

THE EFFECT OF APPLICATION OF ACCOUNTING INFORMATION SYSTEMS AND COMPETENCY OF EMPLOYEES ON THE QUALITY OF FINANCIAL STATEMENTS (SURVEY IN THE TANGERANG DISTRICT GOVERNMENT, BANTEN)

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ABSTRACT

The aim of this quantitative research is to determine the effect of the application of accounting information systems and employee competencies on the quality of financial statements. This research was carried out in the district government office in all regions in Banten province by taking a sample of 62 respondents who were all employees in the district government offices in the Banten region. The data in this study were obtained from the results of filling out the questionnaire. The data is then analyzed both descriptively and quantitatively. Descriptive analysis was carried out by looking at the average values in each question while the quantitative analysis was performed using multiple linear regression analysis techniques with the help of the SPSS program. Based on the results of the research data analysis, the results obtained that the variable implementation of accounting information systems and employee competencies partially have a significant effect on the quality of financial statements. This shows that the better the application of SIA, the better the quality of financial statements, the higher the competency of employees, the higher the quality of financial statements, and vice versa. In addition to partially influencing, the results of the analysis also show that the application of SIA and employee competency together have a significant effect on the quality of the report, the amount of contribution given by both of these variables to financial reporting quality is 50.6%

Keywords: Implementation of SIA, employee competence, financial reporting quality

I. INTRODUCTION

Financial statements are a benchmark in assessing a company's health. IAI (2009: 2) states that the purpose of financial statements is to provide financial position information, financial performance, and cash flow statements of an entity that benefit a large number of users in

economic decision making by anyone who is not in a position to request specific financial statements to meet their needs certain information. The financial statements are a form of accountability to internal and external parties. The internal parties in question are divided into 3, namely management, shareholders or investors, and employees. While external parties are creditors and the government. Seeing the importance of financial statements in assessing the health of a company, the financial statements must be carefully prepared and free of bias. Financial reports must be presented in a quality manner so that they can be interpreted by interested parties, therefore each company must fulfill qualitative characteristics. financial statements namely (1) can be understood, (2) relevant, (3) reliability / reliability, (4) can be compared.

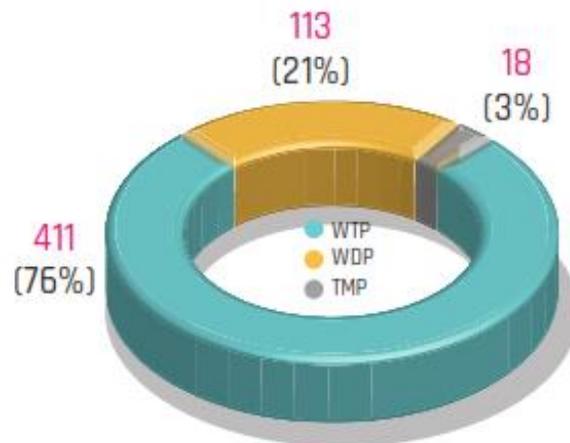
Research on the quality of financial statements has been carried out as much as research conducted by Ridwan (2009) in his research with the results of the Application of Management Information System applications having a positive influence on the Quality of Financial Statements. Then the research conducted by Hayuning Tyas Rosdiani (2011) states that internal control is the most dominant and found at 12.7% other variables that affect the quality of financial statements but are not included in the study. Then as for suggestions on the research conducted by Meilani Fadhilah (2013) which states that there are possible effects of other variables that affect the Quality of Financial Statements. Muhamad Nuryanto and Nunuy Nur Afiah (2010) stated that HR competency had an effect on the quality of financial statements of 26.50%, and internal control was 25.96% and information technology was 13.15%. Research on the quality of financial reports that are widely investigated is located in local government offices as conducted by Nurul Yuniar Lediana (2013) in the Regional Government of Sukabumi Regency which shows that the effectiveness of the application of information technology has a positive effect on the quality of financial statements, with an influence of 53.0%.

One of the government institutions that are often associated with financial statements is the local government office. In practice, financial statements are often unable to provide information about health and performance clearly so it still needs to be corrected. Local governments in the Banten region need to review the factors that have caused poorly managed financial statements. Based on the problems and previous studies, the researchers are interested in conducting research on the effect of the application of SIA and employee competency on the quality of financial statements.

Based on the results of the BPK (2017:100) examination of 542 LKPD 2017 revealed Unqualified opinion (WTP) for 411 (76%) LKPD, Fair opinion With Exceptions (WDP) for 113 (21%) LKPDs and opinions No Expressing Opinion (TMP) for 18 (3%) LKPD as seen in 101 IHPS I Year 2018. Results of Examination of Regional Government. Based on the level of

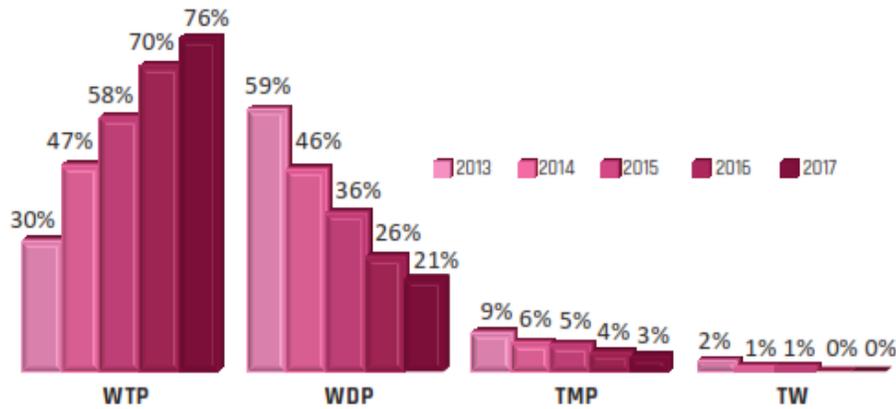
government, WTP opinion is achieved by 33 from 34 provincial governments (97%), 298 out of 415 district governments (72%), and 80 from 93 city governments (86%). The achievement of that opinion has exceeded regional financial performance targets in the field of strengthening governance regional / provincial government financial capacity building program, districts, and the cities specified in the 2015-2019 RPJMN are 85%, 60% and 65% respectively in 2019. When compared with the 2016 achievements, the quality of the LKPD 2017 has increased as indicated by the increase WTP opinion is 6 percentage points, which is from 70% in 2016 LKPD to 76% in LKPD 2017. In LKPD 2016, as many as 378 of the 542 LKPDs obtained WTP opinions (70%), while in the LKPD In 2017 as many as 411 out of 542 LKPDs obtained WTP opinions (76%). In addition to the increase in the number of WTP opinions, there was also an increase in opinion from opinion TMP becomes a WDP opinion of 7 LKPD and from WDP opinion becomes WTP is 45 LKPD.

Figure 1.1: 2017 LKPD Opinion



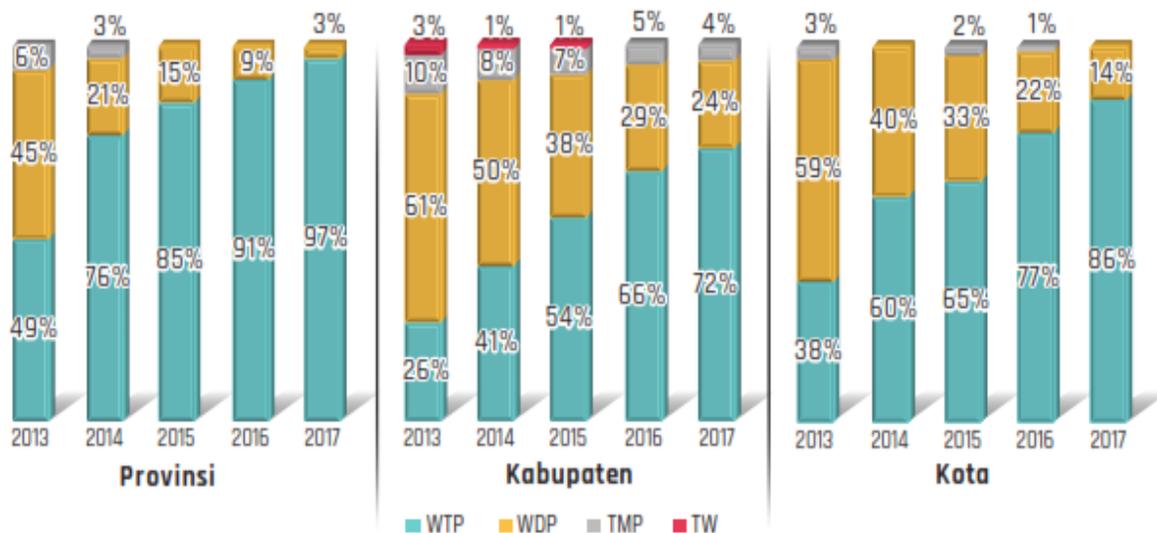
In the last five years (2013-2017), LKPD opinions improved. During this period, LKPDs that obtained WTP opinions rose by 46 percentage points, from 30% in LKPD in 2013 to 76% in LKPD in 2017. Meanwhile, the number of LKPDs that obtained TMP opinions decreased by 6 percentage points from 9% in LKPD in 2013 became 3% in the 2017 LKPD. The development of opinion over the past 5 years can be seen in the following figure :

Figure 1.2: Development of LKPD Opinions for 2013-2017



Based on the level of government, 2017 LKPD consists of 34 provincial government, 415 LK district government, and 93 LK city government. Development of LKPD opinion 2013-2017 based on local government level can be seen in the following picture :

Figure 1.3: LKPD Opinions for 2013-2017 Based on the Regional Government Level



From the picture it can be seen that the increase in opinion from 2016 occurred in all regional governments. In the provincial government, the achievement of WTP opinion increased from 31 LKPD (91%) to 33 LKPD (97%). Similarly for the district government increased from 275 LKPD (66%) to 298 LKPD (72%), and in the city government from 72 LKPD (77%) to 80 LKPD (86%). Increase of opinion from WDP to WTP in 45 LKPD and from TMP become a

WDP at 7 LKPD because the regional government has followed up BPK examination results in 2016 by making improvements over weaknesses of the internal control system (SPI) and non-compliance against the provisions of laws and regulations, so that the accounts in the financial statements have been presented and disclosed in accordance with Government Accounting Standards.

II. LITERATURE REVIEW

Application of Accounting Information Systems

In the context of continuing reform in the area of regional financial management the government has issued Government Regulation (PP) No. 105 of 2000 concerning Management and Accountability of Regional Finance. According to Mardiasmo (2004), SAKD can produce financial reports that are relevant, reliable, and reliable. Weak local accounting systems cause weak internal control and ultimately the financial statements produced are also less reliable and less relevant for decision making.

Employee Competence

Human Resource Competence is the ability of an individual or an organization (institution) or a system to carry out its functions or authority to achieve its objectives effectively and efficiently. Competence must be seen as the ability to achieve performance, to produce outputs and outcomes (outcomes).

Quality of Financial Statements

The quality of financial statements can be said to be good if the information presented in the financial statements can be understood, and meets the needs of users in decision making, free from misleading notions, material errors and reliable, so that the financial statements can be compared with previous periods. However, it should be realized that financial statements do not provide all information that may be needed by users in making economic decisions. In general, financial statements describe the effects of past events and are not required to provide non-financial information.

III. PREVIOUS RESEARCH

Mulyadi (2001) related the purpose of the accounting system is nothing but to improve accounting control and internal checking, namely to improve the level of reliability. The purpose of the accounting information system is to provide complete records of the liability and protection of the company's wealth. Weak accounting systems cause the financial statements

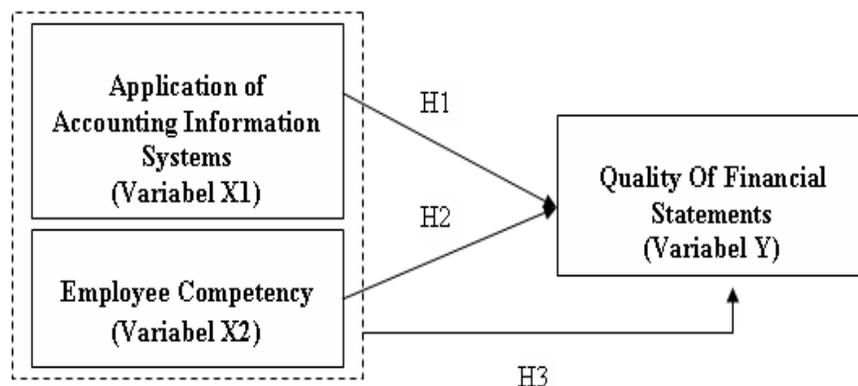
produced to be less reliable and less relevant for decision making (Mardiasmo, 2004). If the application of SAKD to the regional government is carried out in accordance with the applicable rules, it will produce quality financial reports, and vice versa, if the implementation of SAKD is not in accordance with the rules, the financial statements produced are not good. Based on the above research it can be concluded that there is an effect of the application of SIA to the Quality of Financial Statements.

Human Resource Competence is the ability of an individual or an organization (institution) or a system to carry out its functions or authority to achieve its objectives effectively and efficiently. According to Havesi, 2005 (in Indriasari, et al. 2008) competence is a characteristic of someone who has the skills, knowledge, and abilities. Based on the above research it can be concluded that there is an influence of Employee competencies with the Quality of Financial Statements

IV. RESEARCH FRAMEWORK

Preparation of financial statements often results in a composition of financial statements that are not easily understood. Based on the results of previous studies, the quality of financial statements is influenced by the application of Accounting Information Systems and employee competencies. The application of a good Accounting Information System will produce good financial reports and high employee competencies will produce high quality financial reports. Based on the description, the model framework built in this study is as follows:

Figure 1.4: Research Model Framework



V. RESEARCH METHOD

The research method is a collection of procedures, schemes and algorithms that are used as measuring instruments or instruments in conducting research. All methods used by researchers during research are called research methods. The method-method is planned, biased scientifically

accountable, and as far as possible the value of neutral (value neutral). These methods include theoretical procedures, experimental studies, numerical schemes, statistical approaches and so on. The research method helps researchers to collect data from samples and find solutions to certain problems (Timotius, 2017: 4). The population in this study were all district government employees in the Banten area who worked in the field of financial reporting, which amounted to 162 employees. The determination of the number of samples in this study uses the Slovin formula as follows:

$$n = \frac{N}{1 + e^2.N}$$

By:

N = population

n = minimum number of samples

e = measurement error (in this study set 1% or 0.01)

Based on the Slovin formula, the minimum number of samples that can be used in this study are 62 respondents. And Operational Definition of Research Variables where The variables examined in this study include the variable implementation of accounting information systems, employee competencies and the quality of financial statements. The following is the operational definition of the three variables:

Table 1: Operational Definition of Research Variables

Variable	Definition	Indicator	Scale
Application of Accounting Information Systems	Accounting information system accounting information system is a series of one or more components that are interrelated and interact to achieve a goal, which consists of actors, a series of procedures, and information technology. Romney & Paul (2004)	Asset registration has been supported by evidence in accordance with the provisions	Likert 1-5
		Debt recording has been supported by evidence in accordance with the provisions	
		Capital has been supported by evidence in accordance with the provisions	
		The budget realization report has been supported with evidence in accordance with the provisions	
		Financial management has separated the functions and responsibilities	
		The financial manager has understood financial administration in accordance with the provisions	
Financial manager with an accounting education background			

		Facilities / infrastructure in management	
Employee Competence	Competencies related to knowledge, abilities, skills and personal characteristics that will affect employee performance. Mangkunegara (2005: 40)	Understand clear roles and functions in financial management	Likert 1-5
		Carry out tasks in accordance with the actual accounting function	
		Work based on guidelines regarding the existing accounting process	
		Get training to be able to support the ability to work in the accounting field	
		Understand the training material provided	
		The training material that I attended was given according to my needs as a function of the financial manager. 7 I have experience in carrying out assignments in the field of accounting 8 I have experience in accounting, so I can help reduce errors in work	
Quality of Financial Statements	The results of the accounting process that can be used as a tool that can be used to communicate financial data or company activities to interested parties that show the condition of health and company performance. (Hery, 2015: 5)	The financial statements produced by the agency / institution where I work provide information that can correct expectations in the past	Likert 1-5
		Institutions / institutions where I work complete financial reports on time	
		The agency / institution where I work presents complete financial statements	
		Transactions presented by the agencies / institutions where I work are honestly illustrated in the financial statements	
		Information presented by agencies / institutions where I work is free from material errors	
		The agency / institution where I work presents information that is directed to public needs and does not favor the specific needs of the place I work.	
		Can be compared 8 The financial information presented by the agency / institution I work for can be compared with the previous period's financial statements.	
		The financial information presented by the agency / institution where I work can be understood by the user	
		the financial information produced can be tested	

Data analysis techniques used in this study include descriptive analysis techniques and quantitative analysis techniques. Descriptive analysis is used to provide an overview of the characteristics of respondents while quantitative analysis is used to test the effect of the application of accounting information systems and employee competencies on the quality of financial statements. Descriptive analysis is done by making a frequency distribution table based on the characteristics of sex, age, education and the length of work of the respondents, while the quantitative analysis technique is done using multiple linear regression analysis with the help of SPSS version 23 program.

VI. ANALYSIS AND DISCUSSION

Description of Characteristics of Respondents. The number of respondents in this study were 62 respondents. Based on the results of descriptive analysis in table 2, the results of the analysis show that of the 62 respondents studied, most of the respondents were male (91.9%), aged 36 - 45 years (82.3%), had S1 and Diploma education (48.5% and 35.5%) and have worked in this field for 4-6 years (82.3%).

Table 2: Description of Characteristics of Respondents

Characteristics	Category	Frequency (f)	Percentage (%)
Gender	Man	57	91.90
	Women	5	8.10
Age	18-25 years	4	6.50
	26-35 years	5	8.10
	36 - 45 years	51	82.30
	> 45 years old	2	3.20
Education	High school / equivalent	7	11.30
	Diploma	22	35.50
	S1	30	48.40
	S2 / S3	3	4.80
Length of working	13 years old	3	4.80
	4-6 years	51	82.30
	> 6 years	8	12.90

Source: SPSS Outcome (2019)

1. Classic Assumption Test

Before multiple linear regression analysis, the data is first tested with several classic assumption tests, namely the test for normality, multicollinearity, heteroscedasticity and autocorrelation. The following are the results of the classic assumption test on this research data:

Table 3: Classical Assumption Test Results

Classic assumption test	Variable	Results
Multikolinearitas	Application of Accounting Information Systems	VIF = 0,690, Tolerance = 0,1448
	Employee Competence	VIF = 0,690, Tolerance = 0,1449
Heteroskedastisitas	Application of Accounting Information Systems	sig = 0,977
	Employee Competence	sig = 0,776
Autokorelasi	durbin watson = 1,692	
Normalitas	0,850	

Source: SPSS Outcome (2019)

2. Normality

Normality test is done to find out the residual distribution of the regression model, if the residual is normally distributed, the model can be analyzed by regression analysis, but if the residual is not normally distributed then the model cannot be analyzed by regression analysis. Normality test can be done statistically using the Kolmogorov Smirnov normality test, in this test the regression results are stated to be normally distributed if the significant value of the test results exceeds 0.05. Based on the results of the normality test in table 3, the significant value obtained is 0.850. Because of the significant value obtained > 0.05, it can be concluded that the regression data results have met the assumption of normality.

3. Multicollinearity

According to Imam Ghozali (2011: 105) the multicollinearity test aims to test whether the regression model found a correlation between independent variables. To test multicollinearity by looking at the VIF value of each independent variable, if the VIF value <10 and tolerance > 0.1, it can be concluded that the data is free from the symptoms of multicollinearity. The results of the multicollinearity test in table 3 show that the VIF value of all independent variables is <10 and the tolerance value of all free variables has exceeded 0.1. This shows that the regression model has fulfilled the assumption of multicollinearity.

4. Heteroscedasticity

Heteroscedasticity test aims to test whether in the regression model variance inequality occurs from one residual to another observation. The Heteroscedasticity test can be done statistically, that is by using the Gletsjer Test. In this test, the model is declared free from heteroscedasticity if the significance value of all independent variables is > 0.05 . Based on the results of testing in table 3, significant values on both independent variables > 0.05 showed no heteroscedasticity in the regression model.

5. Autocorrelation

The autocorrelation test can be done by looking at the value of durbin watson. In this test, the regression model is declared not to contain autocorrelation if the durbin watson value is in the range $d_l < dw < 4 - d_l$ or in the range $d_u < dw < 4 - d_u$. In this study, the number of respondents in this study were 62 respondents ($n = 62$) with the number of independent variables as many as 2 independent variables ($k = 2$), so the value of d_l table obtained was 1.4526 and d_u table was 1.8308. Thus, the model is stated not to contain autocorrelation if the value of durbin watson is in the range of $1.4526 < dw < 2.5474$ or is in the range $1.8308 < dw < 2.1692$. Based on the results of the regression analysis in table 4, the value of dats watson is 1.692 which indicates that the value of durbin watson is in the range of $1.4526 < dw < 2.5474$. Thus it can be concluded that there is no autocorrelation in the regression model.

6. Results of Multiple Linear Regression Analysis

The results of multiple linear regression analysis include the results of the partial effect test (t test), the results of the simultaneous influence test (F test) and the results of the calculation of the coefficient of determination (R^2). In regression analysis, the t test is used to test the effect of the independent variable parisal on the dependent variable. The hypotheses used in this study are as follows:

Ho: Independent variables have no significant effect on the dependent variable

Ha: The independent variable has a significant effect on the dependent variable

With a significant level of 0.05, Ho is rejected if sig. < 0.05 and Ho is accepted if sig. > 0.05 .

Table 4: Partial Influence Test Results (t Test)

		Coefficients ^a				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.949	2.071		3.355	.001
	Application of Accounting Information Systems	.342	.111	.340	3.088	.003
	Employee Competence	.693	.165	.464	4.214	.000

a. Dependent Variable: Quality of Financial Statements

Source: SPSS Outcome (2019)

Based on the results of the analysis in table 4 above, some results are obtained as follows: 1) Significant value of the effect of applying Accounting Information Systems to the quality of financial statements is 0.003. Because the significant value obtained is <0.05 and the regression coefficient is positive at 0.342, then Ho is rejected and it is concluded that the application of Accounting Information Systems has a positive and significant effect on the quality of financial statements. The better the implementation of Accounting Information Systems, the higher the quality of financial statements, and vice versa. 2) The significant value of the effect of employee competency on the quality of financial statements is 0,000. Because the significant value obtained is <0.05 and the regression coefficient is positive at 0.693, then Ho is rejected and it is concluded that employee competency has a positive and significant effect on the quality of financial statements. The higher the competency of employees, the higher the quality of financial statements, and vice versa. 3) Based on the results of the analysis in the table above, regression regression is obtained for 6.949 with the variable Accounting Information Systems coefficient of 0.342 and the employee competency variable coefficient of 0.693, so that the regression equation that connects Accounting Information Systems implementation variables, employee competency and financial report quality are as follows:

$$Y = 6.949 + 0.342 X1 + 0.693 X2$$

By:

Y = quality of financial statements

X1 = Application of Accounting Information Systems

X2 = Employee competency

In multiple linear regression analysis, the results of the F test are used to test the simultaneous effect of independent variables on the dependent variable. The hypotheses used in this test are as follows:

Ho: The application of Accounting Information Systems and employee competency simultaneously influence the quality of financial statements

Ha: The application of Accounting Information Systems and employee competency simultaneously does not affect the quality of financial statements. With a significant level of 0.05, Ho is rejected if sig. <0.05 and Ho is accepted if sig. > 0.05

Table 5: F Test Results

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1333.303	2	666.651	30.259	.000 ^a
	Residual	1299.874	59	22.032		
	Total	2633.177	61			
a. Predictors: (Constant), Application of Accounting Information Systems, employee competency						
b. Dependent Variable: Quality of financial statements						

Source: SPSS Outcome (2019)

Based on the results of the analysis in table 5, obtained a significant value of the test results of 0,000. Because the significant value obtained is <0.05, Ho is rejected and it is concluded that the variable implementation of Accounting Information Systems and employee competency simultaneously influence the quality of financial statements.

Table 6: Coefficient of Determination

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.712 ^a	.506	.490	4.69380
a. Predictors: (Constant), Application of Accounting Information Systems, employee competency				
b. Dependent Variable: Quality of financial statements				

Source: SPSS Outcome (2019)

Based on the results of the analysis in table 6, the results of the analysis show that the model coefficient of determination obtained is equal to 0.506. This shows that the amount of contribution given by the variable of Accounting Information Systems implementation and employee competency is 50.6%, while the remaining 49.4% of the variance in the quality of financial statements is influenced by other factors outside the variable SIA implementation and employee competency.

VIII. CONCLUSION

The conclusions obtained from the results of this study are as follows: 1) The application of SIA has a positive and significant effect on the quality of financial statements, the better the application of SIA, the better the quality of financial statements is the opposite. 2) Employee competency has a positive and significant effect on the quality of financial statements, the better the application of SIA, the better the quality of financial statements is the opposite. 3) The application of SIA and employee competency simultaneously affect the quality of financial statements with a contribution of 50.6%. The limitation in this study lies in the number of independent variables and the simplicity of the research model. The independent variables examined in this study were only the application of SIA and employee competencies so that the contribution made was only 50.6%, while 49.4% of the quality of financial statements were still unknown. Future studies are expected to add to the research variables that are thought to influence the quality of financial statements. Suggestion that can be conveyed in this study are as follows: 1) Employees should be able to implement accounting information systems properly so that the financial statements prepared have good quality, 2) Employees also need to improve their competencies so they can prepare financial statements properly, 3) Further research is expected to add to the research variables that are thought to influence the quality of financial statements.

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