The Influence of the Implementation of the Regional Financial Accounting System and the Role of the Internal Auditor on the Quality of Financial Reports with the Internal Control System as a Moderating Variable

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Abstract
This article aims to examine the effect of applying the regional financial accounting system and the role of internal auditors on the quality of financial reports. In this case, the internal control system is used as a moderating variable. This article also aims to determine the effect of the independent variable on the dependent variable to determine the effect on the dependent variable. In the moderating variable, there are several factors that will strengthen or weaken the influence of the independent on the dependent variable. In this study, the test was carried out using moderated regression analysis using 75 respondents in 25 Regional Office Organizations and Jambi Provincial Agencies as samples. This article uses differential semantics as a measurement scale, with an interval scale score of 1 to 7 points. The type of information used in this examination is essential information, including quantitative data. From this study, it was found that there was a lack of risk assessment carried out, such as leaders who did not carry out risk evaluations that were completed, for example, leaders who did not check bookkeeping records, cash and products. There was no adequate separation of duties from the control environment, as evidenced by getting a low score. The interaction variable between the regional financial accounting accounting system and the control system is calculated to be -1.224 and a significance value of $0.226 > 0.05$ ($\alpha = 5\%$) H4a is rejected. The interaction variable between the role of internal auditors and the internal control system has a t count of 1.461 and a significance value of $0.149 > 0.05$ ($\alpha = 5\%$) H4b is rejected.
Keywords: regional financial accounting system, the role of internal auditors, quality of financial reports, internal control system

1. Introduction
In Indonesia, attention to organizations in the public sector has increased very high in recent times. This is influenced by information and communication technology which continues to grow rapidly. Correspondence, both from the central government and the government, was also involved in this development. (Mardiasmo, 2018). There is no need to waste a lot of energy and money to get information about how the organization is in the public sector. From the Supreme Audit Agency of the Republic of Indonesia (BPK RI), it was found that there were indications of 14,501 cases worth Rp. 8.37 Trillion through the Summary of Semester Assessment Results (IHPS) 1 of 2021. There are a number of problems that are still found in the IHPS 1 of 2021, namely the discovery of 6,617 cases describing weaknesses in the Internal Control System (SPI), and also found as many as 7,512 cases regarding non-compliance with the provisions of laws and regulations which resulted in losses of Rp. 8.26 trillion. Of the 6,617 problems in the field, 372 problems were found. related to inefficiency, ineffectiveness, and ineffectiveness that harm the state in the amount of Rp. 113.13 billion. Various previous studies have reviewed the factors that affect the quality of financial statements, but from these various previous studies there are still results that show inconsistencies in the disclosure of data (www.bpk.go.id). Therefore, this study examines the factors that affect the quality of financial statements. For the provisional hypothesis, the factors that are thought to have an influence on the quality of financial reports are the regional financial accounting system, the internal control system and the role of the internal auditor.

2. THEORETICAL FRAMEWORK AND HYPOTHESIS
The hypothesis used in this study is based on a phenomenon that is often experienced by the government sector, namely the weakness of the regional financial accounting system that has been applied in various agencies. However, the human resources currently owned are still low at the level of submitting financial reports. In this case, internal auditors have an important role in improving the quality of financial reports. In this improvement, the authors review the role of internal auditors in the perspective of regional organizations by questioning whether the role of internal auditors has carried out their duties in accordance with existing standards, is systematic, and disciplined in carrying out their duties. This is done so that local agencies can produce quality financial reports and in accordance with the expected standards. Furthermore, the authors use the internal control

system as a moderating variable to see whether the implementation of the internal control system in the government will produce quality government financial reports and accountability.

2.1. The Influence of the Implementation of Regional Financial Accounting Systems and the Role of Internal Auditors on the Quality of Financial Reports

Research on the relationship between regional financial accounting systems and the role of internal auditors with the quality of financial reports has previously been carried out. Most of the research that has been carried out has produced findings that have a positive and significant impact between the regional financial accounting system and the quality of financial reports. This can be seen in research conducted by Rahayu (2014), Wati (2014), and Hanifa (2016). From these various studies, it can be concluded that the regional financial accounting system and the role of internal auditors have an influence on the quality of financial reports.

H1: The application of regional financial accounting systems and the role of internal auditors affect the quality of financial reports

2.2. The Influence of the Implementation of the Regional Financial Accounting System on the Quality of Financial Reports

The use of various components and elements of an accounting information system consisting of programming, brainware, techniques, information bases, and a good correspondence network will help a lot in providing support for the running of the accounting system. This will of course have an influence on the nature of local government financial reports which will be better (Faishol, 2015).

H2: The application of the regional financial accounting system affects the quality of financial reports

2.3. The Influence of the Implementation of the Role of Internal Auditors on the Quality of Financial Statements

From the research conducted by Ngguna (2017), it can be seen that the role of internal audit has a positive influence on the quality of local government financial reports. This is in line with the functions and duties of internal audit, namely providing consulting services and reviewing local government financial reports. Internal auditors are tasked with making a positive contribution to the preparation of quality local government financial reports. In this case, it can be concluded that the role of internal auditors has a significant effect on the quality of local government financial reports. This also illustrates that the quality of regional government financial reports has increased in quality along with the increasing role of internal auditors in conducting reviews.

H3: The role of internal auditors affects the quality of financial reports

2.4. The Influence of the Implementation of the Regional Financial Accounting System and the Role of Internal Auditors on the Quality of Financial Reports with the Internal Control System as a Moderating Variable

The government's internal control system is related to the quality of regional financial reports, namely at the organizational level that has an internal control system. In this case, a good internal control system will have an impact on a good level of security. This will have very little chance for error to occur. The better the internal control system, the better the quality of the financial reports produced. This has been proven through research conducted by Utama (2017), Kiranayanti (2016), and Wardani (2017) which found that the regional financial accounting system and the role of internal auditors had an influence on the quality of financial reports with the internal control system as a moderating variable.

H4: The internal control system moderates the application of regional financial accounting systems and the role of internal auditors on the quality of financial reports.

3. Methodology
3.1 Data and Sample

The exploratory population reviewed in this study was in the regional apparatus organizations, namely in 25 offices and agencies in Jambi Province. The category of data used in this study is primary data which includes quantitative data, namely by looking at the scores on the answers given by respondents to the questions in the questionnaire. In this study, 75 questionnaires were distributed with research samples used at the head of the department, the head of the financial sub-division and the financial treasurer. In the questionnaire distributed, there were 40 questions grouped with 8 questions related to the regional financial accounting system, 8 questions related to the role of internal auditors, 6 questions related to the quality of financial reports, and 18 questions related to the internal control system. The answers to these questions are measured using semantic differentiation as a scale, namely with data points with an interval of 1 to 7 (Sekaran, 2014).

3.2 Research Model

This research is a type of quantitative research, using multiple regression analysis as a method of data analysis. This is done to determine the extent of the influence of the independent variable on the dependent variable. In addition, a review was also carried out on the moderating factor variable by seeing whether this would strengthen or weaken the influence of the independent on the dependent variable. The test is carried out using the Moderated Regression Analysis (MRA) step. In other cases, the data that has been collected in the study is then processed using a statistical data processing application, namely SPSS 25 software. The regression equation used can be seen as follows:

$$Y = \alpha + b1X1 + b2X2 + b3Z + b4(X1.Z) + b5(X2.Z)$$

where Y = quality of financial statements, = constant, b = regression coefficient, X1 = regional financial accounting system, X2 = the role of internal auditors, M = internal control system, e = error term

3.2.1 Dependent Variabel

The dependent variable in the implementation of this research is the quality of financial reports

Table 1: Dependent variable and its scale

Types of Variables	Indicator	Scale	Item Questions
Quality of Financial Statements (Asmara, 2016)	1. Relevant 2. Reliable 3. Comparable 4. Understandable	Interval	1. 1 – 2 2. 3 3. 4 4. 5 – 6

3.2.2 Independent Variabel

The independent factors carried out in this study are viewed from the regional financial accounting system and the role of internal auditors

Table 2: Independent variables and their scale

Variable Type	Indicator	Scale	Item Question
Regional Financial Accounting System (Setiowati, 2016)	1. Recording 2. Reporting 3. Overview	Interval	1. 1 – 6 2. 7 3. 8
The role of internal auditors (Lasmara, 2016)	1. Competence 2. Independence 3. Internal audit program 4. Implementation of internal audits	Interval	1. 1 – 2 2. 3 – 5 3. 6 4. 7 – 8

3.2.3 Moderating Variabel

The variable that provides direction in this research is the internal control system

Table 3: Moderating variables and their scale

Variable Type	Indicator	Scale	Item Question
Internal Control System	1. Control environment 2. Risk assessment 3. Control activities 4. Information and communication 5. Monitoring	Interval	1. 1 – 4 2. 5 – 7 3. 8 – 11 4. 12 – 14 5. 15 – 17

3.3 Interaction Test (Moderated Regression Analysis/MRA).

Moderated Regression Analysis (MRA) or the interaction test is a special application of multiple linear regression, which in the regression equation provides the content of the interaction element (in this case is through the multiplication of 2 or more from independent). To test the existence of Z through the question of whether it is true as a pure moderator, quasi moderator, or not a moderating variable, this can be observed by observing the following criteria (Tambun, 2013):

    a. Pure moderator, that is, if there is an effect of Z on Y that occurs at the first output, and the effect of interaction Z*X1 on the second output, then see if one of them is significant

    b. Quasi moderator, ie when the effect of Z on Y at the first output and the existence of an interaction effect on Z*X1 on the upper output both have a clear significance.

    c. Not a moderator, that is, if the effect of Z on Y at the first output, then affects the interaction of Z*X1 at the second output, then none of the data is significant.

4. Result

Table 4 below provides an overview of the results of the F test using the SPSS 25 statistical test tool. This test was conducted to see whether or not the research model was carried out, especially its relation to the influence of

the regional financial accounting system and the role of internal auditors on the quality of financial reports in the organization. Regional Apparatus (OPD) in Jambi Province. The following are the regression results found.

Table 4: F test results

Model		Sum Of Squares	Df	Mean Square	F	
1	Regression	6,627	2	3.314	28.104	000[b]
	Residual	7.664	65	.118		
	Total	14.291	67			

From the table above, it can be seen that the results of the ANOVA (Analysis of Variance) test found were that the F value determined was 28.104 with a significance level of 0.000 less than 5% (0.000 (0.05). This indicates that The regional financial accounting system and the role of the internal auditor simultaneously have an effect on the quality of financial reports (H1 is accepted).

Furthermore, the results of multiple linear regression analysis were found in the partial test. This is also related to the regional financial accounting system on the quality of financial reports, as well as the role of internal auditors on the quality of financial reports. The following regression results are presented in table 5 below:

Table 5: T test result

	Unstandardized Coefficients		Standardized Coefficients Beta	T	Sig
Model	B	Std. error			
(Constanta T)	2.321	.569		4.078	.000
X1	.408	.113	.456	3.618	.001
X2	.246	.110	.280	2.225	.030

Based on the results of the statistical calculation of the T test in table 5 above, it can be explained that:
1. The regional financial accounting system variable (X1) has a value of 3.618 and a significance value of $0.001 < 0.005$ ($\alpha = 5\%$). This value illustrates that the regional financial accounting system variable (X1) significantly influences the quality of financial reports. This means that the second hypothesis of the regional financial accounting system affects the quality of financial reports, (H2 is accepted).
2. The internal auditor's role variable (X2) has a t value of 2.225 and a significance value of $0.030 < 0.005$ ($\alpha = 5\%$). This value means that the internal auditor's role variable affects the quality of financial reports, (H3 is accepted).

Furthermore, a test is carried out that provides an overview of the results of the interaction test (Moderated regression analysis) to determine the moderating effect of the internal control system variables. This is also done to see the relationship between the results of the interaction test with the regional financial accounting system. The results of the interaction test can be seen in table 6 below.

Table 6: Interaction test *(Moderated Regression Analysis)*

	Unstandardized Coefficients		Standaedized Coefficients Beta	T	Sig
Model	B	Std. Error			
(Constant)	6.787	6.860		.989	.326
X1	1311	.869	1.466	1.509	.136
X2	-1.656	1.250	-1.889	-1.325	.190
Z	-.463	1.154	-.493	-.401	.690
X1.Z	-.184	.150	-2.300	-1.224	.226
X2.Z	.304	.208	3.858	1.461	.149

From the table data above, it can be concluded that:
1. The interaction variable between the regional financial accounting system and the internal control system (X1.Z) has a T count of -1.224 and a significance value of $0.226 > 0.05$ ($\alpha = 5\%$). This value means that the interaction variable between the regional financial accounting system and the internal control system (X1z) has no effect on the quality of financial reports. This means that the internal control system does not moderate the regional financial accounting system on the quality of financial reports, (H4a is rejected)
2. The interaction variable between the role of internal auditors and the internal control system (X2Z) has a T value of 1.461 and a significance value of $0.149 > 0.05$ ($\alpha = 5\%$). The interaction variable between the role of the internal auditor and the internal control system has no effect on the quality of the financial statements. This means that the internal control system does not moderate the role of internal auditors on the quality of financial reports, (H4b is rejected).

5. Discussion

Based on the results of the regression equation, it is known that the value of the first regression coefficient of the independent variant has a positive value. This gives the same effect between the regional financial accounting

system and the role of internal auditors on the quality of financial reports. This also shows that if the regional financial accounting system and the role of internal auditors are improved, it will have an impact on the quality of financial reports which will also increase. In the efforts made to implement the regional financial accounting system, it is necessary to apply accounting standards to government agencies so that what is carried out is in accordance with accounting principles. This is intended to increase accountability and reliability in the implementation of government financial management through the preparation, recording, and summary of transactions so as to form a correct and quality financial report.

Furthermore, the internal control system in this study is not a moderating variable. The distribution of questionnaires that have been carried out in 25 OPDs in Jambi Province shows that there is a lack of risk assessment carried out by the leadership and no regular inspections are carried out. In addition, it can also be seen that there is no commitment that is carried out periodically and there is no supervision carried out. On the other hand, the process is also not accompanied by a conducive leadership pattern, because the OPD leadership does not always carry out sudden checks on accounting records, physical cash and goods.

There is an inadequate segregation of duties in the control system carried out by the OPD in Jambi Province when viewed based on the category of its control environment. Based on the results of research that has been carried out in 25 OPD in Jambi Province, the organizational structure needs to be designed the same as that required in assigning duties and responsibilities to employees appropriately based on the established structure. On the other hand, it is necessary to conduct periodic analysis of the right structure form to build comfortable conditions as mentioned. In this case, a good control environment must have a conducive leadership. Conducive leadership is defined as a situation where the leader always makes decisions based on risk assessment data. If the leadership has been conducive, then there is an obligation for the leadership to carry out a risk assessment in the agency.

6. Conclusions

The results of the analysis of the influence of the regional financial accounting system and the role of internal auditors on the quality of financial reports with the internal control system as a moderating variable, it can be concluded:
1. The regional financial accounting system and the role of the internal auditor have a simultaneous effect on the quality of the financial reports of regional service organizations in Jambi Province
2. The regional financial accounting system affects the quality of the financial reports of regional apparatus organizations at the Jambi Province service
3. Internal auditors affect the quality of the financial reports of regional service organizations in Jambi Province
4. The internal control system has no effect and does not moderate the regional financial accounting system and the role of internal auditors on the quality of financial reports.

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