

The effect of Internal Accountants' Competence, Managers' Commitment to Organizations and the Implementation of the Internal Control System on the Quality of Financial Reporting

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ABSTRACT: *The purpose of this research is to examine the influence of Internal Accountants' Competence, Managers' Commitment to Organizations and the Implementation of the Internal Control System on the Quality of Financial Reporting both simultaneously and partially. This research on Bogor District Local Government uses survey methods. The sampling technique used is the purposive sampling taken from 31 local government units. The data, before being used to test the hypothesis, first tested for the validity and reliability testing, were collected through questionnaires. The results of this research show that: (1) The Internal Managers' Commitment to Organizations and the Implementation of the Internal Control System, have significant effects on the Quality of Financial Reporting simultaneously (2) The Internal Accountants' Competence has significant effects on the Quality of Financial Reporting (3) The Managers' Commitment to Organizations does not affect the quality of the financial reporting (4) The Implementation of the Internal Control System does not affect the quality of the financial reporting.*

KEYWORDS: *Internal Accountants' Competence, Managers' Commitment to Organizations, The Implementation of the Internal Control System and the Quality of Financial Reporting*

I. INTRODUCTION

The poor financial reporting of the local governments in Indonesia is a phenomenon that occurs now adays. It is reported by the Minister of State Administrative and Bureaucratic Reform (AzwarAbubakar, 2012). The chairman of the Audit Board of the Republic of Indonesia (HadiPurnomo, 2011) also said that as many as 326 local governments or 91% of 358 local governments whose financial statements are audited by the Audit Board of the Republic of Indonesia were awarded poor; only 32 local governments obtained unqualified opinion. According to the Minister of the Internal Affairs (GamawanFauzi, 2011) up to the year of 2010, the results of unqualified opinion were achieved by 32 local governments both provincial and district / city. The rest get the predicate of qualified opinion or even disclaimer. The problems faced by the current government are limited government officials and the low competence of the accounting personnel / internal accountants is becoming a phenomenon as well as a major problem encountered in the regional administration in Indonesia (Enceng, et al; 2008). According to Boediono (2010) as advised by the President of the Republic of Indonesia on the Session of the Cabinet dated June 3, 2010, requested that all government agencies improve the quality of the government financial accountability and the President has assigned the Vice President to coordinate the efforts of improvements. For these reasons the Vice President has reminded that the application of Government Internal Control System must be implemented by all government agencies at both the central and regional governments.

The results of the audit by the Audit Board of the Republic of Indonesia on local government financial statements show that the governments' implementations have not administered as expected. The examination of the financial statements aims to provide an opinion on the fairness of the financial information presented in the financial statements based on (a) compliance with Generally Accepted Accounting Standards for government entities and the Financial Accounting Standards for the state and regional companies or the accounting principles set out in various laws and regulations, (b) the adequacy of disclosure (c) compliance with laws and regulations, and (d) the effectiveness of the internal control systems. The conditions illustrated above show that the quality of financial information, particularly which was presented in the local government financial statements does not fully meet the qualitative characteristics of financial statements in accordance with Government Accounting Standards.



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