

## PERFORMANCE ACCOUNTABILITY OF GOVERNMENT AGENCIES IN WAJO DISTRICT SOUTH SULAWESI

Syamsu Alam, Tenriwaru, Andi Nurwanah

*Pogram Studi Akuntansi Fakultas Ekonomi Bisnis*

*Universitas Muslim Indonsia Makassar*

Email: [syamsu.alam@umi.ac.id](mailto:syamsu.alam@umi.ac.id), [tenriwaru.tenriwaru@umi.ac.id](mailto:tenriwaru.tenriwaru@umi.ac.id), [andi.nurwanah@umi.ac.id](mailto:andi.nurwanah@umi.ac.id)

This study aims to determine how the competence of the financial apparatus and the application of the financial accounting system in realizing the qualitative characteristics of regional financial statements so it can become a reflection of the achievement of the performance accountability of local government agencies as regional financial managers. The data of the research is primary quantitative data obtained directly from the source or place where the research was conducted. The data collection conducted a survey using a questionnaire instrument which was measured using a Likert scale. The data analysis method used was the Descriptive Statistical Test and Partial Least Square (PLS) by performing the Outer Model Test - Measurement Model and Inner Model Test - Structural Model. The findings of this study are: 1) Apparatus competence has a significant effect on the quality of regional financial statements; 2) The regional financial accounting system has a significant effect on the quality of regional financial statements; 3) Apparatus competence has a significant effect on the performance accountability of government agencies; 4) The regional financial accounting system has a significant effect on the accountability of the performance of government agencies; 5) The quality of regional financial statement has a significant effect on the performance accountability of government agencies; 6) Apparatus competence has a significant effect on the performance accountability of government agencies through the preparation of quality regional financial statements; 7) The regional financial accounting system has a significant effect on the performance accountability of government agencies through the preparation of quality regional financial statements.

*Keywords: Competence, SAKD, Quality of Financial Statements, AKIP, Wajo Regency*

### 1. INTRODUCTION

Jensen and Meckling (1976) sparked agency theory which describes the interests between principals and agents. Agency theory is based on "the contractual relationship between shareholders (owners) and management (managers)". In the public sector, agency theory sees that the state has an agency relationship between the community and the government or the relationship between local and central government (agency relationship). The central government gives authority to local governments, then local governments are accountable to the central government. This agency relationship can be seen in budget preparation. The regional government prepares a budget, then the budget is submitted to the central government, after approval from the center, the regional government executes the budget. In an agency relationship, the government as an agent must carry out what is in the interests of the community as its principal. Accountability to the public is what is known as performance accountability to the public.

The financial report is a form of government performance accountability, which contains information on the management of state finances. Information in financial statements must reflect the accountability of state financial management. Accountability must reflect public resource managers in financing development and running the wheels of government.

Referring to the results of the audit by the Supreme Audit Agency (BPK), there are still several regional financial reports that received disclaimer opinions. It shows that good

governance has not been realized in managing state finances. Good governance according to (Zirman et al., 2010) is a prerequisite for every government to realize people's aspirations and achieve the goals and ideals of the nation.

Several factors have been allegedly the cause of obstruction to the realization of performance accountability in several areas, including inadequate human resources (HR) and inadequate application of the accounting system. It will have an impact on the quality of the preparation of financial reports and the realization of good performance accountability. According to (Syarifudin, 2014) the success of an organization in achieving its goals is largely determined by the quality and capability of its human resources. Meanwhile (Afrasy & Aimon, 2014) the role of human resources is more emphasized on the ability to provide the best service for the community, so the organization continues to have a good performance reputation and accountable in the view of the community.

According to the website [www.bpk.go.id](http://www.bpk.go.id) 2014 on 184 LKPDs, the audit results of BPK found cases of unpreparedness of local governments in implementing accrual-based accounting. BPK RI found problems, the local government did not have human resources, both in quantity and quality, because there were still many human resources with irrelevant educational backgrounds.

To produce regional financial statements, a Regional Financial Accounting System (SAKD) is required as a procedure from the initial data collection stage to financial reporting on the implementation of the Regional Budget (Permendagri No. 59 of 2007). In line with (Anggaraeni et al., 2015) and (Andini & Yusrawati, 2015) said that in the process of preparing financial statements, a financial accounting system is needed.

According to (Wati et al., 2014), the regional financial accounting system has a significant effect on the quality of regional financial statements. Meanwhile (Soleha, 2014) said that the implementation of an adequate regional financial accounting system can increase the financial accountability of SKPD. Based on the summary of the audit results for semester 1 of 2013, BPK gave WTP to 113 entities, WDP opinion on 267 entities, and 31 entities received TMP opinion. Many financial statements have received an unfair opinion and a disclaimer because the preparation has not been in accordance with the established standards

The government has made some efforts to prepare the reports based on the regional financial accounting system, to produce quality financial statements. However, not all government officials understand the regional financial accounting system. Quality financial reports will certainly affect the realization of accountability for local government performance. The Regional Government of Wajo District, South Sulawesi, of course, also prepares financial statements as a reflection of the good implementation of the government and as the manager of regional finances. As the manager of regional finances, the government will be accountable for the management of these finances to the public through the mechanism of people's representatives in the DPRD.

Referring to the phenomena above, the authors are interested in researching the local government of Wajo District with the object of research regarding the competence of financial apparatus, the application of the regional financial accounting system, the quality of financial information and the performance accountability of government agencies as the subject of SKPD in Wajo District, South Sulawesi

### **Financial Apparatus Competence**

Competence is a dimension of behavior that determines a person's ability to achieve results. Competence shows how people behave when they carry out their roles. According to (Andini & Yusrawati, 2015) competence is a person's ability to produce something satisfying in the workplace, including a person's ability to transfer and apply these skills and knowledge in new situations and increase the agreed benefits.

According to (Syarifudin, 2014) the success of an organization in achieving a goal is largely determined by the ability of its apparatus. In public organizations, the role of human resources is more emphasized on the ability to provide the best service for the community, so the organization still has a reputation for superior performance and is accountable in the view of the community.

Regarding to regional financial management, according to (Kalumata et al., 2016) in managing regional finances, SKPDs must have quality apparatus, supported by an adequate educational background and training in finance. Implementing an accounting system in local governments requires competent human resources because understanding good accounting logic requires expertise. In line with (Inapty & Martiningsih, 2016) that human resource capacity affects the reliability of local government financial reporting.

According to (Lasmara & Rahayu, 2016), (Huslina et al., 2015), (Megawati et al., 2015), (Wati et al., 2014) and (Andini & Yusrawati, 2015) explain that human resource competence affects positive and significant impact on the quality of regional financial statements. It means that better competence in human resources will improve the quality of regional financial statements. Likewise, according to (Zirman et al., 2010) and (Rafar et al., 2015) explaining that the competence of local government officials has a positive effect on the performance accountability of government agencies.

Three main components of competency formation are knowledge, abilities, and individual behavior. Knowledge is information that a person has to carry out a task in accordance with his field. Skills are an effort to carry out the tasks assigned by the company to an employee properly and optimally. Behavior / attitude is a pattern of behavior of a person in carrying out his duties and responsibilities in accordance with company regulations. The competence of the financial apparatus in the regions is the ability of a person or individual in an organization (institution) or a system to carry out the functions of their authority to achieve their goals effectively and efficiently.

### **Regional Financial Accounting System**

The accounting system is a field of accounting that specializes in planning and implementing procedures for collecting and reporting financial data. Regional Financial Accounting System (SAKD) is an accounting system that includes the process of recording, classifying, interpreting, summarizing financial transactions or events as well as financial reporting in the context of implementing the regional budget (APBD).

According to (Anggaraeni et al., 2015) the process of preparing regional financial statements requires a regional financial accounting system (SAKD) which is based on government accounting standards. Furthermore (Andini & Yusrawati, 2015) explained that SAKD is a series of procedures starting from the process of data collection, recording, summarizing, to financial reporting, in order to be accountable for the implementation of the APBD which can be done manually or using a computer application.

The preparation of financial statements is guided by government accounting standards to realize the quality of financial statements, so it can increase their credibility and be able to realize transparency and accountability of local government financial management.

According to (Wati et al., 2014), (Dewi & Mimba, 2014) (Andini & Yusrawati, 2015) and (Ayu et al., 2016) explain that SAKD has a significant effect on the quality of regional financial statements. The higher level of application of the regional financial accounting system, it will improve the quality of regional financial statements. Meanwhile, according to (Soleha, 2014) and (Pamungkas, 2012), it is explained that adequate implementation of SAKD can improve SKPD's financial accountability. The application of financial accounting contributes to increase the accountability of the performance of government agencies in terms of presenting financial information.

### **Characteristics of the Quality of Regional Financial Statements**

The quality of financial statements is important, because this information will form the basis for stakeholders in making economic decisions. According to (Yuliani & Agustini, 2005) accounting information contained in local government financial statements must fulfill the qualitative characteristics, namely relevant, reliable, comparable and understandable. It is in line with (Evicahyani & Setiawina, 2016) that regional financial statements are expected to really be of high quality at an adequate level of characteristics.

According to (Yuliani & Agustini, 2005), an effort to achieve transparency and accountability in government management, both central and local governments, is to submit an accountability report in the form of a financial statements that fulfill the principles and is compiled by following SAP.

The normative characteristics of the quality of government financial statements are: a) relevant, namely: feedback benefits, predictive benefits, on time, complete; b) reliable, namely: honest presentation, verifiability, neutrality; c) comparable, the information contained in the financial statements can be compared with the financial statements of the previous period or the financial statements of other reporting entities in general; d) understandable, the information presented in the financial statements can be understood by users and expressed in forms and terms that are adjusted to the user's understanding limits.

### **Accountability for Performance of Government Agencies**

Accountability for performance of government agencies (AKIP) is the obligation to provide accountability or answer and explain the performance and actions of a person / legal entity / leader of an organization to parties who have the right or authority to request information or accountability. According to (Evicahyani & Setiawina, 2016) Accountability is a form of responsibility that is carried out continuously at any given period in achieving the planned goals and objectives which reflect the success or failure of the implementation of the organization's mission.

According to (Zirman et al., 2010) the implementation of good governance is a prerequisite for any government to realize people's aspirations and achieve the goals and ideals of a nation. Development and application of an accountability system that is appropriate, clear, measurable and legitimate so that governance and development can take place in an efficient, clean and responsible manner and free from corruption, collusion and nepotism.

## 2. RESEARCH METHOD

### Operational research variables

The research was conducted at 28 Regional Work Units (SKPD) in Wajo District. The research variables consisted of independent variables, namely Apparatus Competence and Regional Financial Accounting Systems and the dependent variable, namely the Quality of Financial Statements and Performance Accountability of Government Agencies. Measurement of this variable is measured by a Likert scale, namely 1) strongly disagree 2) disagree 3) do not know 4) agree 5) strongly agree. The operationalization of variables can be described as follows:

Table 1. Operationalization of Variable

No	Variable	Dimension	Indicator	Scale
1	Human resource competence (X1)	1. Knowledge	<ul style="list-style-type: none"> <li>▪ Understand the theory well.</li> <li>▪ Understand the rules well.</li> <li>▪ Good service.</li> <li>▪ Think creatively at work.</li> <li>▪ Gives good ideas.</li> </ul>	Ordinal
		2. Skill	<ul style="list-style-type: none"> <li>▪ Good cooperation.</li> <li>▪ Solve the problems well.</li> <li>▪ Ability to communicate.</li> <li>▪ Responsibilities accepted.</li> </ul>	
		3. Attitude	<ul style="list-style-type: none"> <li>▪ Be on time.</li> <li>▪ Social norms.</li> <li>▪ Good quality work.</li> </ul>	
2	Regional financial accounting system (X2)	1. Compatibility with SAP	<ul style="list-style-type: none"> <li>▪ Appropriate financial accounting system</li> </ul>	Ordinal
		2. Generally accepted accounting recording procedures	<ul style="list-style-type: none"> <li>▪ Analysis / identification of transactions.</li> <li>▪ identification records.</li> <li>▪ chronological recording.</li> <li>▪ clarification of transactions that occur.</li> <li>▪ proof of transaction.</li> </ul>	
		3. Making periodic reports	<ul style="list-style-type: none"> <li>▪ transactions in accordance with the items.</li> <li>▪ measure and report record keeping.</li> <li>▪ financial statements each period.</li> <li>▪ consistent and periodic.</li> </ul>	
3	Quality of regional financial statements (Y)	1. Relevant	<ul style="list-style-type: none"> <li>▪ past financial activities.</li> <li>▪ future predictions.</li> <li>▪ on time.</li> <li>▪ Complete.</li> </ul>	Ordinal
		2. Reliable	<ul style="list-style-type: none"> <li>▪ honest presentation.</li> <li>▪ needs of certain parties.</li> </ul>	

		3. Comparable	▪ Comparable financial reports.	
		4. Understandable	▪ Reports with understanding limits ▪ clearly understood financial reports	
4	Government agency performance accountability (z)	1. Accountability for honesty	▪ avoid abuse of office ▪ compliance with the law	Ordinal
		2. Process Accountability	▪ appropriate procedure which is used ▪ process accountability oversight	
		3. Program Accountability	▪ accountability program ▪ effectiveness the outcome of the program.	
		4. Policy Accountability	▪ Responsible for addressing policies	
		5. Financial Accountability	▪ use public funds through 3E. ▪ make financial statements	

Sourced : Compiled from literature sources

The population of this study were 28 SKPDs in Wajo District, South Sulawesi, as in the following table:

Table 2. SKPD Wajo District, Sulawesi Selatan

No.	Working Unit Name	Aparatur	No.	Working Unit Name	Aparatur
1	Regional Secretariat	2	15.	Transportation Office	2
2.	Secretariat of Regional Board of People Representative	2	16.	Housing and Settlement AreaOffice	2
3.	Regional Inspectorate	2	17.	Social Affairs Office, Women Empowerment and Family Planning Agency	2
4.	Civil Service Police Unit & Fire and Disaster Relief Office	2	18.	Food Crop Agriculture Office	2
5.	Health Office	2	19.	Manpower and Transmigration Office	2
6.	Population and Civil Registry Office	2	20.	Fishery Office	2
7.	Public Work, Spatial Planning & Land Office	2	21.	Regional Development Planning Agency	2
8.	Communication, Informatic & Statistic Office	2	22.	Regional Personnel Agency	2
9.	Industry and Trade, Cooperatives, Small and	2	23.	National Unity, Politics, and Comminity	2

	Medium Enterprise Office.			Protection agency	
10.	Environmental Office	2	24.	Disaster Relief Agency	2
11.	Community and Village Empowerment agency	2	25.	Regional Revenue Office	2
12.	Youth, Sport & Tourism Office	2	26.	Regional Public Hospital Siwa	2
13.	Regional Investment	2	27.	Regional Public Hospital Lamadukelleng	2
14.	Education and Culture Office	2	28.	Sub-District Office	2
				Total	56

Source : SKPD Wajo District

### Types and Sources of Data

The data of this research are quantitative data, which the processing of the questionnaire is transformed into a score. Meanwhile, the data source comes from the answers that have been filled in by the SKPD in the form of primary data, namely data obtained directly from the source or place where the research was conducted. The method used in this research is a survey method, with a questionnaire instrument measured using a Likert scale.

### Data Analysisi Method

#### a. Descriptive Statistics Test

Descriptive statistical analysis to provide an overview of Apparatus Competence, Regional Financial Accounting Systems, Quality of Financial Statements Information and AKIP.

#### b. Partial Least Square (PLS)

The Partial Least Square (PLS) approach is a component or variance-based structural equation model (SEM) to help researchers make predictions. Weight estimate to create a component of the latent variable score through the analysis of the inner model (a structural model that connects the latent variables) and the outer model (the measurement model, namely the relationship between the indicator and its construct) is specified.

- Outer Model Test (Measurement Model), describes three important components in explaining the relationship between indicators and latent variables. The three components are Convergent Validity, Discriminant Validity, Composite Reliability.
- Inner Model Test (Structural Model), looking at the relationship between constructs, the significance value and the R-square of the research model. The structural model was evaluated using the R-square for the dependent construct, and the t-test and the significance of the structural path parameter coefficients.

### 3. RESEARCH RESULT

#### a. The Result of Statistical Test Description

The identities of respondents describing gender and education level can be seen in Table 3. There are 56 respondents who are financial staff (apparatus) of 37 SKPDs in Wajo District.

Table 3. Gender and Education level of Respondents

No	Gender	Total	Education	
			S1	S2
1	Men	40	32	8
2	Women	16	12	4
Total		56	44	12

Source: Primary Data Processed, 2016

After distributing the frequency of the research questionnaire data, a description of the research is carried out to provide an explanation the results of the answers of each respondent from the questions asked during the study.

Table 4. Descriptive Statistical Analysis

Descriptive Statistics					
	N	Min	Max	Mean	Std. Deviation
KAK	28	44.00	60.00	52.9189	5.09018
SAKD	28	31.00	50.00	44.9459	4.61848
KLKD	28	36.00	50.00	45.0811	4.75148
AKIP	28	32.00	45.00	40.0811	3.93967
Valid N (listwise)	28				

Source: Primary Data Processed, 2016

Descriptive about the variables in this research, such as:

- 1) Financial Apparatus Competence, has a minimum value of 44, a max value of 60, and a mean of 52.91 with 12 items ( $52.91: 12 = 4.40$ ) so that 4.40 is on the "strongly agree" value scale.
- 2) The Regional Financial Accounting System has a min value of 31, a max value of 50, and a mean of 44.94 with 10 items ( $44.94: 10 = 4.49$ ) so that 4.49 is on the "strongly agree" value scale.
- 3) The quality of regional financial reports has a minimum value of 36, a max value of 50, and a mean of 45.08 with 10 items ( $45.08: 10 = 4.50$ ) so that 4.50 is on the "strongly agree" value scale.
- 4) Akuntabilitas Kinerja Instansi Pemerintahan, memiliki nilai min 32, nilai maks 45, dan mean 40,08 dengan 9 item ( $40,08:9 = 4,45$ ) sehingga 4,45 berada di skala nilai "sangat setuju".
- 5) Performance accountability of government agencies, has a minimum value of 32, a max value of 45, and a mean of 40.08 with 9 items ( $40.08: 9 = 4.45$ ) so that 4.45 is on the "strongly agree" value scale.

**b. Partial Leas Square Test**

***Test of First Order Confirmatory Factor Analysis***

The first order of the construct KAK is measured by the indicator KAK<sub>1</sub>-KAK<sub>12</sub>. The first order of the SAKD construct is measured by the SAKD<sub>1</sub>-SAKD<sub>10</sub> indicator. The KLKD first order construct is measured by the KLKD<sub>1</sub>-KLKD<sub>10</sub> indicator. And the first order of the AKIP construct is measured by the AKIP<sub>1</sub>-AKIP<sub>9</sub> indicator

**Testing Structural Equation Model (SEM)**

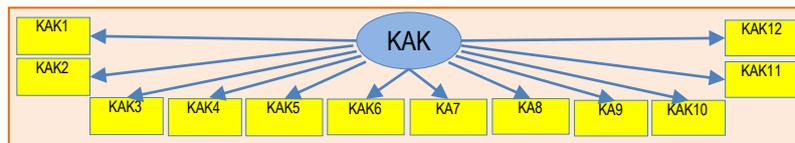
The main analysis method was carried out by SEM with the help of the Smart PLS 3.0 program. From the results of this test, it is known that there is no loading factor value under 0.50, so you do not have to drop data to remove indicators that have a loading value under 0.50.

**Outer Model Test**

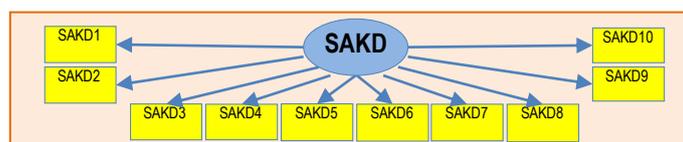
Three measurement criteria are used in the Smart PLS technique to assess the model, namely convergent validity, composite reliability and discriminant validity.

**1) Convergent Validity**

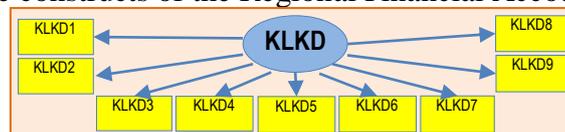
The Outer Model Test for KAK, SAKD, KLKD and AKIP variables can be seen as follows:



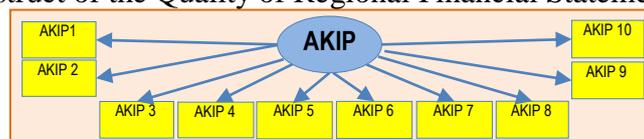
Picture 2. Outer Model Competency Test for Financial Apparatus (KAK)  
 The 12 indicators of KAK are greater than 0.70, it means that all indicators are valid to measure the variable construct of Financial Apparatus Competence.



Picture 3. Outer Model Test for Regional Financial Accounting System  
 The 10 SAKD indicators are greater than 0.70 it means that all indicators are valid to measure the variable constructs of the Regional Financial Accounting System.



Picture 4. Outer Model Test for the Quality of Regional Financial Reports (KLKD)  
 The 9 KLKD indicators are greater than 0.70 it means that all indicators are valid to measure the construct of the Quality of Regional Financial Statements variable.



Picture 5. Outer Model Test for Performance Accountability of Government Agencies (AKIP)

The 10 AKIP indicators are greater than 0.70 which means that all indicators are declared valid to measure the construct of the Government Agency Performance Accountability variable.

## 2) Composite Reliability Test

The reliability of the research instrument was tested using composite reliability and Cronbach's alpha coefficient. It can be said to be reliable if the composite reliability and Cronbach alpha values are up to 0.70. AVE measurement can be used to measure the reliability of the latent variable component score and the results are more conservative than composite reliability. It is recommended that AVE value should be greater than 0.50.

Table 5. Test Results Cronbach's Alpha, Composite Reliability and AVE

	Cronbachs Alpha	Composite Reliability	AVE	Keterangan
AKIP	0.962	0.967	0.745	Reliabel
KAK	0.958	0.963	0.684	Reliabel
KLKD	0.938	0.948	0.672	Reliabel
SAKD	0.947	0.955	0.679	Reliabel

Source : PLS Output, 2016

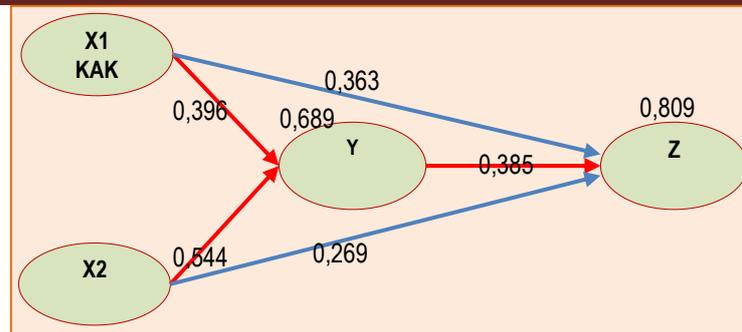
Table 5 shows that the results of the composite reliability and Cronbach alpha show the variable values up to the minimum value of 0.70. AVE value generated by all constructs up to > 0.50. It shows the consistency and high stability of the instrument. All constructs of KAK, SAKD, KLKD and AKIP variables are fit measurement tools, and all questions used to measure the construct have good reliability.

## 3) Discriminant Validity Test

From the cross loading value, the  $KAK_1 - KA_{12}$  indicators have a loading factor in the KAK construct which is higher than other constructs. KAK has good discriminant validity (Valid). Indicators  $SAKD_1 - SAKD_{10}$  have a loading factor for the SAKD construct which is higher than other constructs. SAKD has good discriminant validity (Valid). The  $KLKD_1 - KLKD_{10}$  indicators have a loading factor for the KLKD construct which is higher than other constructs. KLKD has good discriminant validity (Valid). The  $AKIP_1 - AKIP_9$  indicators have a loading factor for the AKIP construct which is higher than the other constructs, so it is said to have good discriminant validity.

## Inner Model Test - Structural Model

The inner model (inner relation, structural model and substantive theory) describes the relationship between latent variables. The structural model was evaluated using the R-square for the dependent latent variable. In assessing the model with PLS, it starts by looking at the R-square for each dependent latent variable. The interpretation is the same as the interpretation in regression. Changes in the R-square value can be used to assess the effect of certain independent latent variables on the dependent latent variables whether they have a substantive effect.



Picture 6. Structural Model Or Inner Model Test

### 1) Determination Coefficient Test (R Square)

Table 6. R Square Variable Construct

	R Square
KLKD	0.689
AKIP	0.809

Source: PLS Output, 2016

From Table 6, it can be seen that the R-Square values of the KLKD and AKIP variables are 0.689 and 0.809, it means that they are in the strong and very strong category. The KLKD R-square value of 0.689 or 68.9% indicates that the KLKD variable can be explained by the KAK and AKIP variables of 68.9%, the remaining 31.1% is explained by other variables not present in this study. The KLKD R-square value of 0.809 or 80.9% it shows that the AKIP variable can be explained by the KAK, SAKD and KLKD variables as 80.9% while the remaining 19.1% can be explained by other variables not found in this study.

### 2) Hypothesis Test Results

Testing the proposed hypothesis is done by testing the structural model (inner model) and looking at the path coefficients that show the parameter coefficient and the t statistical significance value. The limit for rejecting and accepting the hypothesis is sig P Values <0.05. The table below presents the estimated output for testing the structural model.

#### a). Direct Effect

Table 7. Hypothesis test based on Path Coefficient

	Original Sample	Sample Mean	Standard Error	T Statistics	P Values
AKIP -> KLKD	0.385	0.384	0.146	2.629	0.009
KAK -> AKIP	0.398	0.378	0.112	3.545	0.000
KAK -> KLKD	0.363	0.393	0.123	2.951	0.003
SAKD -> AKIP	0.544	0.571	0.098	5.546	0.000
SAKD -> KLKD	0.269	0.252	0.126	2.132	0.033

Source: PLS Output, 2016

Based on the value of the inner weight consisting of KAK (X1) and SAKD (X2), it can be partially known their effects on KLKD (Y) and AKIP (Z).

1. H1. Table 7 shows that the KAK variable has a significant level of 0.003 less than 0.05 and the t statistic is  $2.951 > 1.96$ . It means that H1 is accepted, it can be said that the competence of the apparatus has a significant effect on the quality of regional financial statements.
2. Second Hypothesis, table 7 shows that the SKAD variable has a significant level of 0.033 which is smaller than 0.05 and the t statistic is  $2.132 > 1.96$ . It means that H1 is accepted, it can be said that the regional financial accounting system has a significant effect on the quality of regional financial statements.
3. Third Hypothesis, table 7 shows that the KAK variable has a significant level of 0.000 less than 0.05 and the t statistic is  $3.545 > 1.96$ . It means that H1 is accepted, it can be said that the competence of the apparatus has a significant effect on the performance accountability of government agencies.
4. Fourth Hypothesis, table 7 shows the SAKD variable has a significant level of 0.000 smaller than 0.05 and the t statistic is  $5.546 > 1.96$ . It means that H1 is accepted, it can be said that the regional financial accounting system has a significant effect on the performance accountability of government agencies.
5. Fifth Hypothesis, table 7 shows the AKIP variable has a significant level of 0.009 less than 0.05 and the t statistic is  $2.629 > 1.96$ . It means that H1 is accepted, it can be said that the performance accountability of government agencies has a significant effect on the quality of regional financial statements.

#### b) Indirect Effect

Table 8 Hypothesis Test based on Indirect Effect

	Original Sample	Sample Mean	Standard Error	T Statistics	P Values
KAK -> KLKD	0.153	0.147	0.076	2.022	0.044
SAKD -> KLKD	0.209	0.219	0.094	2.217	0.027

Source: PLS Output, 2016

Based on the inner weight value of the indirect effect, which consists of KAK (X1) and SAKD (X2), it can be partially known the effect on KLKD (Y) through AKIP (Z).

1. The Sixth Hypothesis, table 8 shows that the KAK variable has a significant level of 0.044 which is smaller than 0.05 and the T statistic is  $2.022 > 1.96$ . It means that H1 is accepted, it can be said that the competence of the apparatus has a significant effect on the performance accountability of government agencies through the quality of regional financial reports.
2. Seventh Hypothesis, table 8 shows the SAKD variable has a significant level of 0.027 which is smaller than 0.05 and the T statistic is  $2.217 > 1.96$ . It means that H1 is accepted, it can be said that the regional financial accounting system has a significant effect on the performance accountability of government agencies through the quality of regional financial Statements.

#### **4. DISCUSSION**

##### **The Effect of Apparatus Competence on the Quality of Regional Financial Statements**

The results showed that the competence of financial officers had a significant effect on the quality of regional financial reports. It is in line with previous researchers (Wati et al., 2014), (Andini & Yusrawati, 2015), (Megawati et al., 2015), (Lasmara & Rahayu, 2016), and (Ayu et al., 2016) competence Human resources have a positive and significant effect on the quality of regional financial statements. It means that better HR competence will improve the quality of regional financial statements.

If it is seen that the competence of the apparatus is competence related to knowledge, skills, abilities and personality characteristics that affect their performance, then the competence of the apparatus can improve the quality of the financial statement produced. So, when someone behaves in accordance with their role, then making quality financial statements will be.

##### **The Effect of Apparatus Competence on the Quality of Regional Financial Reports**

The results showed that the regional financial accounting system has a significant effect on the quality of regional financial statements. It is in line with what is said by (Wati et al., 2014), (Dewi & Mimba, 2014), (Andini & Yusrawati, 2015) and (Ayu et al., 2016) that the regional financial accounting system has a significant effect on the quality of reports. regional finance. The higher application level of the regional financial accounting system, the higher quality of regional financial statements.

With this accounting system, the result of financial statements are high quality and it can be used by interested parties. The regional financial accounting system is a procedure from the initial stage of data collection to financial reporting of the accountability for the implementation of the State Budget (Permendagri no. 59 of 2007). It means that the higher application level of the regional financial accounting system, the higher quality of regional financial statements.

##### **The Effect of Apparatus Competence on the Performance Accountability of Government Agencies**

The results showed that the competence of the apparatus had a significant effect on the accountability of the performance of government agencies. This is in line with what is explained by (Zirman et al., 2010) that the Competence of Local Government Officials has a positive effect on the Accountability of Performance of Government Agencies. Likewise (Rafar et al., 2015) shows that financial management competence and accountability, both simultaneously and partially, have an effect on regional financial management performance.

Competence is the ability to carry out or perform a job or task which is based on skills and knowledge and is supported by the work attitude demanded by the job. Thus, competence shows skills or knowledge characterized by professionalism in a particular field as the most important thing, as superior in that field. People who have high competence are expected to have good performance as well so that every employee in SKPD is required to increase their competence in an effort to improve organizational performance.

### **The Influence of Regional Financial Accounting Systems on the Performance Accountability of Government Agencies**

The results showed that the regional financial accounting system has a significant effect on the accountability of the performance of government agencies. It is in line with what was explained by (Soleha, 2014) that the implementation of an adequate regional financial accounting system can increase the financial accountability of SKPD. Furthermore (Pamungkas, 2012) explains that the application of financial accounting in the public sector contributes to increase the accountability of the performance of government agencies in terms of presenting information on objectives, functions and objects of expenditure.

The regional financial accounting system is a series of procedures starting from the process of data collection, recording, summarizing to financial reporting in the framework of accountability for the implementation of the APBD which can be done manually or using a computer application. Therefore it can be concluded that financial reporting in the implementation of APBD is influenced by performance accountability.

### **The Influence of Regional Financial Accounting Systems on the Performance Accountability of Government Agencies**

The results showed that the quality of regional financial reports has a significant effect on the accountability of the performance of government agencies. The higher quality of regional financial statements, the greater accountability of the performance of government agencies. It is in line with what was explained by (Pamungkas, 2012), (Darwanis & Chirunnisa, 2013) that quality financial statements have a significant effect on the performance accountability of government agencies. The quality of financial statements has a significant effect on the Performance Accountability of Government Agencies. These two variables have a strong mutual relationship in financial and budget management. A report prepared by meeting quality standards will have high accountability. Conformity with accounting standards, the financial statements can be used as information for decision making.

### **The Effect of Apparatus Competence on Accountability of Government Agencies Performance Through the Quality of Regional Financial Statements**

The results showed that the competence of the apparatus had a significant effect on the accountability of the performance of government agencies through the quality of regional financial statements. The higher competence of the apparatus, the greater accountability of the performance of government agencies through the process of making regional financial statements which has a good quality. Someone who has competence will behave when they carry out their role well and will be committed to do their job well and quality. So when someone behaves in accordance with their role, they will have high accountability.

In line with the agency theory which explains the relationship between government and society, it is illustrated as an agency relationship, in this case the government as an agent who receives the authority to carry out certain obligations determined by the community as the principal, through its representatives. Where the principal gives authority and resources to the agent. This theory explains that how a person's competence is in controlling and managing the entity with parties who have formal power as the

controlling party so it can produce a good and quality financial statements that can reflect the government's accountability as the ruler in managing finances.

### **The Influence of the Regional Financial Accounting System on the Accountability of the Performance of Government Agencies through the Quality of Regional Financial Statements**

The results showed that the regional financial accounting system has a significant effect on the accountability of the performance of government agencies through the quality of regional financial statements. The higher application of the regional financial accounting system, the higher accountability of the performance of government agencies through the process of preparing quality regional financial statements

The regional financial accounting system is a series of procedures starting from the process of data collection, recording, summarizing to financial reporting in the framework of accountability for the implementation of the APBD which can be done manually or using a computer application. Therefore it can be concluded that financial reporting in the implementation of APBD is influenced by performance accountability. So the resulting financial statements can be used as information in decision making. This is in line with agency theory that the relationship between government and society is illustrated as an agency relationship, in this case the government as an agent receives the authority to carry out the obligation to implement an accounting system to provide accountability to principals through the financial reporting process. In this case the government as an agent must be accountable for its activities and performance to the community who have provided funds (public funds) to the government. This accountability to the community is known as public accountability.

### **5. CONCLUSION**

Based on the data that has been collected and hypothesis testing with Smart PLS, the conclusions of this study are as follows:

1. Apparatus competence has a significant effect on the quality of regional financial statements. The higher competence of the apparatus, the higher quality of regional financial statements in SKPD Wajo
2. The regional financial accounting system has a significant effect on the quality of regional financial statements. The higher regional financial accounting system, the higher quality of regional financial reports in SKPD Wajo district
3. Apparatus competence has a significant effect on the performance accountability of government agencies. The higher competence of the apparatus, the higher performance accountability of government agencies in SKPD Wajo.
4. The local financial accounting system has a significant effect on the accountability of the performance of government agencies. The higher regional financial accounting system, the higher accountability for the performance of government agencies in each SKPD Wajo District.
5. The quality of regional financial reports has a significant effect on the performance accountability of government agencies. The higher quality of regional financial reports, the higher performance accountability of government agencies in each SKPD Wajo District.
6. Apparatus competence has a significant effect on the performance accountability of

government agencies through the quality of regional financial statements. The higher competence of the apparatus, the higher performance accountability of government agencies through the process of compiling quality regional financial reports at SKPD Wajo

7. The regional financial accounting system has a significant effect on the performance accountability of government agencies through the quality of regional financial statements. The higher regional financial accounting system, the higher performance accountability of government agencies through the process of preparing high-quality regional financial statements in each SKPD Wajo

## 6. SUGGESTION

Suggestions that can be given for further research are as follows:

1. For the Future research should add the number of new variables related to behavioral variables that can affect the quality of regional financial statements.
2. Using a qualitative approach to get the depth of the research problem.

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