

The Influence of the Role of Internal Auditors and Human Resource Competence on the Quality of Financial Reports in the Regional Government of Rejang Lebong Regency

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ABSTRACT

The purpose of this study was to determine the influence of the role of internal auditors and human resource competencies on the quality of financial statements in the Regional Government of Rejang Lebong Regency. The data analysis technique used is by quantitative alignment. Data collection is carried out by distributing questionnaires and questionnaire results are received back for processing. The data is analyzed using the SPSS program. Based on the results of questionnaire data processing using Based on the results of questionnaire data processing using classic assumption test, the multiple linear regression analysis and test the hypothesis consisting of coefficient of determination, test F and test t. The results of this study show that partial human resource competence has a significant effect on the quality of financial statements and the role of internal auditors has no significant effect on the quality of financial statements. From Statistical testing shows the influence of human resource competence and the role of internal auditors on the quality of financial reports in the Rejang Lebong Regency Government.

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Introduction

The public sector is often defined as organizations oriented towards public interests, therefore the public sector is usually not profit-oriented as its ultimate goal. However, like the private sector, the public sector is also required to prepare formal financial reports such as the Budget Realization Report (LRA), operational reports, excess budget balance reports, balance sheets, cash flow statements, equity change reports, and notes to the financial statements. The development of public sector accounting in Indonesia has led to the need for accountability as a form of responsibility to the public for government performance becoming a common demand. The strengthening of these demands requires the government to provide information about its activities and performance to the public. The public sector is a complex and heterogeneous organization (Mardiasmo, 2021:8). The effort to achieve this is by thoroughly improving the systems in the fields of accounting and administration at both the national and regional levels. Government Regulation (PP) Number 71 of 2010 became a milestone for good governance in the

field of accounting in the public sector. PP Number 71 serves as the basis for the government to establish Government Accounting Standards (SAP) based on accrual. The use of accrual-based SAP in local governments is reinforced by the Minister of Home Affairs Regulation (Permendagri) Number 64 of 2013 concerning the Implementation of Accrual-Based Accounting Standards in Local Governments. The implementation of accrual-based accounting in the Indonesian government faces several challenges, including the accounting system, information technology, and competent human resources within the Indonesian government.

The quality of government financial reports is greatly influenced by compliance with accounting standards and supported by a reliable accounting system. For this reason, the form and content of the accountability report on the implementation of the State Revenue and Expenditure Budget (APBN) or the Regional Revenue and Expenditure Budget (APBD) are prepared and presented in accordance with Government Regulation Number 71 of 2010, where SAP is the accounting principles applied in the preparation and presentation of financial statements. Government Accounting Standards (SAP) state that the quality characteristics of financial statements are normative measures that need to be realized in accounting information so that they can fulfill their purpose (Charolina, et.al, 2021). Financial statement information will correlate with the quality of the financial reporting itself if stakeholders view it (financial reporting) not only in terms of formality but also in terms of substance. In other words, financial reporting has long been recognized as beneficial in making useful decisions. By paying attention to the importance of the quality of financial reports, it is one form of the implementation of the policies that have been made. The quality of financial reports will improve if financial reporting is carried out based on Government Accounting Standards.

Financial reports are a manifestation of financial accountability and a responsibility for public accountability, serving as one of the measures of government performance success. This is where the strategic impact on the role of oversight and the role of each agency can be seen. In this regard, the government has established regulations that require every government agency as an organizer of governance to provide accountability for the execution of its duties and functions to the grantor of the mandate. That accountability is a form of accountability of government organizers for their authority in managing existing resources. Accountability is a form of the obligation to be responsible for the success or failure of the organization's mission in achieving the previously established goals and objectives, through a medium of accountability that is carried out periodically (Mardiasmo, 2021).

Accountability and transparency in the management of central and regional government finances are important goals in the reform of accounting and public sector administration. One of the main pillars of a region's economy is the accountability of trustworthy and responsible power holders in managing public resources provided by the community to finance development and the functioning of government. To determine the quality of national/regional financial accountability, an assessment is required to be conducted by a competent state institution. The government has outlined that according to Government Regulation Number 60 of 2008 concerning the Government Internal Control System (SPIP), there are at least two main tasks mandated to the Financial and Development Supervisory Agency (BPKP), namely (1) overseeing the accountability of state/regional finances, and (2) providing guidance in the implementation of the internal control system.

Method

The method used in this research is a quantitative method with a survey approach. According to Sunyoto (2020: 21), quantitative research consists of definite numbers or figures that can be arranged and also facilitate reading, making it easier for researchers to develop an understanding. Quantitative data analysis is conducted with the aim of testing the established hypothesis. Surveys are conducted to study the behavior of an individual or group. Generally, survey research uses questionnaires as a data collection tool by taking samples from a population

and using questionnaires as the primary data collection instrument. The population in this study is located in the Rejang Lebong Regency Regional Government, which consists of 24 Regional Government Organizations (OPD). In this study, the sample used by the researcher is the Finance Section in each related Regional Government Organization (OPD), with 3 people from each OPD. In the operationalization of this variable, all are measured using an instrument in the form of a questionnaire that meets the statements of the Likert scale type. According to Sugiyono (2021:93), the Likert scale is a scale used to measure the attitudes, opinions, and perceptions of an individual or a group of individuals about social phenomena. For each answer choice, a score is given, so respondents must indicate whether they support the statement (positive) or do not support the statement (negative). This questionnaire is distributed to all respondents by delivering it directly to them. This questionnaire is divided into two parts, namely the respondent's identity section and the statement section. In the identity section, the researcher wants to know the origin of the OPD (Regional Government Organization), the respondent's position, the respondent's age, gender, last education and major, as well as the respondent's length of service and rank. Meanwhile, in the statement section, respondents are asked to select items that correspond to their situation using a 5-category Likert scale, including strongly agree (SA), agree (A), disagree (D), strongly disagree (SD), and very strongly disagree (VSD). Data analysis was conducted using the assistance of a computer program, namely SPSS (Statistical Package For Social Science). The research model uses multiple regression analysis. Before obtaining the best equation, the validity and reliability of the items in the questions posed must first be ensured. Hypothesis testing in this study uses a significance level (α) of 0.05 or 5%. To test whether the proposed hypothesis is accepted or rejected, the research variables are tested simultaneously through a simultaneous significance test (F statistical test), which aims to explain the influence of independent variables on the dependent variable. Meanwhile, to test each variable partially, a t statistical test is used to determine whether the independent variable affects the dependent variable. The t statistical test essentially shows how far the influence of one independent variable (free) individually explains the dependent variable (bound). The R² Determination Coefficient test is conducted to determine the extent of the relationship or correlation between the dependent variable (Quality of Regional Government Financial Reports) and the independent variables (Role of Internal Auditors and Human Resource Competence).

Result and Discussion

Data Analysis

a. Classical Assumption Test

The classical assumption test is used to determine the presence or absence of residual normality, multicollinearity, and heteroscedasticity in the regression model. In this regression model, the autocorrelation test is not conducted because the data in this study is in the form of cross-sectional data, namely questionnaires. The classical assumptions must be met in order to obtain a regression model with unbiased estimates and reliable testing. If even one condition is not met, the results of the regression analysis cannot be considered BLUE (Best Linear Unbiased Estimator) (Priyatno, 2014:89). In this study, the results of the classical assumption tests are as follows:

1) Normality Test

The normality test is conducted to see whether the residual values are normally distributed or not. To further ensure whether the residual data is normally distributed or not, a statistical test that can be performed is the one-sample Kolmogorov-Smirnov test. This test is used to produce more detailed figures to determine whether a regression equation passes the normality test. A regression equation is said to pass normality if the significance value of the Kolmogorov-Smirnov test is greater than 0.05. The results of the normality test conducted show that the data is normally

distributed. This is indicated by a significance value of > 0.05 . The normality test in this study uses the Kolmogorov-Smirnov test and visual analysis of graphs. If the significance value is greater than 0.05, then the data distribution is normal.

Table 1 One-Sample Kolmogorov-Smirnov Test

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		50
Normal Parameters ^a	Mean	.0000000
	Std. Deviation	1.31139282
Most Extreme Differences	Absolute	.114
	Positive	.061
	Negative	-.114
Kolmogorov-Smirnov Z		.803
Asymp. Sig. (2-tailed)		.539

a. Test distribution is Normal.

Sumber : Hasil olah data dengan SPSS

Based on the SPSS output table, it is known that the significant value Asymp. Sig. (2-tailed) of 0.539 is greater than 0.05. Therefore, based on the decision-making basis in the Kolmogorov-Smirnov normality test above, it can be concluded that the data follows a normal distribution. Thus, the assumption or requirement of normality in the regression model has been met.

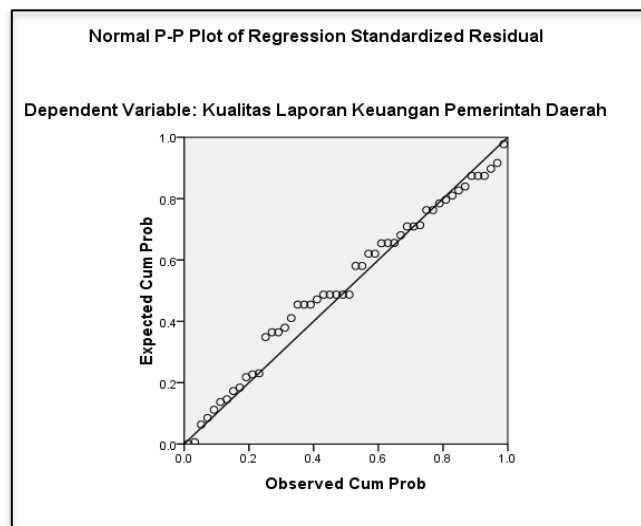


Figure 1 Normal P-P Plot of Regression Standardized Residual

Based on the normal plot graph in figure 1 it shows that the regression model is suitable for use in this study because the points on the normal plot graph are spread around the diagonal line and their distribution follows the direction of the diagonal line, thus meeting the normality assumption.

2) Multicollinearity Test

The Multicollinearity Test aims to determine the significant relationship (correlation) between each independent variable in a regression model. A good regression model is one where there is no correlation among the independent variables. Multicollinearity can be seen from the tolerance/Variance Inflation Factor (VIF) value. If the tolerance value > 0.1 /VIF is less than 10, it can be said that the model is free from multicollinearity issues. The results of the multicollinearity test indicate that the test model did not detect any cases of multicollinearity.

Table 2 The Result of Collinearity Statistics

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Peran Auditor Internal	.448	2.233
Kompetensi Sumber Daya Manusia	.448	2.233

a. Dependent Variable : Kualitas Laporan Keuangan Pemerintah Daerah

From the table above, it is known that the results of the multicollinearity test for each independent variable show that the Variance Inflation Factor (VIF) has a value of no more than 10, and also when viewed from the Tolerance value, it has a value of no less than 0.1. So it can be said that each of the independent variables is free from multicollinearity in the regression model.

3) Heteroskedasticity Test

The heteroskedasticity assumption test concludes that the regression model does not exhibit heteroskedasticity. In other words, there is a similarity in the variance of the residuals from one observation to another. This conclusion is drawn by observing the spread of points that are randomly distributed, not forming any clear specific pattern, and are spread both above and below the number 0 on the Y-axis.

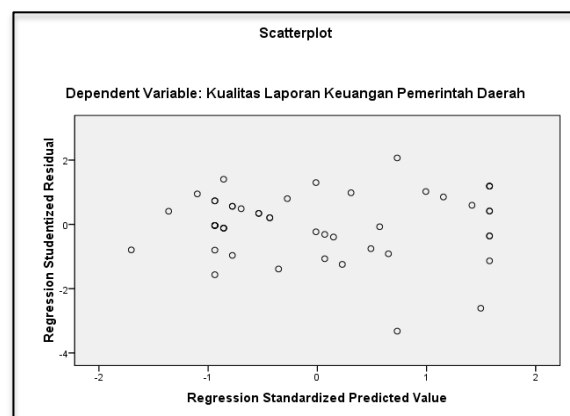


Figure 2 Scatterplot Grapic

Based on Figure 2, the Scatterplot graph shows that the data is spread above and below the number 0 (zero) on the Y-axis and there is no clear pattern in the data distribution. This means that there is no heteroscedasticity in the regression model. So it can be concluded that the regression model in this study is suitable for predicting the quality of local government financial

reports based on the influencing variables, namely the role of internal auditors and the competence of human resources.

b. Multiple Regression Analysis

To determine the effect of the role of internal auditors and the competence of human resources on the quality of regional government financial reports, testing was conducted using multiple linear regression analysis. The results of the multiple regression analysis are presented in the Coefficients table as follows:

Table 3 The Results of the Multiple Regression Analysis

		Coefficients		t	Sig.
Model		Unstandardized Coefficients	Standardized Coefficients		
		B	Std. Error	Beta	
1	(Constant)	6.360	2.229		2.854 .006
	Peran Auditor Internal	.109	.141	.117	.772 .444
	Kompetensi Sumber Daya Manusia	.575	.138	.629	4.155 .000

a. Dependent Variable: Kualitas Laporan Keuangan Pemerintah Daerah

Based on the SPSS output results in table 3 above, the regression coefficient values in the Unstandardized Coefficients "B" are visible, thus the multiple linear regression equation is as follows:

$$Y = 6.360 + 0.109X_1 + 0.575X_2 + e$$

In the regression model obtained by the author with the above estimates, it shows that the estimated intercept where $\alpha = 6.360$, the estimated $\beta_1 = 0.109$, and the estimated $\beta_2 = 0.575$. With a detailed explanation of the equation, it can be elaborated as follows:

- 1) The result of the regression equation, with a constant value of 6.360, means that the role of the internal auditor (X_1) and the competence of human resources (X_2) are considered constant, thus the quality of the regional government financial report is 6.360.
- 2) The regression coefficient on the variable of the internal auditor's role (X_1) is 0.109, which means that if the variable of the internal auditor's role increases by one unit, the variable of the quality of the regional government's financial report will increase by 0.109 units.
- 3) The regression coefficient for the human resource competency variable (X_2) is 0.575, which means that if the human resource competency variable increases by one unit, the variable for the quality of regional government financial reports will increase by 0.575 units.
- 4) The value of e (Error) does not mean something that is broken, destroyed, or chaotic. The concept of error in statistics differs from the everyday understanding of error. In the concept of linear regression, error encompasses all factors that may influence the dependent variable Y , which are not observed by the researcher.

c. Hypothesis Testing

1) F Statistical Test

The F test in this study is used to examine the implementation of financial management and work experience together on the quality of financial statements. The results of the F statistical test can be seen in the table below; if the probability value is less than 0.05, then H_a is accepted and H_o is rejected, whereas if the probability value is greater than 0.05, then H_o is accepted and H_a is rejected.

Table 4 The Result of F Test
ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	90.612	2	45.306	25.269	.000 ^a
	Residual	84.268	47	1.793		
	Total	174.880	49			

a. Predictors: (Constant), Kompetensi Sumber Daya Manusia, Peran Auditor Internal

b. Dependent Variable: Kualitas Laporan Keuangan Pemerintah Daerah

The results of the F test can be seen in table 4.12, which shows that the F value obtained is 25.269 with a significance level of 0.000. Because the significance level is less than 0.05, (Ha) is accepted, thus it can be said that the role of internal auditors and the competence of human resources have a simultaneous effect on the quality of regional government financial reports.

2) t-Statistic Test

The results of the partial test (t-test) in this study can be shown in table 5 as follows:

Table 5 The results of the partial test (t-test)

		Coefficients		t	Sig.
Model		Unstandardized Coefficients	Standardized Coefficients		
		B	Std. Error	Beta	
1	(Constant)	6.360	2.229		2.854 .006
	Peran Auditor Internal	.109	.141	.117	.772 .444
	Kompetensi Sumber Daya Manusia	.575	.138	.629	4.155 .000

a. Dependent Variable: Kualitas Laporan Keuangan Pemerintah Daerah

Based on table 4.13 above, it can be seen that the variable of the internal auditor's role (X1) has a significance probability value of 0.444, which is greater than 0.05. Therefore, it can be concluded that (Ho) is accepted and (Ha) is rejected, meaning that the role of the internal auditor does not have a significant effect on the quality of regional government financial reports. The variable of human resource competence (X2) has a significance probability value of 0.000, which is less than 0.05. Therefore, it can be concluded that (Ha) is accepted and (Ho) is rejected, meaning that human resource competence significantly affects the quality of regional government financial reports.

d. Coefficient of Determination

In regression that uses more than two independent variables, to measure the contribution of influence, Adjusted R Square is used as the coefficient of determination (Priyatno, 2014:156). Here are the results of the coefficient of determination test:

**Table 6 The Results of the Coefficient of Determination Test
Model Summary^b**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.720a	.518	.498	1.33900
a. Predictors: (Constant), Kompetensi Sumber Daya Manusia, Peran Auditor Internal				
b. Dependent Variable: Kualitas Laporan Keuangan Pemerintah Daerah				

The results of the coefficient of determination test in table 4.14 show an adjusted R Square value of 0.498. This means that 49.8% of the variable quality of regional government financial reports can be explained by the two independent variables, namely the role of internal auditors and the competence of human resources. Meanwhile, the remaining 50.2% (100% - 49.8% = 50.2%) is explained by other variables not included in this study.

4. Discussion

In this discussion, the focus will be on the examination of the competence of human resources managing finances and the internal control system on the quality of financial reports.

a. The Influence of the Role of Internal Auditors on the Quality of Regional Government Financial Statements

Based on the tests conducted, the role of the internal auditor does not significantly affect the quality of regional government financial reports, as the significance value of the internal auditor's role is greater than 0.05, with a significance value obtained from the research results of 0.444. From the research results above, it also proves that hypothesis 1 is rejected, the variable of the internal auditor's role (X1) does not significantly affect the quality of the regional government's financial statements (Y). It can be said that the role of the internal auditor does not affect the quality of the regional government's financial statements.

b. The Influence of Human Resource Competence on the Quality of Regional Government Financial Reports

Based on the tests conducted, human resource competence significantly affects the quality of financial reports, as the significance value of human resource competence is less than 0.05, with a significance value obtained from the research results being 0.000. The research results also prove that hypothesis 2 is accepted, indicating that the human resource competence variable (X2) significantly affects the quality of financial reports (Y). Therefore, it can be said that the higher the human resource competence in the Regional Government Organization, the better the quality of the regional government financial reports will be.

c. The Influence of the Role of Internal Auditors and Human Resource Competence on the Quality of Regional Government Financial Reports

Based on simultaneous testing through the F test, it is known that the role of internal auditors and the competency of human resources together influence the quality of regional government financial reports. Thus, H3 is accepted where the Role of Internal Auditors and the Quality of Human Resources significantly affect the Quality of Regional Government Financial Reports.

Conclusion

Based on the research results that have been conducted and the presence of several limitations in this study, the researchers provide the following suggestions: Future researchers can investigate other variables that affect the Quality of Regional Government Financial Reports. In addition to using questionnaires, researchers can use direct interview methods with respondents to ensure that respondents understand the questions in the questionnaire, thereby obtaining more accurate results. Including users or evaluators of financial reports as research subjects, so that the data obtained is more relevant. The results of this study should at least motivate future research to conduct further studies related to the Quality of Regional Government Financial Reports. Considering the limitations present in this study, future research is expected to address these limitations.

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