THE INFLUENCE OF INTERNAL CONTROL AND REGIONAL FINANCIAL ACCOUNTING SYSTEM ON THE QUALITY OF FINANCIAL STATEMENTS IN BPKAD BANDUNG CITY (Case Study On Employees Of Regional Financial And Asset Management Agency Of Bandung)

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ABSTRACT

In the years 2011-2015 the Government of Bandung still get the opinion of the Supreme Audit Agency Fair With Exceptions (WDP), which means that where there is still the presence of problems in the quality of financial reporting. Problems over against LKPD Opinion given by the CPC based on the criteria set out in the Government Accounting Standards and based on the legislation in force. This study aimed to determine the effect of internal control and financial accounting system area of the quality of government financial statements Bandung especially on Finance and Asset Management Agency Regions. Questionnaires were distributed 105 questionnaires. Questionnaires were 100 questionnaires were returned and included in the data processing.

The method used in this research is descriptive and verification with quantitative approach. Sources of data in this study are primary data with data collection conducted by survey method using a questionnaire. The analytical method used in this research is Structural Equation Modeling (SEM) approach Partial Least Square (PLS) using software SmartPLS 2.0.

The results of this study indicate that the hypothesis of Internal Control has a significant influence on the quality of financial statements. Regional Financial Accounting System has a significant influence on the quality of the Finance Reports,

Keywords: Internal Control, Regional Financial Accounting System, Quality of Financial Reports.

I. PRELIMINARY

1.1 Background Research

By opening the Asian Economic Community (AEC), the foreign markets or foreign investors are free to do their business activities in the country they wish to use as a place to do their business competition, such as the State of Indonesia (Ahmad Faishol, 2016). Therefore the role of the Public Sector Accounting here are very influential in helping to build the economy of a region (Ahmad Faishol, 2016). Implementation of regional autonomy and fiscal decentralization in essence a greater delegation of authority to the regions to manage its resources in accordance with the interests, priorities and potential of the area. In addition, the granting of regional autonomy also provides the flexibility to manage the regional head regional financial (Ahmad Faishol, 2016).

As the development of the Public Sector Accounting in Indonesia, it is a form of accountability to the public on the performance of the government becomes a common demands (Ida Ayu Enny Kinarayati and Ni Made Adi Erawati, 2016). The strengthening of these demands require government agencies to provide information on the activities and performance to the public (Ida Ayu Enny Kinarayati and Ni Made Adi Erawati, 2016). Public sector organizations are often associated with the government responsible for the public service to meet the welfare needs in various areas of life (Ida Ayu Enny Kinarayati and Ni Made Adi Erawati, 2016). The government is a public entity must account for its performance in the form of financial statements. The government

is obliged to carry out an orderly financial management, obey the laws and regulations, efficient, economical, effective and transparent (Ida Ayu Enny Kinarayati and Ni Made Adi Erawati, 2016). As one form of accountability in the administration of government regulated in Law Number 17 Year 2003 on State Finance and Law No. 23 of 2004 on Regional Government, the measures taken to achieve transparency and accountability in financial management of government is to submit accountability reports in the form of reports finance (Ida Ayu Enny Kinarayati and Ni Made Adi Erawati, 2016).

State Finances shall be managed by a competent state apparatus in order, obey the laws and regulations, efficient, economical, effective, transparent and accountable with regard fairness and propriety as a prerequisite to support the successful implementation of the State government. To achieve these conditions, an agency may also require a strong internal control system and the role of internal audit to achieve the objectives of an organization (M. Ali Fikri Biana Adha Inapty & RR. Sri Pancawati Martiningsih, 2016). With the support of strong internal control systems would certainly improve the quality of financial statements (M. Ali Fikri Biana Adha Inapty & RR. Sri Pancawati Martiningsih, 2016). The system of internal control is an integral process in actions and activities carried out continuously by the management and all employees to provide reasonable assurance for the achievement of organizational goals through effective and efficient activities, reliability of financial reporting, the safeguarding of state assets, and compliance with laws invitation. While the role of internal audit must monitor and evaluate the procedures, policies and financial reports that have been generated by any institution, so that the current financial management in accordance with applicable regulations (M. Ali Fikri Biana Adha Inapty & RR. Sri Pancawati Martiningsih, 2016). the reliability of financial reporting, the safeguarding of state assets, and compliance with laws and regulations. While the role of internal audit must monitor and evaluate the procedures, policies and financial reports that have been generated by any institution, so that the current financial management in accordance with applicable regulations (M. Ali Fikri Biana Adha Inapty & RR. Sri Pancawati Martiningsih, 2016). the reliability of financial reporting, the safeguarding of state assets, and compliance with laws and regulations. While the role of internal audit must monitor and evaluate the procedures, policies and financial reports that have been generated by any institution, so that the current financial management in accordance with applicable regulations (M. Ali Fikri Biana Adha Inapty & RR. Sri Pancawati Martiningsih, 2016).

For local government becomes a necessity to prepare financial statements quality. The quality of local government financial statements reflect orderly financial management of local government, which includes order administration and principles. Indicators that the financial statements of quality that local governments have an unqualified opinion (WTP) which granted the State Audit Board (BPK) of the Local Government Finance Report (Daniel Kartika Adhi & Yohanes Suhardjo, 2013).

According to Government Regulation No. 60 of 2008 in Tuti Herawati, Internal Control System is a process that is integral to the actions and activities carried out continuously by the management and all employees to provide reasonable assurance for the achievement of organizational goals through effective and efficient, the reliability of financial reporting, the safeguarding of assets state and adherence to laws and regulations (Tuti Herawati, 2014). Internal control is a process that is run by a board of directors, management and other personnel of entities that are designed to provide reasonable assurance about the achievement of the three factions of the following purposes: Reliability of financial reporting, effectiveness and efficiency of operations, and compliance with laws and regulations (Sukrisno Agoes . 2012: 100). The purpose of internal control systems by Waren et al in Ida Ayu Enny Kinarayati and Ni Made Adi Erawati one of which was to check the accuracy and reliability of accounting data (Ida Ayu Enny Kinarayati and Ni Made Adi Erawati, 2016). Internal Control System consists of policies and procedures were implemented to reach the target and provide a guarantee or a reliable financial reports and ensuring compliance with the legislation in force (Diah and Bestari, 2015). The phenomenon that illustrates the weakness of the Internal Control System (SPI) associated with the implementation of accounting information systems in local government, based on the results of BPK in 2011 found as many as 1,401 cases of accounting and reporting system weaknesses, which are caused by the recording does not / has not done accurately, not in accordance with the preparation process; Late entities

submit their reports, accounting information systems and inadequate reporting, accounting and reporting information systems are not yet supported Human Resources (HR) is adequate (Silviana. 2014).

The other defines the accounting information system as a system to collect, record, store and handle data to provide information to decision-makers through the use of sophisticated technology or the simple system, or somewhere in between (Romney & Steinbart 2012: 26).

One other determining factors that can determine the level of the quality of local government financial statements is Understanding Government Accounting System Regulation accrual (Ida Ayu Enny Kinarayati and Ni Made Adi Erawati, 2016). Definition of regulatory understanding is the understanding of the members / employees about the rules, procedures and policies for local regulations. The regulations are guidelines that must be done and the procedures related to a set of strategies to achieve the goal. In order to improve the quality of financial reporting information, the government revised PP 24 of 2005 by issuing PP 71 Year 2010 concerning the accrual-based SAP. The application of accrual accounting is required to produce a better performance measurement, as well as to facilitate the financial management / asset that is more transparent and accountable. Changes in government accounting regulations from cash basis to accrual basis is quite complex, requiring a thorough understanding of the accounting concepts. If the understanding of the regulation of PP 71 in 2010 low, the quality of the financial statements to be low. The rationale is the understanding of the rules that do not fully indicate the implementation of the rule tends to use instinct than the applicable rules. Low basic skills about understanding become one of the obstacles in the implementation of accrual-based government accounting standards in Fiji (Ida Ayu Enny Kinarayati and Ni Made Adi Erawati, 2016). thus,

The phenomenon of government financial reporting quality in Indonesia is something of interest for further investigation. The rationale for this comes from the fact that there are deviations that were found by the Audit Board in the implementation of government financial audit (Ida Ayu Enny Kinarayati and Ni Made Adi Erawati, 2016).

Background of the study described above, with the writer interested taken the title. "The Effect of Internal Control and Regional Financial Accounting System on the Quality of Financial Statements In BPKAD Bandung".

1.2 Formulation Of The problem

The formulation of the issues raised by the author in this study are as follows:

1. *How much influence on the Quality of Internal Control of Financial Statements.*
2. *How much influence the Regional Financial Accounting System on the Quality of Financial Reports.*

1.3 Purpose And Objective

1.3.1 Research Purposes

Collecting empirical data and information on the Effect of Internal Control and Regional Financial Accounting System on the Quality of Financial Statement on Government of Bandung.

1.3.2 Research Purposes

The purpose of the research conducted by this writer are as follows:

1. *To analyze and assess the effect of the Internal Control of the Quality of Financial Reports.*
2. *To analyze and assess the extent of influence of the Regional Financial Accounting System on the Quality of Financial Reports.*

1.4 Usability Research

1.4.1 Practical Uses

Benefits according to the study (Sugiyono, 2013: 305), is the impact of the achievement of the purpose of the study, if the research can be achieved and formulation of the problem were answered accurately. Fulfilling the basic principle in the study of the usefulness of this study, the authors divide into two in terms of practical usability and usefulness of the usefulness of academic.

For research institutions is expected to be a guidance and input in solving the problems experienced by public sector agencies, especially in solving problems concerning Internal Control, Regional Financial Accounting System in order to improve the effectiveness and efficiency of the Quality of Financial Reports.

1.4.2 Academic Usability

1. *For researchers, the study results can memeberikan more insight and knowledge about the Effect of Internal Control and Regional Financial Accounting System on Financial Management Board and the Regional Asset Bandung and its influence on the quality of financial statements.*
2. *For Government Agencies, As input in supporting the implementation of regional autonomy, especially the role of the inspectorate in the area of financial supervision and in order to realize good governance so that the inspectorate is expected to create programs that can contribute to improving the quality and capability. Diaharapkan results of this study could be addressed by improving the quality of local government financial statements to better and improve the system of internal control environment of Financial Management Board and the Regional Asset Bandung.*
3. *For the Other Party, expected that the results of this study can be used as a guide or reference for the development as well as resources or inputs on the importance of Internal Control Influence And Regional Financial Accounting System on the Quality of Financial Reports.*

II. LITERATURE, FRAMEWORK FOR THINKING, AND HYPOTHESES

2.1 Literature Review

2.1.1 Internal Control

According Kieso (2014: 305) "Internal Control consists of the related and measure Adopted within an organization to safeguard its assets, Enhance the realibility of its accounting records, increase of efficiency of operation, and the Ensure compliance with laws and regulation".

According to the Committee Of Sponsoring Organizations (COSO) in the book Azhar Susanto (2013: 95) states that: "Internal controls include the encouragement given to a person or a particular part of the organization's employees or the organization as a whole to run in accordance with the purpose".

Meanwhile, according to Hery (2013: 159) of internal control have the following meanings: "A set and procedures to protect assets or property from all forms of abuse of guaranteeing the accounting information Accurate company, and ensure that all provisions (regulatory) law / legislation and management policies have been complied with or are properly enforced by all employees of the company ".

2.1.2 Regional Financial Accounting System

According Erlina (2015: 5) says that: "the area of financial accounting system is an accounting system that includes the process of recording, classification, interpretation, peringkasan transactions or financial events and financial reporting in the framework of the implementation of the Regional Budget (APBD) is carried out in accordance with the principles generally acceptable accounting principles ".

According Nurmalia Hasanah (2016: 195) financial accounting system areas can be defined as follows: "The accounting system of local government finance is an accounting system, both manual and computerized, which records financial transactions area as the accountability of the implementation of the local government budget and other budget related to finance area".

According to Abdul Halim (2014: 94) says: "The system of local government financial accounting is a system that comprehensively governs accounting procedures cash receipts and disbursements, accounting procedures other than cash, and asset accounting procedures".

2.1.3 Quality Of Financial Statements

According to Faith Mulyana (2010: 96) is as beirkut: "Quality is defined as conformance to the standard is measured based on the levels of non-conformity, and achieved through inspection."

According Deddi Nordiawan (2012: 151) is: "The form of accountability for the stewardship of economic resources owned by an entity."

According to Irham Fahmi (2014: 2) understanding the financial statements is as follows: "The financial statements are an information describing the financial condition of a company, and further information can be used as an overview of the company's financial performance".

2.2 Framework

2.2.1 The Influence Of Internal Control On The Quality Of Financial Statements

According to Ni Luh Ari Nyoman Udiyanti, Anantawikrama Tungga Atmadja and Nyoman Ari Surya Darmawan (2014) says: "The higher the level of implementation of the internal control system, the higher the level of quality of financial reports of local government."

According to Marshall B. Romney and Paul John Steinbart translated by Deny Arnos Kwary et al (2011: 37): "controller (control) is responsible for collecting and processing data required for financial mempersiapkanlaporan and a wide range of managerial reports, but not enough reports only. Controler should understand well the business issues behind these figures to help management interpret it correctly. Controler should also work with various managers to find the information they need to work effectively and then make the tool a tool to provide such information ".

According to the Indonesian Institute of Accountants in Lilis Puspitawati and Sri Dewi Anggadini (2011: 213): "The internal control as a process that is run as a process that is run by the Board of Commissioners, management and other personnel of entities that are designed to provide reasonable assurance of achieving the three groups the following goals are: the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations ".

2.2.2 The Influence Of Regional Financial Accounting System On The Quality Of Financial Statements

According to Pramono Hariadi (2013: 131) argues that the accounting system affect the quality of the financial statements as follows: "To be able to produce reliable financial statements, required accounting and financial reporting systems were adequate".

According to Abdul Halim (2014: 31) argues that the accounting system affect the quality of the financial statements of local government as follows: "Financial accounting area is often defined as a grammar book or series of activities are carried out systematically in the financial sector based on the principles, certain standards , as well as certain procedures for generating real-time information in the field of finance ".

According Mahmudi (2010: 27) argues that the accounting system of local government influence on the quality of the financial statements as follows: "The accounting system of local government that is prepared in order to ensure that the accounting cycle can run well without any disturbances and problems, because if there is a problem with one one part of the accounting cycle could result in financial statements which generated less qualified finance ".

According Tutun Hermawanto (2013: 2) argues that the accounting system to influence the quality of local government financial statements as follows: "The existence of an accounting system becomes very important because of its function in determining the quality of information in the financial statements".

According to Ifa Ratifah and Mochammad Ridwan (2012) in his research suggests that the accounting system affect the quality of the financial statements of local government as follows: "The regression model variables SAKD significantly this can be seen from the probability of significance to SAKD amounted to 0,039 (α <0.05), so it can be concluded SAKD variable kual0069tas with significant influence on the financial statements ".

According to Kadek Desiana Wati, et al (2014) in his research suggests that the accounting system to influence the quality of local government financial statements as follows: "Based on

statistical analysis in Table 1 in the study showed the value of a financial accounting system koefisienregresi area of 0.135. This means that the area of financial accounting system positively affects the quality of the financial reporting area. While the value of the financial accounting system signifikani area is 0.021 <0.05. This means that the Regional Financial Accounting System significantly influence the quality of financial statements.

Based on the above framework research paradigm can be described as follows:

Research paradigm

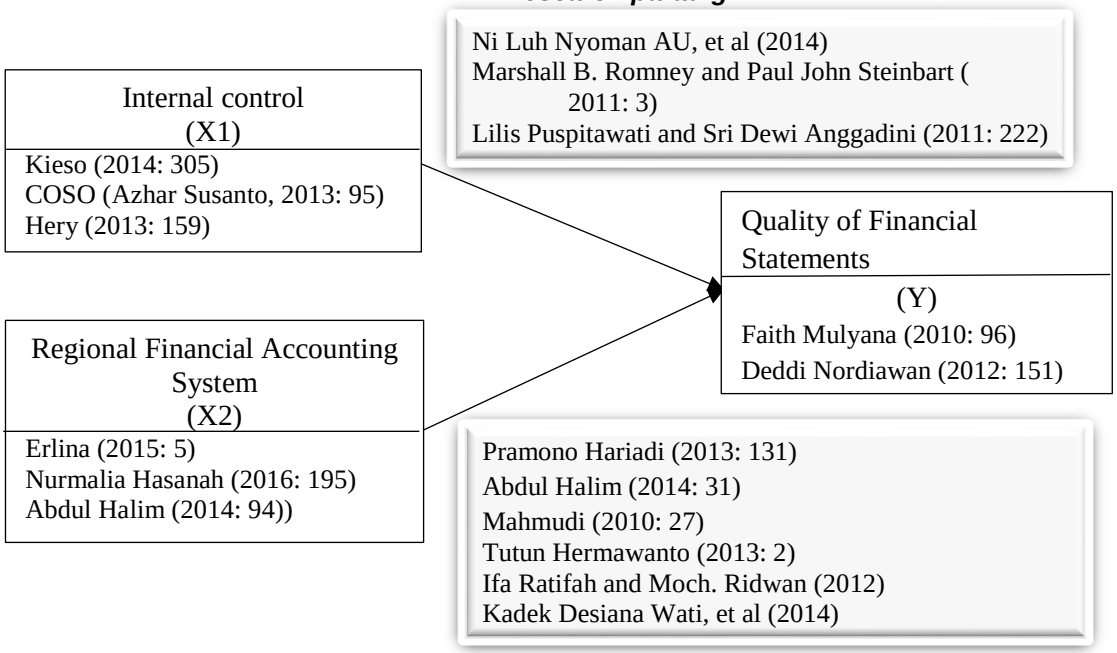


Image 2.1
Research paradigm

2.3 Hypothesis

According Sugiyono (2015: 64) explains the following hypothesis: "The hypothesis is a temporary answer to the formulation of research problems, where the formulation of research problems has been revealed in the form of a question sentence. Is said to be temporary, because new answers given are based on the relevant theory, not based on empirical facts obtained through data collection. So the hypothesis is also expressed as a theoretical answer to the formula research problem, yet empirical answer ".

Based on the description above framework, the research hypothesis is as follows:

H1 = Internal Controls affect the quality of financial statements.

H2 = Accounting Information Systems effect on the quality of financial statements.

III. RESEARCH METHODS

3.1 Method Approach

Solving problems in a study requires careful investigation, regularly and continuously, while to know how to move research should be done by using research methods. The research method is a research method used to obtain the data in order to achieve certain goals.

Methods according Sugiyono (2014: 2) is basically:

"Scientific way to obtain data for the purpose and usefulness. How meaningful scientific research activities are based on the characteristics of science, that is, rational, empirical, and systematic. The data obtained through the research is empirical data (observed) that have certain

criteria that is valid. The purpose and usefulness of the research that is inventive, demonstration, and development ".

The method used in this research is descriptive and verification methods. By using research methods will be known relationship between the variables studied signnifikan resulting in the conclusion that clarify the description of the object under study.

3.2. Operational Variables

According Sugiyono (2012: 59) operationalization of variables are: "Operationalization of research variables is an attribute or trait or value of a person, object or activity that has a particular variable set by the researchers to be learned and conclusions drawn."

Operational variables needed to determine the type, indicators, as well as the scale of the variables involved in the study, so that hypothesis testing with statistical tools can be carried out properly in accordance with the title of the study. Variables in the context of research by Sugiyono (2014: 61) is as follows:

"The research variable is an attribute or trait or value of a person, object or activity that has a variation tertent defined by the researchers to learn and then drawn conclusions"

Based on the title of the research that has been said above, the variables to be measured in this study are:

1) Independent Variables / Free

According Sugiyono (2014: 61): "The independent variable is a variable that affects or is the cause of the change or the emergence of the dependent variable (dependent)". The independent variable (X) in this study are Accounting Information Systems.

Gathering information on this variable is based on a questionnaire in the form of a list of questions posed to respondents.

2) Intervening variable

According Sugiyono (2014: 63): "intervening variable is a variable Interrupters / between which lies between the independent and dependent variables, so the independent variables indirectly affect the change or the emergence of the dependent variable".

3) Dependent Variables / Bound

According Sugiyono (2014: 61): "The dependent variable is a variable that is affected or which become due, because of the independent variables".

3.3 Data Collection Technique

Data collection techniques performed by the author to obtain and collect data is to use the survey method.

According Sugiyono (2012: 6), survey methods are defined as follows: "Survey Method used to obtain the data and the specific place of natural (not artificial), but researchers do treatment in data collection, such as by mengadarkan questionnaires, tests, structured interviews".

3.4 Population

Sugiyono (2014: 80) revealed that the population is: "Population is the generalization region consisting of: objects / subjects that have certain qualities and characteristics defined by the researchers to learn and then drawn conclusions."

Based on the definition above, the target population in this research were 126 Employee Financial Management Board and the Regional Asset in Bandung City Government.

3.5 Samples

Sugiyono (2014: 81) revealed that the sample is: "The sample is part of the number and characteristics possessed by this population."

While the sampling technique disclosed by Sugiyono (2014: 81) is: "Sampling is a sampling technique."

In this study, sampling using sampling techniques nonprobability. Sampling nonprobability according Sugiyono (2014: 84) is: "nonprobability Sampling is a sampling technique that does not

give opportunity / equal opportunity for each element or member of the population to be selected into the sample."

In addition to sampling in this study, the authors used specific criteria to select the sample. This is called purposive sampling.

Sugiyono (2014: 85) revealed that purposive sampling is: "Sampling is purposive sampling technique with a certain consideration."

The criteria chosen by the authors in determining sampling in this study were: 105 Employee Financial Management Board and the Regional Asset.

Table 3.1
Sampling

No.	***sub Unit***	***amount***
1.	***Budget field***	***14 People***
2.	***Treasury Sector***	***30 People***
3.	***Accounting***	***22 People***
4.	***Empowerment fields Assets***	***39 People***
Total		***105 People***

Source: Finance and Asset Management Agency of Bandung

3.6 Data Testing Methods

3.6.1 Heteroskidastity Test

Heterokedastisitas an indication of non-homogeneous residual variance between the result obtained estimated values are no longer efficient.

According to V. Wiratna (2015: 226) defines heterokedastisitas test as follows:

"Test heterokedastisitas is a state where the variance and the error is not a constant nuisance for all the independent variables".

To test whether the variants of the residual method is used homogeneous scatter plot, with the following outcomes:

1. *If a particular pattern as existing dots form a pattern irregular (wavy, widened and then narrowed) there have been heteroscedasticity.*
2. *If there is no clear and points spread above and below zero on the Y axis then there is no heteroscedasticity.*

3.6.2 Multicolinearity Test

According to Ghozali (2013: 91) multicolinierity test is:

"Multicolinearity test aims to test whether the regression model found a correlation between independent variables (independent) ".

Ghozali also said their multikolinieritas, if:

a. *If the correlation between independent variables above 0.90, then it is multikolinieritas.*
b. *Or multikolinieritas also be seen from the VIF, if VIF <10 then kolinieritasnya level can still be tolerated.*
c. *Eigen Value Value amounted to one or more, if the independent variable detected 0 indicates multicolinearity.*

3.6.3 Autocorrelation Test

According to Husein Umar (2011: 182) mentakan that:

"Autocorrelation is performed to determine whether in a linear regression model there is a strong relationship between the positive and negative data on the variables of the study".

On testing autocorrelation Durbin-Watson test was used to determine whether there is autocorrelation in the regression model and following the Durbin-Watson value obtained through the results of the regression model estimation. How to detect the presence or absence of autocorrelation in this research is to use the statistical value calculation Durbin-Watson (DW). Durbin-Waston test used for autocorrelation level one and requires the intercept (constant) in the regression model and no longer variable between independent variables. The hypothesis to be tested are:

HO: No autocorrelation (r = 0)

HA: There autocorrelation (r ≠ 0)

According to Jonathan Sarwono (2012: 28) autocorrelation if durbin watson of <1 and> 3.

3.7 Hypothesis Testing

The design of hypothesis testing in this study to test the effect of independent variables namely the Internal Control as X1 and X2 Accounting Information Systems as to the quality of financial statements as the dependent variable (Y), with the following steps:

1. *Partial Test (T)*

   T test is intended to determine a significant level of influence of each independent variable on the variables associated with the assumption that the other variables unchanged.

Information :
t = Value t test
Pearson correlation coefficient r =
r2 = coefficient of determination
n = number of samples

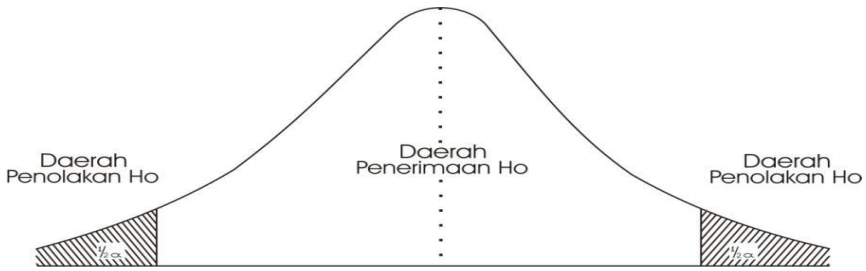


Image 3.1
Regional Acceptance and Rejection Test Hypotheses
(Source Sugiyono, 2013: 226)

The criteria used are as follows:

- *Ho acceptable if the calculated value of the test statistic (t) is in the region of acceptance of Ho, where or or sig> α.*

- *Ho rejected if the calculated value of the test statistic (t) is in the region of rejection Ho, where or or sig <α.*

IV. RESULTS AND DISCUSSION

4.7 Research Result.

In this chapter, the researcher will describe the results of research related to the effects of Internal Control and Regional Financial Accounting System on the Quality of Financial Reports. The main data sources used in this study a questionnaire distributed to 105 Employees Finance and Asset Management Agency of Bandung. In variable Internal Control consists of 5 items statement, Regional Financial Accounting System variables consisted of 7 items statement and the variable quality of the Financial Statements also consists of 10 items of the statement. Furthermore, the data that has been collected is then encoded (codding) and processed using descriptive analysis to determine the response of respondents to each of the variables studied,

4.2 Discussion

4.2.1 The Influence Of Internal Control On The Quality Of Financial Statements.

Internal Control of the Quality of Financial Statements The area has a relationship Moderate / pretty and has a positive direction which means that if the Internal Control of both the quality of the Financial Statements The area also will get better, It can be concluded that there are significant between Internal Control with Quality Financial Statements of Regions, and show that if the Internal Control, the better it will be followed by Regional Financial Statements the quality is also good.

Influence Internal Control of the Quality of the Regional Financial Statements amounting to 15:50%, which means that the Internal Control of proven effect on the quality of the Regional Financial Statements 100 Employee Financial Management Board and the Regional Asset Bandung.

This is consistent with the theory said by According to the Indonesian Institute of Accountants in Lilis Puspitawati and Sri Dewi Anggadini (2011: 213) The internal control as a process that is run as a process that is run by the Board of Commissioners, management and other personnel of entities that are designed to provide reasonable assurance of achieving the three classes of the following purposes These are: a) the reliability of financial reporting, b) the effectiveness and efficiency of operations and compliance with applicable laws and regulations ".

Phenomena associated with the variable x1 to y where the Internal Control and Asset Management Agency Keuangam of Bandung indicate the lack of assessment of financial statements of the Audit Board that five consecutive years the Government of Bandung still got opinions Fair With Exceptions (WDP).

That matter supported by previous studies that by (Ida Ayu Enny Kinarayati and Ni Made Adi Erawati, 2016) in the journal entitled Effect of Human Resources, Internal Control Systems, Understanding Basis of Accrual on the Quality of Financial Statements Regional concluded that the influence of the internal control of the quality of financial statements that internal control systems significant effect on the quality of financial reporting.

4.2.2 The Influence Of Regional Financial Accounting System On The Quality Of Financial Statements.

Financial Accounting System Areas on the Quality of Financial Statements The area has a relationship Moderate / pretty and has a positive direction, which means when the Financial Accounting System area is good then the quality of the Financial Statements The area also will get better, It can be concluded that there are significant between the Financial Accounting System Areas with Quality Regional Financial statements, and pointed out that if the Regional Financial Accounting System, the better it will be followed by Regional Financial statements the quality is also good.

Influence Regional Financial Accounting System on the Quality of Local Financial Statements amounting to 20:10%, which means that the Regional Financial Accounting System proved to affect the quality of the Regional Financial Statements 100 Employee Financial Management Board and the Regional Asset Bandung.

This is consistent with the theory said by Mahmudi (2010: 27) argues that the accounting system of local government to influence the quality of financial statements following accounting

system of local government that is prepared in order to ensure that the accounting cycle can run well without any disturbances and problems, because if there is a problem in one part only of the accounting cycle that could result in the financial statements of financial generated less qualified phenomenon is related to the variable x1 to y in which the Internal Control Management Agency Keuangam and Asset Bandung showed the lack of assessment of financial statements of the Audit Board who is five years in a row government of Bandung still got opinions Fair With Exceptions (WDP).

That matter supported by previous studies that by According to Kadek Desiana Wati, et al (2014) in his research suggests that the Financial Accounting System of Regional affect the quality of financial statements of local government as follows Based on statistical analysis in Table 1 in the study obtained regression coefficient value financial accounting system of area equal to 0.135 , This means that the area of financial accounting system positively affects the quality of the financial reporting area. While the value of the financial accounting system signifikani area is 0.021 <0.05. This means that the Regional Financial Accounting System significantly influence the quality of financial statements.

This is also supported by previous studies conducted by Ifa Ratifah and Mochammad Ridwan (2012) in his research suggests that the accounting system affect the quality of the financial statements of local government where the regression model variables SAKD significantly this can be seen from the probability of significance to SAKD amounted to 0,039 (α < 0:05), so that it can be concluded SAKD variables have a significant effect on the quality of financial statements.

V. CONCLUSION AND SUGGESTIONS

5.1 Conclusion

Based on the results of research and discussion Chapter I to Chapter IV of the Internal Control and Regional Financial Accounting System on the Quality of the Regional Financial Statements 100 Employee Financial Management Board and the Regional Asset Bandung, therefore, the authors draw the following conclusion:

1. *Internal Controls affect the quality of the Financial Statements The area, where the results of the hypothesis is bearada the region of rejection Ha, which means that there is a relationship between the Internal Control of the Quality of Financial Statements The area that shows the relationship of high and positive sign, meaning that if the better internal control, it will increase The quality of the Regional Financial Statements.*
2. *Regional Financial Accounting System affect the quality of the Financial Statements The area where the results of the hypothesis is in the region of rejection Ha, which means that there is a link Financial Accounting System Areas on the Quality of Financial Statements The area showing the relationship is significantly higher and is positive, meaning that if the Financial Accounting System area is good, it will affect the Quality Report Regional Finance.*

5.2 Suggestion

After the author provides conclusions from the results of research on the effects of internal control and financial accounting system area of the quality of financial statements, the author gives suggestions as follows:

1. Operational Suggestions

a) *The problems that occurred in the City of Bandung is a collection of assets and system of internal controls, in this example, namely the lack of a certificate of ownership and assets which have been controlled by a third party, but on the other side of this asset recorded as asset ownership Bandung city administration and is on the indicator Activity Control (Control Activities). To improve internal controls that control activities must be more thorough in recording every transaction, each transaction must use a transaction receipt in order to avoid the recording of inaccurate, and needs to monitor and control the recording and reporting of evidence of transactions made use of the funds.*
b) *The problem that occurs is still weak criteria set out in the Government Accounting Standards and based on the legislation in force, in this case the recording indicator and*

pengikhtisaran. To increase the area of financial accounting system that is to be held adjustments in the area of financial accounting system for the field of knowledge and skills. Indispensable professional personnel in the field of public sector accounting. In addition, conduct education and training of human resources in order to increase knowledge and hone skills that did not experience any difficulty in preparing the financial statements quality.

2. Academic Advice

a) For the development of Accounting Sciences The result is expected to broaden the knowledge and understanding related Effect of Internal Control and Regional Financial Information System on the Quality of Government Financial Statements, as well as an additional input and reference for readers.

b) For researchers Other For further research, because there are many other factors that influence outside the research model, expected to be examined by using other variables outside of this variable, and can add other independent variables, it is recommended to use population and sample different in order to obtain a conclusion that supports the theories and concepts generally accepted.

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