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Research Paper

The Effect of Competence of human resources and the role of internal audit on Local Government Financial Reporting moderated by the Utilization of Regional Financial Accounting Information System.

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ABSTRACT: This study aims to test and analyze the effect of competence of human resource and the role of internal auditors on local government financial reporting and the utilization regional financial accounting information systems as moderating variable. The object in this study was the Regional Inspectorate Office of the Soppeng District Government. The technique of determining the sample using the method is non-probability with purposive sampling that takes samples from the population based on certain criteria. Retrieving data using questionnaire instruments. Data were analyzed using Moderated Regression Analysis (MRA). The results of the study show that (1) Competence of Human Resources has a significant effect on the Quality of Local Government Financial Statements (LKPD); (2) The role of Internal Audit has a significant effect on the Quality of Local Government Financial Reports (LKPD); (3) Utilization of Regional Financial Accounting Information Systems (SIAKD) moderates the effect of Competence of Human Resources (HR) on the Quality of Local Government Financial Reports (LKPD); and (4) Utilization of the Regional Financial Accounting Information System (SIAKD) cannot moderate the effect of the Role of Internal Audit on the Quality of Local Government Financial Reports (LKPD)

KEYWORDS: Competence of human resource, Internal Audit, Accounting Information System

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I. INTRODUCTION

Public sector organizations have a responsibility to serve the community, this is in accordance with the phenomenon that occurred in Indonesia in connection with the current era of public sector reform, namely the strengthening demand for openness and public accountability in the development process. Public accountability or local government accountability is made in the form of Local Government Financial Reports (LKPD) prepared by the head of the Regional Financial Management Unit (SKPKD) as Regional Financial Management Officer (PPKD) based on the Regional Work Unit (SKPD) financial report and management accountability report regional treasury.

According to data from the official website of the State Audit Board (BPK) Republic of Indonesia in IHPS (Summary of Semester Examination Results) that the Opinion obtained by the Regional Government of Soppeng Regency from 2013 to 2017 received opinions that gradually improved and received WTP opinion (Unqualified), after the previous year namely 2012 received a TMP opinion (Not Giving Opinion / Disclaimer). This certainly cannot be separated from several factors that can affect the Quality of the LKPD and make the local government get a better opinion.

One that influences the quality of the LKPD was competence of human resource, where in some previous studies it was explained that competence of human resource intended to influence the quality of the LKPD are the competencies of the Regional Finance Management Officer (PPKD) in the provincial or regional governments which are still very limited and still require assistance from internal auditors.

Competence of human resource from internal auditor (APIP) have a role given by the auditors, this is based on previous research conducted by Yuliani et al (2010) explaining that the role of internal audit has an influence on the quality of financial statements because internal audit can help organizations achieve the aim is

to implement a systematic and disciplined approach to evaluating and increasing the effectiveness of the management process of the adequacy of the organization's control and management.

In addition to competence of human resource and the role of internal audit (APIP) for the implementation of fast and accurate information delivery processes so as to produce quality financial reports, the central and regional governments are obliged to develop and utilize information technology advances. This is in accordance with Government Regulation No. 65 of 2010 concerning the Regional Financial Information System which explains that in order to follow up the implementation of a development process that is in line with Good Governance principles, the central government and regional governments are obliged to develop and utilize information technology advances to improve financial management capabilities and channel financial information to public services as a form of accountability for activities carried out by the Government.

II. THEORETICAL CONCEPT

Attribution Theory

Attribution theory was a theory of behavior that explains how to determine the causes of a person's behavior. This theory was first coined by Fritz Heider in 1958. Heider is one of the psychologists from Germany who explained that attribution theory was a theory that explains the behavior of someone who tries to understand one's behavior. Furthermore, this attribution theory was developed by Edward Jones and Keith Davis in 1965 and Bernard Weiner in 1974. Jones and Davis (1956) who suggested the correspondent inference theory state that an assessment is sometimes given by someone when they observe the behavior of others, and Weiner (1974) explained that there is emotional involvement and motivation for success and academic failure in attribution theory.

In general, Robbins (2006) states that this theory was an explanation of the causes of behavior of others or oneself which is determined by factors from internal or external factors. This internal influence can cause a person's behavior to be under his own control, for example: the ability, knowledge, and effort he has. While external influences can lead to behavior of someone who is forced by certain situations, for example: advantages, opportunities, and the surrounding environment. Determining the causes of behavior whether internal or external attribution can be influenced by 3 factors, Robbins (2006):

- 1) Consensus: behavior that is shown if everyone who faces a similar situation responds in the same way.
- 2) Distinctiveness: behavior shown by different individuals in different situations.
- 3) Consistency: the same behavior in a person's actions from time to time

Competence of Human Resource

Human Resources (HR) was a system user who is required to have an adequate level of expertise, at least having the willingness to continue to learn and hone skills in the field they are engaged in, therefore the success of an organization in achieving its objectives was largely determined by the quality and capabilities possessed by HR. The ability of HR carrying out their duties and responsibilities is said to be HR Competence. Spencer (1993) states that "an underlying characteristic of an individual which is causally related to criterion - effective and superior performance in a job or situation" which means that competence was a characteristic that underlies a person and is related to the effectiveness of individual performance in his work.

Syarifuddin (2014) explains that a characteristic that underlies a person's personality will cause each other to be related to effective behavioral criteria and / or superior performance in a particular job or situation. Further explained that determining the level of competence is needed to determine the expected level of performance, Spencer (1993) writes 5 characteristics of HR competencies: (1) Knowledge (knowledge); (2) Skills (skills); (3) Motives; (4) Traits (traits); and (5) Self Concept. In public organizations the role of HR is more emphasized in the ability to provide good services to the community so that the organization has a reputation for good and accountable performance in the eyes of the public. Whereas HR failure will have an impact on report errors with the standards set in SAP, because no matter how perfect SAP is at the moment but if the related HR was not reliable then the report produced will not be of quality.

The Role of Internal Audit

Internal auditors according to Haliah (2012) were auditors who work in organizations that have a large enough role to help achieve organizational goals, internal auditors intended are: (1) Financial and Development Supervisory Agency (BPKP); (2) Inspectorate General; and (3) Provincial Inspectorate and Regency / City Inspectorate, known as the Government Internal Supervision Apparatus (APIP). Furthermore, Martowardjo, who gave a keynote speech to the local work of the Government Internal Supervision Apparatus (APIP), stated that internal audit was a systematic and objective assessment carried out by internal auditors on different operations and controls in the organization (Suyono, 2016). The role of internal audit / inspectorate as the internal supervisory apparatus of the regional government is expected to be able to assist local governments in preparing quality and reliable financial reports.

The Government Internal Supervisory Apparatus (APIP) itself functions as a government agency that has main duties and functions to carry out supervision. The role of APIP is to carry out one of the functions as an internal auditor, therefore normatively must realize generally accepted principles in the internal audit organization.

Utilization of Regional Financial Accounting Information System

Arad et al (2009) Information Technology (IT) was an illustration of every technology that helps humans communicate, store, manipulate, produce, and disseminate information. Furthermore Goodhue and Thompson (1995) explained that technology was a tool that individuals use to complete the tasks they get. In the context of information system, technology is related to computer systems (hardware, software and data) and the use of supporting services that provide guidance to users in completing tasks. From the two meanings, it can be concluded that information systems were a collection of resources, namely humans and equipment.

⁹ Jurnal and Supomo (2002) explain the use of information technology was the level of integration of information technology in the implementation of accounting tasks. The utilization of information technology includes the existence of: (a) data processing, information processing, management systems and work processes electronically; and (b) utilization of information technology advances so that public services can be accessed easily. Suyono (2016) said that the use of information technology can also improve the quality of local government financial reports in order to realize accountability and transparency in regional financial management, the use of information technology was a need that must be met, to help manage data faster, more effectively and efficient. Now the government has utilized information technology that produces an information system. This information system is known as the Regional Financial Information System (SIKD).

III. RESEARCH METHOD

This research was explanative, namely explaining the relationship between the independent and dependent variable. The researcher collected the desired data through a questionnaire distributed to be filled in by each respondent who became the sample in this study, besides using questionnaires the researcher also obtained data through the Inspection Report (LHP) of the Regional Inspectorate of Soppeng Regency, therefore the data used was data primary and secondary.

This primary data was obtained from respondents' answers to the questionnaires that were distributed and analyzed to answer the problem formulation and to test the hypotheses in this study, while secondary data was obtained from the Inspection Results Report (LHP) of the Soppeng District Government Inspectorate for 2017 to find some findings that can affect the quality of the LKPD.

IV. RESULTS AND DISCUSSIONS

The results of this study use the Moderated Regression Analysis (MRA) as an analytical method to test hypotheses that have been formulated previously. This regression analysis was done in two stages of testing. The first step is multiple regression without moderation variables, then the regression is done with moderating variables, then the following results are obtained:

Regression Analysis Before Interacting With Moderating Variable

Variable	Coefficient	t	Sig.	Result
(Constant)	-1,089			
competence of HR	0,526	3,145	0,003	Significant
the role of internal audit	0,825	4,076	0,000	Significant

$\alpha = 5\% = 0,05$
R square = 0,507

³ Based on the results of the regression test above, mathematical equations can be arranged as follows.

$$Y = -1,089 + 0,526 X_1 + 0,825 X_2 \dots\dots(1)$$

³ Based on the equation, it can be seen that the coefficient for all independent variables was positive. This indicates that the influence of all independent variables, namely the competence of HR and the role of internal audit were directly proportional to the quality variable of the Local Government Financial Report (LKPD). ⁴ The table also shows that the competence of HR and the role of internal audit shows a significant influence on the quality of the Local Government Financial Report (LKPD). This can be seen from the probability value of competence of HR variable of 0.003 and the internal audit role variable of 0.000 which is smaller than 0.05, then partially the competence of HR variable and the role of internal audit have a significant effect on the variable quality of local government financial statements. The determination coefficient value of R square on the test results shows a value of 0.507 or 50.7%, this indicates that the competence of HR variable and

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⁴ the Role of Internal Audit can affect the Quality of Local Government Financial Reports (LKPD). While the remaining 49.3% is influenced by other variables outside the independent variables examined in this study.

Regression Analysis After Interacting With Moderating Variable

Variable	Coefficient	t	Sig.	Result
(Constant)	1,188			
SIAKD	-0,035			
X1.Z	0,118	2,866	0,007	Significant
X2.Z	0,096	1,366	0,181	Not-Significant

$\alpha = 5\% = 0,05$
R square = 0,594

Based on the results of the regression test above, mathematical equations can be arranged as follows:

$$Y = 1,188 + -0,035 + 0,118 + 0,096 \dots\dots(2)$$

The determination coefficient value of R square on the test results shows a value of 0.594 or 59.4%. This indicates that after the moderating variable the use of the Regional Financial Accounting Information System (SIAKD) interacts with the competence of HR variable and the role of Internal Audit can affect the Quality of Local Government Financial Reports (LKPD). While the remaining 40.6% is influenced by other variables outside the independent variables examined in this study.

From table it is also known that after the competence of HR interacts with the utilization variable of the regional financial accounting information system as moderating having a probability value of 0.007 which is below the significant standard value of 0.05. This shows that the utilization of regional financial information systems can moderate the influence between the competencies of HR of internal auditors with the quality of local government financial reports. From table it is also known that after the role of internal audit variable interacts with the variable utilization of the regional financial accounting information system as moderating has a probability value of 0.181 which means it is above the significant standard value of 0.05. This shows that the role of regional financial information systems cannot moderate the influence between the role of internal audit and the quality of local government financial reports.

³ V. CONCLUSIONS

Based on the results of test ³ the hypothesis and the discussion of the effect of the competency of HR and the role of internal audit on the quality of Local Government Financial Reports (LKPD) moderated by the use of the Regional Financial Accounting Information System (SIAKD), the following conclusions can be drawn: (1) Competence of Human Resource (HR) effect to the quality of Local Government Financial Reports (LKPD). That the more competent an internal auditor is, the better the quality of the Local Government Financial Report (LKPD). This is also in line with attribution theory which explains the behavior of someone trying to understand someone else by making an assessment by observing it. (2) The role of internal audit effect to the quality of Local Government Financial Reports (LKPD). That it is good that the role given when the audit process takes place will increase the quality of the Local Government Financial Report (LKPD) itself. This is supported by the Goal setting theory that emphasizes the importance of the stated goals, with internal audit providing assurance services, it will assist the Regional Finance Management Officer (PPKD) in achieving its objectives by applying a systematic and disciplined approach to evaluating and improving the effectiveness of the risk management process adequacy of control and management. (3) Utilization of the Regional Financial Accounting Information System (SIAKD) moderates and strengthens the relationship of the competencies of Human Resources (HR) to the quality of Local Government Financial Reports (LKPD). So the competencies possessed by auditors coupled with the Regional Financial Accounting Information System (SIAKD) owned will increasingly make auditors more competent in carrying out their duties and will further improve the quality of Local Government Financial Reports (LKPD). And (4) Utilization of Accounting Information Systems Regional Finance (SIAKD) does not moderate the relationship of the role of internal audit to the quality of Local Government Financial Reports (LKPD). This means that the presence or absence of the Regional Financial Accounting Information System (SIAKD) in an area will not have an effect on the relationship between the role of internal audit and the quality of the Local Government Financial Report (LKPD)

Based on the research conclusions, further research suggestions should be carried out to provide more comprehensive results as follows: (1) Further research is expected to further expand the sample analysis unit or research so that the results of the study can be more generalized. (2) Further research is expected to be able to add or consider other variables that can be used to review which can affect the quality of Local Government Financial Reports (LKPD). (3) The next researcher needs to consider the timing of the research, the next

researcher should better carry out pre-research to enable initial data collection and ensure the research schedule related to the object of the research.

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