THE INFLUENCE OF THE EFFECTIVENESS OF THE GOVERNMENT INTERNAL CONTROL SYSTEM AND THE UNDERSTANDING OF GOVERNMENT ACCOUNTING STANDARD ON THE QUALITY OF LOCAL GOVERNMENT FINANCIAL STATEMENT REVIEW (AN EMPIRICAL STUDY IN ACEH TAMIAH REGENCY, PIDIE JAYA REGENCY AND LANGSA MUNICIPALITY)

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Abstract: The objective of the research was to examine the influence of the effectiveness of the government internal control system and the understanding of government accounting standard on the quality of local government financial review. The research employed the causal comparative method. The population was all government internal supervisor apparatus and employees who review at the Inspectorate of Aceh Tamiang Regency, Pidie Jaya Regency and Langsa Municipality. There were 91 employees taken as the samples by employing census technique using SPSS software. The results of the research showed that simultaneously the effectiveness of effectiveness of the government internal control system and the understanding of government accounting standard significantly influenced the quality of local government financial review. Partially, effectiveness of the government internal control system did not significantly influence the quality of local government financial review and the understanding of government accounting standard influenced the quality of local government financial review. Partially, the indicators of understanding such as the financial statement presentation, assessment and error correction influenced the quality of local government financial review while the indicators of environment control such as risk assessment, controlling activity, information and communication, monitoring, understanding of the components of financial statement, declaration of financial statements and consolidation report did not influence the quality of local government financial review.

Keywords: The Effectiveness of the Government Internal Control System, the Understanding of Government Accounting Standard, the Quality of Local Government Financial Review.

INTRODUCTION

The implementation of review is the base for making the head of region’s statement of responsibility on the institution’s financial reports. The review process becomes crucial to be implemented by the local government in order to implement the mandate of legislation and in order to realize the better governance.

Although the review of LKPD has been done by the APIP of Inspectorate, the BPK's findings on the SPI and compliance on the regulation of legislation contained in the BPK Audit Result Report is become fluctuative. This condition becomes the phenomenon whether the role of APIP Inspectorate in conducting the review of LKPD has been done optimal and effective.
Data obtained from the Inspectorate of Aceh Tamiang Regency, Pidie Jaya Regency and Langsa Municipality showed the progress of BPK findings in the form of SPI findings and Legislation Compliance from 2011 to 2015 are in Table 1.1

**Tabel 1.1**

<table>
<thead>
<tr>
<th>No.</th>
<th>Year</th>
<th>Aceh Tamiang</th>
<th>Pidie Jaya</th>
<th>Langsa</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>2015</td>
<td>16</td>
<td>22</td>
<td>16</td>
<td>SPI and Legislation Compliance</td>
</tr>
<tr>
<td>2.</td>
<td>2014</td>
<td>19</td>
<td>16</td>
<td>22</td>
<td>SPI dan Kepatuhan Perudangan</td>
</tr>
<tr>
<td>3.</td>
<td>2013</td>
<td>12</td>
<td>19</td>
<td>16</td>
<td>SPI dan Kepatuhan Perudangan</td>
</tr>
<tr>
<td>4.</td>
<td>2012</td>
<td>16</td>
<td>15</td>
<td>13</td>
<td>SPI dan Kepatuhan Perudangan</td>
</tr>
<tr>
<td>5.</td>
<td>2011</td>
<td>11</td>
<td>14</td>
<td>15</td>
<td>SPI dan Kepatuhan Perudangan</td>
</tr>
</tbody>
</table>


Based on the table above known that the number of BPK audit findings fluctuated from 2011 to 2015 followed the growing trend. If the trend is clear, for example, the number of BPK audit findings increase continuously means there are problems that arise concerning the SPI and compliance of regulations or inspite of the trend continues to decrease means there are improvement in the SPI and the legislation compliance. But if there is fluctuative (up and down) means random.

Associated with fluctuative (the rise and fall) of the number of BPK findings can be caused by several factors, can be from the experience of the auditor, the work period, the political factor of the location security / examination place and others. The patterns of recurrent findings continue to be found in any audit / audit such as findings of irregularities, disorder administration of reports, and waste. However, with the participation of local government in following up the findings not to do the same problem can also be the factor caused fluctuative in the number of examination findings.

The phenomenon of do not optimal APIP Inspectorate function yet implies that the review which done by APIP to the LKPD information before submitted to BPK has not touched by the underlying problems of governance issues of assets and finance yet. Errors in LKPD presentation are expected to be reduced in the presence of reviews. The quality review will improve the quality of the information presented in LKPD. The quality of reviews is defined as APIP's ability to find and report the incompliance with the capability of SPI and SAP with the knowledge and expertise it has. The better reviews performed by the Inspectorate will affect the assessment made by BPK on the financial reports.

Therefore, in reviewing the financial reports, it is necessary to assess the effectiveness of the Government Internal Control System as well and the understanding of SAP and SPI. Where, the higher / lower the understanding of SAP, the higher / lower the role of the Inspectorate in reviewing the local financial reports.

In addition to SAP, in the process of reviewing the local government financial reports, the Inspectorate must also understand the SPI correctly. Understanding the reviewer on the internal control will facilitate the detection and disclosure of problems found in the
implementation of reviews. The understanding will allow the reviewer to make the right recommendations so that the problems do not happen again in the future.

Prasetyo and Pangemanan (2014) research results, the SPI assessment process has not been able yet to accommodate the overall stages of reviews of planning, implementation and reporting reviews. Furthermore, Manaf and Arfan Research (2014) proves that the understanding of government accounting standards and understanding of internal control system either jointly or partially affect the Inspectorate process of review of local government financial reports.

Based on the description of the factors that affect the quality of LKPD review above, this study aims to determine the effect of the Effectiveness of Government Internal Control System and the Understanding of Governmental Accounting Standards and its indicators on the Quality of Review of Local Government Financial Statements at the Inspectorate of Aceh Tamiang Regency, Pidie Jaya Regency and Langsa Municipality. From the purpose of this research then submitted four alternative hypothesis those are:

1. The effectiveness of Government Internal Control System and Understanding of SAP affect the Quality of LKPD Review on Inspectorate of Aceh Tamiang Regency, Pidie Jaya Regency and Langsa Municipality.
2. The effectiveness of Government Internal Control System as measured through the control environment, the risk assessment, controlling the activities, information and communication and monitoring affect the quality of LKPD Review on Inspectorate of Aceh Tamiang Regency, Pidie Jaya Regency and Langsa Municipality.
3. Understanding of SAP as measured by the understanding of financial statement presentation, understanding of financial statement component, understanding of financial statement element, understanding of measurement of financial report element, understanding of error correction, change of accounting policy and extraordinary event and understanding of report consolidated financial affects the Quality of LKPD Review on Inspectorate of Aceh Tamiang Regency, Pidie Jaya Regency and Langsa Municipality.

**MATERIALS AND METHODS**

**Method Of Collecting Data**

This research is a comparative causal research that is research that examine the influence and the relation between the Effectiveness of SPIP and Understanding of SAP on Quality Review of Local Government Financial Statements. Data collection method is based on data source of research. Data source in this research is primary data. The research data is obtained from the original source directly. Data collection was done in the form of questionnaire. This research was conducted at Inspectorate of Aceh Tamiang Regency, Pidie Jaya Regency and Langsa Municipality. The population in this study are the supervisory / auditor and employees who conduct the inspection / review on Inspectorate of Aceh Tamiang Regency, Pidie Jaya Regency and Langsa Municipality, amounting to 91 people. In this research the sampling technique used census method that was all the member of population used as research sample.
Data Analysis Method

Data analysis method used in this research was multiple regression analysis. Multiple regression equation model used to test the hypothesis was:

\[ Y = \alpha + b_1X_1 + b_2X_2 + e \] ..........................................................(1)
\[ Y = \alpha + b_1X_{1,1} + b_2X_{1,2} + b_3X_{1,3} + b_4X_{1,4} + b_5X_{1,5} + e \] ..........................................................(2)
\[ Y = \alpha + b_6X_{2,1} + b_7X_{2,2} + b_8X_{2,3} + b_9X_{2,4} + b_{10}X_{2,5} + b_{11}X_{2,6} + e \] .................(3)

Where:
- \( Y \) = Quality of LKPD Review
- \( X_1 \) = Effectiveness of SPI
- \( X_2 \) = Understanding of SAP
- \( X_{1,1} \) s.d \( X_{1,5} \) = Indicator Effectiveness of SPI
- \( X_{2,1} \) s.d \( X_{2,6} \) = Indicator Understanding of SAP
- \( \alpha \) = constants
- \( b_1 \) s.d \( b_{11} \) = regression coefficient
- \( e \) = error term

To perform the hypothesis testing with multiple regression analysis, then testing the classical assumption test needs to be done. Classic assumption test includes normality test, multicolinearity test, and heteroskedasticity test. (1) Normality can be tested by non-parametric statistical test kolmogrov-smirnov where the said data has been normally distributed if the significance value was greater than 0.05. (2) Multicollinearity was tested using Tolerance and Variance Inflation Factor (VIF) approach to test the hypothesis then the criterion or measure to be used is if the Tolerance value ≥ 0.10 and the value of the VIF coefficient calculated in Collinearity Statistics equal to or less than 10 (VIP arithmetic V 10) then \( H_0 \) was accepted which means there was no relation between independent variables (no symptoms of multicolinearity). A good regression model should not be correlated among independent variables. (3) The detected presence or absence of heteroskedasitas can be done by looking at the presence or absence of a particular pattern on the scatterplot chart between SRESID and ZPRED where the Y axis was predicted Y, and the X axis was the studentized residual (Y prediction - Y). The basis of the analysis was that if there was no clear pattern, as well as the points spread out above and below the number 0 on the Y axis, no heteroscedasticity occurs. A good regression model was no heteroscedasticity. Hypothesis testing was done through (1) Test of coefficient of determination (Adjusted R²), where the value of coefficient of determination is between zero and one which means value which close to one mean independent variables give almost all information needed to predict the dependent variable. (2) Test statistic F (Simultaneous Significance Test) where if Significant value <0.05 then \( H_a \) was accepted and \( H_0 \) was rejected, and (3) Statistical test t (Partial Significance Test) where if t count > t table or sig value. <0.05, then \( H_a \) was accepted.

RESULTS

Normality test
The results of normality test data on SPIP effectiveness variables and Understanding of SAP obtained normal test results with One-Sample Kolmogorov-Smirnov Test found that the data
has been distributed with normal as evidenced by the Asymp. Number Sig. (2-tailed) = 0.876 greater than 0.05.

**Multicollinearity Test**
The result of multicollinearity test aims to test the influence of independent to dependent variable. Tests using VIF and Tolerance indicated that no Tolerance value was less than 0.10 and no VIF value was more than 10. Thus it can be concluded that there was no multicollinearity in the regression model. This means that both variables have a good regression model of the whole data.

**Heterocedasticity Test**
The heteroscedasticity test aims to test whether in one regression model there was a residual variance inequality from one observation to another. From the SPSS Output image (Scatterplot) that there was no clear pattern, and the spots spread above and below the number 0 on the Y axis, the multiple regression model did not contain Heteroscedasticity.

**Results of testing the first hypothesis among variables**
The results of testing the first hypothesis among variables are shown in the table below.

<table>
<thead>
<tr>
<th>Table 2.1 Testing the First Hypothesis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
</tr>
<tr>
<td>--------------</td>
</tr>
<tr>
<td>Constant</td>
</tr>
<tr>
<td>Effectiveness of SPI (X₁)</td>
</tr>
<tr>
<td>Understanding of SAP (X₂)</td>
</tr>
<tr>
<td>F-test</td>
</tr>
<tr>
<td>Coefficient of Determination</td>
</tr>
</tbody>
</table>

The test results of multiple linear regression model in this study were as follows:

\[ Y = 9.920 - 0.139X₁ + 0.549X₂ \]

Where:

- \( Y \) = Quality of LKPD Review
- \( X₁ \) = Effectiveness of SPI
- \( X₂ \) = Understanding of SAP

**Coefficient of Determination (Adjusted \( R^2 \))**
The test results showed the value of coefficient of determination with value Adjusted R Square of 0.643 means variability of dependent variables that can be explained by the variability of independent variables only amounted to 64.3%. So the model is good enough. While the rest of 35.7% was explained by other variables outside the model which was summarized in the error.

**Test Statistic F (Simultaneous Test)**
The result of F statistic test with F-test value was 77.591 and the value of P Value (sig) 0.000 was smaller than 0.05, it means that all independent variables (Effectiveness of SPI and Understanding of SAP) simultaneously affect the dependent variable that was Quality Review of Local Government Financial Statements at Inspectorate of Aceh Tamiang Regency, Pidie Jaya Regency and Langsa Municipality at significance level \( \alpha = 5\% \).
Test Statistic t (Partial Test)

The result of statistical test t in Table 2.1 shows that the regression coefficient value of effectiveness of SPIP is -0.139. The value of this regression coefficient significant negative effect at the level of significance of 0.05 with P-value of 0.179 greater than 0.05. The results of this test interpret the SPIP effectiveness variables have a negative effect on the quality of LKPD or in other words H₁ is rejected, it means that the SPIP effectiveness variable partially has no effect on the variable of Quality of Local Government Financial Statement Revision on Inspectorate of Aceh Tamiang Regency, Pidie Jaya Regency and Langsa Municipality on significance level α = 5%.

Furthermore, the value of the variable regression coefficient of Understanding of SAP was 0.549. The value of this regression coefficient has a significant positive effect at the 0.05 significance level with P-value of 0.000 smaller than 0.05. The results of this test interpreted that the variables of understanding about SAP have a positive effect on the quality of LKPD review or in other words H₂ is accepted, it means that the variable of understanding of SAP partially has significant effect to the variable of Quality of Local Government Financial Statement Revision on Inspectorate of Aceh Tamiang Regency, Pidie Jaya Regency and Langsa Municipality on the level of significance α = 5%.

Results of Second and Third Hypothesis Testing (Indicator with Variable Y)

Hypothesis test results between indicators with variable Y is shown in the following table.

<table>
<thead>
<tr>
<th>Keterangan</th>
<th>Unstandard Coefficient</th>
<th>t</th>
<th>P-Value</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>1.095</td>
<td>.428</td>
<td>.670</td>
<td></td>
</tr>
<tr>
<td>Control Environment (X₁₁)</td>
<td>.184</td>
<td>.108</td>
<td>1.705</td>
<td>.092</td>
</tr>
<tr>
<td>Risk Assessment (X₁₂)</td>
<td>-.404</td>
<td>.206</td>
<td>-1.955</td>
<td>.054</td>
</tr>
<tr>
<td>Control Activities (X₁₃)</td>
<td>.511</td>
<td>.286</td>
<td>1.784</td>
<td>.079</td>
</tr>
<tr>
<td>Information and Communication (X₁₄)</td>
<td>-.509</td>
<td>.190</td>
<td>-2.677</td>
<td>.099</td>
</tr>
<tr>
<td>Monitoring (X₁₅)</td>
<td>-.105</td>
<td>.179</td>
<td>-.588</td>
<td>.559</td>
</tr>
<tr>
<td>Understanding of LK Presentation (X₂₁)</td>
<td>2.889</td>
<td>.172</td>
<td>16.827</td>
<td>.000</td>
</tr>
<tr>
<td>Understanding of LK Components (X₂₂)</td>
<td>.269</td>
<td>.300</td>
<td>.897</td>
<td>.373</td>
</tr>
<tr>
<td>Understanding of LK Element Recognition (X₂₃)</td>
<td>-.474</td>
<td>.245</td>
<td>-1.939</td>
<td>.056</td>
</tr>
<tr>
<td>Understanding of Measurement of LK Elements (X₂₄)</td>
<td>.568</td>
<td>.156</td>
<td>3.636</td>
<td>.001</td>
</tr>
<tr>
<td>Understanding of Error Correction, Changes in Accounting Policies and Extraordinary Events (X₂₅)</td>
<td>.284</td>
<td>.110</td>
<td>2.592</td>
<td>.012</td>
</tr>
<tr>
<td>Understanding of Consolidated Statements (X₂₆)</td>
<td>.371</td>
<td>.193</td>
<td>1.920</td>
<td>.059</td>
</tr>
<tr>
<td>F-test</td>
<td>.000</td>
<td>57.659</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The test results of multiple linear regression model in this study according to table are as follows:
\[ Y = 1.095 + 0.184X_{1.1} - 0.404X_{1.3} - 0.105X_{1.5} \\
Y = 1.095 + 2.889X_{2.1} + 0.269X_{2.2} - 0.474X_{2.3} + 0.568X_{2.4} + 0.284X_{2.5} + 0.371X_{2.6} \]

Where:
- \( Y \) = Quality of LKPD Review
- \( X_1 \) = Effectiveness of SPI
- \( X_2 \) = Understanding of SAP
- \( X_{1.1} \) = s.d \( X_{1.5} \) = Indicator Effectiveness of SPI
- \( X_{2.1} \) = s.d \( X_{2.6} \) = Indicator Understanding of SAP

Based on the above, can be explained as follows:

1. ANOVA or F-Test test results obtained by F value 57.569 with probability \( P \) Value (sig) is smaller than significant value 0.05 then the indicator can be used to predict the quality of LKPD review or it can be said that the overall indicator variable SPI effectiveness and understanding of SAP all together affect the quality of LKPD review.

2. Result of hypothesis test (t test) known that the indicator having value of \( P \) Value (sig) was smaller than 0.05 in absolute value at significance level \( \alpha = 5\% \) is indicator of Understanding to Presentation of Financial Statement (\( X_{2.1} \)), the Understanding of the Measurement of Elements of Financial Statements (\( X_{2.4} \)) and the Understanding of Error Correction, Changes in Accounting Policies and Extraordinary Events (\( X_{2.5} \)) so that Understanding of Financial Statement Presentation (\( X_{2.1} \)), the Understanding Measurement of Elements of Financial Statements (\( X_{2.4} \)) and the Understanding of Error Correction, Changes in Accounting Policies and Extraordinary Events (\( X_{2.5} \)) partially influence the variable Quality of Review of Local Government Financial Statements at Inspectorate of Aceh Tamiang Regency, Pidie Jaya Regency and Langsa Municipality at significance level \( \alpha = 5\% \). While independent indicator having value of \( P \) Value (sig) greater than 0.05 in absolute value at significance level \( \alpha = 5\% \) is Control Environment Indicator (\( X_{1.1} \)), Risk Control (\( X_{1.2} \)), Controlling Activity (\( X_{1.5} \)), Component Understanding in Financial Statements (\( X_{2.2} \)), Understanding of Recognition of Financial Statement Elements (\( X_{2.3} \)), and Understanding of Consolidated Financial Statements (\( X_{2.6} \)), so it was concluded that Controlling, Risk Control, Control, Information and Communications, Monitoring Activities, Components in Financial Statements, Recognition of Elements of Financial Statements and Consolidated Financial Statements, have no partial effect on variable Quality of Review of Financial Statements Local Government at Inspectorate of Aceh Tamiang Regency, Pidie Jaya Regency and Langsa Municipality at significance level \( \alpha = 5\% \).

**DISCUSSION**

The effect of Effectiveness of SPIP on variable Quality of Review of Local Government Financial Reports.

The result of partial test of Effectiveness of SPIP did not affect the quality of financial statement review, it is seen from the value of significance of SPIP Effectiveness obtained significance level of 0.179> 0.05, then the proposed hypothesis is rejected. That is, the high quality of review is not influenced by the effectiveness of SPIP local government. This study
is in line with the results of Prasetyo and Pangemanan (2014) research which proves that the SPI assessment process has not been able to accommodate the overall stages of reviews such as planning, implementation and reporting of reviews. However, this study is not in line with Manaf (2014) research results which proves that the effectiveness of SPIP has a significant effect on the quality of review of financial statements.

The effectiveness of SPIP on the quality of LKPD review is due to the characteristics of respondents taken as the reviewer financial statements. According to Faizah and Zuhdi (2013) in Hadi, Handayani & Alamsyah (2017) efforts to obtain quality examination results, an auditor in carrying out supervisory duties is strongly influenced by the characteristics of each personnel auditors are derived from internal factors that refer to the behavior individuals within a person and external factors (situational) is a factor that comes from outside the human self that can cause a person tend to behave in accordance with the characteristics of the group or organization in which he participated in it. External factors that affect the running of the SPI itself, either from institutions / entities where APIP / auditor itself or from themselves each personally.

**Influence of Understanding on SAP to variable of Quality of Review of Local Government Financial Statement.**

Partial test results of variable Understanding of SAP affects the quality of review of financial statements, it is seen from the value of significance of understanding Understanding of SAP obtained level of significance of 0.000 <0.05, then the proposed hypothesis accepted. This means that the high quality of LKPD review by the Inspectorate of Aceh Tamiang Regency, Pidie Jaya Regency and Langsa Municipality is influenced by the ability to understand government accounting standards. Inspectorate as pereviu local government financial statements require an understanding of SAP to be able to determine that the local government financial statements presented already meet the established accounting standards. Therefore, the higher the level of understanding perakuu about SAP, the more qualified financial statements is presented. This research is also in line with Manaf's research (2014) which proves that the understanding of SAP has the significant effect on the quality of financial statement reviews.

**The Influence between Indicators and Variables on Quality of LKPD Review.**

The result of partial test known that there are 8 (eight) indicators consisting of 5 (five) indicators of SPIP Effectiveness ie Controlling, Risk Control, Controlling, Information and Communications and Monitoring Activities as well as 3 (three) indicators of Understanding on SAP ie Understanding Components in Financial Statements, Understanding of Recognition of Elements of Financial Statements and Understanding of Consolidated Financial Statements which have no effect on the quality of LKPD review. Furthermore, based on the results of partial test also known there are 3 (three) of 6 (six) indicators variable Understanding of SAP that affect the quality of LKPD Review of Understanding of Financial Statement Presentation (X2.1), Understanding of Financial Elements Measurement Elements (X2. 4) and Understanding of Error Correction, Changes in Accounting Policies and Extraordinary Events (X2.5). While the indicators of Component Understanding in Financial Statements (X2.2), Understanding of Recognition of Elements of Financial Statements (X2.3), and Understanding of Consolidated Financial Statements (X2.6) have no significant effect on quality of LKPD review. This means that for the event, the
elements in SAP that must be well understood to improve the quality of LKPD review on Inspectorate of Aceh Tamiang Regency, Pidie Jaya Regency and Langsa Municipality are Presentation of Financial Statements, Measurement of Elements of Financial Statements and Error Correction, Changes in Accounting Policies and External Events Ordinary.

CONCLUSION

The results of the study and discussion provide the following conclusions:

1. Simultaneously shows that the effectiveness of Government Internal Control System and Understanding on Accounting Standard affect the Quality of Review of Local Government Financial Report. Partially The Effectiveness of Government Internal Control System has no effect on Quality of Local Government Financial Statement Reveals while Understanding of Accounting Standard has an effect on to Quality of Local Government Financial Statement Revision.

2. Simultaneously shows that the effectiveness of Government Internal Control System as measured through controlling environment, risk assessment, controlling activity, information and communication and monitoring affect the quality of Local Government Financial Statement Revision. The Understanding of Government Accounting Standards as measured by understanding of the presentation of financial statements, understanding of the components of financial statements, understanding of the recognition of elements of financial statements, understanding of measurement elements of financial statements, understanding of error correction, changes in accounting policies and extraordinary events and understanding of reports consolidated financial simultaneously also affects the quality of Local Government Financial Statement Review.

3. Partially controlling environment, risk assessment, controlling activity, information and communication and monitoring does not affect the quality of Local Government Financial Statement Revealed, in other words none of the indicators of SPIP Effectiveness variables that affect the quality of Local Government Financial Statements Review when viewed of variables of Understanding on Government Accounting Standards as measured by Understanding of Government Accounting Standards as measured by Understanding of Financial Statement Presentation, Understanding Measurement of Elements of Financial Statements and Understanding of Error Correction, Changes in Accounting Policies and Extraordinary Events Affects the Quality of Government Financial Statements Review Provisional region indicators of Component Understanding in Financial Statements, Understanding of Recognition of Elements of Financial Statements, and Understanding of Consolidated Financial Statements have no significant effect on the quality of LKPD review.

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