

The Impact of Apparatus Competence, Information Technology Utilization and Internal Control on Financial Statement Quality (Study on Local Government of Jakarta Province - Indonesia)

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Strengthening public demand for accountability at both central and local government levels has consequences for the government to put policies in place, that are relevant to the fulfillment of these demands. This study aims to find out the impact of the competence of apparatus, the utilization of information technology and internal control on financial reporting quality in work units of Jakarta Provincial Government. The method used is a path analysis. Unit of analysis is 23 work units of accounting entity in municipal government of Jakarta province. The year of the study is 2010. The research proves that there is simultaneously positive influence of apparatus competence, information technology utilization and internal control on the quality of financial statements with the path coefficient of 0.656, which means that the quality of financial reporting is 65.6% explained by the apparatus competence, utilization of information technology and internal control. Meanwhile, the remaining 34.4% is explained by variables out of this study. Partially, the competence of apparatus has a dominant influence on the quality of financial statements.

Keyword: Apparatus Competence, Information Technology Utilization, Internal Control, Financial Statement Quality.

Field : Accounting

1. Introduction

Phenomena that occurs in the development of the State's financial management today is the strengthening of public demand for accountability at both central and local government levels. Accountability can be defined as the obligation of a person or organizational unit to account for the management and control of resources and the implementation of policy entrusted to it in order to achieve the goals set through periodic media accountability (Stanbury, 2003, in Mardiasmo, 2006).

The Governmental Accounting Standards Board (GASB, 1999) in Concepts Statement No. 1 of the Objectives of Financial Reporting states that accountability is the basis of financial reporting in government based on the presence of the public right to know and accept the explanation for the collection and use of resources. The statement indicates that it is allowed for public to assess the accountability of government for all activities undertaken. Concept Statement No.1 emphasizes also that the financial statements of government should assist users in making economic, social, political and financial performance decisions by comparing actual and

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budgeted revenue and expenditure. Additionally, these functions to assess the financial condition and results of operations, help to determine the level of compliance with laws and regulations related to financial issues and other provisions, as well as assist in evaluating the efficiency and effectiveness.

In the framework of accountability for the government financial management, the Minister / Head of Institution / Governor / Mayor as budget users are responsible for the implementation of financial management of the State in the form set out in the Budget Act and Budget set forth in Local Regulation. In the law, it is stated that the realization of the state's budget reported in the form of financial statements consisting of Budget Realization Report, Balance Sheet, Statement of Cash Flows and Notes to Financial Statements are prepared in compliance with the standards government accounting. The financial statements must be examined by the Supreme Audit Agency (SAA) before being forwarded to the house of representative at the latest 6 (six) months after the end of the fiscal year concerned.

From the audit findings conducted in 2008, SAA found several problems in the financial statements of local governments, which contribute to the poor quality of implementation of budget accountability. Generally, the problems are lack of human resources with relevant educational background of accounting; lack of information technology, and weakness of internal control systems.

Previous research regarding the study focused on the competence of human resource, while in this study researcher uses utilization of information technology and internal control since all the accounting system in Government of Jakarta now utilizes computer based information system. Therefore, this study will accommodate a new development in implementation of Jakarta Government's accounting system.

The problems regarding how human resource competencies and information technology aspect and internal control will affect the quality of financial information, and there are only a few previous researches regarding this matters motivating writers to investigate further. Based on the description of the problem formulation, this study will examine how the apparatus competence, utilization of information technology, and internal control simultaneously and partially affect on the quality of financial reporting in the work unit of the provincial government of Jakarta.

This paper will be organized after this section into some explanations as follows : the literature review, research methodology, research results, and endnotes, include references.

2. Literature Review

Local Government Financial Report is audited on annual basis by the Supreme Audit Agency (SAA). According to 2011 Audit Results Summary, in 2010, there was an increase of reasonable work unit financial reports which are in accordance with generally accepted accounting standards compared with the previous year. The illustration shows the improvement of the management system and accountability, especially in the recording and reporting of local government finance.

Law No. 17, 2003 on State Finance and Government Regulation no. 71, 2010 on Government Accounting Standards (GAS) have brought major changes and provided

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a new approach in the management of government finance. The amendment of Law of Indonesian Republic No 17, 2003 is a paradigmatic change, while the change of Government Regulation no. 71, 2010 on Government Accounting Standards is more pragmatic, which is associated with the financial administration. These include changes in accounting techniques which include changes in the approach to accounting systems and record-keeping procedures, source documents and forms used, authorization functions for the purpose of internal control systems, reporting, and monitoring (Lecturer in Public Sector Accounting Forum, 2006). The amendment requires the support of technology and qualified human resources, who are able to carry out the assigned duties and responsibilities with sufficient education, training, and experience.

To produce useful financial information, the financial statements must be prepared by personnels who are competent in the area of financial management and accounting system (Tausikal, 2007). Competence is a characteristic of a person who has the skills, knowledge, and ability to perform a job (Hevesi, 2005; Prayitno (BKN), 2003). According Wibowo (2007), competence is the ability to execute or perform a job or task that is based on skills and knowledge, and supported by the work attitude demanded by the job.

According to the Urban GTZ-USAID/CLEAN, 2001 (Harifan, 2009) accounting executive in an agency must have sufficient knowledge and qualification in the process of implementing the accounting functions under the authority to achieve its goals effectively and efficiently. The recording process is carried out by the Financial Administration Officials (FAO) and at the end of the accounting period, FAO must prepare financial statements. In order for the information generated in these financial statements not to mislead the user, the provider of the information, FAO, must have sufficient competence in the recording process and financial management. With the adequate competence to implement accounting, the value of the information presented in the financial statements will improve so that it becomes a guideline for local government in making the right decision.

The development of information technology is not only used in business organizations but also in public sector organizations, including government. In Explanation of Government Regulation No. 56, 2005 on the Financial Information Systems, it is mentioned that to follow up the implementation of the development process in line with the principles of good governance, the Central Government and the Regions are obliged to develop and exploit advances in information technology to improve the ability to manage finances, and distribute financial information to the public service. Governments need to optimize the use of advanced information technologies for building network management information systems and work processes that allow the government to work integrally by simplifying access between work units. Wilkinson et al., (2000) said the use of information technology include the presence of (a) the data processing, information processing, management systems and work processes electronically and (b) the use of advanced information technologies so that public services can be easily and cheaply accessed by public.

Information Technology has developed radically, which has become the trend of the evolution that influences other areas. The most important IT specification are a high speed data processing, high alacrity, up-to -date high speed data acces.it anables the exchange of data information, with high quality and very low price. On the other

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hand, we must face increasingly complex task and develop operational capacity (Hematfar, Salehi and Bayat, 2010).

If we consider the above specifications in this modern environment, the need for the use of information technology is a must. In this case, there is no other option in offering accounting services, but we have to utilize it. According to Gary Sundem the former head of the American Accounting Society, the role of information has become extremely important. Therefore, information providers, especially accountants, should provide information as art in order to sell their services. If not, they will not have a place in future markets (Salehi and Husini, 2011). IT is used with the same model and allows it to be used with a broader purpose, which is to include a set of information systems that consists of many parts, users and managing director of an organization (Turban, 2002).

Internal control over financial reporting is a system of checks and balances which is monitored by management and reviewed by the board of directors and internal auditors. The system of checks and balances is intended to provide reasonable assurance that the objectives can be achieved, namely: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations. Under AU 319 and COSO, internal control consists of five parts: (i) control environment, (ii) risk assessment, (iii) control activities, (iv) information and communication, and (v) monitoring. It is in line with the Regulation of the Minister of Home Affairs Number 13 Year 2006 on Guidelines for Financial Management.

Based on Government Regulation No. 60, 2008 it is stated that internal control policies include: (1) providing financial records, (2) providing reasonable assurance that the financial statements have been prepared in accordance with government accounting standards, as well as receipts and expenditures have been in accordance with appropriate authorization, (3) providing reasonable assurance over the safety of assets with a material effect on the financial statements of the government.

On submission of Audit Result Reports by SAA, one of the issues that needs to be considered is the Internal Control System. SAA appealed to the findings of the Internal Control System in the Local Government Finance Report, and it should become common concern to achieve efficiency, effectiveness, and prevent financial loss for the sake of the state and local communities.

3. Methods

This study uses quantitative research methods. The data used in this study is the primary data.. The data is collected through a questionnaire using the Likert scale format. Survey on 23 work units of Jakarta provincial government includes internal audit board, agencies, city administration, hospitals and house of representative. The research was conducted in 2010.

The hypothesis proposed in this study are:

H1: Apparatus competence, information technology utilization, and internal control systems have simultaneously significant effect on the quality of financial reporting.

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H2: apparatus competence has a positive significant impact on the quality of financial statements.

H3: The information technology utilization has positive significant effect on the quality of financial statements.

H4: Internal control has positive and significant effect on the quality of financial statements.

Technique of data analysis is begun with the instrument. Using the validity test, a set of questions in the questionnaire items can be accepted if it has a value of ≥ 0.3 . To see whether measuring instrument is reliable or not, statistical approaches are used, through reliability coefficient. If the reliability coefficient ≥ 0.70 , the whole statements are stated to be reliable. Normality test is performed to determine whether the data is taken from a normally distributed population. Normality test is performed by Kolmogorov-Smirnov test. Multicollinearity test is one in which some or all of the independent variables highly correlated. The presence or absence of multicollinearity can be seen by looking at the value of tolerance and variance inflation factor (VIF) in the SPSS output (Coefficients table). Multicollinearity occurs when tolerance values is < 0.10 and $VIF > 10$. Heteroscedasticity test aims to test whether the model variance of the residual inequality occurred one observation to another observation. If the residual variance from one observation to another observation remains so called homoskedastisitas. To test the presence or absence of heteroscedasticity is done by correlating each variable with the absolute value residual free using Spearman Rank correlation. The value p-value (Sig) ≥ 0.05 is acceptable.

In hypothesis testing, Path Analysis is used. Path Analysis is a structural model that aims to unravel interrelationship among variables. Path analysis is part of the parametric statistics that require minimal interval scale so that of data ordinal questionnaire results will be elevated into the first interval scale. Raising the scale conducted for each item per variable through the Method of Successive Intervals

After obtained the score of apparatus competencies (X1), the information technology utilization (X2), the internal control (X3) and the quality of financial statements (Y) is then calculated path coefficients with the following steps:

- 1) Calculate the correlation matrix between each variable;
- 2) Calculate the correlation coefficient respectively;
- 3) Compute the inverse correlation matrix of independent variables;
- 4) Calculate the path coefficients;
- 5) Calculate the coefficient of determination;
- 6) Calculating the influence of other factors (epsilon).

Once the path coefficients are obtained, the degree of influence of each independent variable on the dependent variable is calculated. All stages in the pathway analysis are performed using statistical software program for social science (SPSS).

Hypothesis testing is conducted simultaneously with the F test is to compare F_{count} with F_{table} at $\alpha = 0.05$ and degrees of freedom (k) = $nk-1$ where k is the number of independent variables with the decision criteria table If $F_{count} \leq F_{table}$ H_{01} is received or H_{11} is rejected, and if $F_{count} > F_{table}$ H_{11} is received and H_{01} is rejected. Testing the hypothesis was partially done with the t test by comparing the calculated t with t table at $\alpha = 0.05$ and degrees of freedom (n-1) is the number of independent variables with

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the decision criteria $t_{table} \leq t_{count}$ H_{02} is received or H_{12} is accepted and if $t_{count} > t_{table}$ H_{12} is received or H_{02} is rejected.

4. Results and Discussion

4.1 Test of Validity and Reliability

The validity Test of this study is done by measuring the degree of correlation between each item questions to each variable. we can conclude that all variables; apparatus competency, technology utilization, internal control and financial reporting quality are valid for ≥ 0.30 .

Table 4.1: Validity Test Results of Apparatus Competency Questionnaire

Questionare	r_{count}	r_{table}	Result
ka1	0.324	0.3	Valid
ka2	0.352	0.3	Valid
ka3	0.582	0.3	Valid
ka4	0.552	0.3	Valid
ka5	0.459	0.3	Valid
ka6	0.650	0.3	Valid
ka7	0.918	0.3	Valid
ka8	0.418	0.3	Valid
ka9	0.493	0.3	Valid
ka10	0.377	0.3	Valid
ka11	0.395	0.3	Valid
ka12	0.452	0.3	Valid
ka13	0.417	0.3	Valid
ka14	0.596	0.3	Valid

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Table 4.2: Validity Test Results of Information Technology Utilization Questionnaire

Quetionare	r_{count}	r_{table}	Result
pti1	0.856	0.3	Valid
pti2	0.623	0.3	Valid
pti3	0.778	0.3	Valid
pti4	0.498	0.3	Valid
pti5	0.585	0.3	Valid
pti6	0.515	0.3	Valid
pti7	0.556	0.3	Valid
pti8	0.509	0.3	valid
pti9	0.440	0.3	valid

Table 4.3: Validity Test Results of Internal Control Questionnaire

Quetionare	r_{count}	r_{table}	Result
pi1	0.845	0.3	valid
pi2	0.910	0.3	valid
pi3	0.655	0.3	valid
pi4	0.743	0.3	valid
pi5	0.892	0.3	valid
pi6	0.607	0.3	valid
pi7	0.818	0.3	valid
pi8	0.361	0.3	valid
pi9	0.743	0.3	valid
pi10	0.743	0.3	valid
pi11	0.743	0.3	valid
pi12	0.521	0.3	valid
pi13	0.765	0.3	valid
pi14	0.554	0.3	valid
pi15	0.743	0.3	valid

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Table 4.4: Validity Test Results of Financial Statements Quality Questionnaire

Questionare	r_{count}	r_{table}	Result
klk1	0.656	0.3	valid
klk2	0.591	0.3	valid
klk3	0.446	0.3	valid
klk4	0.683	0.3	valid
klk5	0.858	0.3	valid
klk6	0.743	0.3	valid
klk7	0.904	0.3	valid
klk8	0.666	0.3	valid
klk9	0.373	0.3	valid
klk10	0.586	0.3	valid
klk11	0.472	0.3	valid

Based on the results of processing using the alpha-cronbach, reliability test results are obtained as follows:

Table 4.5: Reliability Test Results of Research Questionnaire

Questionnaire	Number of Questions	reliability coefficient	Description
Competence of apparatus	14	0.729	Reliable
Utilization of Information Technology	9	0.749	Reliable
Internal Control	15	0.888	Reliable
Quality of financial reporting	11	0.850	Reliable

Therefore it can be stated that the instrument for four variables is valid and reliable, so it is qualified for further analysis.

4.2 Classic Assumption Test

With SPSS 13, tests of normality using the Kolmogorov - Smirnov Asymp values are obtained with Sig (2-tailed) $0.530 > \alpha (0.05)$, so that it can be concluded that the data are normally distributed. With SPSS 13, test results for each variable multicollinearity is obtained with VIF value $X_1 (1.480)$, $X_2 (1.283)$, $X_3 (1.268)$, which means it does not occur because the value of VIF multicollinearity is < 10 . This means that some or all of the independent variables are highly correlated.

To test the presence or absence of heteroscedasticity is done by correlating each variable with the absolute residual value free using Spearman Rank correlation. With SPSS 13 software, the results are that the sig. $X_1 (0.061)$, $X_2 (0.200)$, $X_3 (0.600)$, greater than $\alpha (0.05)$, meaning that these variables do not have heteroscedasticity.

4.3 Path Analysis of Test Results

Table 4.6
Research Instruments

Variable	Dimension	Indicators	Q	Respondents' Answers					total
				a	b	c	d	e	
Competence of apparatus (X1)	The knowledge	Education	1	2	18	2	1	-	23
			2	23	-	-	-	-	23
		Training	3	17	6	-	-	-	23
			4	4	18	1	-	-	23
			5	-	13	10	-	-	23
			6	9	14	-	-	-	23
	The skills	Quantity of training	7	-	11	12	-	-	23
			8	3	17	3	-	-	23
			9	1	21	1	-	-	23
		Quality of training	10	1	21	-	-	-	22
			11	3	14	6	-	-	23
	Behavioral attitudes	Motif Self-concept Attitude	12	1	15	5	2	-	23
			13	-	14	8	1	-	23
			14	23	-	-	-	-	23
Utilization of information technology (X2)	Utilization of hardware	Processor speed	1	-	16	7	-	-	23
			2	-	15	8	-	-	23
			3	-	11	12	-	-	23
	Utilization of software	Hard drive capacity	4	-	19	4	-	-	23
			5	-	16	6	1	-	23
			6	-	21	2	-	-	23
	Utilization of brainware	Software applications appropriate accounting rules Calculation accuracy of transactions	7	1	13	5	4	-	23
			8	-	22	1	-	-	23
			9	-	11	12	-	-	23
	Use of the Internet net Understanding the functions and workings of the application of Understanding of treatment if a problem occurs with the application of								

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Research Instruments

Variable	Dimension	Indicators	Q	Respondents' Answers					total
				a	b	c	d	e	
internal control (X3)	Control environment	Integrity and ethics	1	21	2	-	-	-	23
		Commitment to competence	2	19	3	1	-	-	23
		Organizational structure	3	10	11	2	-	-	23
		Delegation of authority	4	22	-	1	-	-	23
		Development of human resources	5	20	1	2	-	-	23
	Risk assessment	Identification of risk	6	9	7	6	1	-	23
		Analysis of risks	7	19	4	-	-	-	23
	Control activities	Physical control and asset	8	4	14	5	-	-	23
		Separation of functions	9	22	1	-	-	-	23
		Authorization	10	22	1	-	-	-	23
		Accurate and timely recording	11	22	1	-	-	-	23
		Utilization of information	12	14	9	-	-	-	23
	Information and communication	Management of information systems	13	17	6	-	-	-	23
		Monitoring	14	17	6	-	-	-	23
	Quality of financial reporting (Y)	Relevant	Evaluation	15	22	1	-	-	-
The benefits of feedback			1	2	8	9	4	-	23
Timely		The benefits of predictive	2	5	10	7	1	-	23
		Comprehensive	3	-	9	13	1	-	23
		Truthful presentation of	4	-	12	10	1	-	23
Reliably		Could be verified	5	-	13	7	3	-	23
		Neutral	6	1	17	5	-	-	23
Could be compared		The previous period	7	14	6	2	1	-	23
		Other entities	8	6	15	2	-	-	23
Could be understood		Users	9	8	13	2	-	-	23
		Understanding of user	10	4	18	1	-	-	23
		11	3	17	3	-	-	23	

The correlation coefficients among the three independent variables are presented in the following table.

Table 4.7: Correlation Between the Independent Variables

Variabel	X1	X2	X3
X1	1,0000	0,461	0,451
X2	0,461	1,0000	0,285
X3	0,451	0,285	1,0000

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Based on the table 3.3, correlation coefficient value between (X_1) and (X_2) is 0.461 in the category of moderate. The positive relationship between the apparatus competence and information technology utilization indicates that the higher competence of apparatus is, the better information technology utilization tends to be. The relationship between (X_1) and (X_3) is 0.451 in the category of moderate. The positive relationship between the competence of apparatus with the internal control, show that the higher apparatus competence is, the better internal control tends to be. The relationship between (X_2) and the Internal control (X_3) is 0.285, in the category of low. The positive relationship between information technology utilization and the internal control shows that the higher information technology utilization, the better internal control tends to be.

Based on processed results, the path coefficients of each independent variable on the quality of financial statements are as follows :

Table 4.8: Each path coefficient of Independent Variables Against the Quality of Financial Statements

Variable	Path coefficient	$R^2 = 0,656$
X_1	0,388	
X_2	0,400	
X_3	0,246	

Simultaneously, these three independent variables (apparatus competence , information technology utilization and internal control) influence the quality of financial statements of Jakarta provincial government of 65.6% . This means that the change of 65.6% in the quality of financial reports of Jakarta provincial government can be explained by the variable apparatus competence, utilization of information technology and internal controls. The remaining 34.4% influenced by other factors is not examined.

4.4 Hypothesis Testing in Partial

The results of hypothesis test in partial are as in the table below :

Tables 4.9: Test Results of Path Coefficients in partial

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-7.579	6.613		-1.146	.266
	X1	.531	.224	.388	2.370	.029
	X2	.618	.235	.400	2.625	.017
	X3	.218	.134	.246	1.623	.121

a. Dependent Variable: Y

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4.4.1 Influence of Apparatus Competence on Quality of Financial Statements

Based on the results of data processing, apparatus competence path coefficient is 0.388 for the quality of financial reporting. With the t test (one-tailed) of 2370 and the table t (0.05, db = 19), 2093 is obtained. Because the value t count > t table H_0 is rejected, and H_1 is accepted. Thus, it can be concluded that the apparatus competence has a significant positive effect on the quality of financial statements of Jakarta provincial government. With the better apparatus competence, the quality of financial reporting in work units of Jakarta provincial government will improve.

The magnitude of the relationship X_1 on Y is a direct effect of X_1 on $Y = (0.388)^2 = (15.04\%)$, the indirect effect of X_1 on Y because of its relationship with $X_2 = 0.388 \times 0.461 \times 0.400 = (7.16\%)$, the effect is not X_1 directly to the Y because of its relationship with the $X_3 = 0.0430 (4.30\%)$.

So the total X_1 on Y is $= 15.04\% + 7.16\% + 4.30\% = 26.50\%$. This means change in the quality of financial statements is due to the apparatus competence. The results support the hypothesis that the competence of apparatus has a significant positive effect on the quality of financial statements.

4.4.2 Influence of Information Technology on Quality of Financial Statements

Based on the results of data processing, the information technology utilization path coefficients is 0.400 for the quality of financial reporting. with the t test (one-tailed) of 2625 and the table t (0.05, db = 19), 2093 is obtained. Because the value t count > t table, then H_0 is rejected and H_1 is accepted. Thus, it can be concluded that the information technology utilization has positive and significant impact on the quality of financial statements of the provincial government of Jakarta. With the better information technology utilization, better quality of financial reporting in work units of Jakarta provincial government will improve.

The magnitude of the influence of the utilization of information technology on quality of financial statements of Jakarta provincial government is the direct effect of X_2 on $Y = (0.400)^2 = (15.99\%)$, the indirect effect of X_2 on Y because of its relationship with $X_1 = 0.400 \times 0.461 \times 0.388 = (7.16\%)$, the indirect effect of X_2 on Y because of its connection $X_3 = 0.400 \times 0.285 \times 0.246 = (2.81\%)$.

So the total X_2 to Y is $= 15.99\% + 7.16\% + 2.81\% = 25.96\%$, it means that change in the quality of financial statements due to the utilization of technology and information. The results support the hypothesis that the use of information technology has positive and significant impact on the quality of financial statements.

4.4.3 Influence of the Internal control on the Quality of Financial Statements

Based on the results of data processing, internal control path coefficient is 0.246 for the quality of financial reporting. with the t test (one-tailed) of 1623 and the table t (0.05, db = 19), 2093 is obtained. Because the value of t count < t table, H_0 is received and H_1 is rejected. Thus, it can be concluded that internal control has not positive significant effect on the quality of financial reporting in work units of Jakarta provincial government

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The magnitude of the effect of the internal control of the quality of financial reporting in work units of Jakarta provincial government is a direct influence on $Y = X_3 (0.246)^2 = (6.04\%)$, X_3 indirect effect on Y because of its relationship with $X_1 = 0.246 \times 0.451 \times 0.388 = (4.30\%)$, X_3 indirect effect on Y for its association with $X_2 = 0.246 \times 0.285 \times 0.400 = 0.02 (2.81\%)$

So the total relationship of the internal control on the quality of financial reporting is $6.04\% + 4.30\% + 2.81\% = 13.15\%$, it means change in the quality of financial statements due to internal control. This figure indicates a very low role of internal control in improving the quality of financial statements.

5. Conclusion

Some of the conclusions drawn from this research are as follow:

1. Simultaneously, there are positive and significant influences of competence apparatus, information technology utilization and internal controls on financial reporting quality in work units of Jakarta provincial government.
2. Partially, there is a positive and significant influence of apparatus competence on the quality of financial statements in work units of Jakarta provincial government.
3. Partially, there is a positive and significant influence of information technology utilization on quality of financial statements in work units of Jakarta provincial government.
4. Partially, there is a positive but not significant effect of the internal control on the quality of financial reporting in work units of Jakarta provincial government.

Endnotes

Since the competence of apparatus has a dominant influence on the quality of financial statement, It is recommended for Jakarta Provincial Government to strengthen the competence of accounting executive with the education and training of government accounting because those are needed to enhance the knowledge and skill of relevant government accounting standards that must be undertaken in preparing the financial statements, as well as those of the regulatory apparatus (inspectorate) to make them confident in assessing the financial statements.

Due to very low effect of internal control on the quality of financial statement, It is also recommended for Jakarta Provincial Government to increase the understanding of internal control of the head of WORK UNIT so that the preparation of financial statements comply with the regulations set.

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