CHAPTER IV

RESULT AND DISCUSSION

A. Research Object and Subject Description

1. Place and Time of Research

This research was conducted at the Regional Government Organization (OPD) of Bantul Regency. The sample criteria of this study are the Head of the Institution, Head of Financial Subdivision, and Staff of the Accounting/Financial Administration Subdivision of the Regional Representative Office in Bantul Regency.

Based on the list of OPD obtained from the Bantul Regency website, 54 OPDs were registered at Bantul Regency. Through purposive sampling method, the researcher finally took 30 OPD in the District as the object of this research. Data obtained through the distribution of questionnaires to respondents in 30 Bantul District OPD. Data collection was done by distributing questionnaires directly to the Head of Institution, Head of Financial Subdivision, and Accounting Subdivision/Administration Section. The distribution and return of the questionnaires was carried out from September 23, 2019 to October 7, 2019. The questionnaire distribution map is outlined in Table 4.1 as follows:

TABLE 4. 1
Research Distribution Data

No	Name of Regional Device Organization	Questionnaire Sent	Questionnaire Returned
1	Office of National Unity and Politics	4	3
2	Bantul Regency Regional Secretariat	4	3
3	Bantul District Inspectorate	4	4
4	Development Planning Agency at Sub-National Level (BAPPEDA)	4	4
5	Regional Financial and Asset Agency	4	3
6	Personnel, Education and Inauguration Agency	4	4
7	Regional Disaster Management Agency	4	4
8	Department of Population and Civil Registration	4	4
9	Public Health Office	3	3
10	Department of Manpower and Transmigration	3	3
11	Department of Transportation	4	4
12	Department of Education, Youth and Sports	3	3
13	Department of Public Works, Housing, and Settlement Areas	4	4
14	Department of Land and Spatial Planning	3	3
15	Social Service, Women's Empowerment and Child Protection	3	3
16	Government Tourism Office	4	4
17	Department of Agriculture, Food, Maritime Affairs and Fisheries	4	4
18	Department of Cooperatives, Small and Medium Enterprises, and Industry	4	4
19	Department of Population Control, Family Planning, Community and Village Empowerment	3	3
20	Culture Office	3	3
21	Communication and Information Office	4	4
22	Library and Archives Service	4	3
23	Investment and Integrated Services Office	4	4
24	Environmental Services	3	3
25	Department of Commerce	4	4
26	Civil Service Police Unit	3	3
27	Head of Sedayu District	4	4
28	Head of Sewon District	4	4
29	Head of Bantul District	3	3
30	Head of Kasihan District	4	4
TOTAL		**110**	**106**

Source: Primary Data Processed, 2019

The summary of the questionnaire returned can be seen in Table 4.2 as follows:

TABLE 4. 2
Questionnaire Return Rate

Questionnaire	Amount	Percentage
Questionnaire sent	110	100%
Questionnaire that did not return	4	3,6%
Questionnaire returned	106	96,4%
Questionnaire that cannot be processed	8	7,3%
Questionnaire that can be processed	98	89,1%

Source: Primary Data Processed, 2019

On Table 4.2, it can be seen that there were 110 questionnaires distributed. There were 4 questionnaires (3.6%) that were not returned. So, there were 106 returned questionnaires (96.4%). The questionnaires that cannot not be processed due to incomplete answers in the questionnaire were 8 questionnaires or 7.3%. Therefore, the total questionnaires that can be processed were 98 questionnaires or 89.1%.

2. Descriptive Statistics of Respondents

The following is the demographic data of respondents regarding information on gender, age, educational qualification, and length of work as follows:

a) Gender

Based on the gender, the respondents are classified in Table 4.3:

TABLE 4. 3
Classification of Respondents by Gender

No	Gender	Amount	Percentage
1	Male	43	43,8%
2	Female	55	56,2%
TOTAL		**98**	**100%**

Source: Primary Data Processed, 2019

Table 4.3 shows that there were 43 male respondents or 43.8% of the total respondents. Further, there were 55 female respondents or 56.2% of the total respondents. This shows that the respondents in this study were dominated by women.

b) Age

Based on the age, the respondents are classified in Table 4.4:

TABLE 4. 4
Classification of Respondents by Age

No	Age	Amount	Percentage
1	20 - 35 tahun	41	41,9%
2	35 - 50 tahun	43	43,8%
3	> 50 tahun	14	14,3%
TOTAL		**98**	**100%**

Source: Primary Data Processed, 2019

Table 4.4 shows that there were 41 respondents aged 25 to 30 or 41.9%. In addtion, there were 43 respondents aged 35 to 50 or 43.8% and respondents with the age > 50 years or 14.3 %. This shows that the study was dominated by OPD employees aged 35-50 years.

c) Educational Qualification

Based on the educational qualification, the respondents are classified in Table 4.5:

TABLE 4. 5
Classification of Respondents Based on Educational Qualification

No	Level of Education	Amount	Percentage
1	Senior High School (SMA)	16	16,3%
2	Diploma 3 (D3)	9	9,2%
3	Strata 1 (S1)	57	58,2%
4	Strata 2 (S2)	15	15,3%
5	Strata 3 (S3)	0	0%
6	The Other	1	1%
TOTAL		**98**	**100%**

Source: Primary Data Processed, 2019

Table 4.5 shows that there were 16 respondents who graduated from high school (SMA) or 16.3%. The respondents had Diploma 3 (D3) certificate were 9 people or 9.2%. The respondents who completed their Undergraduate Education (S1) were 57 people or 58.2%. The respondents who had master's degree (S2) were as many as 15 people or 15.3%. Meanwhile, there were no respondents who had doctorate's degree (S3) or 0% and there was 1 or 1% of respondents who had other educational background. This shows that this research was dominated by OPD employees with undegraduate degree.

d) Length of Work

Based on the length of work, the respondents are classified in table 4.6:

TABLE 4. 6
Classification of Respondents Based on Length of Work

No	Length of Work	Amount	Percentage
1	< 1 tahun	15	15,3%
2	1 - 5 tahun	23	23,5%
3	6 - 10 tahun	22	22,5%
4	> 10 tahun	38	38,7%
TOTAL		**98**	**100%**

Source: Primary Data Processed, 2019

Table 4.6 shows that the respondents who worked for < 1 year were 15 people or 15.3%. The respondents who worked for 1 to 5 years were 23 people or 23.5%, while the respondents who worked for 6 to 10 years were 22 people or 22.5% and the respondents who worked for > 10 years were 38 or 38.7%. This shows that the respondents were dominated by OPD employees who had worked for > 10 years or as much as 38.7% of the total respondents.

3. Descriptive Statistics of Research Variables

The descriptive statistical test results of the research variables in Table 4.8 are as follows:

TABLE 4. 7
Descriptive Statistics Test Results

Variable	N	Minimum	Maximum	Mean	Median	Std. Deviation
Human Resources	30	45,33	66,00	54,3940	54,5000	4,89003
Internal Control Systems	30	64,33	87,00	72,6363	72,5000	4,86208
Information Technology	30	48,00	63,00	53,4093	53,2100	3,23410
Understanding on Accrual Based Accounting	30	32,67	45,50	39,7610	39,7100	2,84713
Quality of Financial Statements	30	50,67	66,00	57,5557	57,0000	3,22836

Source: Primary Data Processed, 2019

Based on Table 4.8, the descriptive statistical test results can be explained as follows:

a) Quality of Financial Statements

The variable on the quality of financial statements shows that the minimum and maximum values are 50.67 and 66.00. This means that the minimum and maximum values chosen by respondents in the 14 questions of quality of financial statements variable with a range of 1-5 are 50.67 and 66.00. The average value of financial report quality variables is 57.5557 while the standard deviation is 3.22836. The median value for the quality of financial statement variable is 57.0000 which means that the average value of 57.5557 is greater than the median value.

The results of respondents' answers on the dependent variable on the quality of financial statements are as follows:

TABLE 4. 8
Respondents' Answers on the Dependent Variable

No	STS/TS		N		S/SS		Total	
	Value	%	Value	%	Value	%	Value	%
1	0	0%	2	2%	96	98%	98	100%
2	1	1%	6	6%	91	93%	98	100%
3	1	1%	8	8%	89	91%	98	100%
4	0	0%	6	6%	92	94%	98	100%
5	1	1%	9	9%	88	90%	98	100%
6	0	0%	6	6%	92	94%	98	100%
7	5	5%	15	15%	78	80%	98	100%
8	0	0%	7	7%	91	93%	98	100%
9	0	0%	8	8%	90	92%	98	100%
10	0	0%	4	4%	94	96%	98	100%
11	0	0%	4	4%	94	96%	98	100%
12	0	0%	6	6%	92	98%	98	100%
13	0	0%	7	7%	91	93%	98	100%
14	0	0%	3	3%	95	97%	98	100%

Source: Primary Data Processed, 2019

b) Human Resources

Human resource variables indicate that the minimum and maximum values are 45.33 and 66.00. This means that the minimum and maximum values chosen by respondents in the 14 questions human resource variables with a range of 1-5 are 45.33 and 66.00. The average value of the human resource variable is 54.3940 while the standard deviation is 4.89003. The median value for the human resource variable is 54.5000 which means that the average value is 54.3940 smaller than the median value.

c) Internal Control System

Internal control system variables indicate that the minimum and maximum values are 64.33 and 87.00. This means that the minimum and maximum values chosen by respondents in 18 questions on internal control system variables with a range of 1-5 are 64.33 and 87.00. The average value of the internal control system variable is 72.6363 while the standard deviation is 4.86208. The median value for the internal control system variable is 72.5000 which means that the average value of 72.6363 is greater than the median value.

d) Information Technology

Information technology variables indicate that the minimum and maximum values are 48.00 and 63.00. This means that the minimum and maximum values chosen by respondents in 13 questions on information technology variables with a range of 1-5 are 48.00 and

63.00. The average value of information technology variables is 53.4093 while the standard deviation is 3.23410. The median value for the information technology variable is 53.2100 which means that the average value of 53.4093 is greater than the median value.

e) Understanding on Accrual Based Accounting

The variable on understanding of accrual-based accounting shows that the minimum and maximum values are 32.67 and 45.50. This means that the minimum and maximum values chosen by respondents in the 10 questions accrual-based accounting understanding variables with the ranges of 1-5 are 32.67 and 45.50. The average value of the understanding of accrual basis accounting is 39.7610 while the standard deviation is 2.84713. The median value for the understanding of accrual-based accounting is 39.7100 which means that the average value of 39.7610 is greater than the median value.

B. Data Instrument Quality Test

1. Data Quality Test

a. Data Validity Test

The validity is tested using the correlation value of each question item and the KMO value. The instrument is declared valid if the correlation value is ≥ 0.25 and the KMO value is $> \alpha\ 0.50$. The validity test results of each instrument are as follows:

TABLE 4. 9
Validity Test

Variable	KMO Value	Item	Pearson Correlation Value	Information
Human Resources	0,845	1	0,503	Valid
		2	0,631	Valid
		3	0,694	Valid
		4	0,793	Valid
		5	0,728	Valid
		6	0,822	Valid
		7	0,735	Valid
		8	0,875	Valid
		9	0,740	Valid
		10	0,724	Valid
		11	0,776	Valid
		12	0,672	Valid
		13	0,429	Valid
		14	0,459	Valid
Internal Control Systems	0,832	1	0,644	Valid
		2	0,699	Valid
		3	0,387	Valid
		4	0,669	Valid
		5	0,659	Valid
		6	0,715	Valid
		7	0,608	Valid
		8	0,583	Valid
		9	0,589	Valid
		10	0,634	Valid
		11	0,681	Valid
		12	0,545	Valid
		13	0,697	Valid
		14	0,639	Valid
		15	0,649	Valid
		16	0,646	Valid
		17	0,639	Valid
		18	0,620	Valid
Information Technology	0,779	1	0,723	Valid
		2	0,584	Valid
		3	0,623	Valid
		4	0,594	Valid
		5	0,683	Valid
		6	0,669	Valid
		7	0,684	Valid
		8	0,769	Valid
		9	0,723	Valid
		10	0,551	Valid
		11	0,754	Valid
		12	0,373	Valid
		13	0,370	Valid

Variable	KMO Value	Item	Pearson Correlation Value	Information
Understanding on Accrual Based Accounting	0,784	1	0,685	Valid
		2	0,742	Valid
		3	0,779	Valid
		4	0,831	Valid
		5	0,732	Valid
		6	0,626	Valid
		7	0,610	Valid
		8	0,479	Valid
		9	0,646	Valid
		10	0,726	Valid
Quality of Financial Statements	0,828	1	0,623	Valid
		2	0,481	Valid
		3	0,532	Valid
		4	0,740	Valid
		5	0,676	Valid
		6	0,764	Valid
		7	0,542	Valid
		8	0,669	Valid
		9	0,801	Valid
		10	0,741	Valid
		11	0,618	Valid
		12	0,716	Valid
		13	0,755	Valid
		14	0,767	Valid

Source: Primary Data Processed, 2019

Based on Table 4.9, the validity test results are as follows:

1) Human Resource Competence

The independent variable of human resources has a KMO value of 0.845, the value is > α 0.5 so it can regarded as valid. All items have the correlation value of > 0.25 so the 14 items of measurement variables are valid and the data can be processed.

2) Internal Control System

The independent variable internal control system has a KMO value of 0.832, the value is > α 0.5 which can be considered valid. All questions have a correlation value of > 0.25, so 18 items of measurement variables are valid and the data can be processed.

3) Information Technology

The independent variable of information technology has a KMO value of 0.779, the value is > α 0.5 which is valid. All questions have a correlation valueof > 0.25, so the 13 items of measurement items are valid and the data can be processed.

4) Understanding on Accrual Based Accounting

The independent variable of understanding of accrual-based accounting has a KMO value of 0.784, the value is > α 0.5 so it can be considered valid. All questions have a correlation value of > 0.25, so the 10 items of measurement items are valid variables and the data can be processed.

5) Quality of Financial Statements

The dependent variable of the quality of financial statements has a KMO value of 0.828, the value is > α 0.5 which can be said to be valid. All items have a correlation value is > 0.25 so the 14 items of measurement variables are valid and the data can be processed.

b. Data Reliability Test

Below is a Table of the reliability test results of each variable using the Cronbach's Alpha coefficient:

TABLE 4. 10
Reliability Test

No	Variable	Cronbach's Alpha	Information
1	Human Resources	0,914	Reliable
2	Internal Control Systems	0,902	Reliable
3	Information Technology	0,864	Reliable
4	Understanding on Accrual Based Accounting	0,876	Reliable
5	Quality of Financial Statements	0,899	Reliable

Source: Primary Data Processed, 2019

As presented in Table 4.10, the value of Cronbach's Alpha variable on the human resource, internal control systems, information technology, understanding on accrual-based accounting, and the quality of financial statements is > 0.60. This shows that all variables have a fairly strong reliability. Thefore, all variables can be said to be reliable.

2. Classical Assumption Test

a. Normality Test

The funcion of normality test is to test whether observations are normally distributed or not. This test uses sig values from the results of the Kolmogrov Smirnov statistical test. The results of the normality are presented in Table 4.11:

TABLE 4. 11
Normality Test

		Unstandardized Residual
N		30
Normal Parameters[a,b]	Mean	0E-7
	Std. Deviation	1.73100327
Most Extreme Differences	Absolute	.144
	Positive	.144
	Negative	-.127
Kolmogorov-Smirnov Z		.788
Asymp. Sig. (2-tailed)		.565

a. Test distribution is Normal.
Source : Primary Data Processed, 2019

The normality test results in Table 4.11 show that the sig value of 0.565 or 56.5% is greater than the alpha value of 0.05 or 5%. Thus, can be concluded that the residuals are normally distributed.

b. Multicollinearity Test

Below is the Table of multicollinearity test results for each variable using the tolerance value and VIF of the regression test in the study:

TABLE 4. 12
Multicollinearity Test

Variable	Collinearity Statistic		Conclusion
	Tolerance	VIF	
Human Resources	0,380	2,632	Free from Multicollinearity
Internal Control Systems	0,428	2,335	Free from Multicollinearity
Information Technology	0,438	2,285	Free from Multicollinearity
Understanding on Accrual Based Accounting	0,630	1,586	Free from Multicollinearity

Source: Primary Data Processed, 2019

As presented in Table 4.12, the regression model does not contain multicollinearity if the VIF value is < 10 and tolerance is > 0.1. All variables have a VIF value of < 10 and a tolerance value of > 0.10. These results indicate that the regression model does not experience multicollinearity among independent variables.

c. Heteroscedasticity Test

Below is the Table of heteroscedasticity test results for each variable using a significant value using the Spearman Rank statistical test.

TABLE 4. 13
Heteroscedasticity Test

Variable	Sig Value	Conclusion
Human Resources	0,386	Free from Heteroscedasticity
Internal Control Systems	0,797	Free from Heteroscedasticity
Information Technology	0,892	Free from Heteroscedasticity
Understanding on Accrual Based Accounting	0,438	Free from Heteroscedasticity

Source : Primary Data Processed, 2019

Based on the results of the heteroscedasticity test in Table 4.13, all independent variables have a significant value of more than 0.05. This proves that the regression equation model does not experience heteroscedasticity in which the residual variance from one observation to another observation is fixed (homoskedasticity). Therefore, the regression model is feasible to predict the quality of financial statements based on the independent variables that influence them.

C. Hypothesis Test

The results of multiple analysis tests are as follows:

1. Simultaneous Significant Test (F-Test)

The F test results are as follows:

TABLE 4. 14
Simultaneously Significant Test (F - Test)

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	215.352	4	53.838	15.489	.000[b]
Residual	86.895	25	3.476		
Total	302.247	29			

A. Dependent Variable: Quality of Financial Statements (Y)

Source: Primary Data Processed, 2019

Table 4.14 shows that the test results have a significance level of 0.000 < α 0.05. Therefore, it can be said that human resources, internal control systems, information technology and understanding of accrual-based accounting together or simultaneously have an influence on the quality of financial statements.

2. Determination Coefficient Test (Adjusted R^2)

The adjusted R^2 test results are as follows:

TABLE 4. 15
Result of Determinant Coefficient Regression Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.844[a]	.713	.667	1.86435

Source: Primary Data Processed, 2019

Table 4.15 shows that the Adjusted R^2 value is 0.713. This means that 66.7% of the quality of financial statements variable can be explained through independent variables, namely human resources, internal control systems, information technology, and understanding on accrual-based accounting. The remaining 33.3% is explained through other variables not present in this research.

3. Partial Test (T-Test)

The T test results are as follows:

TABLE 4. 16
Partial Test (T-Test)

Model	Unstandardized Coefficients		Sig.
	B	Std. Error	
(Constant)	12.250	6.495	.071
Human Resources (X1)	.155	.115	.190
Internal Control Systems (X2)	.280	.109	.016
Information Technology (X3)	.216	.162	.194
Understanding on Accrual Based Accounting (X4)	.127	.153	.415

a. Dependent Variable: Quality of Financial Statements (Y)

Source : Primary Data Processed, 2019

As presented in the Table above, it can be concluded that the regression equation is:

Y = 12,250 + 0,155X1 + 0,280X2 + 0,216X3 + 0,127X4 + e

In table 4.16 , it can be seen that the internal control system affect the financial statements, while human resources, information technology, and understanding on accrual-based accounting have no effect on the quality of financial statements. The hypothesis testing results are as follows:

a. Hypothesis Test 1 (H_1)

As shown in Table 4.16, the human resource variable has a significance value of 0.190 > α 0.05 with a coefficient value of 0.155. it can be concluded that human resources have no positive effect on the quality of financial statements. This shows that H_1 is rejected.

b. Hypothesis Test 2 (H_2)

As displayed in Table 4.16, the internal control system variable has a significance value of 0.016 < α 0.05 with a coefficient value of 0.028. It can be concluded that the internal control system has a positive effect on the quality of financial statements. This shows that H_2 is accepted.

c. Hypothesis Test 3 (H_3)

As depicted in Table 4.16 , the information technology variable has a significance value of 0.194 > α 0.05 with a coefficient value of 0.216. It can be concluded that information technology has no positive

effect on the quality of financial statements. This shows that H_3 is rejected.

d. Hypothesis Test 4 (H_4)

As displayed in Table 4.16, the understanding of accrual-based accounting variables has a significance value of 0.415 > α 0.05 with a coefficient of 0.415. It can be concluded that the understanding on accrual-based accounting has no positive effect on the quality of financial statements. This shows that H_4 is rejected.

D. Discussion (Interpretation)

This research was conducted to investigate the influence of human resources, internal control system, information technology, and understanding on accrual-based accounting on the quality of financial statements in Bantul Regency. The research hypothesis in this study shows that the internal control system variable has a positive effect on the quality of financial statements and the variables of human resources, information technology, and understanding on accrual-based accounting have no significant positive effect on the quality of financial statements.

1. Effects of Human Resource Competence on the Quality of Financial Statements

The results of hypothesis testing on the human resource variable (H_1) do not have a significant positive effect on the quality of financial statements in Bantul Regency Organization. This means that human resources as presenter of information explained in the decision usefulness

theory cannot prove that the presentation of information has been maximized.

Human resources are important parts in an organization or government agency. If the human resources have good quality, they can produce qualified financial statement information. With good quality of human resources, the time to prepare financial statements can be saved. This is because these human resources already have the knowledge and understanding on the things that must be done. Therefore, the financial statements prepared can be completed and presented properly. However, in this study, the human resources do not affect the quality of local government financial statements in Bantul Regency.

The results of this study are in line with the research conducted by Komarasari (2017) which finds that human resource capacity does not significantly affect the reliability of local government financial statements. Furthermore, a research conducted by Purba (2017) reveals that human resource competence does not significantly affect the quality of financial statements and another research conducted by Wijayanti and Handayani (2017) shows that human resource competence does not have a positive effect on the quality of financial statements.

This can be proven from the results of descriptive statistics tests on respondents' answers related to human resource variables by looking at an mean of 54.3940, it can be interpreted that the human resources in the Regional Device Organization in Bantul Regency are sufficient. Although

human resources are adequate overall but have not been able to produce good quality of financial statements.

This happened because there were 2% of respondents who stated that were unable to post journals in the ledger. In addition, there were 3% of respondents who were unable to keep a journal properly and 4% of respondents who were unable to prepare and present balance sheets, budget realization reports, notes to financial statements and cash flow statements properly. This is due to the fact that the human resources in the Bantul Regency regional organization are not from accounting or finance majors. In addition, the experienced human resources in preparing financial statements are inadequate. Those can be the cause why human resources do not affect the quality of local government financial statements. Another thing that is not a significant factor in human resource competence influencing the quality of local government financial reports is the SOP in the Bantul Regency government which is not functioning properly. SOP serves to provide knowledge about the barriers experienced by employees and as a guide in the implementation of work or tasks. In OPD of Bantul Regency, not all employees in the finance or accounting department understand government regulations on Regional Financial Accounting Standards. It means that the function of SOP to provide knowledge about the obstacles experienced by employees is not implemented properly.

2. The Effect of Internal Control System on the Quality of Financial Statements

The results of hypothesis testing for internal control system variables (H_2) have a significant positive effect on the quality of financial statements in Bantul Regency. This means that the internal control system as part of the accounting information presenter described in the decision usefulness theory has been able to support the smooth working of the accounting information system.

The internal control system aims to provide adequate confidence in achieving the effectiveness and efficiency of the objectives of holding the state government, having the reliability of financial reporting, securing state assets and adhering to laws and regulations (Government Regulation No. 60 Year 2008).

The results of this study are in line with a research conducted by Ramadhani et al. (2018) and Suliyantini and Kusmuriyanto (2017) which reveal that the internal control system has a positive effect on the quality of financial statements. Furthermore, a research conducted by Triyanti (2018) finds that the competence of the internal control system has a significant positive effect on the quality of the financial statements and a research conducted by Sundari and Rahayu (2019) shows that the internal control system has a significant effect on the quality of the financial statements.

This can be proven from the results of descriptive statistics tests on respondents' answers related to internal control system variables by looking at an mean of 72,6363, it can be interpreted that the control of the Regional Device Organization (OPD) in Bantul Regency has been running well and can affect the quality of the financial statements produced. The better the internal control system owned by an agency, the better the quality of the financial statements produced. Internal control is a way to direct, supervise, and measure the resources of an organization. It plays an important role in the prevention and detection of fraud. With a good internal control system, an agency will be protected from unwanted things such as fraud or mistakes made by human resources or computer systems.

3. The Effect of Information Technology on the Quality of Financial Statements

The results of hypothesis testing for the information technology variable (H_3) do not have a significant positive effect on the quality of financial statements in the Bantul Regency Organization. This means that technology acceptance models are not necessarily in line with existing information technology at an agency because existing human resources may not necessarily be able to use and utilize existing new technologies.

The results of this study are in line with the research conducted by Surastiani and Handayani (2015) which reveals that the use of information technology has no significant positive effect on the quality of financial statements. Furthermore, a research conducted by Riandi (2017) finds that

information technology has no effect on the quality of financial statements and another research conducted by Marlinawati and Wardani (2018) shows that the use of information technology has no significant effect on the quality of financial statements.

This can be proven from the results of descriptive statistics tests on respondents' answers related to information technology variables by looking at an mean of 53,4093, it can be interpreted that information technology in the Regional Device Organization in Bantul Regency is classified as good. Although information technology has been in a good category as a whole but has not been able to produce good quality of financial statements.

This happens because there are 3% of respondents answering doubt if a computer network has been installed in the work unit. In addition, 3% of respondents answered doubt if the accounting process from the beginning of the transaction to the preparation of financial statements is done computerized. Furthermore, there are 2% of respondents who answered disagree and 14% of respondents who answered doubt if the equipment is damaged in the data and repaired on time. This means that the specified system is not as intended. Regional financial information technology is still experiencing obstacles because supporting equipment and software are often damaged and not repaired on time. It requires quite a long time to repair. Thus, it an impact on the reporting time schedule that has been adjusted or regressed. It also has implications on the inaccuracy of local

government financial statements as a qualitative characteristic of the financial statements themselves. Another factor in information technology that does not significantly affect the quality of financial statements is the knowledge and understanding of employees regarding the use of the technology. Most of the government agencies currently no longer do the recording and making of financial statements manually. Instead, it is done through computer. However, not all employees understand the procedures of their use. That's why, training is needed regarding the use of computer systems in recording financial statements.

4. The Effect of Understanding on Accrual Based Accounting on the Quality of Financial Statements

The results of hypothesis testing for the accrual-based accounting understanding variable (H_4) do not have a significant positive effect on the quality of financial statements in the Bantul Regency Organization. This means that the theory of decision usefulness explaining that the primary quality of information useful in economic decision making is relevant value and reliability is not necessarily in line with the application and understanding on accrual-based accounting of each agency.

The results of this study are in line with the research conducted by Rahmah and Zulkifli (2018) which finds that the application of accrual-based government accounting standards has no effect on the quality of financial statements. Furthermore, a research conducted by Hasibuan (2018) and Sari (2019) reveals that the application of government

accounting standards have no significant effect on the quality of financial statements.

This can be proven from the results of descriptive statistics tests on respondents' answers related to the understanding on accrual-based accounting variables by looking at an mean of 39.7610, it can be interpreted that the implementation of accrual-based government accounting standards in the Regional Device Organization (OPD) in Bantul Regency is not going well. Therefore, it does not affect the quality of financial statements. This is also proven by a research in the Regional Device Organization (OPD) of Bantul Regency in which the government has applied accrual-based accounting standards. However, an understanding on accrual-based accounting does not affect the quality of local government financial statements. This is the reason why understanding of accrual-based accounting does not significantly affect financial statements because the application of government accounting standards is still not optimal. This can occur do to a lack of training and introduction to accrual-based government accounting standards as a whole. In addtion, an understanding on the standards is limited to financial reporting that often occurs related to fund acquisition, fund management, and fund expenditure only. Another factor in understanding accrual-based accounting that does not affect the quality of financial statements is financial managers who are not from an accounting

education background. Therefore, many employees do not understand accrual-based accounting standards.