THE EFFECT OF THE UNDERSTANDING REGIONAL FINANCIAL ACCOUNTING SYSTEMS AND INTERNAL CONTROL SYSTEMS ON REGIONAL GOVERNMENT ORGANIZATION PERFORMANCE WITH A LEADERSHIP STYLE AS A MODERATING VARIABLE IN INDRAGIRI HULU DISTRICT GOVERNMENT

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Abstract: This study aims to analyze the effect of Understanding the Regional Financial Accounting System, the Internal Control System influentially and partially influences the Regional Government Organizational Performance in the Indragiri Hulu Regency Government. And test the Leadership Style with moderating variables using the Residual Test. This type of research is causal associative research that is useful for analyzing the causal relationship between one variable with other variables using quantitative data types. The data used in this study are primary data obtained from questionnaires that have been distributed. The population in this study were 30 Organizations of the Regional Government of Indragiri Hulu Regency. Questionnaires were given as much as 4 for each local government agency in Indragiri Hulu Regency so the number of samples became 120 using the Purposive Sampling method, the method of data collection carried out which is by documentation techniques. The method of data analysis in this study is multiple linear regression with the help of Statistical Product and Service Solutions (SPSS) software. The results of the study show that the understanding of the Regional Financial Accounting System and the Internal Control System influence both partially and partially towards the Local Government Organizational Performance. While the Leadership Style cannot moderate the relationship of Understanding the Regional Financial Accounting System and Leadership Style cannot moderate the relationship of the Internal Control System to Local Government Organizational Performance.

Keywords: The Understanding of Regional Financial Accounting Systems, Internal Control System, Leadership Style, Regional Government Organization Performance.

1. Introduction

The regional government as the manager of public funds must be able to provide financial information that is needed accurately, relevant, on time and can be trusted so that it is required to have reliable management. In order to strengthen regional autonomy, local governments should have started to think about how a region's finances are managed with a bureaucracy that is getting better, transparent and efficient and credible information is reliable information that can be trusted by the public. Winarso (2010) The reform era that demands that governance be managed properly through transparency and public accountability has made
changes in government governance a necessity. Assessment of the performance of the public sector specifically financial governance has become a national agenda. Changes in budgeting techniques from Incremental Based Budgeting to Performance Based Budgeting, changes in the accounting system from Single Entry System to base Cash Basis towards the Double Entry System with Accrual Basis is intended as an effort to manage and financial accountability of the public sector that is more transparent and accountable. There are still many findings from the results of the BPK audit in 2013 on Indragiri Hulu Regency such as non-compliance with the laws and regulations in managing the regional economy and there were weaknesses in internal control in the Indragiri Hulu District Government organization (Pekanbaru Bpk.Go.id). Therefore the importance of financial issues so that it needs to be regulated so that money can be allocated efficiently and effectively and can be accounted for requires that there is an understanding in the government accounting system as well as supervision in running the bureaucratic wheels of regional government so that it will provide synergy to the performance of agencies within properly structured in accordance with applicable laws and regulations so that local government organizations can improve performance specifically in the area of finance within the local government (Halim, 2012).

2. Literature Review

2.1 Attribution Theory

Humans always try to interpret the state of themselves and their environment. One common way to interpret experience is to do attribution, which is to explain the causes of various actions or events that have befallen themselves and others. In daily life, especially in situations where tasks or situations are achieved, people generally look for the causes of success and failure they experience. According to Darwati (2012) there are three dimensions that can be identified related to attribution theory.

2.1.1 Cause and Effect (locus)

The first most common underlying problem in attribution is determining whether a particular action according to your conclusions is due to internal or external forces. Internal attribution includes all attitudes, characteristics to personality, abilities, health, preferences, or desires. External attribution will cover all the external causes of a person (other than that person) such as the pressure of others, money, the nature of the social situation, the weather and so on.

2.1.2 Stability or Instability

The second dimension of causality is whether the cause is stable or unstable. That is, we must know whether the cause is a relatively permanent part of the external environment or the internal nature of that person. There are a number of external causes that are fairly stable such as rules and regulations, the role of office, or the difficulty stage of the task. Some external factors are unstable weather, internal causes can also be stable or unstable for example talent. Talent can be stable or unstable.

2.1.3 Controlling Ability
The third general dimension of attribution is the ability to control. We observe a number of cases that can be controlled by an individual, while others are beyond their capabilities. The ability to control or inability to control it can be with a combination of locus and stability. For example, unstable internal causes such as business, are usually seen as controlled. A student can try to study hard or decide not to study. The cause of a stable internal is ability, rarely seen as something that can be controlled. Likewise intelligence and talent factors. Although sometimes, abilities are seen to be controlled. Some very successful people are seen as having developed their abilities through hard work for long periods of time.

2.2 Regional Government Organizational Performance

Halim (2012: 18) In the implementation of good government governance, it is a prerequisite for every government to realize the aspirations of the people in achieving the goals and ideals of the nation state. Good organizational governance with principles of openness, fairness, and accountability in order to achieve organizational goals. In managing good finances make every activity carried out by the government financially accountable and therefore good financial management will create good public accountability. The principles that must be needed to control regional financial performance include the following:

2.2.1 Accountability

This principle means that regional expenditures financed by taxes and levies must be accounted for and presented in the form of reports in which all matters relating to the use of public funds are revealed. This accountability is carried out on two sides of the DPRD and the community. The process of accountability to the DPRD has been well formatted, that is, at the end of each budget the regional head must report everything that happens related to the use of funds. While accountability to the community there is still no sufficient mechanism in accountability.

2.2.2 Value For Money

Performance-based budgets demand the optimal output of allocated expenditures so that each expenditure must be economic or efficient, efficient and effective in utilizing available resources.

2.2.3 Honesty

This honesty means that the financial operations of this area must be left to staff who are honest and have high integrity so that the problem of corruption from the start can be prevented. Placement of honest staff supported by a good management system will encourage savings as a small impact of corruption.

2.2.4 Transparency

It is a form of openness of the government in making regional expenditure policies so that the public can easily obtain information about regional government budget plans in an assisted budget year.

2.2.5 Controlling

Control is the openness process to control the planning process of expenditure with implementation. This form of control can be done in two forms, namely preventive and reflective. In performance-based budgeting controls that are preventive in nature are carried out by making policies that cover standard
expenditure analysis (ASB) and price standards by paying attention to comprehensive and disciplined and predictable.

2.3 Understanding of Regional Financial Accounting Systems

Chabib and Suripto (2011) state that a local government performance must be informed to the public and stakeholders regarding the level of achievement of results associated with the mission and vision of the organization and the positive and negative impacts resulting from an operational policy that has been taken through the information, then Correction steps can be taken as needed for a policy, determining the main program activities and at the same time being used as feedback as material for planning. According to Hidayat there are 3 components of measuring instruments to assess the understanding of the regional financial accounting system.

2.3.1 Recording

The finance department records using a double entry recording system. By using the cash basis during the fiscal year and making adjustments in the fiscal year based on accrual basis for recognition of assets, liabilities and government equity.

2.3.2 Classification

Classifying or summarizing journaling and posting to ledgers in accordance with the estimated numbers set by the local government to allow for clear and decisive judgments and decision making in accordance with regional financial accounting standards.

2.3.3 Reporting

After all the above processes are completed, financial statements will be obtained. The financial statements are in the form of budget realization reports, reports on changes in more budget balances, balance sheets, operational reports, cash flow statements, changes in equity reports and notes to financial statements. Financial statements are prepared to provide information carried out by an entity during a reporting period. The financial statements will be reported to the parties who need them.

2.4 Internal Control System

Mulyadi (2007) internal control includes organizational structures, methods, and measures that are coordinated to maintain the wealth of the organization, check the accuracy and reliability of accounting data, encourage efficiency, and encourage compliance with government regulation policies. In addition, a strategy is also needed to assist planning through a performance measurement system that is useful to determine the extent of the effectiveness of the application and assess the success or failure of these internal controls. Internal control is carried out by other personnel to provide adequate assurance regarding the reliability of reporting and preparation of consolidated reports for external purposes in accordance with generally accepted regional government accounting principles and including policies and procedures relating to the management of detailed, accurate and reasonable records that reflect transactions and release of organizational assets. In addition internal control also provides adequate assurance that transactions are properly recorded to enable the preparation of consolidated reports based on generally accepted accounting principles and (Aren, 2008) there are five components in the internal control system.
2.4.1 **Control Environment**
Consisting of actions, policies, and procedures that reflect the overall attitude of the top management, directors, and the owner of an entity as a whole regarding internal control and the significance of the entity concerned.

2.4.2 **Risk Assessment**
Risk assessment for financial reporting is management's action to identify and analyze the risks that are relevant to the preparation of financial statements in accordance with GAAP.

2.4.3 **Control Activities**
Policies and procedures, in addition to those included in the other four components, which help ensure that necessary actions have been taken to address risks in achieving the entity's objectives.

2.4.4 **Information and Communication**
The purpose of an accounting information and communication system of an entity is to initiate, record, process, and report on transactions carried out by the entity and maintain accountability for related assets.

2.5 **Leadership Style**
Permata (2012) leadership style of a leader is very necessary in an organization because the back and forth of an organization depends on how well the leader can play his role so that the organization continues to live and develop. For this reason, a leader needs to pay attention to his leadership style in the process of influencing, directing the activities of his group members and coordinating the goals of members and organizational goals so that they can be achieved. (Trisnaningsih, 2007) there are 2 types of leadership styles, namely as follows:

2.5.1 **Consideration**
Leadership style that describes the closeness of the relationship between subordinates and superiors, mutual trust, family, respect for subordinate ideas, and communication between leaders and subordinates. Leaders who have high consideration emphasize the importance of open and partial communication.

2.5.2 **Initiating Structure**
It is a leadership style that shows that leaders organize and define relationships within groups, tend to build clear patterns and channels of communication and explain ways of doing the right tasks. Leaders have a tendency to form a high structure that will focus on the objectives.

2.6 **Conceptual Framework & Hypothesis**
This research is quantitative research. Based on the previous explanation, the conceptual framework in this study is as follows:

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<th>Independent</th>
<th>Moderating</th>
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<td>Understanding of Regional Financial Accounting Systems (X1)</td>
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<td>Government Organization Performance (Y)</td>
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Based on the background of the research described earlier, the research hypothesis can be developed as follows:

1. Understanding of Regional Financial Accounting Systems has a positive effect on Local Government Organizational Performance.
2. The Internal Control System has a positive effect on Local Government Organizational Performance.
4. Leadership Style can moderate the influence between Understanding the Regional Financial Accounting System Against Local Government Organizational Performance.
5. The Leadership Style can moderate the influence of the Internal Control System on Local Government Organizational Performance.

3. Research Methods

The research approach used in this study is a qualitative approach. The type of research used is causality or looking for a cause and effect that aims to explain the phenomenon in the form of influence between variables. Primary data collection methods with questionnaires distributed in the form of questions. In this study the population included 30 local government organizations in Indragiri Hulu Regency. Questionnaires were given as much as 4 for each local government agency in Indragiri Hulu Regency so the total number of samples was 120. The sample in this study was the Technical Implementation Officer (PPTK), Financial Administration Officer (PPK), Recipient Treasurer (BP), Treasurer Exit (BK) technique in this study is Purposive / Judgment Sampling means that the determination of the sample considers certain criteria that have been made to the object that is in accordance with the research objectives. The criteria in this study are people who are truly related to the implementation of the state financial accounting system in local government organizations. The sample is directly related to the planning, implementation, administration, reporting, accountability and supervision of regional finances.

4. Results and Discussions

4.1 Results
The sample data in this study were analyzed using the SPSS 22 application and showed that for the normality test with Kolmogorov-Smirnov the Asymp Sig (2-tailed) significance value of 0.991 was greater than 0.05 so it could be concluded that the data collected in all the variables in this study were normally distributed. Furthermore, heteroscedasticity test with Glejser test showed that the significance level of (X1) 0.310, (X2) 0.315 can be concluded from the results of significance greater than 0.05, it can be concluded that there is no heteroscedasticity. In the multicollinearity test, it can be concluded that the variable understanding of the regional financial accounting system & internal control system, each tolerance value for that variable is greater than 0.10 and the VIF value is less than 10, it can be assumed that multicollinearity does not occur. In testing the hypothesis, the influence test will be carried out simultaneously (F Test) and testing partially (T Test) and to test for the moderating variable using the residual test.

The F test results show a significant value of 0.000 smaller than 0.05 the results of subsequent testing by comparing the calculated F value with the calculated F value is 87.123 while the F table of 3.09 can be concluded that the independent variable (understanding regional financial accounting system, internal control system) has proven the significance of the dependent variable (performance of local government organizations).

The results of the T test show the value of the variable understanding of the regional financial accounting system to make a positive contribution in influencing the performance of local government organizations which is 0.472 and also the value of t count> t table where the value of 4.405> 1.984 and a value of 0.000 <0.05 Ho is rejected or the proposed hypothesis is accepted. Then the variable understanding of the regional financial accounting system significantly influences the performance of government organizations. Based on the calculation of the independent variables, the internal control system variables make a positive contribution in influencing the performance of the internal control system which is equal to 0.406 and also the value of t count> t table where the value of 3.930> 1.984 and the value of 0.000 <0.05 so that Ho is rejected or the proposed hypothesis is accepted. Then the internal control system significantly influences the performance of government organizations.

The residual test results show the value of the moderating variable (Z) looking at the relationship of each independent variable (X) to the dependent variable (Y) the performance of local government organizations. The leadership style has a significance level of 0.731 ≥ 0.05 and the parameter coefficient value of 0.025 means that the leadership style variable is not a moderating variable that can influence the relationship between the understanding of the regional financial accounting system to the performance of the local government organization system and leadership style having a sig level of 0.615 ≥ 0.05 and value parameter coefficient 0.037 means that the leadership style variable is not a moderating variable that can affect the relationship between the internal control system and the performance of the local government organization system.

Based on the explanation above that the value of the correlation coefficient (R) has a value of 0.801 which shows that the degree of correlation between the dependent variable independently is 80.1% which means the coefficient of
understanding the regional financial accounting system, the internal control system has a strong relationship with the performance of local government organizations because the correlation coefficient value is 80.1%. For the coefficient of determination (adjusted R2) has a value of 0.635, which means that 63.5% that the performance of local government organizations can be explained by variables understanding the regional financial accounting system, internal control systems and the rest of 100% - 63.5% = 36.5 The other% is explained by other variables not included in this research model. Most likely the variables are variables such as budgeting participation, clarity of budget goals, quality of human resources, organizational commitment, communication, competence, management of regional property, procedural justice.

4.2 Discussion

Based on the results of the research obtained through the various tests mentioned above, it can be interpreted that the independent and dependent variables and the moderating variables are as follows:

4.2.1 The Understanding of Regional Financial Accounting Systems Against the Performance of Regional Device Organizations

The results of this study are in line with the research conducted by Annisa (2017) saying that in order to produce financial reports that are relevant and reliable, the government must have personnel in each local government organization understanding the regional financial accounting system by providing information for the budget that has been implemented in accordance with what has been set. In addition, local governments need to increase knowledge for employees specifically in the financial section by conducting government financial accounting seminars that provide open knowledge for financial employees so that they can maximize their respective basic tasks and functions, so it can be said that understanding the regional financial accounting system can lead to the effect of support for the performance of local government organizations. Andrian et al (2018) the success in applying accounting standards in managing regional finance can produce a more transparent and more accountable for that more effort is needed from many parties to improve the performance of local government organizations. Mukmin et al (2015) asserted that the success of developing a financial accounting information system is highly dependent on the commitment and involvement of local government employees. This statement signifies the financial accounting system as a means of control needs to be understood by personnel or employees of local government units that are committed, meaning that the involvement of employees who have an understanding in the field of accounting systems must be supported by commitment. So that accounting can be used as a tool in controlling the wheels of governance, accounting must be adequately understood by providers of financial information. Understanding of accounting systems is a matter that needs to be observed, because in order to be able to present adequate financial information in the form of financial reporting that can be understood by users, it must be carried out by personnel who have competence in the area of regional financial administration, and must understand the government accounting system in particular. With the understanding of regional financial accounting in each
agency, it will provide synergy or support for the performance of the regional government organizations.

4.2.2 Internal Control System on Regional Government Organizational Performance

The results of this study are in line with the research conducted by Armando (2008) found that evidence shows that there is a significant influence between the internal control system and the performance of local government organizations. The better the internal control system, the better the performance of local government organizations produced by the government because the government internal control system is a way to direct, monitor and measure the resources of an organization and also has an important role in the prevention and detection of fraud specifically. in the internal control system the asset section is to always protect organizational resources and can evaluate the control system by determining its suitability with the criteria set and if current assets are controlled on consumption, control of fixed assets is carried out when planning these assets to provide management's general purpose in designing control systems effective internal government is so that the financial statements are reliable and will have an impact on the performance of the government organization.

Amalia (2017) The internal control system has a tool as a controlling media one of the factors to increase the success of the organization's internal control objectives aimed at assessing the organization's control system, efficiency and effectiveness in carrying out basic tasks and functions and compliance with laws and regulations in order to improve and improve performance. Local government organizations carry out internal controls and disclosure procedures including controls and procedures designed to ensure that the information required to be disclosed in the report submitted or submitted has been recorded, processed, summarized and reported within the stipulated period in accordance with the provisions to enable decision making timely disclosure. Organizations in order to provide adequate confidence that activities have been carried out in accordance with benchmarks that have been determined effectively and efficiently for the benefit of the leadership in realizing good governance. creating the entire financial process of management activities from planning to reporting and accountability of financial statements. The existence of an internal control system that is properly structured within local government organizations is expected to have an impact on the performance of the agency.

4.2.3 The Understanding of Regional Financial Accounting Systems & Internal Control Systems for Regional Government Organizational Performance

The results of this study are in line with the research conducted by Ardy (2013) that in the understanding accounting is a procedure used to produce information about an institution's finances to be presented to interested parties and the implementation of regional finance is expected by personnel to have an adequate understanding of the system regional accounting in order to present financial data that is reliable and driven by good financial supervision can
emphasize behavioral deviations assumptions and as a coordinated procedure used within the organization with the aim of safeguarding the security of assets owned by the government, checking accuracy and truth accounting data, promote efficiency in business and help encourage compliance with established organizational policies. With the existence of understanding and supervision within government agencies will be able to increase transparency and accountability in the performance of regional government organizations.

Hidayat (2015) regional financial accounting system is a series of interconnected procedures arranged in accordance with a comprehensive scheme that is reviewed to produce information in the form of financial statements that will be used by internal parties and external parties to take economic decisions. In the context of understanding the regional financial accounting system & internal control system it is a matter that cannot be separated in an organization to achieve better performance because of. Internal control is carried out by personnel to provide adequate assurance regarding the reliability of reporting and preparation of consolidated reports for external purposes in accordance with generally accepted regional government accounting principles and including policies and procedures relating to the management of detailed, accurate and reasonable records that reflect transactions and releases organizational assets.

4.2.4 Leadership Style Moderates the Relationship of The Understanding of Regional Financial Accounting Systems on Regional Government Organizational Performance

The results of this study are in line with the research conducted by Permata (2012). Everything that relates to the requirements of financial statements has become a routine that cannot be separated from its work. If a leader cannot provide direction and gives encouragement to the results of performance achievement will have an impact on the performance of the government organization, lack of motivation and the rare communication of subordinates will have a negative impact on the performance of the government organization. A leader who is successful must be able to serve also can be imitated by his subordinates diligently working, of course a leader will provide inspiration and positive motivation for everyone. Those who fail in the lead certainly have failed in serving and giving examples that should be to the people they lead. Response to all input, questions, suggestions and new ideas, it is very important in achieving work synergy should as the leader of local government organizations oversee the performance of care for subordinates including the responsibility of a leader leadership style of a leader is very necessary in an organization because the backwardness of an organization depends how well the leader plays a role.

Trisnaningsih (2007) Leadership style is a norm of behaviour that a boss uses when he influences the behaviour of his subordinates. If leadership occurs in a particular formal organization, where employers need to develop employees, build a climate of motivation, carry out the functions of management in order to produce high performance and improve organizational performance. And is a way of leadership as actors who are consistent to influence other people or subordinates according to
perceived leaders in such a way that the person wants to do the will of the leader to achieve organizational goals even though personally this may not be liked.

4.2.5 Leadership Style Moderates the Relationship of the Internal Control System on Regional Government Organizational Performance

The results of this study are in line with the research conducted by Mariam (2009). A person's leadership style in the organization is very important in the progress of the organization to back and forth a performance depending on the leadership style of a leader both in the process of influencing, directing and giving important influence so that the goals of the institution are achieved. Ineffective leadership style will not give a good direction to the subordinates of the efforts of all work in achieving the goal. Leaders act dictatorship on their subordinates tend to force in moving their group. Here the obligation of subordinates is to follow and carry out orders. There should be no suggestions and arguments from subordinates. They must be absolutely obedient and loyal to their leaders. Full control is in the leadership leadership style is considered less good then it will have a bad impact on subordinates and organizations, therefore it is recommended that you can directly monitor subordinates, provide opportunities to give opinions, establish good relations and communication. The leadership formulation from a number of experts shows that in an organization there are people who have the ability to influence, direct, guide and also some people who have activities to influence the behaviour of others to follow what they want from their superiors or leaders. Yulk (2009) explains that leadership is an additional influence that exceeds and is above the mechanical need to routinely direct the organization. Every leader basically has different behaviour in leading his followers, the behaviour of leaders is called leadership style. Leadership has a very close relationship with motivation, because the success of a leader in moving other people in achieving their intended goals is very dependent on authority, and also the leader in creating motivation within each subordinate, colleague and boss leader itself. A leader must implement a leadership style to manage his subordinates, because a leader will greatly influence the success of the organization in achieving its goals. The aspect of employee motivation is also an important aspect in the performance of the environment where in the current era of globalization, of course, the needs of each subordinate will increase with the times.

5. Conclusions and Suggestions
5.1 Conclusions

Based on the results of the study conducted to see the effect of the understanding the regional financial accounting system on the performance of local government organizations with leadership style as a moderating variable in Indragiri Hulu Regency can be concluded as follows:

1. The Understanding the regional financial accounting system has a significant positive effect on the performance of the local government organization of Indragiri Hulu Regency.
2. The internal control system has a significant positive effect on the performance of the regional government organization of Indragiri Hulu Regency.

3. The Understanding of the regional financial accounting system & internal control system has a significant positive effect on the performance of the local government organization of Indragiri Hulu Regency.

4. The leadership style cannot moderate the relationship between the understanding of the regional financial accounting system towards the performance of the local government organization of Indragiri Hulu Regency.

5. The leadership style cannot moderate the relationship between the internal control system and the performance of the local government organization Indragiri Hulu Regency.

5.2 Suggestions
1. Further research in order to expand the research population and with direct and in-depth interview methods to the respondents of the study so that the scope of the research results becomes broad.
2. For further research it is recommended to include other variables that have an influence on the Regional Government Organizational Performance such as the Quality of Resources, Organizational Commitment, Budget Participation which are thought to possibly have an influence on the Regional Government Organizational Performance.
3. Perform additional data collection techniques such as conducting a pilot study to ensure that the question items in the questionnaire are well understood by the respondents.

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