

**Influence Background Behind Education, Utilization System
Information and Internal Control of Quality Report Finance
(Study Case at Cleaning and Parks Department of Pemerintah Kota
Medan)**

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***Abstract.** This research aims to empirically test the influence of educational background, use of information systems, and internal control on the quality of financial reports at the Medan City Cleaning and Parks Service. The data used in this research uses primary data in the form of distributing questionnaires with 30 employees as respondents. Data obtained was processed using statistical formulas, namely by using multiple regression analysis processed with the SPSS Version 23 program. Results Research shows that educational background variables, use of information systems, and internal control positively affect the quality of the financial reports of the Medan City Cleaning and Parks Department.*

***Keywords:** Educational background, Utilization of Information Systems, Internal Control and Quality of Financial Reports*

INTRODUCTION

Financial reporting of government agencies must meet several qualitative characteristics as required in Government Regulation No. 24 of 2005 was then revised with Government Regulation No. 71 of 2010 concerning Government Accounting Standards, namely relevant, reliable, comparable, and understandable. For this reason, one step that can improve the quality of financial reports is the government's consistency in improving the quality of state financial accountability. This improvement in state quality accountability is demonstrated, among other things, by the increasingly improved opinion of the Financial Audit Agency (BPK) on financial reports. If the BPK provides an Unqualified Opinion (WTP) on the Regional Government Financial Report (LKPD), this means that it can be said that the financial report of the government entity has been presented and disclosed fairly and with quality. There are four opinions given by the BPK,

namely: Unqualified Opinion (WTP), Unqualified Opinion (WDP), Unqualified Opinion (TW), and Statement of Refusal to give an Opinion or Not Giving an Opinion (TMP).

Internal control is required to produce ideal financial reports that match the characteristics of financial reports per PP No. 71 of 2010. Both in terms of overall monitoring techniques for the company's operational activities, the systems or methods used to run the company, and the tools used by the company.

The implementation of internal control is related to human resources. Human resource factors support the achievement of the objectives of the company's internal control system. Field and basic competencies alone cannot guarantee good work productivity if the work morale and discipline of human resources are low. The productivity and discipline of human resources in the Medan City Cleaning and Parks Department are considered less effective because there are still employees who are not disciplined about their time and budget usage. Good internal control also does not guarantee that there will be no errors or deviations within the company, but at least it reduces the occurrence of errors and deviations within appropriate limits so that if errors and deviations occur they can be identified and resolved quickly.

Another factor that influences the quality of financial reports is the use of information systems. The quality of financial reports will be much better and increase if in preparing financial reports, reporting entities can develop and utilize information systems as best as possible, because the use of appropriate information systems can make the process of preparing financial reports more effective and efficient. The intensity of changes in government regulations regarding government financial management often occurs, for this reason, the use of information systems will be very helpful in facilitating understanding and speeding up the process of conveying information. The use of information systems cannot be separated from computer technology which can process very large amounts of data and can carry out very complex work. When compared with human capabilities, computer technology can work more consistently and more reliably. Utilization of information systems includes the use of computer applications such as the Regional Financial Information System (SIKD) and the Accrual Based Accounting System (SAIBA) while the Medan City Cleaning and Parks Service uses a workbook application because several employees have difficulty operating the information system so that the accountability process is still ongoing. less productive.

Inseparable from the role of HR as the party responsible for presenting financial reports, employees who present financial reports must have an appropriate educational background and have the capacity to do this work. An appropriate educational background means HR has more skills and understands the field they are examining compared to HR who have a background that is not appropriate to the field they are examining. This reality occurred at the Medan City Cleaning and Parks Department. Therefore, internal parties should place employees according to the fields they have mastered so that they can present better financial reports.

Based on the existing facts and descriptions above, the author took the research title: "The Influence of Educational Background, Use of Information Systems and Internal Control on the Quality of Financial Reports (Case Study at Cleaning and Parks Service of Pemerintah Kota Medan)".

Based on the background of the problem described above, the above formulation can be taken as follows:

1. Does educational background influence the quality of financial reports at the Medan City Cleaning and Parks Department?
2. Does the use of information systems affect the quality of financial reports at the Medan City Cleaning and Parks Department?
3. Does internal control affect the quality of financial reports at the Medan City Cleaning and Parks Department?
4. Do educational background, use of information systems, and internal control simultaneously influence the quality of financial reports at the Medan City Cleaning and Parks Department?

LITERATURE REVIEW

Theory (Agency Theory)

The theory underlying this research is agency theory theory). Agency theory (agency theory) discusses the relationship between the principal and the agent. An agency relationship is a contract in which one or more principals hire another person (agent) to perform some service for their benefit, namely by delegating some decision-making authority to the agent. The principal is the party who gives the mandate to the agent, in this case, the shareholder, while what is called the agent is the party who carries out the mandate from the principal. Namely, the management that manages the company. Agency

theory (*agency theory*) is emphasized to overcome two problems that can occur in agency relationships. The first is the agency problem which arises when the desires or goals of the principal and agent conflict with each other and it is difficult for the principal to verify whether the agent has done something correctly. Second, there is the problem of sharing where to bear the risks that arise the principal and agent have different attitudes toward risk. The essence of the agency relationship is that in the agency relationship, there is a separation between ownership (the principal), namely the shareholders, and control (the agent), namely the manager who manages the company.

Report Quality

For fulfill need usage report finance need criteria condition report accountancy considered finances can fulfill need usage report finance that.

As for the report finance called quality if can fulfill a number of condition characteristics quality according to PP no. 71 of 2010, namely:

- a. Report finance said relevant if existing information inside it can influence decision user with help evaluate past events as well as the present as well as predict front as well as confirm or correct results evaluation in Century then. With thereby information report relevant finance can connected with Meaning its use
- b. Report finance said reliable if the information contained inside it is free from misleading meaning and material error, presenting every fact in a way honest, as well can verify. Relevant information if essence or the presentation No can reliable so use information in a way potential can misleading
- c. Information available in the report finance will be more useful if can be compared to with report finance period or report finance entity other reporting in general. comparison can done well internally and externally. Comparison internally can done if some entity applies policy the same accounting from year to year. Whereas comparison can done if entities being compared apply the same policy. If something entity government applies policy more accounting good than policy current accounting implemented, changes the will disclosed in the period happen to change.
- d. Information available in the report finance can understood by the user and expressed in form as well as customized terms with limited understanding of users. So from that , user assumed own adequate knowledge on activities and environment operation entity reporting , as well exists will user for learn the information in question .

Understanding Education

The competence of an accountant in government is not free from the background behind education. Background education is interpreted as a level of education that has been taken by someone. Education is business aware as well as planned to use the realized atmosphere as well as the learning process for participants educate can active in develop potency self to use get spiritual power, control self, personality, morals nobility, intelligence, or skills needed by oneself themselves, society, nation and state (Law No. 20 of 2003). According to the Dictionary Big Indonesian (KBBI), Education is a learning process for every individual to reach knowledge as well as more understanding about something or object in a way specific. Knowledge the obtained in a way that makes every individual own pattern of appropriate thinking, behavior, and morals with an education that has been obtained.

The background behind education somebody a little Lots will influence and determine the success of somebody in an operating task or job. The background behind somebody will influence their placement in something organization because the right man in the right place will more easily realize objective company. Education level is considered a condition important in holding something position certain because reflects the intelligence and skills of someone. The higher the level of education somebody so possibility big will the more the position held is high. This thing assumes the higher level of education someone has, then the higher level of competence yes.

Understanding System Information Accountancy

Report finance government is very useful information for the user, to produce quality information well, an organization must have a system with good information. System purposeful information produces information finance called system information accounting.

Mulyadi (2010) stated that system information accountancy is gathering Coordinated forms, records, and reports that appear to provide information on financial requirements by management to use making it easier management company. Meanwhile, Romney and Steinbart (2015) argue that system information is the system collecting, recording, storing, and processing data that later becomes something useful information for the user.

System information accountancy refers to the Regulations Revised Government No. 56 of 2005 with Regulation Government No. 65 of 2010, regulations its implementation is Minister of Home Affairs Regulation (Permendagri) No. 13 of 2006 and Regulations Minister of Home Affairs Regulation No 59 of 2007, System This network-based capable computer connect and be able handle intermediate data consolidation Organization Regional Apparatus (OPD) with Unit Work Manager Regional Finance (SKPKD) so that data in the Regional Government can be obtained integrated with good.

System information used in the preparation and processing of data for report finance namely RKA-KL, Simak BMN, SAS (System Application Satker), SAIBA (System Accountancy Based Accrual), and SIKD (System Information Regional Finance). In 2019 the Ministry of RI Finance introduced the SAKTI application (System Application State Finance) used as a means for unit work to support the implementation of SPAN (System State Treasury and Budget) do management finances include stage planning until accountability?

The SAKTI application applies a system Single Database used by entities accounting and entities reporting state ministries /institutions with all over transaction entity accounting and entities reporting in a way system electronics. SAKTI consists of top SAKTI online and SAKTI offline, which use a single entry point system, single database, and accounting-based accrual with periodization transactions covering January until December, unaudited, and audited.

RESEARCH METHOD(S)

The type of research used by the author in this research is associative research where according to Sugiyono (2016), the aim is to determine the relationship, pattern, form, and influence between two or more variables. Russidi (2013) believes that with research a theory can be drawn that can function to explain, predict, and control symptoms. This research is aimed at determining the influence of educational background, use of information systems, and internal control on the quality of financial reports.

Study this was held on Medan City Cleaning and Parks Department. This service is located at Jalan Pinang Baris, No. 114 B, Lalang, Medan Sunggal District, Medan City, North Sumatra 20127.

A sample is a portion of the number and characteristics possessed by a population (Sugiyono, 2012). Sampling was carried out using non-probability sampling namely the Purposive method sampling where the researcher determines sampling by determining special characteristics that are in accordance with the research objectives so that it is hoped that they can answer the research problem.

The data source used is primary data. Primary data is data obtained manually directly from the respondent through a survey field with a spread questionnaire to respondents. Collection techniques are an objective and systematic way of obtaining or collecting oral and written information. The data collection technique used in this research is a questionnaire namely the form of questions asked to respondents, namely consumers who subscribe to the Medan City Cleaning and Parks Service which is the object of research and the assessment uses a Likert scale.

FINDINGS AND DUSCUSSION

Educational Background (X1) Influences the Quality of Financial Reports (Y)

The results of the analysis show that the p-value resulting from calculating educational background on the quality of financial reports is 0.049 at an error level of 5%. This shows that the p-value of 0.049 is smaller than the error level of 0.05 ($0.049 < 0.05$).

To find out whether educational background has a significant effect on the quality of financial reports or not, compare the calculated t-value with the t-table with a significance level of 5% and $n = 30$. The results of the correlation coefficient show that the t-calculated is greater than the t-table ($2.067 > 1.701$) which means there is a significant correlation. This research is in line with research by Riana Nugrah (2014) where in this research it can be proven that the level of education has a positive and significant effect on the quality of financial reports at the Makassar City Ministry of Religion office.

Utilization of Information Systems (X2) Influences the Quality of Financial Reports (Y)

The results of the analysis show that the p-value calculated from the use of information systems on the quality of financial reports is 0.039 at an error level of 5%. This shows that the p-value of 0.039 is smaller than the error level of 0.05 ($0.039 < 0.05$).

To find out whether the use of information systems has a significant effect on the quality of financial reports or not, compare the calculated t-value with the t-table with a significance level of 5% and $n = 30$. The results of the correlation coefficient show that

the calculated t- greater than the t-table ($2.178 > 1.701$) which means there is a significant correlation. This research is in line with the research Noprial Valenra (2015) where in this research it can be proven that the use of information technology influences the quality of the financial reports of SKPD Indragiri Hulu Regency.

Internal Control (X3) Influences the Quality of Financial Reports (Y)

The results of the analysis show that the *p-value* resulting from internal control calculations on the quality of financial reports is 0.003 at an error level of 5%. This shows that the p-value of 0.049 is smaller than the error level of 0.05 ($0.003 < 0.05$).

To find out whether internal control has a significant effect on the quality of financial reports or not, compare the calculated t-value with the t-table with a significance level of 5% and $n = 30$. The results of the correlation coefficient show that the t-calculated is greater than the t-table ($3.252 > 1.701$) which means there is a significant correlation. This research is in line with research by Aditya Sanjaya (2017) where in this research it can be proved that the internal control system has a positive and significant effect on the quality of government financial reports, which means that the better the internal control system, the better the quality of the government financial reports produced.

CONCLUSION AND RECOMMENDATION

Conclusion

Based on data analysis and discussion of research results, the following conclusions can be drawn:

1. There is a positive influence between educational background on the quality of financial reports at the Medan City Cleaning and Parks Department.
2. There is a positive influence between the use of information systems on the quality of financial reports at the Medan City Cleaning and Parks Department.
3. There is a positive influence between internal control on the quality of financial reports at the Medan City Cleaning and Parks Department.
4. There is a positive influence between educational background, use of information systems, and internal control on the quality of financial reports at the Medan City Cleaning and Parks Service.

Recommendations

The suggestions that can be given through the results of this research are as follows:

1. For the Medan City Cleaning and Parks Department, more pay attention and determine employees in accordance with background behind education of each employee's skills, maintenance system information finance as well as strengthening internal control, especially in the section finance.
2. The researcher next, can add method interviews directly to each respondent and consider existing variables other independent as influencing factors quality report finance government.

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