

The Influence of Human Resource Competency, Internal Control Systems, and Use of Information Technology on Quality of Village Financial Statements (Survey of Village Government in Gunung Kidul Regency)

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ABSTRACT

This study aims to determine: (1) The Effect of Human Resource Competence on Village Financial Reports, (2) Internal Control Systems on Village Financial Reports, and (3) Utilization of Information Technology on the Quality of Village Financial Reports. The research problem includes a corruption case in 2019 in Gunung Kidul Regency with an unqualified (WTP) title and inadequate human resources. This test was carried out using the quality of village financial reports as the dependent variable, the human resource competency variable, the internal control system, and the use of information technology as the independent variable. The method in this research employed a survey method. The sample in this study included 59 village officers in Gunung Kidul Regency. This study used a sampling technique using the purposive sampling method. The type of data used in this study was primary data. The results showed that: (1) The human resources competence has a positive effect on the quality of village financial reports, (2) Internal control systems have a positive effect on the quality of village financial reports, and (3) Utilization of information technology has a positive effect on the quality of village financial reports. This research implies that it is expected to benefit the environment in the Village Government of Gunung Kidul Regency and make a better contribution to the economy in the related public sector accounting, which can affect the quality of financial reports in the Village Government.

Keywords: *Human Resource Competence, Internal Control System, and Utilization of Information Technology, Village Financial Report*

1. INTRODUCTION

1.1. Background

With the ratification of Law Number 6 of 2014 concerning villages, it is hoped that all the interests and needs of the village community can be maximally fulfilled. The enactment of Law Number 6 of 2014 concerning villages requires village governments to carry out financial management in accordance with the principles set by the central government. The village government is required to prepare a report on the realization of the APBDes and an accountability report on the realization of the APB implementation. In addition to the above Law, Permendagri No. 113 of 2014 concerning Guidelines for Village Financial Management is expected to serve as a guideline for village financial management as it includes various procedures for village financial management from the planning stage to accountability.

Table 1. Results of the Evaluation of the Audit Opinion on the Financial Statements of the Gunung Kidul Regency Government in 2014-2019

Year	Audit Opinion
2014	Reasonable With Exceptions (RWE)
2015	Fair Without Expectation (FWE)
2016	Fair Without Expectation (FWE)
2017	Fair Without Expectation (FWE)
2018	Fair Without Expectation (FWE)
2019	Fair Without Expectation (FWE)

Apart from the 5 years that Gunung Kidul Regency received the WTP opinion, there were corruption cases in 2019. Reporting from (kompas.com) the team of public prosecutors at the Wonosari District Prosecutor's Office, Gunung Kidul appointed the US for alleged corruption in the construction of a Village Hall worth 353 million. Various kinds of problems were related to the Quality of Village Financial Reports that occurred in Gunung Kidul Regency, including seen from the conclusion of the results of the Village Financial Administration Evaluation in Quarter III that there was still a lack of knowledge of village officials, especially village treasurers in financial management or financial reporting and lack of competence of village officials. The problem was that some village treasurers had not written a description of spending accompanied by activities as stated in the APBDesa document. Almost all villages in Gunung Kidul Regency had not been obeyed for the arrangement. In spending APBDesa, some villages manipulated the unit price imposing fractions in the submission mechanism. The village treasurer still found the budget withdrawn from the village treasury account without the Village Head's approval document for the SPP submitted. It became an obstacle for the Village Government to realize ideal village financial management in accordance with Law Number 6 of 2014 concerning Villages and its derivative regulations in making good quality village financial reports. Previous research was conducted by (Sartika & C.W., 2019) and supported by research from (Oktaviyanti et al., 2017), (Lisda et al. 2016), (Erawati & Abdulhadi, 2018), (Larasati & Suwarno, 2020). Based on the picture above, it can be seen that there are inconsistencies among previous researchers.

In connection with the description above, the authors are interested in conducting research related to the quality of village financial reports with the research title "**The Effect of Human Resource Competence, Internal Control Systems, and Utilization of Information Technology on the Quality of Village Financial Reports**" (Survey on Village Government in Gunung Kidul Regency).

1.2. Problem Formulation

Based on the description above, the problem formulations include whether human resources' competence in the internal control system and the use of information technology positively affect the quality of financial reports at the village government in Gunung Kidul Regency.

1.3. Research Purposes

To test and prove empirically human resources, internal control systems and the use of information technology affect the implementation of the quality of village financial reports.

1.4. Benefit of Research

The benefits of research that can be obtained from this research are expected to provide the following uses and contributions:

- (1) This research is expected to contribute to the development of knowledge in the field of public sector accounting,
- (2) This research is expected to become material or information for policy evaluation carried out by local and central governments to every village that makes financial reports,
- (3) This research is expected to become a good input and picture for the government and villages in determining future policies to improve government financial performance.

2. LITERATURE REVIEW

2.1. Stewardship Theory

Stewardship Theory is a theory where management is not focused on individual goals but is more oriented towards organizational goals (Donaldson & Davis, 1991).

2.2. Quality Of Village Financial Reports

The financial report is a record of information about an entity in an accounting period used to describe the entity's performance (Erawati & Abdulhadi, 2018).

2.3. Human Resources Competence

The benefits of competence in human resources in organizations are very important because human resources are a valuable asset that an organization has, which can determine its success in achieving goals (Fadhil, 2016).

2.3.1. Internal Control System

According to (Borisova & Bekhteneva, 2015), internal control has a meaning as an organizational plan and all measures and coordinated methods applied to an organization to protect assets, maintain the reliability of accounting data, increase efficiency, and improve compliance with management *policies*.

2.3.2. Utilization of Information Technology

The use of technology produces relevant, accurate and timely information that can be used for personal, business and government purposes (Soleman & Latuconsina, 2019).

3. HYPOTHESIS

3.1. Human Resource Competence has a positive effect on the Quality of Village Financial Reports.

Stewardship theory states that organizational interests are more important and focus on organizational goals, and there is no desire to prioritize individual goals. In this study, human resources are used to benefit organizational goals, namely to improve the quality of village government financial reports. Research conducted by (Oktaviyanti et al., 2017) showed that human resources had a positive and significant effect on the quality of financial reports. Furthermore, research (Umaira & Adnan, 2019) also produced the same results. Thus, in this study, the proposed hypothesis is as follow:

H1: Human Resource Competence has a positive effect on the Quality of Village Financial Reports. Sistem

3.2. Internal Control has a positive effect on the Quality of Village Financial Reports.

Quality financial reports are influenced by the internal control system owned by the village government; the better the internal control system is used, the better the quality of the resulting financial reports will be. Stewardship theory is used to focus on organizational goals. Research conducted by (Oktaviyanti et al., 2017) showed that the internal control system had a positive and significant effect on the quality of financial statements. Therefore, in this study, the proposed hypothesis is as follow:

H2: The Internal Control System has a positive effect on the Quality of Village Financial Reports.

3.3. The use of information technology has a positive effect on the quality of village financial reports.

The village government must develop and take advantage of advances in information technology to improve village financial management to produce quality financial reports. The use of information technology in financial management will improve the transaction process, accuracy in calculations, and preparation of financial reports on time. Research conducted by (Erawati & Abdulhadi, 2018) showed that information technology had a positive and significant effect on the quality of village financial reports. Thus, in this study, the proposed hypothesis is as follow:

H3: Utilization of Information Technology has a positive effect on the Quality of Village Financial Reports.

4. METHODOLOGY

4.1. Research Objects and Subjects

The object of this research was carried out in the village government of Gunung Kidul Regency. The subjects in this study included the Village Head, Village Secretary, Village Treasurer, Village Financial System Operator (SISKEUDES), and Section Head / Head of Affairs in the Village Government of Gunung Kidul Regency.

4.1.1. Types Of Data

The data in this study were primary quantitative data.

4.1.2. Sampling technique

The sampling technique in this study used a purposive sampling method with certain predetermined criteria in accordance with the sample to be studied. The sample of this research included 59 villages representing 7 districts.

4.1.3. Data collection technique

Data collection techniques utilized survey methods.

4.1.4. Operational Definition of Research Variables

The variables used in this study were dependent and independent.

Independent variables: human resource competence, internal control systems and utilization of information technology.

Dependent variable: quality of village financial reports.

4.1.5. Variable measurement

Measurement of variables in this study used a Likert scale with five alternative answers, each of which would be given a score, namely: Strongly Disagree (SD), Disagree (D), Neutral (N), Agree (A), Strongly Agree (SA).

4.1.6. Data Analysis Methods

The data analysis method used in this research was the instrument and data quality test, hypothesis testing and classical assumption test.

5. RESULTS

5.1. Statistical Descriptive Analysis

This test was carried out to describe the number of samples, minimum, maximum, mean (average value), and standard deviation of each of the variables presented.

Table 2. Descriptive Statistics Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
Human Resources Competence	275	28	65	49.02	8.435
Internal Control System	275	33	72	55.36	8.712
Utilization of Information Technology	275	28	58	45.02	7.232
Quality of Village Financial Reports	275	37	79	62.76	10.626
Valid N (listwise)	275				

Source: Output SPSS v.22, 2021

5.2. Instrument and Data Quality Test

5.2.1. Validity test

Validity testing with Pearson product-moment correlation was at a significance level of 5%. The questions can be valid if the r count is greater than the r table and has a positive value.

Table 3. Results of the Validity Test of the Research Variable Items

Variable	R-table	Information
Human Resource Competence	0.195	Valid
Internal Control System	0.195	Valid
Utilization of Information Technology	0.195	Valid
Quality of village Financial Reports	0.195	Valid

Source: Primary data processed

Based on the table above, it can be concluded that all statements in the questionnaire can be said to be feasible as an instrument for measuring research data.

5.2.2. Normality Test

This test aims to identify whether the observations are normally distributed. This test used Kolmogorov Smirnov. Data can be said to be normal if sig > 0.05.

Table 4. Normality test result

		Unstandardized Residual
N		275
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	6.95855998
	Absolute	.061
Most Extreme Differences	Positive	.061
	Negative	-.053
Kolmogorov-Smirnov Z		1.006
Asymp. Sig. (2-tailed)		.264

Based on Table above, it can be seen that the asymp.sig value. (2-tailed) is 0.264 > alpha 0.05, so that the classical assumptions for the normality test are fulfilled, and it can be concluded that the data used are normally distributed.

5.2.3. Multiple Regression Analysis

The multiple linear regression analysis models will be conducted simultaneously (F test) and partially (t-test). The terms of the significance test of the F test and t-test are as follows:

Receive Ha: if the probability (p) ≤ 0.05, the competence of human resources, the internal control system and the use of information technology simultaneously or partially have a significant effect on the quality of village financial reports.

Table 5. Multiple Linear Regression Test Results

Variable	B	t-count	Sig t	Information
(Constant)	0,225			
Human Resources Competence	0,403	6,437	0,000	Significance
Internal Control System	0,417	7,708	0,000	Significance
Utilization of Information Technology	0,438	6,254	0,000	Significance
F count	120,323			
Sig F	0,000			
Adjusted R Square	0,566			

6. DISCUSSION

The results of tests carried out on several hypotheses in the study are discussed in the following section.

6.1. The Effect of Competence of Human Resources on the Quality of Village Financial Statements

Based on the results of testing hypothesis one (H1), it showed that the Human Resource Competency variable had a significant value of $0.000 < \alpha 0.05$, and the direction of the regression coefficient was positive, which was 0.403. It indicated that the Human Resource Competency variable affected the Quality of Village Financial Statements; thus, hypothesis one (H1) was accepted. The results of this hypothesis testing indicated that the competence of human resources influenced the quality of village financial reports.

6.2. The Effect of Internal Control Systems on the Quality of Village Financial Reports

Based on the results of the second hypothesis testing (H2), the Internal Control System variable had a significant value of $0.000 < \alpha 0.05$ and the direction of the regression coefficient was positive, namely 0.417. It means that the internal control system partially positively affects the quality of village financial reports, so the second hypothesis (H2) is accepted. The results of this test can be said that the better the internal control system that is carried out within the organization is, the better the quality of the financial reports produced by the village government will be.

6.3. The Effect of Information Technology Utilization on the Quality of Village Financial Reports

The results of testing the third hypothesis (H3) showed that the information technology utilization variable had a significant value of $0.000 < \alpha 0.05$, and the direction of the regression coefficient was positive, namely 0.438. It indicated that partially the variable utilization of information technology positively affects the quality of village financial reports, so the third hypothesis (H3) is accepted. The results of this hypothesis testing can be interpreted that the higher the use of information technology is, the better the quality of village financial reports produced by the organization will be.

7. CONCLUSION

Based on the tests and analyses carried out, this study concludes that human resource competence, internal control systems, and the use of information technology had a positive effect on the quality of village financial reports.

7.1. Limitations

Data collection used a questionnaire were not accompanied by interviews and documentation; thus, it affected the quality of the information provided. This research was only conducted in 59 villages in Gunung Kidul Regency, with a total of 295 questionnaires distributed. This study only used 3 (three) independent variables; thus, the conclusions obtained were limited. This study was ineffective in distributing and collecting questionnaires so that it was conducted for almost two months.

7.2. Suggestions

Based on the analysis of the research results and the discussion in this study, the suggestions that researchers can give include:

- (1) The village government in Gunung Kidul Regency is expected to improve the competence of human resources, control systems, and the use of information technology again.
- (2) Further research is suggested to expand the object of research, not only the scope of one district.
- (3) Adding other variables may affect the quality of village financial reports.
- (4) Further research is suggested to complete the survey method by conducting interviews or asking oral questions to ensure the information obtained.
- (5) Further research is expected to increase the number of respondents so that the data obtained is more accurate.

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