



## Determinants of the Financial Statements Quality of the Ministry at the State Treasure Services Office

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### CITATION:

Suryanti, R.A. Rahayu, Yuniarta, Gede Adi, & Werastuti, Desak Nyoman Sri. (2022). Determinants of the Financial Statements Quality of the Ministry at the State Treasure Services Office. *JIA (Jurnal Ilmiah Akuntansi)*, 7 (1), 128-146.

### ARTICLE HISTORY:

#### Received:

February 15<sup>th</sup>, 2022

#### Revised:

June 12<sup>th</sup>, 2022

#### Accepted:

July 7<sup>th</sup>, 2022

**DOI:** 10.23887/jia.v7i1.44678

### Abstract

This study aims to examine and analyze the effect of HR competence, the use of information technology, and the reconciliation process on the quality of financial reports, to examine and analyze the influence of HR competence to the use of information technology, and to examine and analyze the effect of HR competence on the reconciliation process. Methods of data collection using a questionnaire. The research population is all financial managers and financial statement preparers who are involved and responsible for the reconciliation process and the preparation of financial reports in the work units within the KPPN Denpasar, KPPN Singaraja, and KPPN Amlapura as many as 668 people. The number of research samples was 250 people who were selected using the Slovin formula. The results showed that HR competence, utilization of information technology, and the reconciliation process had a significant positive effect on the quality of financial reports, HR competence had a significant positive effect on the use of information technology, and HR competence had a significant positive effect on the reconciliation process.

**Keywords:** quality of financial reports; competence of human resources; utilization of information technology; reconciliation process

### INTRODUCTION

The growing demand for accountability in Indonesia for public institutions, both at the central and regional levels, has made government financial reporting an interesting subject to study. The results of research by Karmila, et al. (2018)

explain that the consistency of government management, namely the public sector, in providing better information to the public is the impact of the greater demands on public accountability.

The financial statements of public sector organizations are a form

of information provided by public sector management in meeting the increasing demands for information on the implementation of public accountability, which is the result of the financial reporting process of the activities of public sector organizations.

State Ministries/Institutions as Budget Users and Goods Users are required to realize reliable, accountable and transparent presentation of Financial Statements through the Central Government Accounting System (SAPP). One of the stages mandated through the Minister of Finance Regulation (PMK) in the system is accrual-based financial reporting and the obligation to carry out the reconciliation process.

However, in practice, SAPP is held on a cash basis and in several State Ministries/Agencies are moving towards accrual-based reporting. This shows that there is a discrepancy with the mandate in the PMK, where there are inhibiting factors that affect the financial reporting process that has an impact on the quality of financial reports, so it needs special attention from state financial administrators.

Prastiwi and Mimba (2018) explain that HR competence affects the quality of financial reports which is in line with Agung and Gayatri's research (2018) which states that

there are several factors that influence the quality of financial reports, namely human resources, information technology and technology. internal control. Meanwhile, research by Muhammad Saleh (2012) in Tut Madiguna Agung and Gayatri (2018) concludes that the variables of human resources, internal control and the use of information technology have no influence on the quality of financial reports.

In addition, in their study, Karmila, et al. (2018) concludes that the research results only use information technology variables that have a significant effect on the reliability of financial reporting, while the variables of human resource capacity and internal control do not have a significant effect on the reliability of financial reporting. Inconsistent research results are also known from the research results of Amaliyah, et al. (2019) which shows that the internal control system and the use of information technology have an influence on the quality of financial reports, but HR competencies have no effect on the quality of financial reports.

This study intends to develop previous research, regarding the effect of independent variables, namely HR competence, technology utilization, and reconciliation process on the

dependent variable, namely financial statements based on agency theory.

References from various previous studies gave different results, so the researchers tried to examine the inconsistency of the influence of the variables on the quality of financial statements. In the elaboration of the variables that become instruments, this research has a novelty that will be explored, namely the reconciliation process consisting of internal reconciliation and external reconciliation, where the process of preparing financial statements is very dependent on the results of the reconciliation process.

Based on the studies that have been described, this study aims to examine the effect of HR competence on the use of information technology, on the reconciliation process, and on the quality of financial reports, as well as the effect of the use of information technology on the reconciliation process and on the quality of financial reports. In addition, it is also investigating the effect of the reconciliation process on the quality of financial statements.

## **LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT**

### **Agency Theory**

According to Jensen & Meckling (1976) agency theory embodies the

existence of agency contracts. In government agencies there is a delegation of authority and responsibility where citizens represented by the DPR give the government the authority to run the wheels of government organizations. This is justification that there is an agency relationship in government organizations in Indonesia (Jauhari, et al, 2021).

### **Competency Theory**

According to Spencer and Spencer (1993), competence is something that underlies a person related to the effectiveness of an individual's performance in his work or the basic characteristics of individuals who have a casual or causal relationship with criteria that are used as a reference, effective or superior performance at work or at work. certain situations to achieve goals in the organization or work.

The implications of competency theory for this research are that it can explain the existence of the government as a trustworthy institution supported by competent human resources in their fields so that they can accommodate people's aspirations, can provide good services to the public, and are able to account for the finances entrusted to them. So, the government apparatus is

expected to have human resources who are able to direct all their abilities and expertise to be able to produce quality financial information reports.

### **Decision Usefulness Theory**

Staubus (in Hasanudin, 2018) states that the usefulness of accounting information decisions contains components that need to be considered by presenters of accounting information so that the existing coverage can meet the needs of decision makers who will use it. The primary quality content of decision-usefulness of accounting information includes relevant content components, namely timeliness, feedback value, and predictive value, and reliability content components, namely true representation, neutrality, and verifiability. In addition, there is also a secondary quality, as a link between primary qualities, namely comparability and adherence to principles.

### **Task-Technology Fit Theory (TTF)**

Goodhue and Thompson (in Siregar, 2017) explain that the core of this model/theory is a construct called *Task-Technology Fit* (TTF) which posits that information technology will only be used if functions and benefits are available to support user activities. This theory indicates that

performance will improve when a technology provides the right features and support associated with the task. The next thing to consider is the suitability of tasks with technology related to the extent to which an individual's ability to use information technology to improve individual performance in carrying out tasks.

### **Human Resource Competence**

Regulation of the Head of the State Civil Service Agency no. 7 / 2013 concerning Guidelines for the Preparation of Managerial Competency Standards for Civil Servants explains that competence is a characteristic and work ability that includes aspects of knowledge, skills and attitudes according to the duties and/or functions of the position. While technical competence is the work ability of every Civil Servant which includes aspects of knowledge, skills and work attitudes that are absolutely necessary in carrying out the duties of his position.

### **Utilization of Information Technology Information**

Technology is a combination of computer technology and communication technology. Utilization of information technology is the behavior or attitude of an entity using information technology to complete

tasks and improve its performance (Siregar, 2017).

In conjunction with an accounting information system that produces quality financial reports, computers and components related to information technology are integrated into a system to collect, process, and store data. The system generates reports and other information which is done automatically.

### **Reconciliation Process**

According to PMK Number 104/PMK.05/2017 concerning Guidelines for Reconciliation in the Preparation of Financial Reports for the Scope of BUN and State Ministries/Institutions, reconciliation is defined as the process of matching processed financial transaction data with several different systems/subsystems based on the same source document, which implemented by UAKPA/UAKPA BUN in the context of preparing LKKL and LKBUN. According to Hamidi et al, (2016), reconciliation activities are divided into 2, namely internal reconciliation and external reconciliation.

Internal reconciliation that aims to compare the cash balance between the treasurer of expenses and treasurer of receipts. External reconciliation is done electronically

using a single data-based integrated application. This reconciliation is carried out before the financial statements are submitted to the accounting unit above for consolidation purposes.

### **Government Financial Report**

Kieso, et al (2002; 3) explained that financial statements are the main means of communicating financial information to parties outside the corporation. Financial statements are used to compare the realization of revenues, expenditures, transfers, costs with a predetermined budget, the value of financial conditions, evaluate the effectiveness and efficiency of a reporting entity, and help determine its compliance with laws and regulations.

The quality of financial reporting can be measured by several indicators, namely: 1) Benefits of the resulting financial statements, 2) Timeliness of financial reporting, 3) Completeness of information presented, 4) Honest presentation, 5) Content of financial statements can be verified, 6) The contents of the financial statements can be compared, 7) The accuracy and clarity of the information presented (Syukriy Abdullah, 2016).

### **HR Competence and Information Technology Utulization**

The Competency Theory popularized by Spencer and Spencer (1993) defines competence as a characteristic shown by a person in the form of behavior, self-concept, values, knowledge, and skills. which he had. Based on research from Tut Madiguna Agung and Gayatri (2018), HR competence has a positive influence on the use of information technology, which means that the better or the higher the competence possessed by human resources, the better the use of information technology carried out by an agency. The first hypothesis therefore stated as follow:

H<sub>1</sub>: HR competence has a positive effect on information technology utilization

### **HR Competence and the Process of Reconciliation**

The theory proposed by Spencer and Spencer (1993) describes this hypothesis as a characteristic that underlies a person and is related to the effectiveness of an individual's performance in his work. Based on research from Utami (2020) the results show that HR competence has a significant positive effect on the reconciliation process. The second hypothesis therefore stated as follow:

H<sub>2</sub>: HR competence has a positive effect on the process of reconciliation

### **HR Competence and the Quality of Financial Report**

In connection with this hypothesis, Spencer and Spencer (1993) in Competency Theory argues that competence is something that exists in oneself, namely in the form of character and performance in certain situations as well as motivational impulses that cause one acts towards the end result. Utami's research (2020) shows that HR competence has a positive effect on the quality of financial reports. The third hypothesis therefore stated as follow:

H<sub>3</sub>: HR competence has a positive effect on the quality of financial report

### **Information Technology Utulization and the Process of Reconciliation**

This hypothesis is based on Task Technology Fit (TTF) Theory which explains that information technology will only be used if its functions and benefits are available to support user activities. Research from Rahmayani (2018) succeeded in proving the hypothesis that the use of information technology has a positive effect on the

reconciliation process. The fourth hypothesis therefore stated as follow:

H<sub>4</sub>: Utilization of information technology has a positive effect on the Reconciliation Process

### **Information Technology Utulization and the Quality of Financial Report**

Task Technology Fit (TTF) Theory on this hypothesis indicates that performance will increase when a technology provides the right features and support associated with tasks. Rahmayani (2018), which proves that information technology has a positive effect on the quality of financial reports, explains that the higher the level of utilization of information technology in the process of preparing financial reports, the less errors occur, so that it will improve the quality of the financial reports produced. The fifth hypothesis therefore stated as follow:

H<sub>5</sub>: Utilization of Information Technology has a positive effect on Financial Report Quality.

### **The Reconciliation Process and the Quality of Financial Report**

The effect of the reconciliation process on the quality of financial statements is based on the decision usefulness theory. Decision usefulness theory covers the requirements of the quality of

accounting information that is useful in decisions that will be taken by users. An empirical study that examines the effect of the reconciliation process on the quality of financial reports was conducted by Rahmayani (2018). The sixth hypothesis therefore stated as follow:

H<sub>6</sub>: The reconciliation process has a positive effect on the quality of financial statements.

### **METHOD**

The approach used in this study is a quantitative approach. The respondents studied were employees/employees of work units who became SAIBA Operators, SIMAK-BMN Operators, Recipients/Expenditure Treasurers, and Commitment Making Officers (PPK) who were directly involved in the preparation of financial statements, namely 4 (four) people, with a total population of 668 (six hundred and sixty-eight) respondents.

The sample selection in this study was conducted by probability sampling. The number of samples determined was carried out by means of statistical calculations using the Slovin formula, with a sample of 250 (two hundred and fifty) respondents. The data collection method in this study used a questionnaire addressed to respondents related to the variables

of HR competence, the use of information technology, the reconciliation process, and the quality of financial reports.

The variables to be analyzed in this study are independent variables, namely:

1. HR Competence (X1): the characteristics of a person who are owned and used in an appropriate and consistent way to achieve the desired performance, including knowledge, skills, and attitudes. behavior (Dubois, et. al, 2004).
2. Utilization of Information Technology (X2): the behavior or attitude of an entity using information technology in order to complete tasks and improve its performance (Rahmayani, 2018).
3. Reconciliation Process (X3): the process of matching processed financial transaction data with several different systems/subsystems based on the same source document (PMK Number 104/PMK.05/2017).

As well as the dependent variable (*dependent variable*) in this study, namely the quality of financial reports (Y) as measured by relevant and reliable indicators.

The structural model in this study, which is analyzed using SEM

will produce a mathematical equation such as:

$$Y = \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

where:

Y = Dependent Variable (Quality of Financial Statements)

X<sub>1</sub> = 1st Independent Variable (HR Competency)

β<sub>1</sub> = Regression Weight for 1st Independent

X<sub>2</sub> = 2nd Independent Variable (Utilization of Technology 2

β<sub>2</sub> = Regression Weight for 2nd Independent Variable

X<sub>3</sub> = 3rd Independent Variable (Reconciliation Process) 3

β<sub>3</sub> = Regression Weight for 3rd Independent Variable

ε = Error

To make a complete model, several general steps need to be taken, namely:

1. The model is developed based on theory
2. Development of a Flowchart (Path Diagram)
3. Interpretation and Modification of the Model

Hypothesis testing is carried out by testing the fit in SEM by evaluating the degree of fit or Goodness of Fit (GOF) between the data and the model, the size of the GOF and the acceptance rate of matches that were compiled from several authors, are as follows.



1. RMSEA (*The Root Mean Square Error of Approximation*);
2. GFI (*Goodness of Fit Index*);
3. AGFI (*Adjusted Goodness of Fit*);
4. CMIN/DF (*The Minimum Sample Discrepancy Function*).

## RESULTS AND DISCUSSION

The location of this research consists of KPPN Denpasar, KPPN Singaraja, and KPPN Amlapura with a population of 668 respondents. Based on the Slovin formula, the magnitude of the withdrawal of the research sample is 250 respondents. Questionnaires were distributed to the entire population with the help of *google forms* and started to process the data after 250 respondents responded to the questionnaires seen in the *google form*.

The details of the respondents who participated in filling out the questionnaire were:

*Based on Gender:*

- a) Male = 141
- b) Women = 109 people

*Based on Position:*

- a) SAIBA Operator = 71
- b) SIMAK-BMN Operators = 35
- c) Receiver/Expenditure Treasurer = 76
- d) Commitment Making Officer (PPK) = 68 people

## Descriptive Data

The results of descriptive analysis of data using the SPSS program are shown in Table 1. Variable descriptions based on respondents' answers indicate that a very good assessment is obtained, namely regarding HR competence, utilization technology, reconciliation process, and quality of financial reports. This is indicated by the number of *observed variables* which have an average between 4.46–4.79. Referring to the range of score categories, the *mean* for HR competence, technology utilization, reconciliation process, and quality of financial reports based on table 1 are in the very good category.

The test of the feasibility of the model shows that this model is in accordance with the data or fit to the data used in the study which is described in Table 2. In addition, From the data processing results shown in Table 3 shows that there are no values in the CR column for *skewness* that are greater than  $\pm 1.96$ , thus the research data used has met the requirements for normality and ta, or it can be said that the research data are normally distributed.

## Multicollinearity and Singularity

The output of the calculation of the determinant of the sample

**Table 1. Results of Descriptive Analysis**

	N	Minimum	Maximum	Mean	Std. Deviation
HR Competencies	250	4	5	4.54	4.97
Utilization of Technology	250	3	5	4.68	4.69
Reconciliation Process	250	3	5	4.72	4.76
Quality of Financial Reports	250	3	5	4.64	4.97

**Table 2. Feasibility Test Results Structural Equation Model (SEM)**

Goodness of Fit	Cut-off Value	Analysis	Evaluation
Chi – Square	95.358 < $\chi^2$ -table (84;5%) = 167.04	95.358	Good
Probability	0.05	0.187	Good
RMSEA	≤ 0.08	0.023	Good
GFI	0.90	0.950	Good
AGFI	0.90	CMIN	Good
/DF	2.00	1.135	Good
TLI	0.95	0.990	Good
CFI	0.992	0.95	Good

**Table 3. Data Normality**

Variable	min	max	skew	cr	kurtosis	cr
KUA9	3,000	5,000	-.684	-4.414	-1.073	-3.463
KUA5	3,000	5,000	-.724	-4.674	-1.203	-3.883
KUA2	4,000	5,000	-.792	-5.109	-1.373	-4.433
KUA1	4,000	5,000	-.638	-4,120	-1,593	-5,140
PR2	3,000	5,000	-1,333	-8,607	.181	.583
PR5	3,000	5,000	-1,013	-6,536	-.653	-2.107
PR6	3,000	5,000	-1,572	-10,147	.953	3.076
PR7	3,000	5,000	-. 990	-6,392	-.702	-2,265
TEK1	4,000	5,000	-1,002	-6,469	-.996	-3,213
TEK3	4,000	5,000	-1,025	-6,615	-.950	-3,066
TEK4	4,000	5,000	-.832	-5,369	-1.308	-4.222
SDM5	4,000	5,000	-.193	-1,245	-1,963	-6335
SDM4	4,000	5,000	-.408	-2,635	-1,833	-5,917
SDM3	4,000	5,000	-.225	-1,455	-1,949	-6.291
SDM1	4,000	5,000	.161	1,036	-1,974	-6.372
Multivariate					68,884	24,114

covariance matrix by the AMOS 24 program is as follows:

*Determinant of sample covariance matrix = .000*

From the results of data processing, it can be seen that the value of the determinant of the sample covariance matrix is far from zero. Thus, it can be said that the research data used does not contain multicollinearity and singularity.

### **Hypothesis Testing and Discussion**

The results of the SEM analysis as a hypothesis testing step are shown in Table 4. It can be concluded that from the test results obtained that all CR values are above 1.96 or with a probability less than 0.05. Thus, all hypotheses are accepted. In addition, the estimates of all hypotheses are positive, which means that the better the competence of HR, the better the use of information technology, the better the competence of HR, the better the reconciliation process, the better the utilization of information technology, the better the reconciliation process, the better the competence of HR, the better.

Also, it is indicated that the better the quality of financial reports, the better the use of information technology, the better the quality of financial reports, and the better the

reconciliation process, the better the quality of financial reports.

This shows that the hypotheses H<sub>1</sub>, H<sub>2</sub>, H<sub>3</sub>, H<sub>4</sub>, H<sub>5</sub>, and H<sub>6</sub> in this study are accepted and proven to have a significant and positive effect. H<sub>1</sub> is accepted that HR competence has a positive and significant effect on the use of information technology; H<sub>2</sub> is accepted that HR competence has a positive and significant effect on the reconciliation process; H<sub>3</sub> is accepted that HR competence has a positive and significant effect on the quality of financial reports; H<sub>4</sub> is accepted that the use of information technology has a positive and significant effect on the reconciliation process; H<sub>5</sub> is accepted that the use of information technology has a positive and significant effect on the quality of financial reports; and H<sub>6</sub> is accepted that the reconciliation process has a positive and significant effect on the quality of financial reports.

### *HR Competencies Have a Positive and Significant Effect on the Utilization of Information Technology*

This research has succeeded in proving that HR competencies have a significant positive effect on the utilization of information technology. This shows that the use of Competency Theory by Spencer and Spencer in 1993 in this study has

been able to answer the problem in this study, namely in terms of HR competence affecting the use of information technology. With adequate HR competencies according to the needs of an organization or company, of course this will greatly support the achievement of the expected goals, such as in government agencies in the use of information technology.

The results of this study are in line with research from Tut Madiguna Agung and Gayatri (2018), HR competencies have a positive influence on the use of information technology, which means that the better or higher the competencies possessed by human resources, the better the use of information technology carried out by human resources as an agency.

#### *HR Competencies Have a Positive and Significant Effect on the Reconciliation Process*

This shows that HR competencies have a statistically significant positive effect on the reconciliation process. The results of this study emphasize the need to prepare financial managers who have adequate competence in order to carry out the internal reconciliation process properly. The aim is to minimize the occurrence of recording

differences that have an impact on the validity and accuracy of the data presented in the financial statements. This shows that the use of Competency Theory by Spencer and Spencer in 1993 in this study has been able to answer the problem in this study, namely in terms of HR competence influencing the reconciliation process.

The results of previous studies which are in line with the results of the second hypothesis test, namely from research from Utami (2020) show that HR competence has a significant positive effect on the reconciliation process.

#### *HR Competencies Have a Positive and Significant Effect on the Quality of Financial Statements*

This research has succeeded in proving that HR competencies have a significant positive effect on the quality of financial reports. The results of the study indicate that the increasing competence of human resources can improve the quality of financial reports in the work unit. So, with the competence of qualified and adequate human resources, the preparation of financial reports will be of higher quality and the value of the information presented will be better. This shows that the use of Competency Theory by Spencer and

Spencer in 1993 in this study has been able to answer the problem in this study, namely in terms of HR competence affecting the quality of financial reports.

The results of this study are in line with previous research conducted by Utami (2020) which found that HR competence had a positive effect on the quality of financial reports, this study supports the results of research conducted by Sihite (2017), Saraswati (2019), Paramitha and Dharmadiaksa (2019) , and Zubaidi (2019). However, research by Haryati (2016), Isnaeni (2019), and Susena (2020) results that human resource competence has no effect on the quality of financial reports.

#### *Utilization of Information Technology Has a Positive and Significant Effect on the Reconciliation Process*

This study succeeded in proving that the use of information technology had a significant positive effect on the reconciliation process. Task Technology Fit (TTF) puts that information technology will only be used if its functions and benefits are available to support user activities. This theory indicates that performance will improve when a technology provides the right features and support associated with the task. The next thing to consider is the

suitability of tasks with technology related to the extent to which an individual's ability to use information technology to improve individual performance in carrying out tasks.

This shows that the use of Task Technology Fit (TTF) theory has been able to answer the problem in this study, namely the use of information technology can affect the reconciliation process. The reconciliation process carried out shows the results that it cannot be separated from the use of technology. The results of this study support the research conducted by Rahmayani (2018) which proves the hypothesis that the use of information technology has a positive effect on the reconciliation process.

#### *The Use of Information Technology Has a Positive and Significant Effect on the Quality of Financial Statements*

The results of the test through the t-test to test hypothesis 5 show that the variable of the use of information technology has a positive and significant effect on the quality of financial reports. This indicates that the higher the utilization of information technology in the satker, the better the quality of financial reports by obtaining the reliability of operating results and the ability to reduce human error. Utilization of

information technology in data management is known to have advantages in terms of speed in preparing financial reports.

The results of this study indicate that the use of Task Technology Fit (TTF) theory has been able to answer the problem in this study, namely the use of information technology can affect the quality of financial reports. In preparing quality financial reports, it is appropriate to use information technology, so as to create quality financial reports with a high level of accuracy in a faster time. The results of this study support the research conducted by Rahmayani (2018) which proves that information technology has a positive effect on the quality of financial reports.

#### *The Reconciliation Process Has a Positive and Significant Effect on the Quality of Financial Statements*

The results of hypothesis testing 6 in this study indicate the effect of the reconciliation process variable has a positive and significant effect on the financial statement quality variable. This indicates that there is a positive correlation between the reconciliation process and the quality of financial reports, namely the better the reconciliation process, the better the quality of financial reports in the work unit. In order for the data

produced by the central government accounting system to be relevant and reliable, it is necessary to carry out a reconciliation process to ensure the accuracy and accuracy of recording accounting data.

Agency theory according to Jensen & Meckling (1976) has been able to answer the problem in this study, namely the reconciliation process affects the quality of financial statements. This theory is also in line with the aims and objectives of PMK 222/PMK.05/2016 concerning Guidelines for Preparation and Submission of Financial Statements regulating the reconciliation process in the preparation of financial statements to ensure the quality of the financial reports produced.

This is supported by empirical studies that examine the effect of the reconciliation process on the quality of financial statements, including by Herdianto (2015), which explains that reconciliation has a positive effect on the quality of financial statements, as well as research conducted by Rahmayani (2018).

#### **CONCLUSION, IMPLICATION AND LIMITATION**

This study aims to examine and analyze the effect of HR competence, utilization of information technology, and internal reconciliation on the

quality of financial reports. The results of the study explain that the better the competence of human resources, the better information technology will be used in carrying out a task or job. Understanding the use of computer equipment and the use of financial management applications is a form of HR competency that implements the use of information technology properly so that the role of competent reconciliation process officers is needed in the process of matching financial transaction data to match the data contained in BUN which has been supported by utilization good information technology, as described in the Task Technology Fit (TTF) Theory.

The higher the utilization of information technology, the better the quality of financial reports by obtaining the reliability of operating results and the ability to reduce human error. Accurate and thorough reconciliation implementation certainly requires adequate technology in order to achieve the goal of obtaining complete, accurate and valid reconciliation results supported by adequate HR competencies, in order to realize the quality of financial reports.

The results of this study are in line with the agency theory according

to Jensen & Meckling (1976) which has been able to answer the problems raised. In its implementation in the unit, the results of the research and theory are also in line with the aims and objectives of PMK 222/PMK.05/2016 concerning Guidelines for Preparation and Submission of Financial Statements which regulates the reconciliation process which is supported by the use of information technology and competent human resources in compiling and producing quality financial reports as a form of financial accountability mandated by the people.

The results of this study support the agency theory proposed by Jensen and Meckling (1976), which states that public sector organizations as agents are obliged to carry out the provisions of the law through the preparation of financial statements as a form of accountability. Decision usefulness theory is in line with research results that the presentation of financial statements that are suitable for certain needs will be useful in the decision-making process (Scott, 2009).

The results of the research are expected to be used by work units as one of the considerations in determining policies related to recruitment and placement of

employees to suit the needs of organizations that are competent in financial management through training and technical guidance. In addition, it can consider increasing the guidance and supervision of its vertical units to each work unit in the implementation of the reconciliation process and preparation of financial reports so that the work unit can pay attention to the reconciliation process in the preparation of financial reports, both in terms of the schedule and stages of the process as well as the development of its application.

The preparation of quality financial reports requires competent human resources and is carried out in accordance with established procedures as a reference in preparing financial reports, one of which is the data reconciliation process which includes the use of information technology to support the achievement of quality financial reports.

Future researchers can pay attention to the limitations of this study for the sake of improvement in future research, namely by considering including other variables, for example by considering the variable of financial supervision or the application of government accounting standards. Further researchers are expected to be able to add interview

methods in field studies so that the data obtained have a high level of accuracy and are more valid, because researchers can communicate items. It is no less important to pay attention to the use of a combination of positive and negative statements on the questionnaire so that respondents are careful in answering and there is no consistency of answers.

Based on the previous explanation, practical advice that can be given is the need for training or technical guidance related to the preparation of financial reports to increase the knowledge and experience of financial report preparers related to their duties and functions. For the sake of the implementation of the financial reporting process properly in accordance with the mandate of the PMK, management also needs to think about strategies so that the implementation of this SAPP is getting better, where the commitment factor is very important. The implementation of the external electronic reconciliation process still requires maximum attention and supervision so that the process can run on schedule, on time and with appropriate results in order to improve the quality of financial reports.



The use of information technology as a supporting factor also needs attention, especially from central level agencies by paying attention to the provision of a capital expenditure budget to support the process of preparing financial reports, to put more order in the obligation to eliminate equipment and machinery as a requirement in submitting capital expenditures. Directions for the implementation of reconciliation for 5 years ago through PMK Number 104/PMK.05/2017 concerning Guidelines for Reconciliation in the Preparation of Financial Statements should also be accompanied by the provision of adequate facilities and infrastructure in its implementation.

KPPN as supervisor of the reconciliation process in the process of preparing financial reports at the work unit level needs to carry out guidance and monitoring so that the process is carried out properly, smoothly and on time. The monitoring is carried out thoroughly and continuously because it is the main key to achieving the target of quality financial reports.

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