

Research Article

The Influence of Human Resource Competency, Regional Finance Accounting System Implementation and Internal Control System on the Quality of Regional Financial Statement at Government Work Agencies (Skpk) of Bener Meriah Regency, Province of Aceh, Indonesia

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Abstract: This study aims to analyze the influences of human resources competence, the application of accounting system, and internal control system together to the quality of local financial statements at SKPK Bener Meriah either jointly or partially. This research is a hypothesis testing research by using primary data source obtained by respondent through questionnaire instrument. This study is a census study because all members of the population were made respondents. Objects used in this study amounted to 45 SKPK in Bener Meriah Regency, but only 44 SKPK course that can be used as research objects because the Office Archives and Library respondents are not in place. Thus the sample of this study is 125 respondents from 44 SKPK in Bener Meriah Regency. The results showed that: 1). Competence of human resources, application of regional financial accounting system, and internal control system together affect the quality of local financial statements in Bener Meriah Regency; 2). Competence of human resources affect the quality of local financial statements in Bener Meriah Regency; 3). The application of regional financial accounting system has an effect on the quality of regional financial statement in Bener Meriah Regency; 4). Internal control system influences the quality of local financial statements in Bener Meriah Regency.

Keywords: competence of human resources, implementation of accounting system, internal control system, quality of regional financial statements.

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INTRODUCTION

One of the government institutions that must make financial statements is the Regional Government Agency (SKPD). SKPD is a tool of Local Government (Province and Regency/City) in Indonesia. SKPD is the implementer of executive functions who has to coordinate so that the government runs well. Therefore, every SKPD is required to arrange financial statement.

The financial statement presented by each SKPD in accordance with The Government Regulation Number 08 of 2006 regarding Financial Reporting and Performance of Government Institutions stating that Article 5 clause (2): Financial statement of State Ministries/ Institutions/ Regional Government Agency shall at least consist of: a. Budget Realization Report; b. Balance Sheet; and c. Notes of the Financial Statement. In addition, according to the Government Regulation No. 71 of 2010 concerning the financial accounting standards, the financial statement presented by

government agencies should fulfill their qualitative characteristics, those are: relevant, reliable, comparable, and understandable.

Chairman of BPK, Harry AzharAzis, said during the second half of 2014, BPK found 3,293 problems of financial impact was Rp14, 74 trillion. The amount consists of some problems that resulted in state losses of Rp1, 42 trillion worth, potential of the state losses was Rp3, 77 trillion, and the lack of revenue was Rp9, 55 trillion. Thousands of such problems consist of 7,789 non-compliance to the law and regulations worth Rp40.55 trillion and 2,482 internal control system weaknesses (SPI). "The central and regional governments are not ready to support the actual SAP-based implementation in 2015 in compiling of the Central (LKPP) or Local Government Financial Statements(LKPD)", "said Harry. (www.viva.co.id, April 8, 2015).

There are still many phenomena of government financial statement that have not presented data in accordance with the rules and there are many deviations found by the Supreme Audit Board (BPK) in auditing the government financial statement, make the people's demand of good governance increases. It has also encouraged the central and local governments to implement public accountability.

To produce quality financial statement, the role of financial compilers is very important. The compilers of financial statement should have adequate human resource competence in preparing financial statement, in this case SKPD financial statement. In line with the development of the quality of Human Resources (HR) in the field of employment, the need for high-productivity employees is required for all parties, both private institutions and government agencies. This is because the role of HR is very influential on the successful of work implementation, where the competent human resources is one of the important assets in the institution to achieve the goals.

These findings indicate that the competence of human resources in the government agencies affect the quality of financial statement so that local governments create programs/ policies to improve human resources. The failure of local government's human resources in understanding and applying accounting logic will make mistakes on financial statement made and mismatch the reports with standards established by the government (Warisno, 2008).

In addition, one of the fundamental and important things of the accounting application in compiling local financial statement is accounting system. As the definition of Regional Financial Accounting System (SAKD) is a series of procedures ranging from the process of collecting data, recording, recapitulating, up to financial reporting, in taking the responsibility of APBD implementation that can be done manually or using computer applications (Minister of the Interior Regulation No. 59 of 2007).

In managing regional finances, the local government uses the Regional Financial Accounting System (SAKD) in accordance with Government Regulation No. 24 of 2005 concerning Financial Accounting Standards and Government Regulation No. 58 of 2005 concerning Financial Management which aims to provide information in the accountability of the application of funds. Basically, the Regional Government has made efforts to compile the financial statement using local financial accounting system which is expected to achieve transparency and accountability. The development of an appropriate system implemented in the region produces a regional financial accounting system that is expected to replace the accounting system.

Besides the competent resources and the application of Regional Financial Accounting System, adequate internal control system is also required in the process of presenting the financial statement. Internal control by Minister of the Interior Regulation No. 13 of 2006 on Guidelines for Regional Financial Management is a process designed to provide reasonable assurance about the achievement of local government objectives as reflected in the reliability of the financial statement, the efficiency and effectiveness of the implementation of programs and activities and compliance with laws and regulations. There are three functions seen from the definition, namely: (a) reliability of financial statement, (b) efficiency and effectiveness of operations, and (c) compliance with applicable laws and regulations.

The government also issued Government Regulation Number 60 of 2008 concerning the Government Internal Control System (SPIP). The Regulation states that the purpose of SPIP is to provide sufficient assurance to achieve:

- a. effectiveness and efficiency in achieving the objectives of state governance;
- b. reliability of Financial statement;
- c. security of state assets; and
- d. Obedience to laws and regulations.

This research refers to the previous research which related to the quality of local financial statement, it is Yensi, Hasan, Anisma (2014) which contains three similar variables to be examined. The differences from the research of Yensi, Hasan, Anisma (2014) is on the object of research which is located in SKPD of Kuantan Regency Sangingi and the research sample is 85 respondents.

Researcher chose BenerMeriah Regency as the object of research because BenerMeriah Regency is one of the divisions in the province of Aceh which was inaugurated by the Minister of Home Affairs on January 72004 which is the division of Central Aceh Regency. The second reason is because although the regency of BenerMeriah is expansion regency, it is considered to be successful in compiling and presenting the Local Government Financial Statements (LKPD) in 2014-2015 with the achievement of WTP opinion. This WTP predicate means that the government has run the financial management and assets properly according to the rules as a manifestation of the commitment to organize a clean and transparent government (good governance). This is the real form of Government's *political will* in operating an accountable government. However, what the researcher wants to prove is whether the competence of human resources, the implementation of local financial and internal control system which affects the quality of financial statement of BenerMeriah Regency makes it get WTP opinion from BPK.

This study aims to examine the influences of human resources competence, the implementation of accounting system, and internal supervision together and partially to the quality of local financial statement in SKPK of Bener Meriah Regency, Aceh, Indonesia.

This research is expected to be useful for the regional government agency, this research can also be used as additional information or input and as the consideration of local government officials both executive and legislative to complete and improve the budget composing to achieve the visions and missions of elected regional leader, especially on human resource competence, implementation of accounting system, and internal supervision in terms of the financial statement quality.

The systematization of this research is: 1) hypothesis based on literature studies. 2) research method is according to the hypothesis. 3) discuss the findings of the research, and 4) summarize the results of the research and provide recommendations for further researches.

LITERATURE REVIEW

This article discusses the research variables that include the performances of the regional government agency; the competence of human resources, the implementation of accounting system, and internal supervision and the quality of financial statement. The relevant theories which explain these variables are also described systematically in this article.

The Quality of Financial statement

A qualified financial statement indicates that the regional leader is responsible in accordance with the authority assigned to him in the execution of the responsibility in managing the organization. According to Baridwan (2004: 17) the Regional Financial Statement is a summary of a recording process. It is a summary of financial transactions that occurred during the year of the book concerned.

According to Government Regulation no. 71 of 2010 explained that, qualitative characteristics of financial statement are normative measures which need to be realized in accounting information so it can achieve its objectives. The following four characteristics are the normative prerequisites requirements for the government financial statement to fulfill the desired quality:

a) Relevant. Financial statement can be said to be relevant if the information contained can influence the user's decision by helping them evaluate past or present events, and predict the future, as well as affirming or correcting their evaluation results in the past. Characteristics of relevant information include:

1. Has the benefit of feedback (*feedback value*). Information allows users to confirm or correct their expectations in the past.
2. Has predictive value (*predictive value*). Information can help users to predict the future based on past results and current events.
3. On time. Information is presented on time so it can be influential and useful in making decision
4. Complete. Government financial accounting information is presented as complete as possible, including all accounting informations that can influence in making decision with paying attention to existing constraints.

b) Reliable. The information in the financial statement is free of misleading notions and material faults, presenting every fact honestly, and verifiable. Information may be relevant, but if the nature or presentation is unreliable then the use of such information can potentially be misleading. Reliable information should meet the following characteristics:

1. Honest Presentation. Information describes honestly transactions as well as other events that should be presented or which can reasonably be expected to present.
2. Can be verified (verifiability). The information presented in the financial statement can be tested, and if the test is done more than once by different parties, the results will still show a conclusion that is not much different.
3. Neutrality. Information is directed to the general needs and is not siding with the needs of particular parties.

c) Can be compared. The information contained in the financial statement will be more useful if it can be compared with the previous period financial statement or other reporting entities' financial statement in general. Comparison can be done internally and externally. Internal comparisons can be done when the entity applies the same accounting policy from year to year. External comparisons can be done when the comparable entity applies the same accounting policy. If a government entity implements a better accounting policy than the current accounting policy, the change is revealed during the period when the change occurs.

d) Understandable. The information presented in the financial statement can be understood by the users and explained in forms and terms that conformed to the limits of the user's understanding

Competence of Human Resources

Competence according to the Minister of the Interior Regulation of Republic Indonesia No. 2 of 2013 Article 1 is the capability and characteristics possessed by a Civil Servant in the form of knowledge, skills and behavioral attitudes required in the performance of his duties so that the Civil Servant can perform his duties professionally, effectively, and efficiently.

The regulation of the National Civil Service Agency Chief No. 46A of 2003 stipulates that the competence is the ability and characteristics possessed by a Civil Servant in the form of knowledge, skills, and attitudes required in the performance of his position duties.

1. Knowledge is facts and numbers behind the technical aspects.
2. Skill is the ability to show the tasks at the level of criteria that can be accepted continuously with the least activity.
3. Attitude is shown to customers and others that he is capable in his work environment.

Wiley (2002, 3) in Azhar (2007) defines that human resources are the main supporting pillar as well as the activator of the organization in an effort to realize the vision and mission and also the purpose of the organization. Human resources is a very important organizational element, therefore it must be ensured that human resources is managed as well as possible in order to contribute optimally in achieving organization's goals.

According to Werther and Davis (in Sutrisno, 2012: 4) human resources are employees who are ready, capable, and alert in achieving organization's goals. While Mangkunegara (2012: 40) states that human resources competence is a competence related to knowledge, skills, abilities and personality characteristics that directly affect their performance.

So it can be concluded that the competence of human resources is a person's ability which is related to knowledge, skills and personality characteristics that directly affect the performance that can achieve the desired goals.

The implementation of Regional Financial Accounting System

In the State and Local government financial management, the government requires a necessary accounting system for funds management, greater and diverse economic transactions. Basically, both private and government sectors, accounting is divided into two parts: financial accounting and management accounting. In this case the accounting discussed is the regional finance accounting.

According to Erlina (2013: 6), regional financial accounting system is an accounting system

that includes the process of recording, classification, interpretation, summary of transactions or financial events and financial reporting in the implementation of Regional Government Budget (APBD). Meanwhile, according to Halim (2007: 43) regional financial accounting system can be defined as follows; regional financial accounting system is a process of identification, measurement, and reporting the economic transactions (finance) from a region (provinces, districts, cities) which are used as an information in making economic decisions by the parties in need.

Permendagri No. 13/2006 on the Regional Financial Management Guidelines states that the local government accounting system is a set of procedures from the process of collecting data, recording, summarizing, to financial reporting, in order to account for the implementation of Regional Government Budget (APBD) which can be done manually or using computer application. Government Accounting System according to PP. 24/2005 on Government Accounting Standards is a series of manual and computerized procedures ranging from data collection, recording, summarizing and reporting of financial position and government operations.

From the above notions can be said that the Regional Financial Accounting System is the accounting process in order to account for the implementation of APBD manually or using computer.

Internal Control System

The definition of internal control according to Mulyadi (2008: 163) is that internal control system includes organizational structure, methods, and measures which are coordinated to maintain the organization's wealth, check the accuracy and reliability of accounting data, encourage efficiency, and encourage the compliance of management policies.

According to Governmental Regulations No. 60 of 2008 explained that the Internal Control System is an integral process on the actions and activities which is done continuously by the chief 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 obedience to laws and regulations. The Government Internal Control System, hereinafter abbreviated as SPIP, is an Internal Control System that is carried out comprehensively within the central and local governments.

While the definition of Internal Control System according to Permendagri No. 4 Of 2008, The Guidelines for Implementation of Review on Regional Financial statement Article 1 (10), an internal control system is a process influenced by management created to provide adequate assurance in the creation of

effectiveness, efficiency, adherence to the rules of legislation and the reliability of the presentation regional finance.

From these definitions, it can be concluded that the internal control system includes organizational structure, methods and measures which are coordinated and defined in the company to protect the wealth of the organization such as maintaining the confidentiality of accounting data, improving efficiency, maintaining corporate assets and improving compliance with management policies.

Hypothesis

Based on the above descriptions, hypotheses can be formulated as follows:

1. Competence of human resources, the implementation of regional financial accounting and internal control system affect simultaneously to the quality of BenerMeriah regency's financial statement.
2. Competence of human resources partially affects the quality of BenerMeriah regency's financial statement.
3. Application of financial accounting information system of the region partially influences the quality of BenerMeriah regency's financial statement.
4. Internal control system partially affects the quality of BenerMeriah regency's financial statement.

RESEARCH METHOD

This research is a qualitative research with literature study and compares it with the condition in research object. The unit of analysis in this study is an organization with a population of all SKPK in BenerMeriah Regency Government (45 SKPK). Data source used in this research is primary data. The technique of collecting primary data was done by using questionnaires submitted directly to the respondents, with the sample of 135 respondents.

With the tendency of linear data, so it uses the specification model of multiple linear regression analysis as follows:

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \epsilon$$

Where Y is the variable of financial statement quality, X_1 is the competence variable of human resources, X_2 is the variable of regional financial accounting system application, X_3 is variable of internal control system, and ϵ is error term.

Operational variables and Measurements

a. Human resource competence (X_1)

Indicators of human resource competence developed by Roviyantie (2011) are:

1. Knowledge
2. Skill
3. Individual behavior

Measurement of variables in this study uses the scale of interval measurements with a 5-point likert scale.

b. Implementation of regional financial accounting system (X_2)

Indicators of the system of regional financial accounting system developed by Roviyantie (2011) are:

1. The compatibility of system with SAP
2. Identification of transactions
3. Evidence in every transaction
4. Chronological report
5. Classification of transaction
6. The financial statement of each period
7. Consistent and periodic reporting

Measurement of variables in this study is by using the scale of interval measurements with a 5-point likert scale.

c. Internal control system (X_3)

The indicators of internal control system dopted from Sudiarianti (2015) are:

1. Control environment
2. Risk assessment
3. Controlling activities
4. Information and communication
5. Monitoring

It consists of 5 indicators measured by using a 5-point likert interval scale.

d. The quality of financial statement (Y)

The indicators of financial statement quality are as follows: 1) Available information when needed; 2) Reports are provided systematically and regularly; 3) The main financial statement are provided.

The measurement of variables in this study is by using the scale measurement interval likert 5 points.

RESULTS AND DISCUSSIONS

Validity Testing

Based on the results of testing of the data validity, it shows that the correlation coefficient obtained by each variable of financial statement quality (Y), human resource competence (X_1), the application of regional financial accounting system (X_2), and internal control system, are all above the critical value of *product moment* correlation (correlation coefficient $r > 0.30$) so that the questionnaire used can be stated valid.

Reliability Testing

Reliability testing result shows that the value of *Cronbach's Alpha* for each variable is above 0.6, it is seen that *Cronbach's Alpha* value ranges from 0.749-0.818 so it can be concluded that the questionnaires used as a measuring tool in this study is feasible to be used in advanced testing.

Classical Assumption Testing

For the classical assumption test, normality test is done by using *Kolmogorov-Smirnov(K-S)* non-parametric statistical test, the result of data processing can be concluded that data is normally distributed because the requirement of significance value which is greater than 0,05 has been fulfilled. Multicollinearity test, the guideline of a multicollinearity free regression model has a tolerance number approaching 1. The VIF limit is 10, if the VIF value is below 10. The result of the data processing can be explained that multicollinearity does not occur. VIF values smaller than

10 and tolerance rates also show greater than 0.1, thus the guideline of a certain regression model is multicollinearity-free. Heteroscedasticity test was done by using the correlation coefficient test of Spearman's rho. The result of data processing can be concluded that there is no heteroscedasticity in the regression model, so that the regression model is suitable to predict the equation.

Hypothesis testing

The results of hypothesis testing are shown in Table 1 as follows:

Table 1. Regression Results

Variable	Regression Coefficient (β)
Constanta	-0,867
Human Resource Competence (X_1)	0,494
Implementation of Regional Financial Accounting System (X_2)	0,361
Sistem Pengendalian Intern (X_3)	0,333

The correlation coefficient (R) of 0.879 indicates that the degree of correlation between independent variables and dependent variable is 87.9%, it means that the independent variable of human resource competence (X_1), the application of regional financial accounting system (X_2), and internal control system have a strong relationship with the quality factor of financial statement, this is because the percentage is above of 50%.

The results of the first hypothesis testing of this study indicate that the competence of human resources (X_1), the application of regional financial accounting system (X_2), and internal control system affect the quality of financial statement. The result of testing done together with the competency variable of human resources obtained $\beta_1 = 0,494$, the application of financial accounting system of area get $\beta_2 = 0,361$, and internal control system get $\beta_3 = 0,333$. Thus it can be concluded that β values of each variable show $\beta \neq 0$. Thus it can be concluded that the first hypothesis rejects H_0 and accepts H_a . The results of this study is in accordance with the results of Yensi, Hasan, Anisma's research (2014) which shows a positive relationship between competence of human resources, the implementation of accounting system, and internal controls together affect the quality of local financial statement. This means the better the competence of human resources, the application of accounting systems, and internal controls, the higher the quality of local financial statement.

Furthermore, the results of the second hypothesis testing of this study indicate that the competence of human resources affect the quality of financial statement. Regression coefficient of 0.494 based on the results of research conducted shows that the competence of human resources have a positive relationship and significant effect on the quality of financial statement, this is indicated by the value of $\beta =$

0.494. Then it can be concluded that the β value of the competence variable of human resources shows $\beta \neq 0$, then it can be concluded that the second hypothesis rejects H_0 and accepts H_a , or in other words the competence of human resources affects the quality of financial statement. There are several studies show that the competence of human resources affects the quality of financial statement such as research conducted by Roviyantie (2011), Wati (2014), Herawati (2014), Rahayu, Kennedy, and Anisma (2014), Yensi, Hasan, and Anisma (2014), and Rahmadani (2015). But research conducted by Syarifuddin shows that the competence of human resources does not affect the quality of financial statement.

For the third hypothesis, the test results show that the application of local financial accounting system affects the quality of financial statement. This study shows the regression coefficient of variable application of regional financial accounting system is 0.361. The provision of $\beta \neq 0$ as the requirement for acceptance of the hypothesis has been fulfilled, hence the third hypothesis can be concluded that it rejects H_0 and accept H_a , or in other words the application of financial accounting system of the region affects the quality of financial statement. Several studies show the result that the application of regional financial accounting system affects the quality of financial statement such as research conducted by Botutihe (2013), Wati (2014), Herawati (2014), Rahayu, Kennedy, and Anisma (2014), Yensi, Hasan, and Anisma (2014), and Rahmadani (2015). The absence of differences in the results of their research shows that the application of local financial accounting system has a strong relationship in improving the quality of local financial statement.

Furthermore, the result of the fourth hypothesis testing shows that the internal control system influences the quality of financial statement.

This study shows the regression coefficient of internal control system variable is 0.333. The provision of $\beta \neq 0$ as the requirement of hypothesis acceptance has been fulfilled, hence the Hypothesis 4 can be concluded rejects H_0 and accepts H_a , or in other words internal control system influences to quality of financial statements. The results of this study are in accordance with Bahtiar (2013), Herawati (2014), Yudianta and Erawati (2014), and Rahmadani (2015) studies which show a positive correlation between internal control and the quality of local financial statement. That means the better internal control system by the government apparatus, the higher the quality of local financial statement. However, this study is not in line with research conducted by Yensi, Hasan, Anisma (2014) which the results of his research concluded that internal control does not significantly influence the quality of local financial statement.

CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

Conclusions

1. Competence of human resources, application of regional financial accounting system, and internal control system together have a positive effect on the quality of local financial statement
2. Competence of human resources positively affects the quality of local financial statement
3. Application of regional financial accounting system has a positive effect on the quality of local financial statement
4. Internal control system has a positive effect on the quality of local financial statement

Limitations

1. The results of this study can only be applied in the scope of SKPK in Bener Meriah Regency so that it might not be generalized.
2. The number of population/ research respondents is too small considering the scope of the observation is only in Bener Meriah Regency.

Recommendations

Practical Recommendation (Operational)

1. For SKPK in Regency Government of Bener Meriah, in the case of human resource competence, the result of respondent's data input shows that the people involved in KPA / PPK-SKPK (Head of Budget User / Finance Administration Officer-Unit of Regency Staff), Finance sub section chief/ Public Sub-Heads and finance staff directly related to the financial statement of the Regency have different disciplinary backgrounds (not only from the background of accounting knowledge). Thus, if employees who are not from the discipline of accounting are placed as persons involved in the preparation of financial statement in the SKPK should be given adequate competence on accounting

basics through training or providing opportunities for continuing education.

2. For SKPK in the Government of the Regency, in the case of the implementation of regional financial accounting system, it is advisable that the working apparatus are given training that is directly related to the use of supporting devices both hardware and software. Mastery of supporting devices including the latest technologies can improve the competence of SKPK apparatus of the Regency in producing a quality financial statements.
3. For SKPK at the Government of the Regency, in the case of internal control system, it is advisable to keep consistent and keep trying to apply internal control system to every operation, physical resources, and data will be monitored and under control, objectives will be achieved, risk become small, and the resulting information will be more qualified.

Academic Recommendations (Theoretical)

1. For further researcher, firstly improve the questionnaire used in this study or use a questionnaire that has higher validity and reliability level.
2. Further researches can add or replace the independent variables such as leadership manner, and budget planning system to find other factors that affect the financial management of the region, or add intervening variables such as work motivation.
3. The next suggestion is to broaden the object of research such as all SKPK in Aceh, so that it can give description of the result wider research especially SKPK in Aceh Province.

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