INFLUENCE OF FINANCIAL MANAGEMENT AND

QUALITY OF APPARATUS ON QUALITY OF FINANCIAL GOVERNMENT REPORTS (Survey On West Java Provincial Inspectorate)

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ABSTRACT

Proper government accounting standard application and good understanding regarding region finance accounting by finance developer in Satuan Kerja Perangkat Daerah (SKPD) will surely improve the quality of finance report. The success of region development cannot be separated from region finance development aspect, well managed by a good management. In an organization, especially government organization, regarding the effort to achieve goals that have been settled cannot be separated from the existence of human resources as the driving force for the organization. The human resources becomes a deciding factor whether a region finance management will work or not besides the infrastructure's availability.

The method used in this research is descriptive and verification with quantitative approach. The data resource in the research is primary data, done by survey method using questionnaire. The analysis method used in it is Structural Equation Modelling (SEM) with Partial Least Square (PLS) approach using SmartPLS 2.0. software.

The result of the research's hypothesis shows that local financial management affect the quality of financial statements local goverment. The quality apparatus affects the quality of financial statements local goverment.

Keywords : Local Financial Management, Quality Apparatus, Financial Statements Local Goverment

I. Introduction

1.1 Background

The phenomenon that occurred in the Inspectorate of West Java Province related to the Management of Regional Finance is the lack of server availability which can lead to inhibition of data entry and the delay of SPJ submission in Inpektorat West Java Province (Dadang and Rini, 2017).

The phenomenon associated with the Quality of Apparatus in the Inspectorate of West Java Province is less understand the changes in the accounting system that initially cash-based accounting system is now becoming accrual-based (Dadang and Rini, 2017).

1.2 **Identification of Research Problems Based on the background of the** research described above, the problems that can be identified are:

1. Weak Quality of Financial Statements due to the timely collection of reports that are not timely
2. Inhibition of data input due to lack of server availability in management planning
3. Declining Quality of Apparatus is caused by the inadequate knowledge and knowledge of the apparatus

1.3 Problem Research Formulation

Based on the background and identification of the problem then the problem can be formulated as follows:

1. How much influence of the Regional Financial Management on the Quality of Financial Statements at the Inspectorate of West Java Province.
2. How much influence the Quality Apparatus to the Quality of Financial Statements at the Inspectorate of West Java Province.

1.4 Research Objectives

1.4.1 Research Intent

Based on the above problem formulation, this research is intended to obtain empirical evidence in the field of Influence of Regional Financial Management and Apparatus Quality to Quality of Financial Statement

1.4.2 Research Purposes

The purpose of this research is as follows:

1. To find out how much influence the Management of Regional Finance on the Quality of Financial Statements at the Inspectorate of West Java Province
2. To find out how much influence the Quality Apparatus to the Quality of Financial Statements at the Inspectorate of West Java Province.

1.5 Purpose of Research

1.5.1 Practical Usefulness

The results of this study is expected to be a guide and input in solving problems experienced by public sector agencies, especially in solving problems regarding the Regional Financial Management, Apparatus Quality to Quality of Financial Statements.

1.5.2 Academic Uses

The results of this research is used as the development of science through kajiann and the concept is expected to re-prove the theories of previous research on the influence of local financial management and the quality of apparatus to the quality of financial statements.

II. Review Of Literature, Framework For Thinking And Hypotheses

2.1 Review Of Literature

2.1.1 Regional Financial Management

2.1.1.1 Understanding Regional Financial Management

According Dwi Ratmono & Mahfud Sholihin (2017: 6) Regional Finance Manager is as follows:

"All activities including planning, implementation, administration, reporting, accountability and supervision of regional finances".

2.1.1.2 Indicator Regional Financial Management

The indicators of Regional Financial Management by Dwi Ratmono and Mahfud Sholihin (2017: 6) :

1.Planning
2. Implementation and Administration
3. Reporting and Accountability
4. Supervision

2.1 Quality of Apparatus

2.1.2.1 Understanding Quality of Apparatus

The government apparatus according to Dharma Setyawan Salam (2004: 169) is as follows: "Workers who are paid by the government carry out the technical tasks of the government to serve the community based on the prevailing provisions"

2.1.2.2 Komponen Aparatur Pemerintah Daerah

According Soeprapto (2010: 29) Compnen Local Government Apparatus is as follows:

1. Skills and skills
2. Insight and knowledge
3. Talent and potential
4. Personality and Motive Work
5. Moral and Ethos

2.1.3 Quality of Local Govermment Financial Statement

2.1.3.1 Understanding of Local Goverment Financial Statement

Dwi Ratmono and Mahfud Sholihin (2015: 19) states Local government financial statements are as follows: "It is a combination of SKPD's existing financial statements the regional government in accordance with the conceptual framework of PP. 71 Year 2010 Paragraph 24 is prepared to provide relevant information on the financial position

and all transactions conducted by a reporting entity during one reporting period

2.1.3.2 Indicator Of Local Govermment Statement

According to Dwi Ratmono (2017: 15) are:

1. Relevant
2. Andal
3. Can be compared
4. Understandable

2.1 Framework For Thinking

2.2.1 Effect of Regional Financial Management on the Quality of Financial Statements

Abdul Halim et al (2010: 4) states that the management of state and regional finances can not be separated from accounting as an important part for accountability in the form of a financial statement. The financial statements are the output of financial accounting and good local financial management In the process requires an accounting system because the financial statements will be made periodic or repetitive. Therefore, understanding the accounting system becomes very important to be able to produce a quality financial report.

2.2.2 Effect Quality of Apparatus on the Quality of Financial Statements

Dwi Ratmono and Mahfud Solihin (2017: 1) Local Government is a sufficient Apparatus will produce with good financial statements so as to facilitate the users for decision-making.

2.3 Research Hypothesis

According Sugiyono (2015: 54), argues that: "Hypothesis is a temporary answer to the formulation of research problems, where the research formulation has been asked in the form of a sentence statement. It is said temporarily, because the answer given is based on a relevant theory, not yet based on empirical facts obtained through data collection."

Based on the above framework the hypothesis is :

H_1 : Regional Financial Management has a significant effect on Quality of Financial Statement

H_2: The quality of Financial Statement has a significant effect on the Quality of Financial Statement

III Research Methods

3.1 Research Methods

The method used by the authors in this study is descriptive and verifikatif method, using research methods will be known between the variables studied to produce conclusions. According Sugiyono is (2014: 147) understanding descriptive method is as follows:

"Descriptive method is a method used to analyze data by way of describing or describing data that has been collected as it is without intending to make conclusions that apply to the public or generalization".

Further according to Sugiyono (2012: 55) understanding of verification methods are as follows: "The verification method is to check whether it is correct to explain a way with no improvements that have been implemented elsewhere by overcoming problems similar to life".

3.2 Operasionalisasi Variabel

Variables - variables to be studied are as follows:

1) Variabel Independent/ independent variable free variable in this research is influence of Regional Financial Management (X1) and Quality Aparatus (X2
2) Variabel Not Free / Dependent variable In this Study the variable is not free/ dependent variable related to the problem to be studied is the variable Y is the Quality of Local Government Financial Statements.

3.3. Data Sources and Data Collection Techniques

3.3.1 Data Sources

Sources of data used in this study are as follows:

1. Primary Data
2. Secondary Data

3.3.2 Data Collection Techniques

According Sugiyono (2014: 224) defines the techniques of data collection are:

"Technique Data collection is the most strategic step in the research, because the main purpose of the research is to get data".

3.4 Populasi, Sampel dan Tempat serta Waktu Penelitian

3.4.1 Populasi

Populasi yang digunakan dalam penelitian ini sebamyak 24 responden di Inspektorat Provinsi Jawa Barat.

3.4.2 Sample

The sample used in this study as many as the population of 24 respondents

According Sugiyono (2014: 85) understanding of saturated sampling is as follows:

"Saturation sampling is a technique of determining the sample when all members of the population are used as a sample. This is often done when the population is relatively small, less than 30 people, or research that wants to make generalizations with a very small error. Another term saturated sample is the census, where all members of the population are sampled. "

3.4.3 Place and time of research

To obtain data and information relating to the problem under study the authors conducted this study on Employees Inspectorate West Java Province Jl. Surapati No.4, Citarum, Bandung Wetan, Bandung, West Java 4015. Implementation of this research started from October 2017 until January 2018.

3.5 Data Testing Methods

The author uses questionnaires in data collection. To assess the questionnaire whether valid and realibel it is necessary to test the validity and reliability.

3.6 Data Analysis Method

Based on the purpose of this research is to use descriptive method and verification method.

3.6.1 Descriptive data Analysis Method

Descriptive research method is used to describe how the influence of regional financial management and quality apparatus to the quality of local government financial statements.

According to Umi Narimawati (2012: 245) the steps taken in descriptive research are as follows:

a. Indicators assessed by the respondents, are classified into five alternative answers using an ordinal scale that describes the answer ratings.

b. Calculated total score of each variable/subvariable = total score of all indicator variables for all respondents.
c. Calculated score of each variable / subvariabel = the average of the total score.
d. To describe the respondent's answer also used descriptive statistics such as frequency distribution and display in the form of tables or graphs.
e. e. To answer the description of each of these research variables, the following criteria are used:

$$\%\ skor\ aktual = \frac{Skor\ aktual}{Skor\ ideal} x100\%$$

Sumber: Umi Narimawati,2010:245

3.6.2 Data Analysis Verifikatif Methods

The author uses Partial Least Square (PLS) on the grounds that the variables used in this study are latent variables (measurable direct) that can be measured based on the indicators (variable manifest), and jointly involves the level of error measurement (error) . So the authors can analyze in more detail the indicators of latent variables that reflect the strongest and weakest latent variables that include the degree of error.

3.7 Hypothesis Testing

According Suharyadi and Purwanto S.K. (2011: 112) hypothesis testing defines as follows:

"Hypothesis testing is a procedure based on the sample evidence used to determine whether the hypothesis is a reasonable statement and therefore not rejected, or the hypothesis is unnatural and should therefore be rejected."

IV RESULT OF RESEARCH AND DISCUSSION

4.1 Result of Research

4.1.1 Descriptive Analysis Result

4.1.1.1 Regional Financial Management

The calculation result of percentage of total score from Local Financial Management variable 457 (63.47%) is between interval 52% -68%. Thus it can be concluded that the variables of Regional Financial Management in the category enough, it shows that there are still weaknesses in the Regional Financial Management.

4.1.1.2 Quality of Apparatus

The calculation result of percentage of total score from apparatus quality system variable is 435 (60.42%) is between interval 52% -68%. Thus it can be concluded that the variable of Apparatus Quality is in enough category, it shows that there is still weakness in the Quality of Apparatus.

4.1.1.3 Quality of Financial Statements Local Government

The result of the calculation of percentage of total score from variable of Local Government Financial Statement Quality of 547 (65.12%) is between interval 52% -68%. Thus it can be concluded that the variable quality of Local Government Financial Statements are in sufficient category, it shows that there are still Weaknesses in the Quality of Local Government Financial Statements.

4.1.2 Analisis Verifikatif

1. Pengujian Model Pengukuran (Outer Model)

A. Uji Validitas

a. Convergent Validity

The value of outer loading for each indicator of Regional Financial Management, Apparatus Quality and Quality of Local Government Financial Statement, has a value> 0.7 which means that all indicators are stated to have good validity in explaining the latent variables.

b. Discriminant Validity

The value of cross-loading has correlation of each latent construct for the corresponding indicator higher than the other constructs, so it can be concluded that the indicators used to measure latent variables are eligible.

B. Uji Realibilitas

The value of Composite Reliability (CR) of each latent variable exceeds 0.7 (Yamin and Kurniawan, 2011 in Uce Indahyanti, 2013) so that the model is stated to have high reliability.

Latent Variable	Koefisien Jalur	t_{hitung}	t_{kritis}	Keterangan	Kesimpulan
X1 -> Y	0.448	6.045	2.079	Ho ditolak	Signifikan

C. Evaluasi *Fit Test Of Combination Model* (Seluruh Model)

The value of Goodness of Fit (GoF) obtained from the multiplication of the value of communality and R-square of 0.749. GoF value of 0.8132 according to Uce Indahyanti, 2013 pertained substantial or high, so it can be concluded that the model fit test results goodness of fit is already high.

2. Testing of Structural Model *(Inner Model)*

The coefficient value obtained by X1 to Y is 0.447 and the structural line coefficient X2 to Y is 0.454. Based on the percentage of influence of each variable is as follows:

1. Regional Financial Management contributes 37.1% to the quality of Local Government Financial Statements.
2. Apparatus Quality contributes 37.8% to the Quality of Local Government Financial Statements.

3. In the table above, seen the value of R Square obtained is equal to 0.749 or 74.9%. The result shows that the management of local finance (X1) and the quality of apparatus (X2) together give 74.9% influence to the quality of Local Government Financial Statement (Y), while the rest (1-R Square) 25.4% given by other factors not investigated (ζ) such as (entering other variables that may affect the Quality of Financial Lap)

3 . Pengujian Hipotesis

To find out how much influence given by the two exogenous latent variables are significant or not it is done hypothesis testing as follows:

a. The Influence of Local Financial Management (X1) on the Quality of Local Government Financial Statement (Y)

Tabel 4.1
Uji *t* Local Financial Management (X_1) on the Quality of Local Government Financial Statement (Y)

Latent Variable	Koefisien Jalur	t_{hitung}	t_{kritis}	Keterangan	Kesimpulan
X2 -> Y	0.455	5.825	2.079	Ho ditolak	Signifikan

b. Influence Quality Apparatus (X_2) on the Quality of Local Government Financial Statement (Y) (Hipotesis 2)

Tabel 4.2
Uji *t* Quality Apparatus (X_2) on the Quallity of Local Goverment Financial Statement (Y)

4.2 Discussion

4.2.1 The Influence of Local Financial Management on the Quality of Local Government Financial Statement

Based on the results of this study, the management of regional finance (X1) has an effect of 37.8% on the quality of local government financial statements (Y) with a correlation value of 0.830 which means the financial management of the region gives a high influence with positive direction to the quality of local government financial report Inspectorate West Java . So from the results of this study note that the financial management of the region gives 37.8% influence on the Quality of Local Government Financial Statements, while the remaining 62.2%.

The phenomenon that occurred in the Inspectorate of West Java Province is less well implemented with the process of handover of Letter of Accountability and availability of servers in the Inspectorate of West Java Province is due to delays SPJ submission from BPP to the Inspectorate and still the lack of server availability that can hamper penginputan data due to lack of resources human in the field of IT. This is in accordance with the research found in the field that proves that the management of local finance has a percentage of respondents of 62.73% and including enough, but there is a gap of 37.27% which means that the financial management of the area there are weaknesses. This is supported by the theory mentioned by Abdul Halim et al (2010: 4)

states that the management of state and regional finances can not be separated from accounting as an important part for accountability in the form

a financial statement. The financial statements are the output of good financial accounting and financial management in the process requires an accounting system because the financial statements will be made periodically or repeatedly. Therefore, understanding the accounting system becomes very important to be able to produce a quality financial report.

4.2.2 Influence Quality Apparatus on the Quality of Local Government Financial Statement.

Based on the results of this study, Apparatus Quality (X2) has an effect of 37.1% on the quality of local government financial statements (Y) with a correlation value of 0.829, which means that the quality of apparatus gives high influence with positive direction to the quality of local government financial report of west java province. So from the results of this study note that the Apparatus Quality gives 37.1% influence on the Quality of Local Government Financial Statements, while the remaining 62.9%

The phenomenon that occurs in the variable that the Quality Apparatus with the Quality of Local Government Financial Reports that occurred at the Inspectorate of West Java Province there is a problem that is insight and knowledge of the apparatus that is not sufficient in the change of accounting system that initially based on cash now turned into accrual based. As done in this study proves that the Quality of Apparatus has the percentage of responses of respondents of 60.42% and including enough, but there is a gap of 39.58%, which

means that the quality of apparatus is still there weakness.
This is supported by the theory mentioned by Dwi Ratmono and Mahfud Solihin (2017: 1) Local Government is an adequate Apparatus will produce with good financial report so that it can facilitate the user to decision making.

V.CONCLUSIONS and SUGGESTION

5.1 Conclusions

1. Regional Financial Management Influence on the Quality of Local Government Financial Statements there is a relationship between the Regional Financial Management of Quality Local government financial statements, it shows a high relationship and positive sign, meaning that if the Regional Financial Management is better then the Quality of Local Government financial reports will be increasingly good.
2. Quality of Apparatus Influence on Quality Local government financial report there is a relationship between Quality Apparatus to Quality Local government financial reports, it shows a high relationship and marked positive, meaning that if the quality of apparatus better then the quality of Local Government financial reports will be better.

5.2 Suggestion

5.2.1 Operational Suggestion

1. In the Regional Financial Management, it is known that the indicators of planning and accountability is a weakness that must be addressed by the Inspectorate of West Java Province is increasing the availability of servers so as to accelerate the time penginputan data and more attention when collecting letters of accountability from BPP and treasurer to the Inspectorate of West Java by way of confirming to the parties concerned for the delivery of accountability within the specified time.
2. In Quality Apparatus, it is known that the indicators of insight and knowledge have weaknesses that must be addressed, that is by following Bimtek or training done by the agency to increase knowledge and can produce the appropriate financial statements that have been set.
3. To improve the quality of Local Government Financial Reports is about the timeliness included in the Relevant indicator that has weaknesses and must be addressed, that is by way of more attention related to the submission Letter of Accountability proof of use of funds that have been done and add the server to be able to input more data again in order to speed up the process of submitting the report in accordance with the time specified.

5.2.2 Academic Suggestion

1. For Developers Science is advised in subsequent research to conduct the same research, with the same method but different units of analysis and samples in order to obtain conclusions that support theories and concepts generally accepted.
2. For Other Researchers can further add variables that have a close enough relationship to affect the quality of Local Government Financial Statements, such as adding intervening variables or moderating variables to obtain different results. Variable of Regional Financial Management and the Quality of Apparatus can be used as recommendation to be added in subsequent research.

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