Policies affecting the quality of financial statements?. Second, do the quality of financial reporting affect the financial accountability?. While the purpose of the study is to examine and provide empirical evidence about the influence of the competence of the Human Resources, reconciliation, SIMDA implementation and application of accounting policies on the quality of financial statements. Further the purpose of this study was to examine the influence of the financial statements of the financial accountability.

2. Theoretical Framework and Hypothesis Development Research.

2.1. The Influence Competence Of Human Resources (HR) On The Quality Of Financial Statements

SKPD

Stewardship theory emphasizes the duty of the agent (the government) to carry out the mandate who given by the principal (society) with a full sense of responsibility in fulfilling their duties, the government, as the agent should be able to deliver maximum results and make society be satisfied. The good Presentation of Financial Statements can be generated by the recruitment of competent accounting. Competence in accounting as a set of knowledge, skills and attitudes that was treated for a person to work as an accountant (Jing, 2008 in Sudiarianti, 2015). Agami, (2006) stated that a weak HR competencies can lead to errors in understanding and implementing the methods, techniques and basic provisions contained in government accounting standards, so that the financial statements are made also incorrect. Sudiarianti (2015) in his research proved the higher of the human resources competence in PPK-SKPD then the quality of the resulting LKPD PPK-SKPD tends to be better. The same thing was showedby Indriasari (2008) and Sagung (2015) proved in their research that the human resource capacity affects to the accuracy and reliability of financial statement information of local government in the city of Palembang and Ogan regency South Sumatra province. Its different with Fikri is research (2015) and Erniati (2015) in which the HR Competency does not affect to the quality of financial reporting. Based on the description above are suspected positive effect between anatar HR competencies with the quality of financial reporting. Thus the first hypothesis proposed in this study are:

H1: HR Competency has positive effect on the quality of financial statements SKPD

2.2. Relationship between Quality of Financial Statements Reconciliation with SKPD.

The rule of the Minister of Finance Decree No. FMD-2010 / PMK.05 / 2013 on Guidelines for Preparation of Financial Statements Reconciliation and Attorney General Treasurer defines reconciliation as the process of matching financial transaction data that has been processed with multiple systems / subsystems are different based on the same source document. Reconciliation is one of the keys in the effort credible financial statements (Pradono et al, 2015). Roni, (2015) express that

reconciliation is a process to ensure that all transactions have been recorded correctly by both parties before preparation of the financial statements. Pradono et al (2015) in his research shows that reconciliation has positive effect and significant impact on the quality of financial statements. The different results was showed by Roni (2015) in which a reconciliation does not affect the quality of financial reporting. The intensity of reconciliation, is better,so the quality of the financial statements SKPD. Thus the second hypothesis of this study are:

H2: Reconciliation has positive effect on the quality of financial statement SKPD

2.3. Relations between SIMDA Application Implementation with the Quality of the Financial Statements SKPD

Decision-Usefulness Theory states that the information contained in the financial statements should be beneficial to users as a basis for decision making. Useful value of financial statements when presented on time. According to Pradono et al (2015) The use of information technology that includes computer technology and communication technology in the area of financial management will improve the processing of transactions and other data, the accuracy in the calculation, and the preparation of reports and other outputs more timely. Indriasari research is and Nahartyo (2008), Karmila et al (2013), indicate that the utilization of information technology has affects to the quality of local government financial reporting, especially the characteristics of reliability and timeliness. The same results was showed by Alfian (2014) which the implementation SIMDA has positive effect on the quality of financial reporting. According to Budiman, et al. 2013,the SIMDA application is a database application has aims to simplify of financial management in the environment SKPD. Thus the third hypothesis in this study are:

H3: The application SIMDA has positive effect on the quality of financial reporting SKPD

2.4. The Relationship between Application of Accounting Policies with Quality Financial Statements SKPD

Stewardship theory reveals that managers tend to try to give the maximum benefit to the organization or principal than concerned with their own goals. To achieve these objectives steward must

have the vision, mission and standards of standard rules to provide guidance and direction in carrying out activities to achieve the goal organisasi based organizations that have been defined together. Accounting policy is a guideline for all SKPD to prepare financial statements so that financial reports are made to be consistent with the rules that have been established, besides, the making of reporting issuer is not out of the realm of the rules set (Erniati, 2015). The financial statements resulting from the accounting system of local government is not in accordance with government accounting standards, so the financial statements to be less qualified (Mahmudi, 2010: 29). Consistency of accounting policies application will facilitate the reader of financial statements to compare the financial statements from one period to the next (Martani et al, 2015: 358). Erniati (2015) in his research showed that the application of the accounting policies of local governments has significant effect to the quality of financial statements SKPD Bulukumba, Sari (2012) in his research proves SAP implementation has positive effect on the quality of the financial statements. Thus the fourth hypothesis in this study are:

H4: The application of accounting policies has a positive influence on the quality of financial statements SKPD

2.5. The Relationship with between Quality of SKPD Financial Statement with Financial Accountability

Stewardship theory considers that the management of the organization as Steward / stewardship will act mindfully, wisely for the benefit of the organization (Donaldson and Davis, 1991: 62). Government as steward / waiter has an obligation to manage and responsibility for the resources that delivered as a form of accountability to the principal. Hopwood and Tomkins (1984), Edwood (1993, Mahmudi (2005: 10), and Syahrudin Rasul (2003) in Zyen (2011) suggested that one of the public accountability is financial accountability (financial) which requires public agencies to make financial reports to describe the financial performance of the organization to outside parties. Financial accountability is accountability regarding financial integrity, disclosure and compliance with laws and regulations (LAN and BPKP, 2000). In accountability entails an obligation to present and report on all actions and activities especially in the field of financial administration to the higher (Halim 2007: 85,). Accounting for the public sector has a major role to prepare the financial statements as a form of implementation of public accountability (Mardiasmo, 2009: 159). Zyen study (2011) found the quality

of Local Government Finance Report (LKPD) has closely linked with accountability, the same results shown by Fitriyah (2013) which the quality of the presentation of financial statements have influence on financial accountability. Thus the latter hypothesis in this study are:

H5: Financial Statement Presentation Quality SKPD Positively Against Financial Accountability.

3. Research Method

3.1. Population and sample

The data used in this study are primary data that obtained with the help of questionnaire and interviews related to the study variables. The population in this study are all entities accounting and reporting entities in Central Lombok regency environment a number of 39 SKPD. The population in this study consisted of personnel managers of existing financial accounting entity and the reporting entity in the regency of Central Lombok a number of 285 sampling method in this research is done by using purposive sampling, with the following criteria: Government Personnel who served as SKPD, One staff SKPD and staff Accounting and reporting in SKPKD, so that the number of samples are 85 respondents.

3.2. Operational Definition of Variables

1) Variable Endogenous

- a. The definition of operational about the quality of the financial statements in this research is based on the qualitative characteristics of financial statements as in PP 71 th 2010, as measured by the indicators: 1) The benefits of financial statements generated, 2) timeliness of financial statement reporting, 3) completeness of the information presented, 4) presentation honestly, 5) Content financial statements can be verified, 6) Neutrality in reporting, 7) Fill in the financial statements can be compared, 8) financial statements can be understood. The questionnaire consists of 12 statements were adapted from Roni's research (2015).
- b. Financial accountability is accountability regarding financial integrity, disclosure and compliance with laws and regulations. Goal of this accountability is the financial statements and the legislation in force which includes the reception, storage and expenditure of money by the government agencies. Financial accountability indicators measured by indicators of financial management accountability, disclosure in reporting and assessment of financial

performance. The questionnaire consists of seven statements in the adaptation of Sihaloho's research (2014).

1) Exogenous Variables

- a. HR competencies referred to in this research is the ability possessed by the apparatus of financial operators SKPD in the discharge position indicator is adopted from Sudiaranti's research (2015) and Roni (2015), such as: 1) The educational background of the apparatus of financial management of local government, 2) knowledge is the knowledge possessed by an apparatus of financial management of local governments to carry out their duties and responsibilities in accordance with their profession 3) Skill is the ability to be possessed by each apparatus managing government finances to carry out the required tasks and responsibilities given that was by the government to the fullest ; 4) Training and 5) The division of duties.
- b. Government No. 8 of 2006, article 33 stated that the Internal Control system must reliably created a procedure for reconciliation between the financial transactions was accountan by the Budget User / Budget Authority with financial transaction data that was accountan by General Treasurer of the State / Region. In the context of local government, reconciliation is the process of data matching between internal SKPD such as PPK SKPD as compilers of financial statements with the treasurer reception, treasurer of spending and treasurer of the goods that served as the financial administration and is dominated by SKPD, the other internal reconciliation SKPD reconciliation process also includes reconciliation among the accounting entity (SKPD) by the reporting entity in this case the financial Management Board and Asset (BPKAD) as the coordinator of a financial manager / goods. Reconciliation in this study was measured using two (2) indicator that was adopted of Roni's research (2015) is a reconciliation of Internal and External Reconciliation
- c. SIMDA application is a database application that aims to simplify financial management in the environment SKPD. Application Usage SIMDA was Focus on the usefulness and easy of users in the use of applications Financial SIMDA to produce financial statements SKPD. The indicators used in measuring the effect of the SIMDA application is able to work faster,

improving job performance, improve effectiveness, facilitate the work, control of the system, clear and understandable, flexible and easy to use that adoption of Najati's research (2016).

- d. Accounting Policy refers to the regulations Regent of Central Lombok No 7 of 2014 which the regent regulation explains that the definition of accounting policies are the principles, the bases, conventions, rules and practices are specifically that was selected by a reporting entities in the preparation and presentation of financial statements. The indicators used in the accounting policy adopted from the Erniati's research (2015) and the decree of Central Lombok No. 7 of 2010 on accounting policies, such as: presentation of financial statements, recognition of inventories, measuring inventories, the disclosure of inventories, recognition of fixed assets, the measurement of fixed assets, and disclosure of fixed assets.

3.3. *Analysis Data*

This study uses data analysis using SmartPLS software version 3.0. Ghozali (2015: 10) explains that the PLS is an analytical method that its character is soft modeling because it is not based on the assumption that the data should be the scale of measurement, data distribution (distribution free) and a certain number of samples, which means the number of samples can be small (less than 100 samples). Methods of data analysis in this research is divided into two, they are:

1. Statistik Deskriptif

According Sugiyono (2015: 21) descriptive analysis is the statistics used to analyze some data with describe of data that has been collected as without intending to apply for generalized conclusions. Descriptive statistics in this study include: the preparation of the data in the form of tables, graphs, calculation of median, mean, standard deviation, percentage calculation, etc.

2. Statistik Infrensial

Statistik Infrensial is a series of techniques that are used to examine, assess and take the conclusions based on data obtained from the sample to describe the characteristics of a population (Sugiyono (2015: 21). Statistik Infrensial in this research using PLS it begin from the outer, inner models and hypothesis testing. with the following steps: 1) The conceptualization of a model, 2) Determine alogaritma analysis methods, 3) Determine the resampling method , 4) Determining the path of diagram.

Outer model

Evaluation outer models has performed to assess the validity and reliability model. Outer models with reflexive indicators evaluated through convergent validity, discriminant validity and composite reliability (Ghozali and Latan, 2015: 74) The validity Convergen seen from the loding factors must be more than 0.7 to the research that has chcacter confirmatory and values from 0.6 to 0 , 7 In order to exploratory research is still acceptable. Discriminant validity can be seen by comparing the square root of the AVE for each construct with the correlation value between the constructs in the model. Validity discriminate that be good if squared AVE each kostruk is greater than the correlation between the constructs in the model (Fornel and Larcker, 1981 in Ghozali and Latan 2015: 75).

In addition to the validity of the test, measurement models are also transactions are carried out to test the reliability of a construct. Reliability testing done to prove the consistency and accuracy in measuring the construct instrumnen. Test reliability in SmartPLS 3.0 can be done in two ways, they are composite reliability and Cronbach's alpha (Ghozali and Latan, 2015: 75). Rule of thumb value of alpha and composite reliability was good must be greater than 0.7 although the value of 0.6 can acceptable (Hair et al, 2012 in Ghozali and Latan, 2015: 75).

Inner Model

Rate of structural model with PLS begins to see the value of R2 for every latent endogenous variables as the predictive power of the structural model. R2 = 0.67, 0.33 and 0.19 show that the model is strong, moderate and weak. (Chin 1998 in Ghozali and Latan, 2015: 79).

Hypothesis testing

If the T-statistic coefficient on the table output PLS of Path Coefficient 3.0 (T-test) showed a larger coefficient (>) from t-table (1.66), so these results illustrate that the variable is significant and means that the latent variable has effect and significantly to other variables.

4. Results and Discussion

4.1. Characteristics of Respondents

Characteristics based on the sex, the number of female respondents is greater than male respondents that is equal to 53%, it indicates that gender equality in the financial management tasks in central Lombok. Based on the average age of the respondents are in the age of 25-45 years, indicating the age of the financial statements apparatus constituent officers are in the productive age. Working period as an ASN and tenure as finance manager of the respondent data showed 65% and 57% of respondents own tenure as ASN more than 10 years and more than 4 years as financial manager. In the intelektualitas terms of respondents' educational level which 59% of respondents had been educated S1 so that it easily to understand their duties as a constituent of the financial statements SKPD. Showed from the respondent's participation in the training of finance data show 35% from 81 to respondents had attended only one training and 31% have not been trained, it is because they lack the training implementation by local governments.

4.2. Description of Research Variables

Description of study variables are shown from the results that obtained based on the answers of respondents to each indicator measuring variables. Values obtained interval of the frequency distribution of the formulation as follows:

$$\text{Interval} = \frac{\text{The highest value-lowest value}}{\text{Number of classes}}$$

Scores for each alternative answers of the variables research with a minimum value of 1 and a maximum of 4, so that the interval value obtained was 0.75. The criteria was used to determine the condition of the variables a thorough investigation can be seen through the mean score such as: a) the less (1.00 to 1.75); b) less (1.76 to 2.50); c) Good (2.51 to 3.25); d) Very Good (3.26 to 4.00).

Respondents is answers to the relatively good financial accountability variable with an average score of 2.94 variables. The variable quality of the financial statements with an average value of 3.15 which classified as good variables that indicate of financial statements SKPD in Central Lombok regency is good but not optimal timing of presentation. Variable HR competencies have an average value of variables that are classified as good: 3.08, which means the respondent's assessment is fair.

Similarly, respondents to variable reconciliation with average scores of 3.18. Variable application usage SIMDA had a mean scores of 3.18, its mean that the respondents' assessment of the usefulness and ease to use of SIMDA applications quite well. The assessment of respondents to the application of accounting policies is quite good with average scores of 3.31 which means the application of the accounting policy has been good.

4.3. PLS Test Results

PLS test results in this study include evaluation of outer models with reflective models and inner model with a 5% significance

1) Outer Model

Based on the test results of outer models through the menu of alogaritm outer models in PLS indicates there are two indicators that have a value under 0.6 that is indicators KLK1 and KLK2 to the variable quality of the financial statements with a loding factors value 0.496 and 0.566. This means that both indicators do not fulfill the convergent validity, so it must be removed from the model. Then it is continued to alogaritm analiysis phase II. The results of outer model phase II showed there are an indicator that do not fulfill the convergent validity, that is KLK 8 indicator on the variable quality of the financial statements with a value of $0.597 < 0.6$ so it should be done alogaritm test phase III. The results of the outer model evaluation phase III showed that all indicators have a value of loding factor more than 0.6.

Furthermore reflective indicators need to be tested discriminan validity that is measured by the show average variance extracted value and the value of extrackted variance between constructs such as tables 1

I/K	AK	AS	KA	KLK	RK	SDM
AK	0.833					
AS	0.432	0.715				
KA	0.622	0.694	0.763			
KLK	0.624	0.505	0.626	0.794		
RK	0.532	0.575	0.551	0.563	0.862	
SDM	0.580	0.479	0.471	0.513	0.641	0.764

In table 1 above it can be seen the individual indicators that each reflective and construct have valid based discriminan validity test that is AVE value is above 0.5, the root value of AVE and constructs

correlation with measurement item (indicator) is greater than the size of the construct with other constructs. After the validity test it is followed by a reliability test to a construct. Reliability test is done by seen the value of Cronbach's Alpha and Composite Reliability. Cronbach's Alpha's value of each variable is over 0.6 and the value of composite reliability is over 0.7, like in the table 2:

Tabel 2. Cronbachs Alpha dan Composite Reliability

<i>Konstruk</i>	<i>Cronbachs Alpha</i>	<i>Composite Reliability</i>
AK	0.775	0.871
AS	0.863	0.893
KA	0.882	0.906
KLK	0.854	0.895
RK	0.653	0.852
SDM	0.826	0.875

2) Inner Model

The coefficient of determination R square (R^2) was used to assess the goodness of fit certain latent variable exogenous to the endogenous latent variables. The R-square value is higher it means that the prediction model of the proposed research model is better (Abdillah and Jogiyanto, 2015: 197). (See Table 3)

Tabel 3. R-Square

<i>Variabel</i>	<i>R Square</i>
AK	0,389233
KLK	0,477011

The table above shows that a quality of variabel constructs in the Financial Statements (KLK) can be explained by the variable constructs of SD, RK, AS and KA in amount 47.70%, while 52.30% (100 - 47.70%) is explained by other un investigated variables. Besides the variable of SD, RK, AS and KA include in the moderate category to explain the variable quality of the financial statements (KLK) because it has the R-square value of 0.477011. Variable constructs of financial accountability (AK) can be explained by the variable constructs KLK by 38.92% or included in the moderate category, while it amount to 61.08% (100 - 38.92%) is explained by other unexamined variables.

3. Hypothesis Testing

The result of hypothesis test as the Table 4 estimate for path coefficients as follows:

	<i>Original Sample (O)</i>	<i>T Statistics</i> (<i> O/STERR </i>)	<i>P Values</i>	<i>Hipotesis</i>	<i>Keterangan</i>
SDM -> KLK	0.173	1.529	0.063	H1	H1 Ditolak
RK -> KLK	0.217	1.730	0.042	H2	H2 Diterima
AS -> KLK	0.006	0.042	0.483	H3	H3 Ditolak
KA -> KLK	0.420	3.905	0.000	H4	H4 Diterima
KLK -> AK	0.624	9.342	0.000	H5	H5 Diterima

From the table above it can be known that the t-statistic value, significance value p-value relationship between variables and coefficient value in each variable. Structural equation models were obtained based on the inner model test and hypothesis test, as follows:

$$KLK = 0.173SDM + 0.217RK + 0.006AS + 0.420KA + \zeta$$

$$AK = 0.624 + \zeta$$

Explanation :

SDM = Human Resources

RK = Reconciliation

AS = Application SIMDA

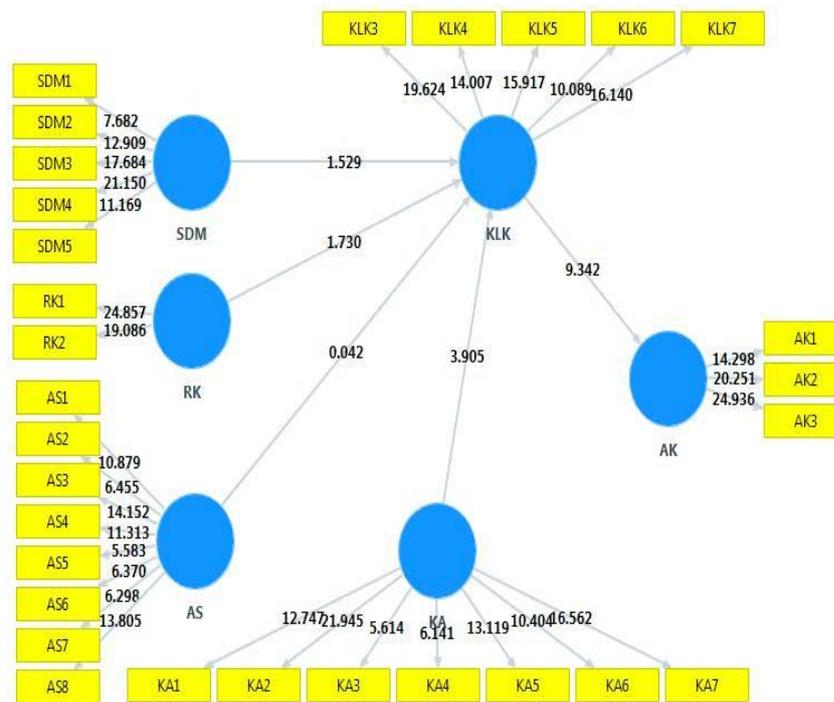
KA = Accounting Policies

KLK = Quality of Financial Statements SKPD

AK = Financial Accountability

The last structural models in this study are shown in Picture 1 below:

Picture 1
Final Structural Model



4.3. Interpretation of Hypothesis Testing Results

The Effect of human resources competencies to the quality of financial statements SKPD

The competence in accounting as a set of knowledge, skills and attitudes that necessary for a person to work as an accountant (Jing, 2008 in sudirianti 2015). Human resources (HR) which competent will be able to understand the logic of accounting properly. The failure of the human resources of local governments in understanding and applying the accounting logic would have an impact on the financial statements that were made in error and discrepancy reports with the standards it have set by the government (Sukmaningrum, 2012).

The result of statistical test obtained T-statistics amoun 1,529 are smaller than the T-table 1.665 with a significance of 50% (one-tailed), or sig value 0.063 is greater than the value α of 0.05. The results of the statistical test gives the sense that kompetensi HR is not positive effect and significant impact to the quality of financial reporting SKPD in the government district of central Lombok. This is caused by the lack of personnel management financial in accounting education background in SKPD, accounting understanding where dominated by officials who worked in DPKAD, the training intensity that has not been optimally implemented and job descriptions are not clear to the officials in who worked in arrange

of financial statements so that there are employees has double works. The results of this study are supported by Erniati's research (2015), Roni, 2015 and Fikri et al (2015), but not in line with the Evicahyani's research (2015).

Reconciliation influence to the quality of financial statements SKPD

Reconciliation is one of the keys in the effort credible financial statements (Pradono et al, 2015). Roni, (2015) stated that reconciliation is a process to ensure that all transactions have been recorded correctly by both parties prior to the preparation of the financial statements. Hypothesis test results were obtained t-statistic value of 1,730 is greater than t-table value of 1.66 with significance level 0.00 is less than 0.05 this case indicate that the reconciliation effect on the quality of financial reporting. The intensity of the implementation of both internal and external reconciliation are better will improve the accuracy of financial reporting data so that it increase the quality of the resulting financial statements. The results are consistent with Pradono's research et al (2015) but is not supported by the results Roni's research (2015).

The effect of applying SIMDA application to the quality of the financial statements.

Accounting information systems can give more value to an organization by providing accurate information and fast so that the organization can work more effectively (Steinbar 2004 in LHP BPK, 2015). One of the benefits of the use of technology imformasi according to Pradono et al (2015) may increase the process of transaction and other data, the accuracy in the calculation, and the preparation of reports and other outputs more timely. SIMDA application is an data base application that purpose to simplify of financial management in the environment of SKPD (Budiman, et al. 2013). The result of hypothesis test show the t-statistic about 0.042 is smaller than t-table with a value of 1.66 and a significance of P-Value by 0483, is larger than the alpha by 0.5% (0.05), so the third hypothesis which states that SIMDA application utilization has positive effect on the quality of financial reports SKPD who was rejected. This case indicates that the ineffectiveness of SIMDA apalikasi use in preparing the financial statements. Statistical analysis of the description stated that there are respondents who still do not understand how to use the SIMDA application esfecially related with the manufacture of adjusting and SIMDA Applications has not been able to produce accrual-based financial statements its means it is still completion. The results of this research that in line with Sukmaningrum's research

(2012) which the use of information technology does not affect to the reliability of financial statements. Its different with Indriasari and Nahartoyo's research (2008) and Alfian (2014).

The Effect of Accounting Policy to the quality of financial statements SKPD

Accounting policy is a guideline for all SKPD to prepare financial statements so that the financial reports are made to be consistent with the rules that have been established, besides reports is not out of the rules set (Erniati, 2015) The consistency of the accounting policies application will facilitate the reader of the financial statements in compare of financial statements from one period to the next (Martani et al, 2015: 358). Accounting policies play an important role as a guide SKPKD and SKPD in preparing and presenting of financial statements that include measurement techniques, recognition and reported of accounting by the accounting entity with the aim to improve the quality of financial statements SKPD and Local Government. The results hypothesis test show that the t-statistic of 3.905 is lager than t-table by 1.66 and a significance of P-Value of 0.000, is smaller than the alpha of 0.5% (0.05), so the fourth hypothesis which states that accounting policies has a positive influence to the quality of financial statements SKPD is accepted. The application of accounting policies more better in preparing the financial statements, recognition, measurement and disclosure of inventories and fixed assets account appropriate accounting policies will improve the quality of financial reporting. The result of this research was supported by Erniati (2015), however it is not in line with the results of Sari's research (2012) and Fikri et al (2015).

The influence of the quality of financial statements SKPD to financial accountability.

Accounting for the public sector has a major role to Preparing financial statements as one form of public accountability implementation (Mardiasmo, 2009: 159). Presentation of complete information in the financial statements would create transparency and eventually creates accountability (Nordiawan, 2007). Hypothesis test results show the t-statistic of 9.342 is greater than t-table with a value of 1.66 and a significance of P-Value of 0.000, it is smaller than the alpha of 0.5% (0.05), the fifth hypothesis which states that the quality of financial statements SKPD has positive effect on financial accountability is accepted. The results of descriptive statistical analysis the respondents answers financial accountability show the financial statements have been presented, the express of accounts in the financial statements and express of financial performance achievements have been optimal, yet still

have to be improved. The better presentation of financial statements quality, so the level of an entity's financial accountability be better. In line with the results Zyen' research (2011), and Fitriyah (2013) but is not supported by Riyansa' research et al (2015) which the quality of the financial statements did not affect to the financial accountability.

5. Conclusions, Implications and Limitations.

In accordance with the purpose of this study is to test and provide empirical evidence of the influence of human resource competencies, reconciliation, SIMDA application usage, and accounting policies on the quality of financial statements. Furthermore, this study examines the effect of the quality of financial statements SKPD to financial accountability. Testing is done by using analysis Partial Least Square (PLS).

The results of this study provide evidence that the competency of HR does not affect to the quality of financial reporting SKPD. Accounting personnel in each SKPD still limited, the apparatus rotation policy that is not based on an existing competence, the training intensity is still limited and unclear divide of duty so they have double work. The results of this study also provide some evidence that the reconciliation have positive and significant impact on the quality of financial statements. The better implementation of the entity's internal reconciliation and reconciliation between the accounting entity with a reporting entity can improve the accuracy of financial reports. This study provides evidence that the use of the SIMDA application has no significant positive effect on the quality of the financial statements due the ineffectiveness of the use SIMDA applications in presenting the financial statements. Users still do not understand the features SIMDA application menu especially accountability. This study also shows the effect of the accounting policy to the quality of financial statements. The better the application of accounting policies in terms of recognition, measurement and disclosure of financial transactions resulted in increased quality of financial reporting. The results of this research also prove the existence of significant influence of the quality of financial reports with the level of financial accountability. The quality will be better in she financial statements in terms of

disclosure in success and failure of the management of financial resources it showed a fairly high level of financial accountability.

The results of this study can contribute to the knowledge and development of accounting literature, especially public sector accounting is mainly related to the determinants of the quality of financial reports and their implication to financial accountability. The results of this study can contribute practical to central Lombok government in policy decisions, especially in relation to improving the competence of human resources through education and training, the application of accounting policies, optimizing the use of the application SIMDA so that it can improve the quality of financial statements, and formulating the direction and policy to improve accountability finance.

The limitations of this study can be a evaluation material and feedback for further research. Limitations that found in this research such as this study was conducted in government of central Lombok. The results of this research can not generalize by in other areas. Further researchers to consider large the object with the province by a larger sample. This study is only seen from persefektif constituent financial statements, the next researcher shold research the quality of the financial statements of the constituent perspectives financial statements and internal and external auditors of government. The study also explores still lacking in other factors affecting such financial accountability like aksesibilitas regional financial reports. In the research data collection instrument (questioner) need to be evaluated to make easier understood, not biased and not directing the respondent's answer, so that it fulfill validity qualifies and reliability so it was not dropped from the model. Variable SIMDA application utilization is only seen from the perspectives of the usefulness and convenience of the user in presenting the financial statements, so that further research is recommended to examine the factors that influence the use of SIMDA applications and their implications for the quality of the financial statements.

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