UDC 331

THE EFFECT OF INTERNAL CONTROL SYSTEM, INFORMATION TECHNOLOGY, AND APPLICATION OF REGIONAL FINANCIAL ACCOUNTING SYSTEMS ON THE FINANCIAL ACCOUNTABILITY OF THE REGIONAL GOVERNMENT OF MUARA ENIM REGENCY, INDONESIA

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ABSTRACT

This study aims to examine the effect of the internal control system, the use of information technology, the application of regional financial accounting systems on regional financial accountability. This research is a quantitative research conducted in Muara Enim Regency. The research instrument methods used in this study were observation, interviews, and questionnaires. The sample of this research consists of 57 samples using the analytical technique is descriptive statistics using *IBM Eviews 10.* The results of this study indicate that the internal control system has a negative and significant effect on regional financial accountability, while the use of information technology and regional financial accounting systems has a positive and significant effect on regional financial accountability.

KEY WORDS

Internal control system, utilization of information technology, regional financial accounting system, regional financial accountability

In the reform era, every country needs a good government or what is commonly called *good government.* Through regional autonomy, government policies in a handful of fields have been changed into regional policies, including government policies in a handful of fields, into regional policies, including policies in regional financial management. The existence of wise provisions on profit-sharing funds will be regulated by government regulations. Delegation of authority to local governments takes into account the finances of both central and regional as well as inter-regional. The implementation of the APBN and APBD in the past will only prepare financial reports on the budget realization report. There is a phenomenon that shows an increase in the quality of financial reports by submitting to local governments in order to realize a transparent and accountable government. Law No. 17 of 2003 stipulates that the government's financial statements must in turn be audited by the BPK-RI before being submitted to the legislature in accordance with all its powers. In this regard, from the results of the BPK's examination of LKP in the Muara Enim Regency Government area, the opinion given to the regional government's financial statements from 2010 to 2021 has an increasingly improving trend. The selection of the SKPD of Muara Enim Regency as the object of research because the Province of South Sumatra was considered successful in compiling and presenting the 2021 Regional Government Financial Report (LKPD) with the highest achievements in government accounting and financial reporting. However, in 2020, with the blood of South Sumatra, only Muara Enim Regency won the Unqualified Predicate (WTP) in the financial statements but still has a Remaining Budget Calculation (SiLPA).

This improvement in opinion reflects the increasing quality of local government financial data. The Muara Enim Regency Government as one of the regions that can maintain LKPD with WTP opinions and continues to strive to maintain these achievements, including by consulting with the Financial and Development Supervisory Agency (BPKP) of South Sumatra Province. BPKP South Sumatra Province assists Muara Enim Regency in the field of *assurance* and consultancy to improve financial management accountability, including procurement of goods and services in terms of verification of contract payments. The goal is to jointly improve and improve financial management accountability. However, this WTP

predicate can be interpreted that the government has carried out financial and asset management correctly according to the rules as a manifestation of its commitment to implementing a clean and transparent government (*good governance*). This is a concrete manifestation of the government's *political will* in running an accountable or accountable government.

The internal control system is a process that is influenced to provide assurance that the government's objectives will be achieved. The existence of research by Babatude and Shakirat Adepju (2013) proves that the internal control system affects financial accountability. Similar results in the research conducted by Eka Suprihastini (2017). Utilization of information technology is one of the drivers included in government reform to realize *good governance* on information in government administration and services (Ratna Indah, 2017). Research by Riadul Jannah *et al.* (2018) shows that the use of information technology has a significant positive effect on financial management transparency and accountability. In many previous studies, the regional financial accounting system is an accounting system that records events on financial reporting that are accepted by the public. Eka Suprihatini (2017) conducted a study that viewed the regional financial accounting system as an independent variable demanding financial accountability to improve financial quality. The existence of research by As Syifa Nurillah (2014) shows that the regional financial accounting system has a positive and significant effect on the financial accountability of local governments.

LITERATURE REVIEW

According to Donaldson & Davis (Muhammad Fadil, 2020) *Stewardship Theory* describes a situation where a manager prioritizes the interests of the organization with the main goal not being motivated by individual interests. This theory describes a strong relationship between government satisfaction and success. The existence of requirements for accountability in public sector government imposes increasingly difficult accountability requirements to carry out internal control functions. The interests of service to the community cannot be fully utilized optimally in the utilization of information technology. However, users of information technology must make a major contribution in improving financial accountability. The regional financial accounting system says the procedures to be carried out start from the process of recording data to financial reporting. Accountability is given the trust by the government to be obliged to report all activities that are the responsibility to the community.

The existence of an internal control system that applies stewardship theory to local governments, in which stewards act in the interests of the community. If the tendency of government financial accountability is getting better, the higher the implementation of the internal control system. Several previous studies that looked at the influence of the internal control system, including Cecilia Lellly Kewo (2017), Omondi Margaret (2020), and Sabrina Nur Fhadilah (2018) stated that the internal control system had an effect on financial accountability. Therefore H_1 stating that internal control system has a significant effect on regional Financial Accountability The use of information technology in financial accountability will function in line with the interests of the community. So that it describes that the implementers will tend to be increasingly driven to play a role in the interests of the corporation rather than their own interests (Sari, 2014). The research by Eli Budi Santoso (2016) which states that the use of technology has an effect on financial accountability. Therefore H_2 stating that utilization of information technology has a significant effect on Regional Financial Accountability. Regional Financial Accounting System Local governments engaged in the public sector have the aim of implementing a financial accounting system in order to provide services to the community. The context applied by the regional financial accounting system in holding the mandate will provide a good sense of responsibility (Mardiasno, 2002). The previous research discussed the use of information technology is Eka Suprihastini, Akram, and Budi Santoso (2017) who mentioned the regional financial accounting system for regional financial accountability. Therefore H_3 stating that the regional financial accounting system has a significant effect on Regional Financial Accountability.

METHODS OF RESEARCH

This research belongs to the type of quantitative research with casual studies based on its objectives. The population in this study is the entire structure of the regional government apparatus of Muara Enim Regency as many as 19 departments that have been determined. The number of samples in this study was 57 respondents. The sampling technique used is the saturated sampling method. Data collection techniques in this study were interviews and questionnaires. Methods of data analysis in this study using descriptive statistics using *IBM Eviews 10.*

RESULTS AND DISCUSSION

Used to determine whether or not a questionnaire is consistent. The reliability test was carried out using the alpha formula.

Table 1 – Reliability Test

Variable	Croncbach's Alpha	Minimum Limit
Regional Financial Accountability (Y)	0.73	0.7
Internal Control System (X1)	0.828	0.7
Utilization of Information Technology (X2)	0.735	0.7
Regional Financial Accounting System (X3)	0.702	0.7

Source: Primary Data (processed, 2022).

Based on Table 1, the reliability test shows that the questionnaire reliability coefficient value is greater than the R-table. Based on the value of the reliability coefficient, it can be concluded that all the questionnaires in this study are *reliable* or consistent, so they can be used as research instruments.

The demographic data of the respondents collected aims to ensure that the respondents meet the criteria for the research sample and can be representative as a whole. The existence of respondents based on the type of work is made with the aim of knowing the proportion based on the respondent's agency.

Table 2 – Characteristics of Respondents by Institution

Agency	Number of Respondents (Persons)	Percentage (%)
Regional Secretary of Muara Enim. Regency	2	3.6
Muara Enim. District Inspectorate	3	5.5
Regional Civil Service Agency	3	5.5
Regional Financial Management Agency	3	5.5
Regional Revenue Agency	3	5.5
Community and Village Empowerment Service	3	5.5
Food Security Service	3	5.5
Department of Tourism and Creative Economy	3	5.5
public health Office	3	5.5
social services	3	5.5
Sports Youth Service	3	5.5
Department of commerce	3	5.5
Department of Population and Civil Registration	3	5.5
Department of Education and Culture	3	5.5
Investment and Integrated Services Office	3	5.5
Library and Archives Service	3	5.5
Department of Public Works and Spatial Planning	2	3.6
Fire and Rescue Service	3	5.5
Department of Transportation	3	5.5
Total	55	100.0

Source: Primary Data (processed, 2022).

The normality test was conducted to determine whether the research residual data were normally distributed or not. With this normality assumption, a regression coefficient that

is *Best Linear Unbiased Estimated* (BLUE) will be obtained. The assumption of normality is needed for the purpose of estimating and testing hypotheses. Based on the JB test, the JB test value = 3.552 while the χ^2-table value at = 5 % df = 55-4 = 51 obtained χ^2table = 22.36, thus JB test < χ^2-table (1.65 < 22.36), means accepting H $_0$ which states that $_1$ is normally distributed. Likewise with the JB-Test probability > 0.05 (0.43 > 0.05), it means that the JB count is not significant, so it accepts H $_0$, meaning that the data meets the assumption of normality.

There is a way to find out the existence of multicollinearity between independent variables in the model by looking at the *correlation matrix* between independent variables.

Table 3 – Multicollinearity Test Results with correlation matrix

n/n	X1	X2	X3
X1	1.0000000	0.605037	0.480387
X2	0.605037	1.0000000	0.616242
X3	0.480387	0.616242	1.0000000

Source: Processed Data, 2022.

Based on the results of the analysis carried out (Table 4.3), the *coefficient matrix value* between independent variables is less than 0.8. So it can be concluded that there is no multicollinearity problem between the variables studied.

The existence of autocorrelation is a condition where the *error-term variable* in a certain period is correlated with the *error-term variable* in another period which means that the *error-term variable* is not random.

Table 4 – Autocorrelation Results Using the LM. Test

Breusch-Godfrey Serial Correlation LM Test:			
F-statistics	0.444921	Prob. F(2,11)	0.6909
Obs*R-squared	1.197449	Prob. Chi-Square(2)	0.5945

Source: Processed Data, 2022.

Based on Table 4 shows the probability value $\chi^2 > \alpha$ (0.5945 > 0.05) thus, the model is free from heteroscedasticity problems. While the χ^2-table value at = 5% df = 16-3 = 13 obtained χ^2table = 22.36 and χ^2-count value = 1.04, thus χ^2table > χ^2-count (22.36 >1.04), it can be said that the model is free from the problem of autocorrelation.

Judging from the assumption of heteroscedasticity which is an assumption in a regression where the variance of the residuals is not the same for one observation to another observation.

Table 5 - Heteroscedasticity Test Results with White. Test

Heteroscedasticity Test: White			
F-statistics	0.460763	Prob. F(3,12)	0.6407
Obs*R-squared	1.059109	Prob. Chi-Square(3)	0.5889

Source: Primary Data (Processed, 2022).

Based on Table 5 shows the probability value $\chi^2 > \alpha$ (0.5889 > 0.05) thus, the model is free from the problem of heteroscedasticity. While the χ^2-table value at = 5% df = 16-3 = 13 obtained χ^2table = 22.36 and χ^2-count value = 1.04, thus χ^2table > χ^2-count (22.36 > 1.059), it can be said that the model is free of the heteroscedasticity problem.

The existence of the F test is a statistical test tool to see whether the regression coefficients of the independent variables together have an effect on the dependent variable. Based on table 4.14 shows that with a significance level of 0.05 then with df $_1$ = 4-1 = 3 df 2 = 55-4 = 51 obtained F table = 3.81 and F count = 88.29 thus F count > F table (88.29 > 3.81) which means that the Internal Control System Utilization of Information Technology and

Regional Financial Accounting System has a significant effect on regional financial accountability,

Judging from the t test which is a statistical test tool to see whether the regression coefficients of the independent variables partially affect the dependent variable.

Table 6 – t test results

Variable	t-Stats	Prob	Confirm Sig
X1	-2.233114	0.0300	Significant
X2	2.678092	0.0099	Significant
X3	11.66166	0.0000	Significant

Source: Processed Data, 2022.

The estimation results in table 6, it shows that t-count = 2.23 > t-table = 2.16, which shows support for H_1. This Means that the internal control system has a significant efect on regional financial accountability. The estimation in table 6, it shows that t-count = 2.67 > t-table = 2.16, which shows support for H_2. Utilization of information technology has a significant effect on Regional Financial Accountability. The estimation in table 6, it shows that t-count = 11.61 > t-table = 2.16, which shows support for H_3. The regional financial accounting system has a significant effect on Regional Financial Accountability.

Judging from the coefficient of determination which is carried out to see how big the percentage of the influence of the internal control system, the use of information technology, and the application of the regional financial accounting system to regional financial accountability is. The result of the coefficient of determination of the value of R² (*Adjusted R Square*) from the regression model is used to determine how much the ability of the independent variable (*independent*) in explaining the dependent variable (*dependent*). The value of the coefficient of determination obtained from the results of the regression analysis is 0.83. This shows that the independent variable used in this study can explain the variation of the dependent variable by 83% while the remaining 17% is influenced by other variables outside this model.

The first hypothesis put forward in this study states that the influence of the internal control system affects regional financial accountability. These results indicate that if the influence of the internal control system increases, the influence of regional financial accountability decreases or vice versa. The research results and implications of this study support previous research conducted by Eka Suprihastini (2017) and Babatude and Shakirat Adepeju (2013).

The second hypothesis put forward in this study states that the use of information technology has a positive effect on regional financial accountability. Based on the results of this test, it can be said that the use of information technology is needed to facilitate and support local government performance so that they can properly implement regional financial accountability. The research results and implications support previous research conducted by Riadul Jannah et.al., (2018) and Eli Budi Santoso (2016).

The third hypothesis proposed in this study states that the implementation of regional financial accounting systems has a positive effect on local government financial accountability. These results indicate that the better the regional financial accounting system is implemented, the regional financial accountability will further increase. The research results and implications of this study support previous research conducted by Eka Suprihastini (2017).

CONCLUSION

This study aims to determine the effect of 3 independent variables, namely the influence of the internal control system, the use of information technology, and the application of the regional financial accounting system to the dependent variable, namely regional financial accountability.

Internal control system has a negative and significant effect on Regional Financial Accountability. Utilization of Technology has a positive and significant impact on Regional Financial Accountability. The Regional Financial Accounting System has a positive and significant effect on Regional Financial Accountability. In addition, this research was conducted by distributing questionnaires addressed to the local government of Muara Enim Regency. However, the distribution of this questionnaire is only limited to the recipient of the letter (receptionist) and it is possible that the respondent has not understood the contents of the questionnaire given the lack of explanation and understanding provided by the researcher. In addition, the number of samples is limited.

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