THE INFLUENCE OF INTERNAL CONTROL AND COMPETENCE OF APPARATUS TO THE QUALITY OF LOCAL GOVERNMENT FINANCIAL

(survay on work unit area of Bandung city government)

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ABSTRACT

This study aims to determine the influence of internal control and apparatus competence on the quality of local government financial statements Bandung. Respondents taken in this study SKPD head of Bandung as much as 67 SKPD. Questionnaires were distributed as many as 67 questionnaires. Questionnaires are returned 67 and included in data processing. The method used in this research is descriptive and verifikatif with quantitative approach. Sources of data in this study is primary data with data collection techniques conducted by survey method using questionnaires. The analysis method used in this research is Structural Equation Modeling (SEM) through Partial Least Square (PLS) approach using SmartPLS 3.0 software. The results of this study indicate that Internal Control affects the Quality of LKPD with a contribution of 34,5%, Competence Apparatus to LKPD Quality of 23,1%.

Keywords: Internal Control, Competence Apparatus, Quality of Local Government Financial Statement.

PRELIMINARY

1.1 *Background*

The government is the largest component of public sector organization division, in general the government is an organization that has the power to create and apply laws and laws in certain areas, called governments comprised of central government and local government (Deddi, Ayuningtyas, 2014: 49) . The form of accountability in the administration of government as regulated in Law no. 17 of 2003 on State Finance and Law no. 32 Year 2004 on Regional Government, concrete efforts made by the government is to submit accountability report in the form of financial statements. (Armando, 2013). According to PSAP 01, paragraph 13, the responsibility for the preparation of financial statements rests with the head of the entity, within the local government referred to the head of the entity as each head of the regional apparatus unit (Mursydi, 2013: 63). Apparatus not only carry out their duties and functions but behavior and attitude also become aspects that must be considered, usually every educated apparatus is usually followed by attitudes and behavior are also educated, although it is not a guarantee but there is a process of education and guidance to the apparatus to improve the quality Formal apparatus resources both formally related to their competence and informally related to the cognitive aspect (Wibowo, 2016: 180).

The Supreme Audit Agency (BPK) of West Java Representative submits the Report on Examination Result (LHP), on the Local Government Financial Statement (LKPD) for the fiscal year 2015, Bandung still obtains a reasonable opinion with exception (WDP), other than that the Local Government Financial Report (LKPD) has not Shows the maximum results such as the number of opinion BPK which states Local Government Financial Report (LKPD) still disclaimer opinion, the problem is still dominated related to fixed assets of land owned by local governments that are still not certified, this makes the quality of financial statements declined, and still so much Found non-compliance apparatus such as account opening by the treasurer SKPD without the approval of the head of the region and or BUD, in addition to a number of issues need attention so that the quality of financial governance is better (Arman Syifa, 2016). Based on the above background the authors conducted a study with the title Influence of Internal Control and Competence Apparatus to Local Government Financial Statements.

1.2 *Problem Formulation*

1) *How much influence of Internal Control on the Quality of Local Government Financial Statements.*
2) *How much influence the Competence Apparatus on the Quality of Local Government Financial Statements.*

1.3 *Research Objectives*

1) *To know how much influence of Internal Control to Quality of Local Government Financial Report*
2) *To find out how much influence the Competence Apparatus on the Quality of Local Government Financial Statement.*

REVIEW OF LITERATURE, FRAMEWORK FOR THINKING AND HYPOTHESES

2.1 Literature Review

2.1.1 Internal Control

2.1.1.1 Understanding Internal Control

According to *Hery (2013: 159):*

"Internal control is a policy or procedure to protect the company's assets or assets from any form of misuse, ensures accurate accounting information of the company, and ensures that all legal and regulatory provisions as well as management policies are adhered to or undertaken properly by all Company employees".

2.1.1.2 Internal Control Indicators

According to Hery (2013: 90) internal control indicators include:

1) Policy
2) Protecting Assets
3) Abuse
4) Information
5) Accurate
6) Provisions of the Law

2.1.2 Competency Apparatus

2.1.2.1 Understanding Competence Apparatus

According to *Wibowo (2012: 324):*

"An ability to carry out a work based on skills and knowledge and supported by the behavior and work attitude demanded by the work".

2.1.2.2 Apparatus Competency Indicators

As for the indicators of competence apparatus according to Wibowo (2012: 320), namely:

1) Knowledge
2) Skills
3) Behavior

2.1.3 Quality of Local Government Financial Statements

2.1.3.1 Understanding the Quality of Local Government Financial Statements

According to *Erlina, et al (2015: 19):*

"Quality Local government financial statements are a result of the process of identifying, measuring, recording of economic transactions (financial) of existing accounting entities in a local government that serve as information in the framework of accounting financial management accounting entities and economic decision-making by parties Need it".

2.1.3.2 Quality Indicators of Local Government Financial Statements

The quality indicators of local government financial statements according to Erlina, et al (2015: 8), namely:

1) Reliable
2) Relevant
3) Can be understood
4) Can be compared

2.2 Framework for Thinking

2.2.1 Effect of Internal Control on the Quality of Local Government Financial Statements

Linking the purpose of developing an accounting system is none other than to improve internal controls to improve the reliability of accounting information and to provide a comprehensive account of corporate liability and wealth protection, Mulyadi (2010: 19).

2.2.2 Effect of Apparatus Competence on the Quality of Local Government Financial Statements

There is a corresponding relationship between the competence of the apparatus and the quality of the local government report, so if it does not get unqualified (WTP) to the government financial statements or can not provide good licensing services it is because the employees are less competent, M. Yusuf (2013: 154).

2.3 Hypothesis

H_1: Internal Control affects the Quality of Local Government Financial Statements.

H_2: Competence Apparatus effect on Quality of Local Government Financial Report.

RESEARCH METHODOLOGY

3.1 Research Metedology Used

Research Method is a scientific way to get data with a specific purpose and usefulness. Scientific means means that research activities are based on scientific traits, namely rational, empirical, and systematic. The data obtained through the research is empirical data (observed) that have certain criteria that is valid. Objectives and usefulness of research that is the nature of discovery, verification, and development, Sugiyono (2015: 2).

Quantitative research methods can be interpreted as a research method based on positivism philosophy, used to examine the population or specific samples, data collection using research instruments, quantitative data analysis / statistics, with the aim to test the hypothesis that has been established, Sugiyono (2014: 13).

Descriptive method is a method used to describe or analyze a research result but not used to make a broader conclusion, Sugiyono (2014: 22).

3.2 Oprasional Variables

Operationalization of variables is the process of decomposition of research variables sub variables, dimensions, indicators sub variable, and measurement. The condition of the decomposition of operationalization is done when the basic concepts and indicators of each variable is clear, if it is not clear conceptually it is necessary to do factor analysis, Umi Narimawati, et al. (2010: 31).

Independent variables in Indonesian are often referred to as independent variables. The independent variable is the variable that influence or the cause of the change or the incidence of dependent variable (bound), Sugiyono (2013: 39). In this study independent variables / independent variables associated with the problem to be studied are variables (X1) are internal control and (X2) competence apparatus.

The dependent variable in the Indonesian language is often called the dependent variable. The dependent variable is the variable that is influenced or the result, because of the independent variable, Sugiyono (2014: 39). In this study variables related to the problem to be studied is the variable (Y) Quality of Local Government Financial Statements. In accordance with the title of research on the influence of internal control and apparatus competence on the quality of local government financial statements.

3.3 Data Sources And Data Collection Techniques

3.3.1 Data Source

As a data source that directly provide data to data collectors. Primary data collection in this research by distributing questionnaires to all existing Service in West Bandung regency and conducting interviews directly with the parties related to research conducted, Sugiyono, (2010: 137).

3.3.2 Data Collection Techniques

Data collection techniques is the most strategic step in the research, because the main purpose of research is to get data, Sugiyono (2015: 193).

1. Field Research

Methods of learning through the collection of data directly by observation, interview, record, or ask questions. In the process the learner takes place directly on the field, Nigel Bevan and Tomer Sharon (2009).

2. Library Studies
Studying reference books and similar research results that others have done. The goal is to get the theoretical basis of the problem to be studied, Jonathan Sarwono (2006: 26).

3.4 Population And Sample

Population is a generalization area consisting of objects / subjects that have certain qualities and characteristics set by the researcher to be studied and then drawn conclusion, Sugiyono (2015: 117). The population in this research is 67 Head of SKPD located in Bandung City Government.

Sampling saturated or census is a technique of determining the sample when all members of the population used as a sample, Sugiyono (2015: 118). Based on this understanding, it can be seen that saturated sampling or census sampling techniques using all members of the population. Researchers take the same number of samples with the total population of 67 SKPD Head residing in Bandung City Government.

3.5 Data Collection Method

This study collected primary data by using questionnaire, the data obtained from the respondents it is necessary to test its validity. To test the seriousness of respondents' answers required two kinds of testing that is test of validity and test of reability.
Valid is to show the degree of accuracy between the actual data occurred on the object with data that can be collected by researchers, Sugiyono (2015: 174).

It is a degree of accuracy, precision or accuracy directed by a reliable instrument means that the instrument, if used multiple times to measure the same object, will produce the same data, a reliable (reliable) questionnaire if one's answer to the question is consistent. Reliability testing is done on the items of the statement (questionnaire) by looking at the value of r (alpha) in the data reliability table, Priyono (2016: 92).

3.6 Data Testing Method

The design of analysis is the process of searching and arranging systematically the data that have been obtained from field observations, and documentation by organizing data into categories, describing into units, synthesizing, arranging into patterns, choosing which is more important and that will be studied , And make the conclusion so easy to understand, Umi Narimawati (2010: 41).

3.7 Hypothesis

Hypothesis is a temporary answer to the formulation of research problems, where the formulation of research problems have been expressed in the form of sentence questions, Sugiyono (2015: 114).
H01; Γ1.1 = 0, Internal Control does not affect the Quality of Local Government Reports.
H11; γ1.1 ≠ 0, Internal Control affects the Quality of Local Government Reports.
H02; γ2.1 = 0, Competence Apparatus has no effect on Quality of Local Government Report
H12; γ2.1 ≠ 0, Apparatus Competence effect on Quality of Local Government Report.
Testing Criteria:
If thitung ≥ ttable (1,960) then H0 is rejected, it means Ha accepted.

RESEARCH RESULT AND DISCUSSION

4.1 Research Results

In this chapter, researchers will describe the results of research related to the influence of Internal Control and Competence of Government Apparatus on Quality of Local Government Financial Statements. The main data sources used in this study are questionnaires distributed to 67 Head SKPD located in Bandung City Government. In the Internal Control variable consists of 9 items of statements, variables and Competencies of Government Apparatus consists of 5 statement items and variable Quality of Local Government Financial Statements of 7 items statement.

4.2 Discussion

Researchers will describe the results of research related to the influence of Internal Control and Competence of Government Apparatus on Quality of Local Government Financial Statements. The main data sources used in this study are questionnaires distributed to 67 Head SKPD located in Bandung City Government. In the Internal Control variable consists of 9 items of statements, variables and Competencies of Government Apparatus consists of 5 statement items and variable Quality of Local Government Financial Statements of 7 items statement.
In this section of discussion, will be explained the influence of each independent variable to the dependent variable.

4.2.1 Effect of Internal Control on the Quality of Local Government Financial Statements

In testing the hypothesis can be seen that the value of t count of 4.161 is greater than ttable (1,960) which indicates that the model formed by hypothesis 1 is significant. This means that internal control significant effect on the quality of local government financial statements on SKPD located in Bandung City Government. This is in accordance with what the researchers found in the field is through an indicator to protect the asset with a percentage of 65.37% can be interpreted in good enough category, but there is a gap of 34.63%. In addition to the indicators of abuse with a percentage of 62.99% belong to the category enough

4.2.1 The Influence of Competence of Government Apparatus on the Quality of Local Government Financial Statements

In testing the hypothesis can be seen that the t count of 3.343 is greater than ttable (1,960) which indicates that the model formed by hypothesis 1 is significant. This means that the competence of the government apparatus has a significant effect on the quality of local government financial statements in SKPD located in Bandung City Government. This is in accordance with what the researchers found in the field that is through knowledge indicators with percentage of 61.04% can be interpreted in enough categories, but there is a gap Amounted to 38.96%. In addition to the behavioral indicators with a percentage of 60.45% belong to the category enough, and there is a gap of 39.55%. Based on the results of research in the field, the competence of the government apparatus has an effect on 23.1% to the quality of local government financial statements with a correlation value of 0.716 which means the competence of the government apparatus gives a strong influence with the positive direction to the financial statements of local government of Bandung.

CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

Internal control affects the quality of government financial statements in SKPD Bandung. With a strong correlation category, which means the better the internal control, the better the quality of government financial statements. But there are some that cause the internal control is not maximal that is less supportive of asset protection, the existence of misuse, and lack of adequate information and lack of accuracy. And the impact on the internal control is not good / maximal. In this study internal controls that occur in SKPD Bandung is in the criteria quite well, but it indicates the lack or weakness in internal control.

Competence of the government apparatus influences the quality of government financial statements in SKPD Bandung. With strong or close correlation category, which means the higher the competence of the government apparatus, the higher the quality of government financial report. But there is a cause of the quality of government financial statements are not maximal, namely lack of knowledge and behavior. So that the quality of government financial report is not good enough. And the impact on the competence of government apparatus that is less good / maximal. In the study of competence of government apparatus on SKPD Bandung is in good enough criteria, but it indicates there is still lack or weakness in the competence of government apparatus.

5.2 Suggestion

SKPD parties should better protect their assets by encouraging municipal governments to accelerate the completion of certification of local assets, because the legal documents will protect the Municipal Government from the dispute on asset ownership. Protecting assets is also one way to improve the quality of local government financial reports. It is recommended that each SKPD officer more trying to improve knowledge and behavior that contribute to the quality of local government financial statements.

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ATTACHMENT TABLES

Table 3.1
Operasionalisasi Variabel

Variabel	Konsep Variabel	Indikator	Skala	No. Kuesioner
Pengendalian Intern (X1)	Pengendalian intern adalah kebijakan atau prosedur untuk melindungi asset atau kekayaan perusahaan dari segala bentuk tindakan penyalahgunaan, menjamin tersedianya informasi akuntansi perusahaan yang akurat, serta memastikan bahwa semua ketentuan(peraturan) hukum/undang-undang serta kebijakan manajemen telah dipatuhi atau dijalankan sebagaimana mestinya oleh seluruh karyawan perusahaan Hery (2013:159)	1. Kebijakan 2. Melindungi Aset 3. Penyalahgunaan 4. Informasi 5. Akurat 6. Ketentuan Undang-undang Hery (2013:90)	Ordinal	1-2 3-4 5 6 7 8-9
Kompetensi Aparatur (X_2)	Kompetensi aparatur adalah Suatu kemampuan untuk melaksanakan suatu pekerjaan yang dilandasi atas keterampilan dan pengetahuan serta didukung oleh perilaku dan sikap kerja yang dituntut oleh pekerjaan tersebut Wibowo(2012:324)	1. Pengetahuan 2. Keterampilan 3. Perilaku Wibowo(2012:320)	Ordinal	10-11 12 13-14
Kualitas Laporan Keuangan Pemerintah Daerah (Y)	Kualitas Laporan keuangan pemerintah daerah adalah suatu hasil dari proses pengidentifikasian, pengukuran, pencatatan dari transaksi ekonomi (keuangan) dari entitas akuntansi yang ada dalam suatu pemerintah daerah yang dijadikan sebagai informasi dalam rangka pertanggungjawaban pengelolaan keuangan entitas akuntansi dan pengambilan keputusan ekonomi oleh pihak-pihak yang memerlukannya Erlina, dkk (2015:19)	1. Andal 2. Relevan 3. Dapat dipahami 4. Dpat dibandingkan Erlina, dkk (2015:8)	Ordinal	15-17 18-19 20 21

Table 3.2
Skala Rating Scale

Keterangan	Skor Positif	Skor Negatif
Sangat Setuju	5	1
Setuju	4	2
Ragu-Ragu	3	3
Tidak Setuju	2	4
Sangat Tidak Setuju	1	5

Table 3.3

*research criteria**Response Rate***

No	***Response Rate***	Kriteria
1	≥ 85%	*Excellent*
2	70% - 85%	*Very Good*
3	60% - 69%	*Acceptable*
4	51% - 59%	*Questionable*
5	≤ 50%	*Not Scientifically Acceptable*

Sumber: Yang dan Miller (2008:231)

Table 3.4

list skpd city government bandung

SKPD	Jumlah
Badan Daerah Kota Bandung	5
Dinas Daerah Kota Bandung	22
Kecamatan Daerah Kota Bandung	30
Sekretaris Kota Bandung	10
Total SKPD	**67**

Table 3.6

Validity Rating Standard

Kategori	Nilai
Good	0,50
Acceptable	0,30
Margin	0,20
Poor	0,10

Sumber: Barker et al. (2002:70)

Table 3.7

Standards Assessment of Reability

Kategori	Nilai
Good	0,80
Acceptable	0,70
Margin	0,60
Poor	0,50

Sumber : Barker et al. (2002)

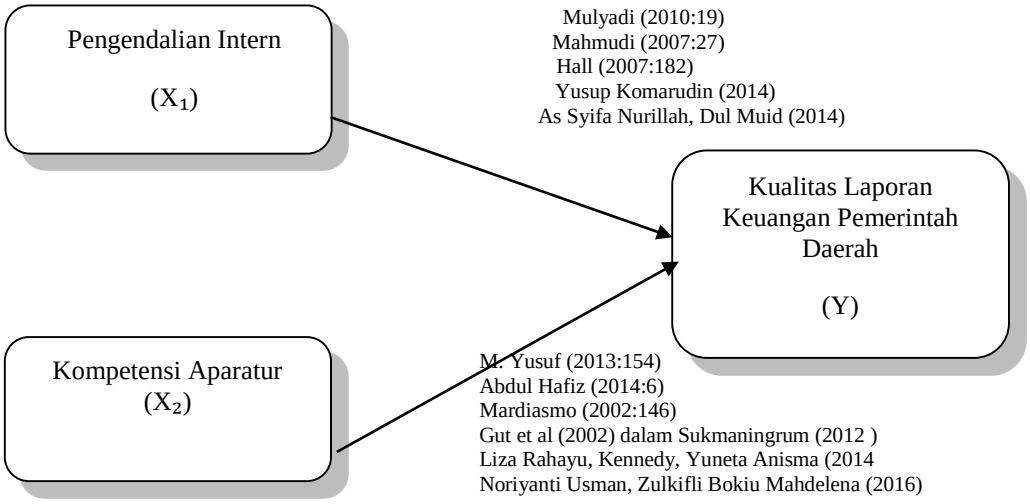
Table 3.8

Respondents Response Percentage Criteria

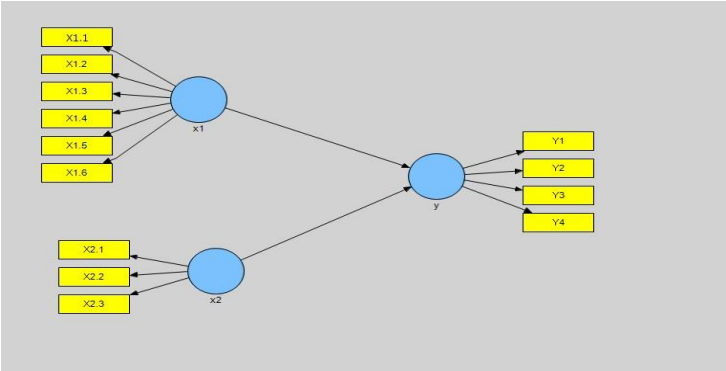
NO	Jumlah Skor (%)	Kriteria
1	20.00 % - 36.00 %	Tidak Baik
2	36.01 % - 52.00 %	Kurang Baik
3	52.01 % - 68.00 %	Cukup
4	68.01 % - 84.00 %	Baik
5	84.01 % - 100 %	Sangat Baik

Sumber: Umi Narimawati (2010:87)

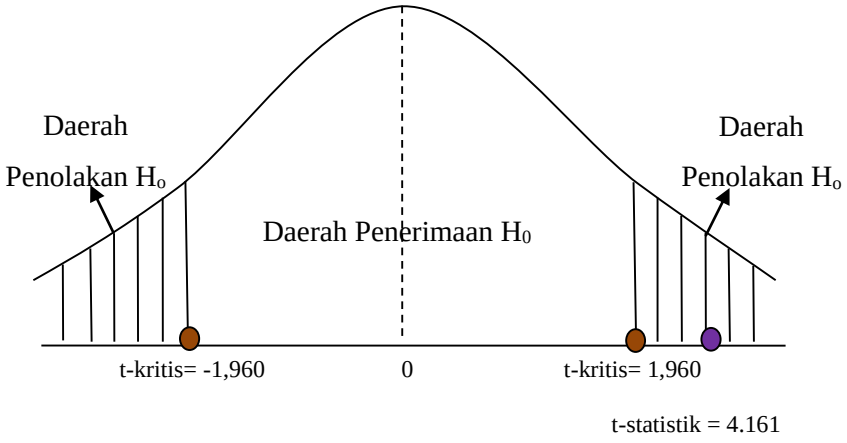
IMAGES ATTACHMENT



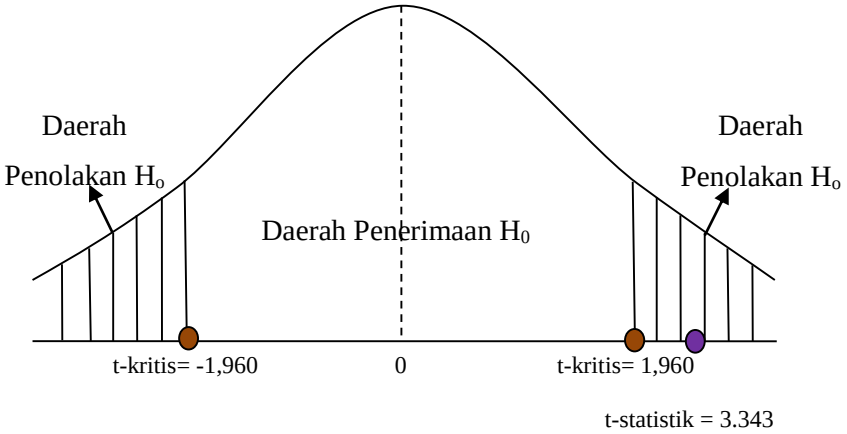
Picture 2.1
research paradigm



Picture 4.2
Complete Model Path Diagram



Picture 4.4
Hypothesis Testing Curve Variable ***X1 to Y***



Picture 4.5
Hypothesis Testing Curve Variable X_2 to Y