

EFFECT OF TRAINING, USE OF SIPKD, COMPETENCE AND INTERNAL CONTROL ON QUALITY OF FINANCIAL STATEMENTS IN SKPD BIREUEN REGENCY WITH STYLE LEADERSHIP AS VARIABLES MODERATING

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***Abstract:** The objective of the research was to analyze the influence of training, the use of information system, regional financial management, competence, and internal control on financial statement quality with leadership style as moderating variable. The research used associative causal method, using primary data and questionnaires. The population was 94 financial managers and treasurers. The data were analyzed by using multiple linear regression analysis and moderating variable with residual test. The result of the research showed that, simultaneously training, the use of information system, regional financial management, competence, and internal control had significant influence on financial statement quality. Partially, training, the use of information system, regional financial management, competence, and internal control had significant influence on financial statement quality. Leadership style could not moderate the correlation of training, the use of information system, regional financial management, competence, and internal control with financial statement quality.*

***Keywords:** Financial Statement Quality, Training, Use of information system in Regional Financial Management, Competence, Internal Control, Leadership Style.*

I. INTRODUCTION

The Regulation of the Minister of Home Affairs Number 13/2006 on Guidelines for Regional Financial Management explains that "the financial statements of the Regional Devices are submitted to the regional heads through PPKD (Regional Finance Management Officials) within 2 months after the end of the financial year". The obligation to compile the financial statements is also stated in Government Regulation Number 8 year 2006 on Financial Reporting and Performance of Government Agencies. The government regulation mandates the preparation of financial statements as accountability of the implementation of Regional Budget (Revenue and Expenditure Budget) in each SKPD (Unit of Regional Government).

Information published by the local government will only be useful if the information is of good quality. Quality information according to Government Regulation Number 71 year 2010 consists of: (a) relevant, (b) reliable, (c) comparable and (d) understandable.

Based on Government Regulation of the Republic of Indonesia Number 101 year 2000 on Education and Training of Position of Civil Servant states that "in accordance with national demands and global challenges to realize good governance, human resources and apparatus that have competence in the state and development".

Ministry of Home Affairs through the Directorate General of Regional Finance facilitates the local government by establishing the application of Regional Financial Management Information System (SIPKD) which aims to strengthen the perception of local financial management system and procedures and improve the effectiveness of the implementation of various local financial management regulations based on the principle of efficiency, economical, effective, transparent, accountable and auditable. The purpose of the development of Regional Financial Management Information System application program is

to provide data base on the condition in the region from the financial aspect as well as to produce comprehensive, precise and accurate information to local government management.

Internal control according to Government Regulation Number 60 year 2008 regarding Government Internal Control System is a process designed to provide adequate assurance about the achievement of local government objectives as reflected in the reliability of financial statements, efficiency and effectiveness of the implementation of programs and activities and compliance with laws and regulations. Important components of the organization's internal controls related to the accounting system include: (a) accounting systems and procedures, (b) authorizations, (c) forms, documents, and notes, and (d) task separation.

From the results of the Inspectorate review Bireuen District shows there are still SKPD late delivery of financial reports in accordance with the schedule set. In addition, it is found that the internal control system of Bireuen district financial management has not been sufficient, the preparation of SKPD financial report is not in accordance with the guidelines of regional financial management and Government Accounting Standards.

Based on these problems, the authors are interested in conducting research entitled **"The Effect of Training, Utilization of SIPKD, Competence and Internal Control on Quality of Financial Statements in SKPD Kabupaten Bireuen with Style of Leadership as Moderating Variables"**.

The formulation of the problem in this research is whether the training, utilization of SIPKD, competence and internal control simultaneously and partially affect the quality of financial statements in SKPD Bireuen and whether the leadership style is able to moderate the relationship between training, utilization of SIPKD and competence with the quality of financial statements on SKPD Regency of Bireuen.

The purpose of this research is to know the effect of training, utilization of SIPKD, competence and internal control simultaneously and partially influence to the quality of financial statements at Bireuen Regency SKPD and to know the ability of leadership style in moderating the relationship between training, utilization of SIPKD, competence and internal control with quality financial statements on SKPD Kabupaten Bireuen.

This research is a replication of Desmiyawati research (2014) which analyzed the factors that affect the reliability and timeliness of financial statements by taking on SKPD Riau Government. The analysis technique used is multiple linear regression model. The study used four independent variables and one dependent variable. The four independent variables are human resources, information technology, internal control and local financial control while one dependent variable is the reliability and timeliness of financial reporting of local government.

The difference of this research with previous research that is at different location and time, in previous research done in year 2014 with object of observation at SKPD Pemda Riau while research is done in year 2017 with object observation at SKPD Kabupaten Bireuen. Another difference is in this study the researchers added the leadership style variable as a moderating variable.

I. LITERATURE AND DEVELOPMENT OF HYPOTHESES

2.1 Quality of Financial Statements

According to Mahmudi (2007) the definition of local government financial statements is information presented by the local government to help stakeholders in making social, political and economic decisions so that decisions can be more qualified. The Local Government Financial Report (LKPD) will get an opinion rating from the Supreme Audit Agency (BPK). When the CPC provides an unqualified opinion on the financial statements, it

can be said that the financial statements of an organization are presented and disclosed in a reasonable and qualified way.

Government Regulation No. 71/2010 on Government Accounting Standards states that "financial statements are prepared to provide relevant information on the financial position and all transactions conducted by an entity within a reporting period". The financial statements are prepared to provide relevant information on the financial position and all transactions conducted during one period (Mahsun, et al, 2011).

2.2 Training

Training is a process of developing the ability, intelligence and job performance of employees in carrying out their work. Rivai and Sagala (2009) explain that "training helps employees to achieve certain skills and abilities to succeed in doing their work". Furthermore, Mondy (2008) defines that "training is activities designed to give learners the knowledge and skills needed for their current work". The purpose of the implementation of training activities include improving efficiency and effectiveness of work and improving the quality of Human Resources (Handoko, 2001).

In order to optimize the financial management of the region, it is necessary to make a revamping. One of them is the implementation of technical guidance and training concerning the prevailing system. Implementation of training and technical guidance is very important to improve the ability in managing finance as one of the efforts to implement financial management in a professional, effective, efficient and accountable. Furthermore, the training is focused on achieving new capabilities that are useful for the smooth implementation of a defined program or system (Muzahid, 2014).

2.3 Utilization of Regional Financial Management Information System

SIPKD is an application built by the Ministry of Home Affairs in order to accelerate data transfer and efficiency in the collection of local financial data. The SIPKD application is processed by the Regional Financial Management Information Sub-Directorate at the Directorate of Regional Financial Implementation and Accountability (Saragih, 2008).

Regional Financial Management Information System is an integrated application that is used as a tool of local government that is used to improve the effectiveness of the implementation of various regulations in the field of regional financial management based on the principle of efficiency, economical, effective, transparent, accountable and auditabel (Saragih, 2008). This application is also one of the manifestation of real action facilitation of the Ministry of Home Affairs to local governments in the field of regional financial management, in order to strengthen equality of perception system and procedures of regional financial management in interpretation and implementation of various laws and regulations.

Government Regulation No. 56/2005 on Regional Financial Information Systems explains that "local governments are obliged to develop and utilize advances in information technology to improve local financial management capabilities, and channel regional financial information to the public". One form of utilization of information technology is the use of software as a tool in the accounting system and local finance. Regional financial information system is expected to facilitate the implementation of management of financial administration by each SKPD (Sari, et al, 2013). Therefore, a good financial management system is required in order to manage local finances accurately, on time, transparently and accountably.

2.4 Competence

Based on the Regulation of the Head of the State Personnel Agency Number 7 year 2013, competence is a "characteristic and work ability that includes aspects of knowledge, skills, and attitudes according to task and / or function of position". Competence is needed so

that employees can carry out the work in accordance with the established standards, or in other words meet the expected quality of job performance (Soepardi, 2012).

Competence is more than knowledge and skill. Competence includes the ability to meet the demands of highly complex organizations, using psychosocial resources including skills and behavior (Organization for Economic Cooperation and Development, 2005). Competencies that must be owned by every employee is not only in the form of technical competence, that is competence related to the ability of knowledge and skill to work in the field of duty but also ethical competence, that is the ability to behave and behave in accordance with the rules of organizational behavior and rules of norms of general propriety apply in the community.

2.5 Internal Control

According to Weygandt, et al, (2011), Internal Control is a method and measurement adopted for: (a) maintaining asset security; (b) improve the accuracy and reliability of accounting records; (c) improve operating efficiency; and (d) ensuring compliance with laws and regulations.

According to Government Regulation No. 60 of 2008 on Government Internal Control System, internal control is a process designed to provide reasonable assurance about the achievement of the objectives and the effectiveness of the implementation of programs and activities and compliance with legislation. There are three functions seen from the definition, namely: (a) financial reporting reliability; (b) efficiency and effectiveness of operations; and (c) compliance with applicable laws and regulations.

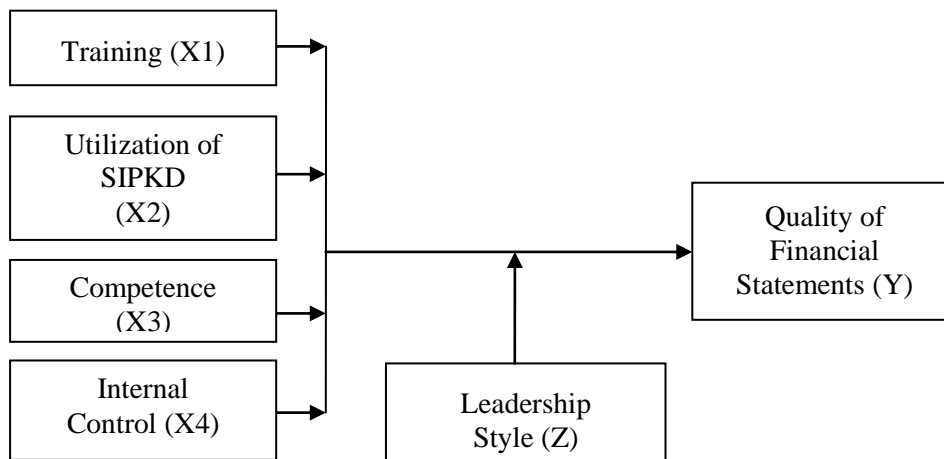
2.6 Leadership Style

Leadership theory is the generalization of a series of leaders' behaviors and concepts of leadership, highlighting the historical background, the causes of leadership emergence, the requirements of the leader, the main character of the leader, the main tasks and functions as well as the professional ethics of leadership (Kartono, 2008).

Leadership is the behavior of an individual when conducting activities directed a group toward the achievement of goals. According to Stoner (1978), the tendency of leader behavior is essentially inseparable from the problem of functions and leadership styles that can be described in the behavior of a leader who tends to emphasize subordinates have the characteristics of suave, willing to consult, support, defend, listen, accept suggestions and think of welfare subordinates as well as treating him on his level. Besides, there is also a tendency of leader behavior that is more concerned with organizational tasks.

The style of leadership is the nature, habits, temperament, character and personality that distinguish a leader in interacting with others (Kartono, 2008) while Thoha (2010) suggests that "leadership style is the norm of behavior used by a person when the person tries to influence the behavior other people or subordinates ".

The conceptual framework of theoretical concepts in this study can be seen as below:



Picture2.1. Conceptual Framework

Based on the above concept framework, it can be explained the hypothesis in this study are as follows:

1. Training, utilization of SIPKD, competence and internal control affects simultaneously and partially to the quality of financial statements at SKPD Kabupaten Bireuen.
2. The leadership style as a moderating variable is able to moderate the relationship between training, utilization of SIPKD, competence and internal control with the quality of financial statements at Bireuen District SKPD.

II. METHODOLOGY

The type of research used is associative causal research. The location of the research was conducted in all SKPD within the Government of Bireuen Regency.

This research uses census method. The population of this study is all SKPD in the local government of Bireuen Regency amounting to 47 SKPD and the respondents of the research are all Finance Administration Officials and Treasurer at SKPD Bireuen Regency as many as 94 people.

Operational definitions and complete variables measurements can be seen in the following table:

Table 3.1 Operational Definition and Variable Measurement

Variables	Operational definition	Indicator	Scale
Quality of Financial Statements (Y)	Understandable government financial statements can affect economic decisions (relevant), reliable (reliable) and comparable.	1. Understandable 2. Relevant 3. Reliable 4. Can be ompared	Interval
Training (X ₁)	Training is the implementation of learning process to improve the ability in carrying out his position.	1. Understanding 2. Expertise 3. Application	Interval
Utilization of SIPKD (X ₂)	SIPKD integrated application that is used as a tool of local government that used to improve the effectiveness of implementation from various regulation of area finance management area based on efesiensi principle, economical, effective, transparent, accountable and auditabel.	1. Easy to use 2. Speed of completion 3. Accurate	Interval
Competence (X ₃)	Competence is the ability and characteristics possessed by a civil servant in the form of knowledge, skills, and attitudes of behavior required in the performance of duties.	1. Knowledge 2. Skill 3. Behavioral attitude	Interval
Internal Control (X ₄)	Internal Control is an integral process of continuous actions and activities by the leadership and all employees to provide reasonable assurance on the achievement of organizational goals through effective and efficient activities, reliability of financial reporting, security of state assets, and compliance with laws and regulations.	1. Control environment 2. Risk assessment 3. Control activities 4. Information and communication 5. Monitoring of internal control	Interval
Leadership Style (Z)	Leadership style is the nature, custom, tempramen, character and personality that distinguish a leader in interacting with others.	1.Nature 2.Habits 3.Tempramen 4.Character 5. Personality	Interval

Data analysis method

Data analysis method used to test the first hypothesis is multiple linear regression analysis, while to test the second hypothesis is done by residual test for moderating variable. Processing data analysis in this study using the program *Statistical Product and Service Solution*(SPSS).

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$$

$$Z = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$$

$$|e| = a + b_1Y$$

Information :

Y = Quality of financial statements

Z = Leadership style

a = Constanta

b₁ = Coefficiencyregressiontraining

b₂ = Coefficiencyregressionutilization of SIPKD

b₃ = Coefficiencyregressioncompetence

- b_4 = Coefficiency regression internal control
 X_1 = Training
 X_2 = Utilization of SIPKD
 X_3 = Competence
 X_4 = Internal Control
 e = Standard error at level 5%
 $|e|$ = *Absolut error term*

IV. RESEARCH RESULT AND DISCUSSION

4.1 Descriptive statistics

Tabel 4.1 Descriptive statistics

<i>Variabel</i>	<i>N</i>	<i>Min.</i>	<i>Max.</i>	<i>Mean</i>	<i>Std. Deviation</i>
Quality of Financial Statements (Y)	94	34	45	39,52	2,80
Training(X1)	94	36	48	43,04	2,65
Utilization of SIPKD(X2)	94	26	35	30,76	2,07
Competence(X3)	94	20	35	27,01	2,72
Internal Control (X4)	94	32	47	39,54	3,21
Leadership style(Z)	94	33	46	39,65	2,92
Valid N (<i>listwise</i>)	94				

4.2 Test Validity and Reliability

Result of validity test done to 94 respondents seen that corrected item value of total item (rhitung) of each item question is bigger than r_{table} at $\alpha = 5\%$ that is 0,203. Thus each question item is valid. Similarly, the reliability test results that show the value of cronbach's alpha each variable above the threshold of 0.700 so that it can be said all the instruments of each variable is reliable..

4.3 Classic Assumption Test

The classical assumption test in this research consist of normality test, heteroscedasticity and multicollinearity. The results of the graph analysis show that the distribution of data shows the normal distribution pattern so as to meet the assumption of normality. Statistical analysis using Kolmogorov Smirnov test found that $asymp.sig$ (2-tailed) $0.132 > 0,05$ so the regression model fulfilled the assumption of normality.

The result of heteroscedasticity test using graph analysis showed that in the regression model did not occur heterokedastisitas as well as using glejser test showed that in the regression model there are no symptoms of heteroscedasticity.

Multicollinearity test results obtained that the tolerance values above 0.10 and VIF below 10 so it can be concluded not to happen multikolineritas.

4.4 First Hypothesis Test

Hypothesis testing in this research using coefficient determination test (R^2), F test and t test.

4.4.1 Determination Coefficient Test (R^2)

The result of determination coefficient test (R^2) can be seen in Table 4.2 below:

Table 4.2 Results Determination Coefficient Test (R2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,667 ^a	,444	,419	2,13391

a. Predictors: (Constant), Internal Control, Competence, Training, Utilization of SIPKD

b. Dependent Variable: Quality of Financial Statement

The adjusted R2 value of 0.419 means that the dependent variable can be explained by the independent variable of 41.9%. In other words, 41.9% changes in variable quality of financial statements can be explained by training, utilization of SIPKD, competence and internal control, while the rest of 58,1% is explained by other factors not included in this research.

4.4.2 f-test

F test results can be shown in the following table:

Table 4.3 Test Results F (F-Test)

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	324,190	4	81,048	17,799	,000 ^b
Residual	405,267	89	4,554		
Total	729,457	93			

a. Dependent Variable: Quality of Financial Statement

b. Predictors: (Constant), Internal Control, Competence, SIPKD Utilization, Training

Based on table 4.3, the value of Fcount (17.799) > Ftable (2.47) and the significance value 0,000 < 0.05 thus Ho is rejected and H1 accepted. This means that all independent variables (Training, Utilization of SIPKD, Competence and Internal Control) simultaneously have a positive and significant effect on the dependent variable (Quality of Financial Statements).

4.4.3 t-test

T test results can be shown in the following table:

Table 4.4 Test Results t (t-Test)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
	1 (Constant)	-5,617	5,434		
Training	0,347	0,090	0,328	3,846	0,000
SIPKD Utilization	0,510	0,118	0,377	4,335	0,000
Competence	0,282	0,086	0,274	3,295	0,001
Internal Control	0,175	0,072	0,201	2,441	0,017

Dependent Variable: Quality of Financial Statement

Based on the hypothesis test that has been done, then the result of research regression equation is as follows:

$$Y = -5,617 + 0,347 X_1 + 0,510 X_2 + 0,282 X_3 + 0,175 X_4$$

$$KPLK = -5,617 + 0,347 P + 0,510 PSIPKD + 0,282 KPPK + 0,175 PI$$

4.5 Second Hypothesis Test

The second hypothesis test uses residual test to prove the second hypothesis that leadership style can moderate the relationship between independent variables (training,

utilization of SIPKD, competence and internal control) with the dependent variable of quality of financial report on SKPD in Bireuen Regency.

4.5.1 Residual Test (Moderating)

Table 4.5 Hypothesis Regression Test Results Moderating Variables

Model	<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>	t	Sig.
	B	<i>Std. Error</i>	Beta		
	1 (Constant)	1,730	3,508		
Training	0,157	0,058	0,143	2,705	0,008
SIPKD Utilization	0,003	0,076	0,002	0,035	0,972
Competence	0,029	0,055	0,027	0,532	0,596
Internal Control	0,766	0,046	0,842	16,541	0,000

Dependent Variable: Leadership style

Based on table 4.5 then obtained the results of the second hypothesis regression equation as follows: $Z = 1,730 + 0,157 X_1 + 0,003 X_2 + 0,029 X_3 + 0,766 X_4$

Tabel 4.6 Hasil Uji Residual

Model	<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>	t	Sig.
	B	<i>Std. Error</i>	Beta		
	1 (Constant)	0,908	1,667		
Quality of Financial Statement	-0,005	0,042	-,011	-0,107	0,915

a. *Dependent Variable:* AbsRes_Moderasi

Based on Table 4.6, the result of residual equation as follows:
 $|e| = 0,908 - 0,005 Y$

From the residual test results it is known that the level of significance of the quality of financial statements at SKPD in Kabupaten Bireuen is 0.915 greater than $\alpha = 0.05$ and the regression coefficient is worth -0.005 so it can be concluded that the leadership style variable is not able to moderate the relationship between training, utilization of SIPKD, competence and internal control with the quality of financial report on SKPD in Bireuen Regency.

V. CONCLUSIONS, LIMITATIONS AND SUGGESTIONS

5.1 Conclusion

Based on the results of the analysis as described previously, it can be concluded as follows:

1. Training, utilization of SIPKD, competence and internal control simultaneously and partially significant effect on the quality of financial statements on SKPD in Bireuen District.
2. The leadership style is unable to moderate the relationship between training, utilization of SIPKD, competence and internal control with the quality of financial statements on SKPD in Bireuen District.

5.2 Limitations of Resea

The limitations of this study are as follows:

1. This study uses the instrument in the form of questionnaires so that the conclusions are taken only based on data collected through questionnaires. It has the potential to cause problems if the respondent's answer is different from the actual situation. However, the situation can not be controlled because it is beyond the ability of the researcher.
2. The population of this research is all Finance and Treasury Administration Officials in SKPD in Bireuen District, so the conclusion drawn is only applicable for the area studied ie SKPD in Bireuen Regency and can not be generalized to SKPD of other regency / city government.
3. Factors used in this study are limited to only four factors: training, utilization of SIPKD, competence and internal control.

5.3 Suggestion

Based on the conclusion of the research, can be given the following suggestions:

1. The researcher is further suggested to add secondary data to support the primary data, to expand the research population, and to take into account the factors of application of Government Accounting System, and the supervision of local finance to analyze the influence of both in the quality of financial statements.
2. Local Government of Bireuen Regency to continue to conduct training, utilization of SIPKD, improvement of competence and internal control of Finance Administration officials and Treasurer SKPD, so that the quality of financial statements in SKPD can be improved.

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