



The Influence of Competence and Internal Control on Financial Reporting of Southeast Sulawesi Provincial Hospital

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Received: 08/06/2021

Accepted: 12/06/2021

Published: 01/07/2021

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ABSTRACT

*This study aims to analyze the influence of competence and internal control system on the quality of financial reporting at Bahteramas General Hospital in Southeast Sulawesi Province. The method of data collection used is questionnaire data. The samples in this study were all employees of the finance department of Bahteramas Hospital of Southeast Sulawesi Province which amounted to 40 employees. The analysis technique uses multiple linear regression analysis *t* test (partial test) and *F* test (simultaneous test) and determination coefficient test. The results of this study showed that partially and simultaneously the competence and internal control system had a positive and significant effect on the quality of financial reporting at the Bahteramas General Hospital in Southeast Sulawesi Province.*

Keywords: Competency, Internal Control System, Quality of Financial Reporting

I. INTRODUCTION

Along with the rapid development of the times characterized by many developments in the field of technology, increasingly sophisticated industries. This, does not close the possibility that there are still many misappropriations committed by parties in the government such as Collusion, Corruption and Nepotism, so that government organizations are required to be able to carry out financial management properly, effectively, efficiently, transparently and accountably. It is based on state law nr. 17/2003. To meet the criteria of transparent and accountable financial management, namely with quality financial reporting, both in terms of presentation, disclosure and reporting. According to M. Agung (2018) the presentation of quality financial reporting is one reflection that the financial management of a government can be said to be good.

Government Regulation Nr. 71/2010 concerning government accounting standards is an accounting principle that is applied as a guideline in compiling and presenting financial statements. Government accounting standards stated that qualitative characteristic financial reporting is a normative measure embodied in accounting information so as to achieve its objectives that include relevant, reliable, understandable and comparable. In government organizations financial statements are a form of accountability that needs to be presented in a transparent and accountable manner including Budget Re-realization Report, Over Budget Balance Change Report, Balance Sheet, Operational Report, Cash Flow Report, Equity Change Report and Notes on Financial Statements.

Similarly, hospitals that are one of the public service institutions that have an important role to improve the health of the entire community where hospitals have an obligation to be able to serve the community, can develop and be independent and able to compete and provide quality and affordable services for the community, are required to be able to account for all financial activities carried out through the financial statements produced, so that financial statements can be useful to parties in need such as the community, government etc. Financial statements must be presented in accordance with applicable accounting standards and meet the normative requirements of presentation of financial statements. Hospitals are also required by the government to realize optimization of service performance, financial performance and performance benefits so that financial management can be implemented effectively and efficiently.

The quality of financial reporting can be influenced by the competence owned by a person, where if the competence of good human resources will produce activities effectively and efficiently (Hutapea, 2008). Not only that, in carrying out hospital operations, there needs to be the implementation of an internal control system that aims to minimize the risk of errors that may occur in the activities carried out.

Internal control system is an integral system that must be run by the leadership and all employees to provide adequate assurance that the objectives of the organization are achieved including the effective and efficient implementation of activities, reliability of financial statements, safe guarding of state assets and compliance with laws and regulations (Government Regulation Nr. 60/2008).

The phenomena on that occurs in the application of hospital financial management that has changed its status to Local Public Service Unit has not all run optimally. This is because there are still problems and constraints of human resources in understanding the limited financial management of Local Public Service Unit in terms of quality and quantity (www.syncore.co.id, 2018). Where Bahteramas General Hospital of Southeast Sulawesi Province in 2011 has also changed its status to Local Public Service. In the profile of Bahteramas General Hospital of Southeast Sulawesi Province in 2019 stated that there needs to be additional employees, education and advanced formal training for staff both medical and non-medical staff with type/class B owned by Bahteramas Hospital. The audit related to the presentation of financial statements at bahteramas General Hospital of Southeast Sulawesi Province conducted by external auditors, namely Accountant Public Firm stated that the audit results of financial statements are Fair Without Exception in 2017 to 2019. However, in 2019 there are weaknesses in the internal control system, one of which is in the presentation of financial reporting produced by Bahteramas General Hospital of Southeast Sulawesi Province, namely the Budget Realization Report has not been in accordance with Government Accounting Standards in the provisions of hospital Local Public Service Unit (*LHP Summary Book on LKPD of Sulawesi Province Based on IHPS I year 2019*).

This research refers to previous research conducted by Lusi, Putri Ikasari, Suharno and Bambang Widarno (2017) entitled the influence of internal control system, understanding of government accounting standards and human resource competency on the quality of financial reporting with the result that the internal control system, understanding government accounting standards and human resource competencies have a positive and significant effect on the quality of financial reporting.

In contrast to the research conducted by Jeremia (2018) with the title of research on the influence of human resource competence, the application of internal control systems, the application of government accounting standards and the utilization of information technology on the quality of local government financial reporting. The results of this study showed that human resources, the application of internal control systems, the application of government accounting standards have no significant effect on the quality of local government financial reporting and the utilization of technology has a significant effect on the quality of local government financial reporting.

So important is the role of human resource competence and internal control system to the quality of financial reporting produced, the author wants to know and study its application to the General Hospital Bahteramas Southeast Sulawesi Province. This research aims to find out and analyze the influence of competence and internal control system on the quality of presentation of financial reporting. The results of this study are expected to be useful and useful for Bahteramas General Hospital of Southeast Sulawesi Province in improving the quality in the presentation of its financial reporting.

II. RESEARCH METHODS

This research was conducted at Bahteramas General Hospital in Southeast Sulawesi Province. The time of this study was conducted for five months from November 2020 to February 2021. In this study there are three research objects, namely competence, internal control system as an independent variable and the quality of financial reporting as dependent variables. Sampling method using census sampling or saturated sampling where the entire population is made sample (Sugiyono, 2015). This research approach uses a quantitative approach with descriptive statistical analysis. The measurement scale in this study used the Likert scale. The hypothesis formulated in this study, can be seen in the research paradigm picture as a mindset that shows the relationship between variables to be studied and reflects the type and number of problem formulations that need to be answered through this study (Sugiyono, 2015) as follows:

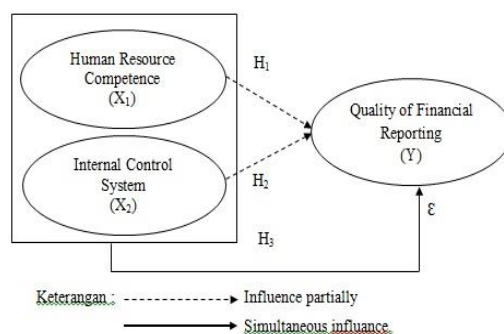


Figure 1. Research Paradigm

- H_1 : The Influence of Competence on the Quality of Financial Reporting.
- H_2 : Effect of Internal Control System on the Quality of Financial Reporting.

- H3: The Influence of Competence and Internal Control System on the Quality of Financial Reporting.

III. RESULTS AND DISCUSSIONS

Description of Respondent Characteristics

The characteristics of respondents intended in this study include gender, education level, age, length of work and educational background. Based on data obtained from respondents answers to questionnaires shared characteristics of respondents mostly have female gender with a percentage of 70%, the education level mostly has an S-1 education level with a percentage of 70%, most have an age of 41-50 years with a percentage of 50%, the duration of work mostly has a working time of 11-20 years with a percentage of 50%, the educational background mostly has an educational background in management science with a percentage of 42.5% and accounting with a percentage of 37.5%.

Validity Test

1. Human Resources Competency

Of the eleven question items showed that the *product moment* correlation value for each statement item in the variable competency greater than 0.30 with the significance level of each statement item less than 0.05 (a significant level of 5% and $n = 40$), so it can be concluded that the items of the statement are declared valid, and can be used for data retrieval.

2. Internal Control System

Of the sixteen question items showed that the *product moment* correlation value for each statement item on the variabel internal control system was greater than 0.30 with the significance of each statement item less than 0.05 (a significant level of 5% and $n = 40$), so it can be concluded that the items of the statement are declared valid, and can be used for data retrieval.

3. Quality of Financial Reporting

Of the twelve question items showed that the *product moment* correlation value for each statement item on the variabel internal control system is greater than 0.30 with the significance level of each statement item less than 0.05 (a significant level of 5% and $n = 40$), so it can be concluded that the items of the statement are declared valid, and can be used for data retrieval.

Reliability Test

All variable statement items (Competency, Internal Control System and Quality of Financial Reporting) have an *alpha* value above 0.6 and so it can be concluded that all statement items are reliable or reliable and can be used in data retrieval.

Classic Assumption Test

Before regression analysis of research variables first conduct a classic assumption test. Classic assumption test aims so that the data can be used as a source of testing and can produce the correct conclusions (Sugiyono, 2015)

Autocorrelation Test

Table 1. Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.764 ^a	.584	.561	.28118	.584	25.959	2	37	.000	2.202

Primary data processed in 2020

Based on the summary output of the table above, it can be seen in the Durbin-Watson (D-W) number of 2.202, where the number is between -4 to +4 which means that there is no autocorrelation.

Normality Test

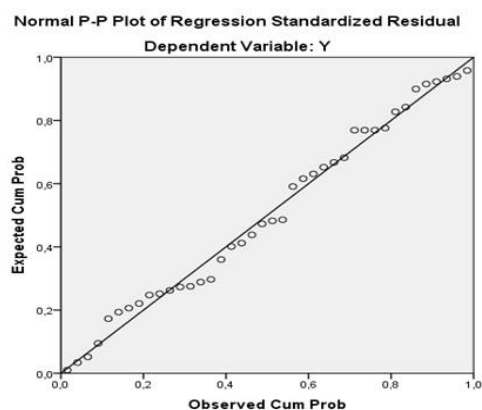


Figure 1. Normal Probability Plot
(Primary data processed in 2020, SPSS 22)

The image above shows that the dots spread around the diagonal line and follow the diagonal line direction, so it can be concluded that dependent variables and independent variables are normally distributed or the regression model meets the assumption of normality.

Multicollinearity Test

Table 2. Multicollinearity Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error				Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	-.340	.631		-.539	.593				
	X1	.508	.168	.404	3.024	.005	.676	.445	.321	.630
	X2	.616	.184	.448	3.352	.002	.694	.483	.355	.630

Primary data processed in 2020

The table above shows the value of VIF or Variance Inflation Factor Variable Competency (X_1) of 1,587 and Internal Control System (X_2) of 1,587. The values are all less than 10, while the tolerance value for competency variables (X_1) is 0.630 and internal control system (X_2) is 0.630 which is greater than 10%. It can be concluded that in the regression model there is no correlation between free variables independent or no multicollinearity occurs.

Heteroskedasticities Test

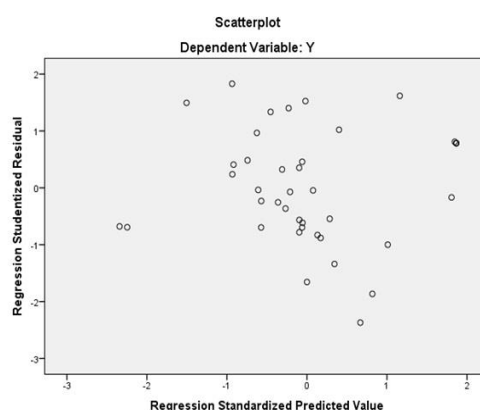


Figure 2. Normal Probability Plot

(Primary data processed in 2020, SPSS 22)

Chart scatter plot above shows that the spread of the points formed randomly, does not form a certain pattern and the direction of spread is above or below the number 0 on the Y axis or in other words away from the scale number 0, thus there is no symptom of heteroskedasticities in this regression, so the regression model is feasible to be used to predict the quality of financial reporting based on independent variable inputs, namely competence and internal control systems.

Hypothesis Test

Table 2. Multiple Linear Estimation Results

Model	Unstandardized Coefficients		Standardize Coefficients	T	Sig.
	B	Std. Error			
(Constant)	-.340	.631		-.539	.593
Human Resource Competence	.508	.168	.404	3.024	.005
Internal Control System	.616	.184	.448	3.352	.002
R ²	.584				

Primary data processed in 2020

Based on the table above hasyl coefficient of regression can be obtained the following equation:

$$Y = 0.508X_1 + 0.616X_2 + \epsilon$$

Table 3. Summary test t, F and Coefficient Determination

Variabel	t-hitung	t-tabel	Sig.	F-hitung	F-tabel	Sig.	R Square
X1	3.024	1.687	0.005	25.959	3.52	0.000 ^b	0.584
X2	3.352	1.687	0.002				

Primary data processed in 2020

t Test (Partial Test)

1. Competency (X1)

Based on table 2 and 3 above shows that the $t_{\text{calculation}}$ for competency variables is $3,024 >$ from the t_{table} is $1,687$ or with a significance level of $0.005 <$ from $\alpha = 0.05$, then from the test results can be concluded that H_1 . This indicates that competence partially positively and significantly affects the quality of financial reporting.

2. Internal Control System

Based on tables 2 and 3 above shows that the $t_{\text{calculation}}$ for internal control system variables is $3,352 >$ of the t_{table} t is $1,687$ or with a significance level of $0.002 <$ from $\alpha = 0.05$, then from the test results it can be concluded that H_2 is accepted. This indicates that the internal control system partially positively and significantly affects the quality of financial reporting.

Test F (Simultaneous Test)

Based on the summary table of test t , F and coefficient of determination shows the result of the value of $F_{\text{calculated}}$ by $25.959 >$ from the value of F_{table} 3.52 or with a significance level of F of $0.000 <$ from $\alpha = 0.05$, it can be concluded that H_3 is accepted. This means that the overall free variables of competence and internal control system simultaneously have a positive and significant effect on the quality of financial reporting.

Determination Coefficient (R^2)

Based on the summary table of test t , F and coefficient of determination indicate magnitude R^2 ($R\text{-Square}$) = 0.584 . This indicates that the direct influence of competency variables (X_1) and internal control systems (X_2) on the quality of financial reporting (Y) is 58.4% . This means that there are other variables or epselon variables (ϵ) of 41.6% that affect variable Y but are not measured in this study.

DISCUSSION

Effect of Human Resource Competence on the Quality of Financial Reporting

Based on the results of statistical analysis in this study, it was found that the first hypothesis (H_1) competency has a positive and significant effect on the quality of financial reporting at Bahteramas General Hospital in Southeast Sulawesi Province. Thus, it can be said as the reason why competence has a positive and significant effect on the quality of financial reporting.

The results of this study are in accordance with the theory presented by Hutapea (2008) which is where human resources must have competence in their fields in this case the capacity that is owned so as to be able to meet what is required in a job and ultimately able to achieve the expected results. As well as the theory put forward by Wahyono (2004) in Saleba (2015), that every part of the government must be filled with the right people, namely those who have competence in accordance with the main tasks and functions that have been determined. The results of the study are also in line with previous research conducted by Lusi Putri Ikasari, Suharno and Bambang Widarno (2017), which stated that competence has a positive and significant effect on the quality of financial reporting. This means that if human resources are managed properly will produce competent and qualified human resources so that it will have an impact on the performance of a good organization. The research is also in line with research conducted by Dzulfikar Ahli Fikri (2016) stated that competence has a positive and significant effect on the quality of financial reporting. In the study stated that the staff of the finance department must be filled by people who have knowledge in the field of accounting and other financial sciences so as to have competence with the main tasks and functions.

This research is not in line with the research conducted by Jeremia (2017), which stated that competency has no significant effect on the quality of Dairi district financial statements caused by the head of sub-section, treasurer and staff of the finance sub-section does not have an educational background in accounting and only attends training 1-2 times. Where the educational background and supported by sufficient training is indispensable in the preparation and presentation of financial reporting.

Effect of Internal Control System on the Quality of Financial Reporting

Based on the results of statistical analysis in this study, it was found that the second hypothetical system (H_2) internal control system had a positive and significant effect on the quality of financial reporting at Bahteramas General Hospital in Southeast Sulawesi Province. Hal can be seen from the data of respondents that respondents who agree on the components of the control environment created in the General Hospital Bahteramas Southeast Sulawesi Province such as the implementation of an effective code of conduct, organizational structure that is prepared in accordance with authority and responsibility, optimal monitoring is carried out such as examination of accounting records by the leadership and in the organizational structure there is an internal supervisory unit to ensure that Standards Operating Procedures can achieve the expected objectives of one of them in the reliability of financial statements. Thus, it can be said as the reason why the internal control system has a positive and significant effect on the quality of financial reporting.

The results of this study are in accordance with Government Regulation Nr. 60/2008 which states that with the internal control system conducted continuously by the leadership and all employees will provide adequate confidence in the achievement of organizational objectives including one of them in the reliability of financial statements produced this research in line with the research Dzulfikar Ahli Fikri (2016), which states that the internal control system has a positive and significant effect on the quality of financial reporting. This means that if the internal control system is more effective, then the quality of financial reporting will be better. Thus, financial implementation of government activities can achieve effective and efficient management. Lusi Putri Ikasari, Suharno and Bambang Widarno (2017) in her research stated that the internal control system has a positive effect and signifikan the quality of financial statements with the internal control system can check the accuracy and reliability of accounting with the accounting system, the risk of errors and record-keeping errors can be minimized so as to reduce errors.

This research is not in line with the research conducted by Jeremia (2017), which states that the Internal Control System has no significant effect on the quality of financial reports in Dairi district caused by the monitoring of internal control has not been implemented optimally such as examination of accounting records by leaders that have not been fully carried out and the control environment has not been carried out as well as optimally as the implementation of the code of ethics in the agency has not been effectively implemented. Where the control environment is a basic component of the four components of internal control that must be applied properly.

Effect of Human Resource Competence and Internal Control System on the Quality of Financial Reporting

Based on simultaneous regression tests, the Quality of Financial Reporting at Bahteramas General Hospital in Southeast Sulawesi Province is influenced by Competence and Internal Control System. The result of the statistical test influence is quite large which is 58.4% while the remaining 41.6% is influenced by other factors outside this study.

This research is expected to provide input, reference materials and can be useful for additional information facilities related to competence and internal control systems that can affect the Quality of Financial Reporting so that it can be applied, be it at the Bahteramas General Hospital Southeast Sulawesi Province, Government Institutions to be able to produce good financial management, effective and efficient.

IV. CONCLUSIONS AND SUGGESTIONS

Based on the results of research and discussions previously stated as for conclusions that can be formulated as follows:

1. Based on the results of the hypothesis test that competency partially positively and significantly affect the quality of financial reporting. This means that if more competent human resources competence will have a more impact on the quality of financial reporting produced at the Bahteramas General Hospital in Southeast Sulawesi Province.
2. Based on the results of the hypothesis test sistem internal control partially positively and significantly affect the quality of financial reporting. This means that if the implementation of internal control system in the organization, the financial implementation of activities at Bahteramas General Hospital in Southeast Sulawesi Province can achieve effective and efficient management. Therefore, the better the internal control system will have a more impact on the quality of financial reporting.
3. Based on the results of the hypothesis test competency and internal control system simultaneously positively and significantly affect the quality of financial reporting. This means that the more competent the competence and application of a good internal control system, the more qualified the presentation of financial statements at the Bahteramas General Hospital of Southeast Sulawesi Province.

The Suggestion that can be formulated are as follows:

1. For further researchers, this research area should only use the research area at Bahteramas General Hospital in Southeast Sulawesi Province, should be able to add research area. This research is also limited to two independent variables, namely competence and internal control system is expected to add other independent variables. This is intended so that research can be developed more widely.
2. For Bahteramas General Hospital of Southeast Sulawesi Province should be more frequent to conduct training or training with materials that are easy to understand to human resources related to the presentation of financial reporting. It is necessary to improve information and communication in internal control so that information can be provided in a timely manner so as to assist employees in improving and understanding the duties and responsibilities given in this case to achieve the quality of financial reporting.
3. For the government as an additional information material or as a material evaluation and consideration in improving the quality of financial reporting that need to be applied to the Regional Apparatus Organization in government. By conducting training as often as possible to the relevant regional apparatus organization in government and directing regional apparatus organization to implement an internal control system based on Government Regulation Nr. 60 /2008.

RECOGNITION

The author thanked Halu Oleo University, Faculty of Economics and Business majoring in accounting who has helped the author both in terms of material and motivation so that this research can be completed.

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