

Buton Regency: The Multipurpose Influence of the Quality of Regional Government Financial Reports

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Abstract. This study aims to examine the effect of financial management competence and regional financial accounting system to the quality of financial statements. This research was conducted at Regional Government of Buton Regency during September to October 2022. The sample in this study is represented by 3 sub sections in finance in each SKPD which consists of the head of sub-finance, treasurer and financial staff, so that the number of samples in this study amounted to 63 civil servants (ASN). To obtain data regarding competence in financial management and regional financial accounting system, as well as the quality of regional financial reports, is carried out data collection using questionnaire. The results shows that the financial management competence and regional financial accounting systems simultaneously influence the quality of financial statements. The same results also shows that partially each financial management competence regional finance and regional financial accounting system have significant effect on the quality of financial reports on Regional Government of Buton Regency

Keywords: financial management competence, accounting system, quality of financial statements

1 Introduction

The competency of financial management and local financial accounting systems are two aspects that have an impact on the quality of financial reporting. The ability of human resources (HR) to perform the tasks assigned to them while receiving proper instruction, training, and experience is referred to as competency. Resource competence competent and reliable human resources (HR) are needed in compiling financial reports to produce quality financial reports. If HR have knowledge in preparing financial reports then HR will produce quality financial reports, otherwise if HR does not have or lacking of knowledge in preparing financial statements then HR will produce financial reports with low quality.

Competence is a characteristic of a person that can be seen from skills, knowledge, and abilities he has in terms of completing tasks charged to him [2]. Human resources in this case financial managers, If they lack competency, they won't be able to finish the work quickly, effectively, or cheaply. Because of the manager's skill, time can be saved when creating financial reports. The financial officer is already aware of and knowledgeable about the tasks that must be carried out in order to create the financial statements, finished, and delivered on

schedule. Financial statements can be regarded to be of high quality if they are delivered as quickly as possible because doing so improves decision-making [4].

In addition to the competence of financial managers, the quality of government financial reports regions are also influenced by the Regional Financial Accounting System (SAKD). Local government must have a trustworthy accounting system in order to create financial reports that are pertinent, trustworthy, and credible. Financial reports produced by accounting systems that are weak are also less trustworthy and meaningful for decision-making. Therefore, if the accounting system is applied, poor regional finances will also result in poor financial report quality.

It is acknowledged that the delivery of public services continues to be plagued by ineffective and inefficient governmental processes as well as human apparatus with poor resource quality. This is evident from the volume of grievances and complaints made by the public, either directly or through the media, about issues like complicated processes, lack of completion time certainty, costs that must be incurred, opaque requirements, officers' attitudes that are less responsive, and others that contribute to a negative perception of government.

2 Literature Review And Hypothesis Development

The Reliability of Financial Reports

Quality is characterized by adherence to standards, measured by grade conformity, and is achieved through inspection. Financial reports so to speak as useful information for interested parties decision-making. Qualified financial reports Whether the financial statements' information has been prepared properly, properly in accordance with accounting principles can also be understood by users of information. According to [3], the low quality of government financial reports area can be caused by the competence capacity of financial management implementing an accounting system. The problem of applying the basis of accounting is not just a matter of technical accounting, how to set accounting policy, account for a transaction's accounting treatment, make an accounting choice, and develop or evaluate an existing accounting system are more crucial than how to record transactions and deliver financial reports.

Financial Management Competence

Competence is the capacity to perform or complete actions based on knowledge and skills and backed by the attitude demanded for the position. Competence, defined as the capacity to perform at a level that is satisfactory at work, also reveals the features of the knowledge and skills that each person possesses or needs in order to carry out their duties and obligations successfully and enhance professional quality standards at work. [1].

The Reliability of Financial Reports

System of Regional Financial Accounting According to the Regulation of the Minister of Home Affairs No. 21 of 2011, Accounting System Regional Finance is defined as a series of procedures beginning with the process data collection, recording, follow-up suggestions, and financial reporting in the context of accountability for the implementation of the APBD. These procedures can be completed independently manually or by using a computer application.

All regional rights and liabilities within the scope of regional government administration that may be evaluated in monetary terms are referred to as regional finance. This includes all forms of wealth associated with the region's rights and obligations. To be able to run local

government with all aspects contained in it, each regional head must be able to carry out good regional financial management according to Permendagri No. 13 of 2006. The use of regional financial accounting systems can meet demands society in increasing the transparency and accountability of public institutions. This matter This is due to the fact that the regional financial accounting system is a system that documenting, as well as processing regional finances and related data starting from the procedure of gathering information, documenting it, compiling it, and reporting it to create financial data that is made available to the public and used as instruments for decision-making within the framework of responsibility for planning, carrying out, and reporting [6].

3 Research Methods

The Regional Government of Buton Regency undertook this study. located in Takawa Office Complex Pasarwajo Street. The object of this research is the employees of the finance section Regional Government of Buton Regency in SKPD during September to October 2022. The population in this study are civil servants (ASN) who are involved in the department of accounting at Regional Government of Buton Regency as many as 21 SKPD. The sample in this study is represented by 3 sub sections in finance, It includes the treasurer, head of sub-finance, and financial staff, resulting in 63 civil officials (21 x 3) from all finance departments in SKPD of the Regional Government of Buton Regency as samples for this study. A questionnaire is used to collect information on financial management proficiency, regional financial accounting systems, and the caliber of regional financial reports.

This study employed multiple linear regression analysis with the following formula to estimate the impact of financial management competency and effectiveness on the government's financial performance of the Regional Government of Buton Regency:

$$y = a + b_1X_1 + b_2X_2 + e \quad (1)$$

- y = Financial Statement Quality
- b₁, b₂ = tConvergence Coefficient
- X₁ = Financial Management Competency
- X₂ = Regional Financial Accounting System

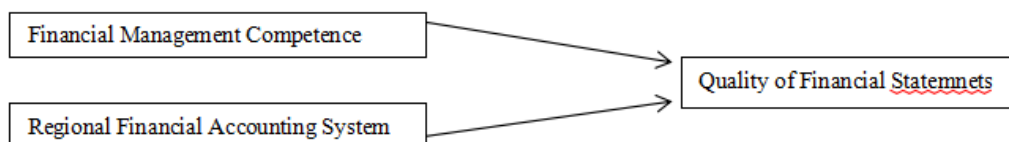


Fig. 1. Research Framework

4 Results And Discussion

1. The Impact of Financial Management Skills on Financial Statement Quality

The results of research on the variable financial management competence (X1) are obtained t-count (2,771) and t-table (1.990). The results of this calculation show that t-count > t-table with a significance of 0.001 or a probability below $\alpha = 5\%$. Therefore the results of statistical calculations show that partially the Financial Management Competency (X1) has a significant effect on the Quality of Financial Statements.

2. The Contribution of Regional Financial Accounting System to Financial Statement Quality

The results of research on regional financial accounting system variables (X2) are obtained t-count (7.861) and thel (1.990). The results of this calculation show that t-count > t-table with a significance of 0.002 or a probability below $\alpha = 5\%$. Therefore the results of statistical calculations show that partially the Regional Financial Accounting System has a significant effect on the Quality of Financial Statements.

Table. 1. Statistical t-Test Results

		<i>t</i>	<i>Sig</i>	Hypothesis
Financial Management Competency	→ Financial Statement Quality	2,771	0,001	Positive Significant
System of Regional Financial Accounting	→ Financial Statement Quality	1,672	0,002	Positive Significant

3. The Impact of Regional Financial Accounting System and Financial Management Competence on Financial Statement Quality.

Testing is done with ANOVA which compares the value of F-count with F-table in the table shows F-count of 47.341, while F-table is at the level the significance of $\alpha = 5\%$ is 3.115. From these calculations it shows that Fcount > Ftable (47.341 > 3.115), so that it can be concluded that Financial Management Competence (X1) And The Quality of Financial Statements is significantly impacted by the Regional Financial Accounting System (X2) as a whole.

Table. 2. Statistical F-Test Results

Model	Sum of Squares	dF	Mean Squares	F_{hitung}	F_{tabel}	Sig
Regression	4,778	2	2,887	47,341	3,201	0,001
Residual	3,971	69	0,057			
Total	11,522	78				

4. Correlation coefficient (R) and Determination (R2)

The correlation coefficient (R) value in the table below is 0.752, indicating a 75.20% correlation

between the independent and dependent variables. This means that the Quality of Financial Statements (Y) is closely related with Financial Management Competence (X1) and Regional Financial Accounting Systems (X2). The coefficient of determination (R²) is 0.514. This means that it is 51,40% Financial Management Competence (X1) and System of Regional Financial Accounting (X2) together effect on the Quality Financial Statements, while the remaining 44.50% is influenced by other factors outside rather than the variables of this study, such as work motivation factors, giving incentives, organizational commitment, education, training and others.

Table. 3. Correlation Test Results

R	R ²	Adjusted R ²	Std. Error of the estimate	
0,752	0,514	0,492	0,2073	Mid Correlation

5 Conclusion

Based on the statistical findings, this study effectively demonstrates how regional financial accounting systems and financial management proficiency both affect the reliability of financial statements. The same findings show that regional financial accounting practices and knowledge of financial management significantly influence the quality of financial reports for the Buton Regency regional government.

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