

Effect of Professionalism, Competence, Knowledge of Financial Management, and Intensity Guidance Apparatus Inspectorate for Quality of Financial Statements (Study on Inspectorate Regencies/Cities in Aceh)

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Abstract

This research aims to: 1. Examine the influence of professionalism, competence, knowledge of financial management and intensity guidance apparatus Inspectorate together to the quality of the financial statements of Regions; 2. Examine the effect of professionalism partially on the quality of the financial statements of Regions; 3. Test the effect of partial competencies to the quality of the financial statements of Regions; 4. Examine the effect of knowledge of financial management partially on the quality of the financial statements of Regions; 5. The authorities test the effects of intensity guidance apparatus partially on the quality of the financial statements of Regions. The object of this research is the Government Internal Supervisory Apparatus (APIP) working in the Inspectorate districts/cities in Aceh amounted to 23 people who perform inspection tasks. The source of data in this study uses primary data which is the result of the acquisition of questionnaires from survey respondent, while research data collection techniques are done with documentation techniques. The analytical method used is Multiple Linear Regression Analysis. The results showed that: 1. Professionalism, competence, knowledge of financial management and intensity guidance apparatus jointly affect the quality of financial reporting area. 2. Professionalism partially affects the quality of financial reporting area. 3. Competence partially affects the quality of financial reporting area. 4. Knowledge of financial management partially affects the quality of financial reporting area. 5. The intensity guidance apparatus partially affects the quality of financial reporting area.

Keywords: Professionalism, Competence, Knowledge of Financial Management, Intensity Guidance Apparatus, Financial Statements Regional Quality.

1. Introduction

The increasing public demand for good governance has prompted the central government and local governments to implement public accountability. Accountability can be interpreted as a form of liability accountable for the success or failure of the implementation of the organization's mission in achieving the goals and objectives that have been set previously, through a media accountability that is carried out periodically in the form of financial statements (Yuliarta, 2013), a financial report produced by the local government to be used by some of the interested parties as a basis for decision making. Therefore, the information contained in the Local Government Finance Report should be useful and appropriate to the needs of the users of the financial statements (Subagjo, 2013). According to Fahrezi (2011) supervision over the local government by the Inspectorate of Government Apparatus (APIP) is a

process activity aimed at ensuring that the regional administration and the village administration went according to the plan and the provisions of the legislation. The monitoring results will be reflected in LKPD which is annually assessed in the form of opinions from the Supreme Audit Agency (BPK).

Opinion given for a LKPD is a mirror for the quality of financial accountability for implementing the budget. The increased acceptance of WTP opinion into WDP for the last 2 years (2012-2013) generally describes an improvement in financial accountability by local government in presenting the financial statements in accordance with applicable principles, as experienced by the city LKPD Langsa. But there is also a decrease in WTP opinion into WDP as experienced by LKPD Aceh Jaya and Aceh Tengah. The next problem is still as many findings on the financial statements of areas that do not present the data in accordance with the rules and still many irregularities have been found by the BPK in the implementation of the financial audit of government, create public demand for good governance increases. It has also pushed the central government and local governments to implement public accountability (Nurillah, 2014).

The purpose of this study was to examine the influence of professionalism, competence, knowledge of financial management and coaching intensity Inspectorate officials together with the quality of the financial statements of Regions. Examine the effect of professionalism partiality on the quality of the financial statements of Regions. Competency tests the effect of partiality on the quality of the financial statements of Regions. Examine the effect of knowledge of financial management partially on the quality of the financial statements of Regions. Officials test the effects of coaching intensity Inspectorate partially on the quality of the financial statements of Regions.

2. Study Bibliography

2.1. The Quality of Local Financial Statements

The financial statement of an entity is an information note on the accounting period that can be used to describe the performance of the entity. The financial report is a report that is structured on the financial position and transactions undertaken by a reporting entity. Financial statements that can be regarded as data can also be said to be information. Data can be transformed into information that is converted to the sphere of the context that gives meaning (Lillrank, 2003).

Local Government Finance Report (LKPD) must be prepared and presented in accordance with Government Regulation No. 24 of 2005 which is now updated with Government Regulation No. 71 Year 2010 concerning Government Accounting Standards. According to Nordiawan and Hertianti (2011: 44) the quality of the financial statements are measures of normative needs to be embodied in accounting information so that it can fulfil its purpose, in order to meet the desired quality government financial reports must meet, the four characteristics, namely being relevant, reliable, and comparable and understood.

2.2. Professionalism

In Regulation Audit Board of Indonesia No. 01 Year 2007 on State Finance Audit Standards was stated that "collectively examiner should have sufficient professional skills to perform inspection tasks". According to Arens, Elder and Beasley (2010) professionalism is "a responsibility imposed on a person and more than meet the responsibilities assigned to him and more than just than meets the Act and the rules of society". State Audit Standards (2007) explains that in carrying out the responsibilities of professionalism, Inspectorate officers must understand the principles of service of public interest and uphold the integrity, objectivity, and independence. In addition it should have the attitude to serve the public interest, respect and maintain public confidence.

2.3. Competence

Competence according to the National Professional Certification Board was quoted as "an ability to master and apply knowledge, skills / expertise, specific working attitude in the workplace in accordance with the performance requirements" (Yuliarta, 2013). In the field of audit, which referred to the competence of an auditor, according to Ahmad, et al. (2011) is "the auditor's ability to apply its knowledge and experience in conducting the audit so that the auditor can perform the audit carefully, carefully, intuitively, and objective".

According to Rahayu and Suhayati (2010: 2) competence means "an auditor must have the ability, expertise and experience in understanding the criteria in determining the amount of evidence needed to support a conclusion that will be taken". According to the Institute of Internal Auditors (IIA) in Elder et al. (2011: 450) is stated competence where "auditors apply the knowledge, skills and experience necessary to perform the internal audit services". In auditing standards APIP mentioned that the audit should be conducted by people who have sufficient expertise and technical training as an auditor. Accordingly, the auditor has not met the requirements if he did not have adequate education and experience in the field of auditing. In a government audit, the auditor is required to have and improve the ability or expertise not only in the methods and audit techniques, but in all matters relating to governance such as organization, functions, programs, and activities of the government (Efendy, 2010).

2.4. Financial Management Knowledge

The result of a form of accountability in financial management during the period was the financial statement. Good quality of financial reports will be generated from officials who understand the knowledge of financial management, as well as the knowledge of the auditor which will examine the financial statements. This is consistent with the statement of Subagjo (2013) that the auditor should have knowledge of good financial management in order to carry out its function as an internal watchdog in the administration of local government that can run optimally.

According to Effendy (2010), knowledge of financial management is useful to ascertain whether the implementation of the budget is in accordance with the budget and it did not deviate from the rules. In addition to the financial management regulations that must be followed in preparing the report, the application must also be complied with Government Accounting Standards in the area of financial reporting in accordance with Government Regulation No. 24 of 2005 which is now updated with Government Regulation No. 71 Year 2010 concerning Government Accounting Standards.

2.5. Guidance intensity Apparatus Inspectorate

According to Sudjana (2004: 209) coaching is "as a series of control measures in a professional manner to all these elements function properly so that the plan can be implemented to achieve the goal of effective and efficient". Guidance is also defined as any business action that is directly related to the planning, preparation, construction, development, direction, use and control of everything in efficient and effective (Alexa, 2010). To realize the integration of the regional administration of the supervision policy, the development apparatus Inspectorate must be done continuously. In addition, the necessary change of mindset (mindset) Apparatus Inspectorate as an early warning (early warning) to the findings of violations or irregularities are indications of corruption, collusion and nepotism (Yuliarta, 2013).

3. Methods

This study includes the types of testing of the hypothesis that evaluated the effects of professionalism, competence, knowledge of financial management, and the intensity of coaching Officials of the Inspectorate to the quality of the financial reporting area. While the unit of analysis is the study of Government Internal Supervisory Apparatus (APIP) contained in the Inspectorate districts/cities in Aceh, in this study the sources of data used are primary data that results from the acquisition of the questionnaire applied on the respondents. While research data collection techniques are done with documentation techniques. The analytical method used is Multiple Linear Regression Analysis.

3.1. Operationalization of Variables

The Quality of Regional Financial Statements (Y)

According to Suwardjono (2005: 164-177), the quality of local financial statements refers to the fact that the generated information will provide usefulness in decision-making. Indicators of the quality of local financial statements based on Suwardjono (2005, 164-177) are those relevant, reliable, comparable, consistent, and neutral. The scale used is the scale of intervals of 5-point Likert model.

3.2. Professionalism (X1)

According to Arens (2010) professionalism is "a responsibility imposed on a person and more than fulfill the responsibilities assigned to him and meets the laws and regulations of society". Indicators of professionalism based on Rosnidah and Rawi (2010) are namely dedication, social obligations, self-reliance, confidence in the profession, and relationships with other professions. The scale used is the scale intervals of 5-point Likert model.

3.3. Competence (X2)

According to Ahmad et al. (2011) auditor competence is "the auditor's ability to apply its knowledge and experience in conducting the audit so that the auditor can perform the audit carefully, carefully, intuitive, and objective". The indicators of competence are (Suraida, 2005) a good personal quality, adequate knowledge, as well as specialized expertise in its field. The scale used is the scale intervals of 5-point Likert model.

3.4. Knowledge of Financial Management (X3)

Knowledge of financial management is the knowledge that must be possessed by the auditors in the area of financial management activities (Subagjo, 2013). Indicators of financial management based on Government Regulation No. 58 Year 2005, are those which include budget planning, budgeting, implementation and administration of the budget, budget reporting, accountability and oversight. The scale used is the scale intervals of 5-point Likert model.

3.5. Development intensity Apparatus Inspectorate (X4)

According to Sudjana (2004: 209) coaching is "as a series of control measures in a professional manner to all these elements function properly so that the plan can be implemented to achieve the goal of effective and efficient". Apparatus coaching intensity indicator based on Oktaviani Inspectorate (2010) namely; provision of guidance, motivation, supervision and training; supervision; and control. The scale used is the scale intervals of 5- point Likert model.

3.6. Methods of Analysis and Design Testing Hypothesis

This study uses a quantitative approach, in which the research data that questionnaires were filled out by respondents quantified in advance so as to produce the outputs in the form of numbers. Furthermore, after the data is obtained, the next step is to analyze and test the hypothesis conducted through SPSS (Statistical Package for Social Science) (Sekaran, 2006: 168).

This study is a census, so it is not done a significance testing. The design of hypothesis testing was conducted in two phases, namely the design of hypothesis testing together and design of hypothesis testing separately.

4. Research Results

The Overview Observation Research of this unit of analysis of this research is the Government Internal Supervisory Apparatus (APIP) contained in the Inspectorate districts/cities in Aceh, while survey respondents are working in the Inspectorate APIP districts / cities in Aceh who perform inspection tasks. The number of respondents in answering the questionnaire of this study is of 23 respondents, and 23 questionnaires were returned as well, meaning that the received questionnaires from the respondents represented 100%.

4.1. Hypothesis Testing Results

Hypothesis testing is done to test and analyze the formulation of hypotheses based on the structure of the model. Hypothesis testing is done in accordance with the hypothesis that has been formulated previously. The regression results can be seen in the following table. Through the SPSS program then multiple linear regression equation as follows:

$$Y = 0,287 + 0,418X_1 + 0,146X_2 + 0,342X_3 + 0,136X_4 + \epsilon$$

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Error Std.	Beta
1	(Constant)	,287	,757	
	Professionalism	,418	,279	,351
	Competence	,146	,179	,152
	Financial Management Sciences	,342	,142	,399
	Intensity Development Inspectorate	,136	,312	,090

a. Dependent Variable: Quality of Local Financial Statements

Through the SPSS program then multiple linear regression equation as follows:

$$Y = 0,287 + 0,418X_1 + 0,146X_2 + 0,342X_3 + 0,136X_4 + \epsilon$$

Regression Equations $Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$
$Y = 0,287 + 0,418X_1 + 0,146X_2 + 0,342X_3 + 0,136X_4$
R = 0,872
R ² = 0,760

4.2. Testing Together

Based on the table, the test results together with multiple linear regression showed that the regression coefficient (β) of each variable is, 0.418 for the variable professionalism (β_1), 0.146 for competence variable (β_2), 0.342 for the variable knowledge of financial management (β_3), and 0.136 for the variable intensity of the coaching apparatus Inspectorate (β_4). Determination hypotheses mentioned if at least one $\beta_i \neq 0$ ($i = 1,2,3,4$): H_a accepted, meaning professionalism, competence, knowledge of financial management and coaching intensity Inspectorate forces jointly affect the quality of financial reporting area.

4.3. Partial testing

Based on the table, the results of the first test multiple linear regression showed that the regression coefficient is $\beta_1 = 0.418$, $\beta_2 = 0.146$, $\beta_3 = 0.342$, and $\beta_4 = 0.136$. Determination hypotheses mentioned if β_i ($i = 1,2,3,4$) $\neq 0$: H_{a2} , H_{a3} , H_{a4} , and H_{a5} accepted. That is professionalism, competence, knowledge of financial management and coaching intensity Inspectorate officials partially affect the quality of financial reporting area.

5. Discussion

The results showed that the independent variables are the overall professionalism, competence, knowledge of financial management and coaching intensity influential Inspectorate officials together. The study of the dependent variable is the quality of financial reporting area. It can be seen from the value of the correlation coefficient (R) and the value koefidien determination (R^2), which has been described previously. That is, the higher the level of professionalism and competency of APIP, the easier will be for the auditor to find errors in the preparation and presentation of financial statements. The level of knowledge of financial management area owned by APIP should also be good, meaning that the auditors who understand the system of financial management which will make it easier run auditors to assist local officials in the management of the Regional Budget (APBD). The intensity of the coaching is done by APIP also very influential in generating financial reports good area, because with the guidance and supervision of the auditor will minimize the extent *penyelewengan* regional finance and misstatements of financial statements, it is intended that the regional financial reports produced avoid both material and non-food material so that the financial statements to be of higher quality.

5.1. Professionalism influence on the Quality of the Regional Financial Statements

The results showed the professionalism effect on the quality of the financial reporting area. Regression coefficient (β_1) obtained amounted to 0.418 indicates that each unit that increases in the professionalism of 1 scale interval will be followed by a rise in the quality of financial reporting area by 41.8 units interval scale. It was obtained a positive relationship between professionalism and the quality of the financial reporting area. This shows that higher professionalism of officials of the Inspectorate will affect the increased quality of the Local Government Finance Report.

Each apparatus Inspectorate can maintain and improve the attitude of professionalism that can be further maximized and optimized in carrying out its duties and functions so that the results of the application of duties becomes maximum. The better Inspectorate officers manage to obtain the findings of irregularities in the financial statements, the better the quality of the work of the Review Officers Inspectorate will be. It will certainly have impact on the magnitude of the opportunity to improve and increase the quality of local financial statements (Puspitasari, 2012).

5.2. Competence influence on the Quality of the Regional Financial Statements

The results showed that the competence affect the quality of financial reporting area. Regression coefficient (β_2) obtained at 0,146 indicates that each increase of one unit of competency scale interval will be followed by a rise in the quality of financial reporting area of 14.6 units interval scale. It was obtained a positive relationship between competence with the quality of the financial reporting area. This shows that the higher the competency of officials of the Inspectorate to the examination of financial statements, the region will affect the increase in the quality of Local Government Finance Report. Tugiman (2001:27) explains that the internal checks should be carried out expertly and with precision professionals. Leaders of internal audit in any examination shall assign people together as a whole having the knowledge, ability and a wide range of disciplines needed to carry out checks appropriately and deserved. That is, to generate a good internal audit it must be supported by the competence of auditors who are good as well.

5.3. Knowledge Effect of Financial Management of the Quality of the Regional Financial Statements

The results showed that the knowledge of financial management affect the quality of financial reporting area. Regression coefficient (β_3) obtained for 0.342 shows that any increase in the area of financial management knowledge by 1 unit scale interval will be followed by a rise in the quality of financial statements 34.2 area unit scale interval. Obtained a positive relationship between knowledge of financial management with the quality of the financial reporting area. This shows that the better knowledge of financial management area owned apparatus Inspectorate, the better the understanding of the financial statements of the examined area so that the area of financial reports generated each local government more qualified. This is in line with the statement Kurrohman (2012) which states that every budget from planning to administration need to be reported as a form of usage pertanggungjelasan for the realization of a given budget. All these things should really be understood by the officials of the Inspectorate as a form of supervision that the associated financial planning and the use is not abused and have been reported honestly.

5.4. The Effect of Intensity of Development Officers Inspectorate on Quality Regional Financial Statements

The results showed that the intensity of the coaching apparatus Inspectorate affects the quality of financial reporting area. Regression coefficient (β_4) obtained of 0.136 indicates that any increase in the intensity of the coaching apparatus Inspectorate by 1 unit scale interval will be followed by a rise in the quality of financial reporting area of 13.6 units interval scale. It was obtained a positive relationship between the intensity of the coaching apparatus Inspectorate with the quality of financial reporting area. This shows that the more often Inspectorate officers guide the preparation of the financial statements of the regions, the better the quality of financial reports generated. This is consistent with the explanation of Subagjo (2013), where it is explained that the responsibilities of the internal auditor are to provide services to the organization in a manner that is consistent. The size of the internal auditor is successful instead of many findings, but when internal auditors can help confront the problems that exist within the organization. So it feels coaching should be done intensively in order to increase the competence of each SKPD, so that the in the future can be formed a Government Finance Report quality.

6. Conclusions and Recommendations

The conclusions of this research are: Professionalism, competence, knowledge of financial management and coaching intensity Inspectorate officers jointly affect the quality of financial reporting area. Professionalism partially affects the quality of the financial reporting area. Competence partially affects the quality of the financial reporting area. Knowledge of financial management partially affects the quality of the financial reporting area. Apparatus coaching intensity Inspectorate partially affects the quality of the financial reporting area.

The piece of advice that can be given from this research for further research: it is advisable to use the object for more research so that the results can be generalized, for example, to officials of the Inspectorate such as Sumatra or Java. The next suggestion is expected to increase the data collection methods with other methods to obtain more accurate data as well as to improve the quality of data processing in addition to using questionnaires, for example, by direct observation or interviews Inspectorate officials concerned. Future research is also expected to develop or add to the independent variables that do not exist in this study. Still, there are other variables that are considered influential, such as the Government Internal Control System and the motivation Inspectorate officials in improving the performance and the results of performance against the quality of the financial reporting area.

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