

The Effect of Government Accounting Standards, Human Resources Competence and Internal Control Systems on the Quality of Financial Statements (Survey of State Ministries in Indonesia)

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Abstract

The purpose of this study is to analyze the effect of Government Accounting Standards, Human Resource Competence and Internal Control Systems on the Quality of Financial Statements. The method used is a quantitative method. The populations in this study are employees of the finance division of state ministries in Indonesia. The populations in this study are employees of the State Ministry's Finance Bureau in Indonesia. The sample was selected according to the criteria in order to obtain the head of the subdivision of the Finance Bureau at the Secretariat General in each Ministry. The data collection technique in this study used a survey method, which was carried out by distributing questionnaires. The results showed that Government Accounting Standards, Human Resource Competence and Internal Control Systems have a significant influence on the Quality of Financial Reports.

Keywords: Government Accounting Standards, Human Resources Competence, Internal Control Systems, Quality of Financial Statement

1. Introduction

Law Number 15 of 2004 considers that in order to realize an orderly management of state finances, adhere to the laws and regulations, efficient, economical, effective, transparent, and responsible with due regard to a sense of fairness and propriety, it is necessary to conduct an examination based on auditing standards by the Agency A free and independent Financial Auditor.

Table 1 : Development of Opinion on Central Government Financial Report

Opinion	Year				
	2014	2015	2016	2017	2018
Unqualified	62	56	74	80	82
Qualified	18	26	8	6	4
Disclaimer	7	4	6	2	1
Adverse	-	-	-	-	-
Number of Reporting Entities	87	86	88	88	87

(Source: 2018 Central Government Financial Report Audit Results Report)

Based on the Financial Audit Board Examination Report on the Central Government's Financial Statements for 2018, there are still central government financial reports that obtain opinions other than unqualified opinion, that is qualified opinion and disclaimer of opinion. 94% of the Unqualified Opinion in 2018 is still below the target of the Main Target of Governance and Bureaucratic Reform Development of 95%. In addition, there are still Ministries that have not received Unqualified opinion for 3 (three) consecutive years from 2015 to 2017

Table 2 : Audit Result Report of the Audit Board

Issues	Year		
	2016	2017	2018
Weaknesses of the Internal Control System	1.159	983	998
Non-compliance with statutory provisions resulting in state losses	659,32*	636,02*	505,52*
Non-compliance with statutory provisions resulting in potential state losses	1.076,13*	2.624,15*	566,84*
Non-compliance with statutory provisions resulting in a shortage of state revenue	15.303,12*	1.486,11*	3.783,47*

* in billion rupiah

(Source: Summary of Examination Results Semester 1 of 2016, 2017, 2018)

Apart from providing an opinion, the Supreme Audit Board also submits the Internal Control System Audit Result Report and compliance with the provisions of laws and regulations. In the Audit Reports of Compliance with Legislation, the Supreme Audit Board found non-compliance in testing compliance with statutory regulations at the Central Government. In addition, in the Audit Result Report on the Internal Control System, the Supreme Audit Board also found reportable conditions relating to weaknesses in the Internal Control System and its operations. Sisdiyanto and Nengsih (2017) state that the information contained in the financial statements produced by the Government must comply with the criteria for the value of information required by laws and regulations. If it is not in accordance with statutory regulations, it will result in financial losses, lack of revenue, administrative weaknesses, inefficiency, inefficiency, and ineffectiveness.

Several studies have been conducted to determine the factors that influence the quality of financial statements. Nkundabanyanga et al (2013) explained that accounting standards are positively and significantly related to the quality of financial reporting, providing evidence of the influence of accounting standards on the quality of financial reporting in Uganda. The finding of the relationship between accounting standards, legal frameworks and financial reporting quality implies that the Ugandan government needs to adopt a stronger approach to enforcing compliance to improve the quality of financial reports produced by the Ministry of Water and Environment.

Ijeoma (2014) shows that implementation of International Public Sector Accounting Standards (IPSAS) will increase the reliability, credibility and integrity of financial reporting in the administration of State Governments in Nigeria. Also, it was observed that the adoption of IPSAS-based standards can facilitate efficient internal control and results-based financial management in the Nigerian public sector. Likewise, it was found that implementing IPSAS could significantly enhance the Federal Government's objective of providing services more effectively and efficiently. Implementation of IPSAS by the public sector in Nigeria will not only have a positive impact on the reliability, credibility and integrity of financial reporting but is expected to pave the way for a uniform chart of financial reporting by the three levels of Government in Nigeria.

Research by Patra et al (2015), Arfan et al (2016), Bondan et al (2017), and Sako and Lantowa (2018) also states that the application and understanding of government accounting standards affects the quality of financial statements.

Hongjiang et al (2003) proves that based on the analysis of case studies, human resource competencies, systems, organizations, and external factors are important factors in determining the quality of accounting information. In real-world situations, when there is pressure to set deadlines, people tend to sacrifice accuracy for punctuality. Information inconsistency is a major problem in decentralized organizations that have many different divisions and subsystems. Inconsistencies do not only occur at the input point, but can also occur at the process stage, causing inconsistent outputs and reports. To obtain complete information is the main task of the accounting system, but at the same time it is important to prevent information overload.

Setiyawati (2013) explained that the competence of internal accountants has a significant influence on the quality of financial reporting of the Bogor District Government. This research is a causality study using multiple regression models to obtain empirical evidence, test and explain the effect of internal accountant competencies, managers' commitment to the organization, and implementation of internal control systems on the quality of financial reporting. The phenomenon of low quality financial reporting, especially in local governments, has not been properly answered by the competence of internal accountants. With good internal accountant competence, especially in local governments, it can improve the quality of financial reporting.

Research by Mahardini and Miranti (2018), Lasmara and Rahayu (2016), Simon et al (2016), and Call et al (2017) also shows that human resource competence has a positive effect on the quality of financial statements.

Naz'aina (2015) shows that internal control systems and amil competencies affect the Quality of Financial Reporting. The population used in this study were all 37 (thirty seven) amil zakat institutions active members of the zakat forum in West Java and DKI Jakarta provinces. To increase public trust, amil zakat institutions must focus on improving the quality of financial reporting, by increasing the effectiveness of the internal control system and the competence of amil. So that the zakat realization can be maximized.

Pradono and Basukianto (2015) proved that human resource competencies and internal control systems significantly influence the quality of local government financial reports. This research is an explanatory research of 48 (forty eight) SKPD in Central Java Provincial Government, using a questionnaire in data collection. There are 141 (one hundred and forty-one) data collected in detail: Treasurer of Expenditures (46 questionnaires), Administrator Items (47 questionnaires), and Financial Report Staff (48 questionnaires).

Research by Yusniyar et al (2016), Widyaningsih (2016), Kewo and Afiah (2017), and Djalil et al (2017) also shows that the internal control system affects the quality of financial statements.

Research conducted by Karsana and Suaryana (2017) shows that the effectiveness of the application of government accounting standards, human resource competencies, and internal control systems has a positive effect on the quality of financial statements. Sihite and Holiawati (2017) state that the application of government accounting standards, internal control systems and accounting staff competencies partially and simultaneously has a positive and significant effect on the quality of local government financial reports. Subadriyah and Rahayuningsih (2015) also prove that the presence of quality human resources affects the quality of local government financial reports. Synthia's research results (2017) also support the findings of Afiah and Rahmatika (2014) and Sagara (2015).

In Yendrawati's research (2013) it was found that the Internal Control System had a negative effect on the quality of financial statement information. Budiawan and Purnomo (2014) show that the internal control system has no positive effect on the quality of financial reports. Inapty and Martiningsih (2016)

explain that the application of government accounting standards, apparatus competence and the role of internal audit have no significant effect on the quality of financial statement information. Syahadatina and Fitriyana (2016) prove that partially the human resources variable in finance has no effect on the quality of financial reports.

From the background and description above, as well as the inconsistency of previous studies, the authors are interested in conducting a research entitled "*The Effect of Government Accounting Standards, Human Resource Competence and Internal Control Systems on the Quality of Financial Statements (Survey at State Ministries in Indonesia)*".

2. Literature Review

Agency Theory

Agency theory is a theory that describes agency relations as a contract in which one or more people (principal) involves another person (agent) to perform some services on their behalf (principal) as well as delegate some decision-making authority to the agent (Jensen and Meckling, 1976: 5). If the two parties in the relationship are utility maximizers, then there is good reason to believe that the agent will not always act in the interests of the principal.

Agency problems can occur in all organizations, both in companies and in the government sector. In the government sector, Utami and Pernamasari (2019) reveal that in the agency relationship between the legislative body and the public (voters), the legislature is the agent and the public is the principal. Officials in the government as the party administering public services have more information so that they can make decisions or policies that only concern the government and the authorities and ignore the interests and welfare of the people. In addition, agency problems in the government sector can occur between government officials who are elected as principal and ministries as agents appointed by government officials to carry out government functions. To reduce this problem, the government must make efforts to present financial reports in a transparent and accountable manner.

Government Accounting Standards

The Government Accounting Standards Committee states that Government Accounting Standards are stipulated by Government Regulation No. 71 of 2010 in lieu of Government Regulation No. 24 of 2005. SAP is stated in the form of a Government Accounting Standards Statement, supplemented by an Introduction to Government Accounting Standards and is prepared according to the Government Accounting Conceptual Framework. Government Accounting Standards must be used as a reference in preparing government financial reports, both the central and regional governments. In the Republic of Indonesia Government Regulation Number 71 of 2010, what is meant by Government Accounting Standards are the accounting principles applied in preparing and presenting government financial reports.

Human Resource Competencies

Prayitno (2015) defines competence as a certain characteristic or ability of a person that allows him to bring it to work situations. Prayitno and Andrilina (2015) also define competencies as characteristics, attitudes and behaviors of people who produce superior work output. With competence, companies can determine the standard of knowledge, expertise, work ability of a person in a particular field, which is used when recruiting prospective employees, and when making selections for employee promotion purposes.

Internal Control System

Graham (2015) Committee of Sponsoring Organizations of the Treadway Commission (COSO, 2013: 6) defines internal control is a process, which is influenced by the entity's board of directors,

management and other personnel, designed to provide reasonable guarantees regarding the achievement of objectives related to operations, reporting and fulfillment. The Internal Control System according to the Government Regulation of the Republic of Indonesia number 60 of 2008 is an integral process of actions and activities carried out continuously by the leadership and all employees to provide adequate confidence in the achievement of organizational goals through effective and efficient activities, reliability of financial reporting, security state assets, and compliance with laws and regulations.

Quality of Financial Statements

Wood and Horner (2010: 99) defines the quality of financial statements as reports that provide a true and fair view of the financial position of business for groups of business user. To ensure that this happens, the framework establishes four main requirements for financial statements: understanding, relevance, reliability and comparability. Government Regulation Number 71 of 2010 states that the qualitative characteristics of financial statements are normative measures that need to be realized in accounting information so that they can meet their objectives. These characteristics are relevant, reliable, comparable, and understandable.

3. Hypothesis

The Effect of Government Accounting Standards on the Quality of Financial Statements

Nkundabanyanga et al (2013) explained that accounting standards are positively and significantly related to the quality of financial reporting, providing evidence of the influence of accounting standards on the quality of financial reporting at the Ministry of Water and Environment in Uganda. Ijeoma (2014) shows that implementation of International Public Sector Accounting Standards will increase reliability, credibility and integrity of financial reporting in the administration of State Governments in Nigeria. Patra et al (2015) stated that based on hypothesis testing, the application of local government financial accounting systems affects the quality of local government financial reports in the Luwu district forestry service in Belopa city. Arfan et al (2016) found that an understanding of government accounting standards, both directly and indirectly through the review process of financial statements by the inspectorate, had a significant influence on the quality of financial reports from districts and cities in Aceh Province. Bondan et al (2017) prove that the implementation of Government Accounting Standards influences the quality of financial reports in the Regional Work Unit of the District of Kediri. Sako and Lantowa (2018) show that the adoption of Government Accounting Standards has a positive effect on the quality of financial statement presentation at the Gorontalo Regency Regional Financial and Asset Management Revenue Service. Based on the explanation above, the hypothesis in this study was formulated as follows:

H₁: Government accounting standards have a positive effect on the quality of financial statements.

The Effect of Human Resources Competence on the Quality of Financial Statements

Hongjiang et al (2003) proves that the competence of human resources, systems, organizations, and external factors is an important factor in determining the quality of accounting information. Lasmara and Rahayu (2016) prove that human resource competence has a positive effect on the quality of the financial statements of the Kerinci Regency government. Simon et al (2016) found that apparatus competence has a positive and significant influence on the quality of financial statement information in Selayar Islands Regional Work Unit. Call et al (2017) show that companies that employ high-quality employees tend to have high quality disclosures, fewer violations of internal controls, and fewer restatements. The results of Mahardini and Miranti's (2018) research also support the findings of Afiah and Rahmatika (2014) and Sagara (2015). Based on the above explanation, the hypothesis in this study was formulated as follows:

H₂: Human resource competence has a positive effect on the quality of financial statements.

The Effect of Internal Control Systems on the Quality of Financial Statements

Basukianto (2015) proved that human resource competencies and internal control systems significantly influence the quality of the financial statements of the regional government of Central Java Province. Naz'aina (2015) shows that internal control systems and amil competencies affect the Quality of Financial Reporting. Widyarningsih (2016) explained that the control environment and control activities have a significant influence on the quality of financial statement information in elementary schools in Bandung, Indonesia. Yusniyar et al (2016) show that government accounting systems, internal control and good governance both simultaneously and partially affect the quality of financial statements. Kewo and Afiah (2017) state that the internal control system partially and simultaneously has a positive effect on the quality of financial statements. Djalil et al (2017) found that the effectiveness of the government's internal control system had a significant effect on the quality of local government financial reports. Based on the explanation above, the hypothesis in this study was formulated as follows:

H₃: The internal control system has a positive effect on the quality of financial statements.

4. Research Methods

This research is a quantitative research. The population used in this study were employees of the State Ministry's Finance Bureau in Indonesia, totaling 28 (twenty eight) entities. The sample was selected according to the criteria in order to obtain the head of the subdivision of the Finance Bureau at the Secretariat General in each Ministry. This study uses partial regression analysis (Partial Least Square / PLS) to test the hypotheses proposed in this study using SmartPLS 3.0 software.

5. Results

Table 3 : Profile of Respondents

Information	Frequency	Percentage
Gender		
Male	29	34%
Female	56	66%
Total	85	100%
Age		
31-40 years	18	21%
41-50 years	39	46%
More than 50 years	28	33%
Total	85	100%
Years of Service		
0-5 years	20	23%
6-10 years	28	33%
More than 10 years	37	44%
Total	85	100%
Last Education		
Diploma	19	22%
Bachelor	57	67%
Master	9	11%
Total	85	100%

(Source: Primary Data Processed, 2020)

Based on the gender of the respondents in this study, 56 female employees were dominated by respondents (66%), while 29 respondents were male (34%). Based on age, most respondents were at the age of 41 - 50, as many as 39 respondents (46%). Most of the respondents' tenure of office was more than 10 years as many as 37 respondents (44%). Meanwhile, the last education of the respondents indicated that 57 respondents (67%) had a bachelor degree.

Table 4 : Descriptive Statistics of Government Accounting Standards

Dimensions	Staments	Mean
Government Accounting 02	Complete and valid evidence, real.	3.85
	Sufficient verification and responsibility.	3.76
Government Accounting 05	Explanation.	4.22
	Recorded according to physical realization.	4.11
	Inventories are reported and recorded.	4.11
	Adequate source documents and supply cards.	3.89
Government Accounting 07	Non-traceable fixed assets.	4.05
	The recording of fixed assets is always accurate.	4.06
	Standar operational for fixed asset	4.31
	All fixed assets are traceable.	4.14
Government Accounting 08	The recording of construction in progress is always accurate.	4.18
Government Accounting 09	Debt records are carried out according to specifications.	3.98
	Reconciliation is carried out in an orderly and comprehensive manner.	3.98
Average		4,05

(Source: Primary Data Processed, 2020)

Based on table 4, it shows that the number of data analyzed was 85 respondents. The highest average value is obtained from the dimensions of PSAP 07 concerning Fixed Asset Accounting with the Fixed Asset Recording indicator, which is 4.31, which means that there is an SOP for fixed assets and a detailed inventory code / number. Meanwhile, the lowest average value is obtained from the PSAP 02 dimension regarding the Cash-Based Budget Realization Report with the Budget Realization Presentation indicator, which is 3.76, which means that there has been no realization of goods expenditure through sufficient verification and is supported by accountable and complete accountability.

The overall average value of the Government Accounting Standards variable questionnaire is 4.05 with intervals in the agreed criteria, meaning that the average respondent's perception has implemented Government Accounting Standards involving the five elements, namely government accounting standard 02 on the Budget Realization Based Report Cash, Application of Government Accounting Standards 05 on Inventory Accounting, Application of Government Accounting Standards 07 on Accounting for Fixed Assets, Application of Government Accounting Standards 08 on Constructive Accounting in Progress, and Application of Government Accounting Standards 09 on Accounting for Obligations.

Table 5 : Descriptive Statistics of Human Resources Competencies

Dimensions	Statments	Mean
Skills	Experienced	4.13
	Get appropriate training	4.22
	Organize yourself	4.21
	Able to adapt	4.06
Experience	Being able to communicate	4.15
	Prepare and present	4.22
	Analyze the problem	4.20
	Able to see the picture	4.07
Average		4,16

(Source: Primary Data Processed, 2020)

Based on table 5, it shows that the number of data analyzed was 85 respondents. The highest average value is obtained from the Skills dimension with the Knowledge indicator and the Experience dimension with the Feedback indicator, which is 4.22, which means that HR has received training in accordance with the needs as a function of financial management to be able to support the ability to work in the accounting sector, and be able to prepare and deliver an effective presentation to a different audience. While the lowest average value is obtained from the Skills dimension with the Ability indicator, which is 4.06, which means that the human resource's ability to adapt to a situation or to solve problems in new ways, open-mindedness to situations, solutions and new ideas still need to be improved.

The overall average value of the Human Resource Competency questionnaire variable is 4.16 with intervals in the agreed criteria, meaning that the average respondent's perception of Human Resources has good Competency in terms of skills and experience.

Table 6 : Descriptive Statistics of Internal Control Systems

Dimensions	Stamtnents	Mean
Environment	Entity Control communicates the code.	3.99
	Independence of all employees	3.95
	Entity policies and procedures	3.86
	Provide guidance and training opportunities	3.91
	Set performance size and goals	3.85
Risk Assessment	Sets the threshold for materiality	3.72
	Following the policies, procedures and processes established	3.86
	Consider changes in management	3.95
Activity	Authorization Control, approval, comparison, physical calculations	4.02
	Develop activities	4.02
	Procedure for recording and accounting transactions.	3.93
Information and Communication	Internal and external data sources	4.13
	Communication process to all employees	3.94
	Communicate relevant information	4.21
Monitoring	Evaluate the activity process.	4.00
	Take adequate and timely action.	3.94
Average		3.96

(Source: Primary Data Processed, 2020)

Based on table 6, it shows that the number of data analyzed was 85 respondents. The highest average value is obtained from the Information and Communication dimension with the Internal and External Communication Recording indicator, which is 4.21, meaning that the Ministry of State in Indonesia has a process to communicate relevant and timely information to external parties. Meanwhile, the lowest average value is obtained from the Risk Assessment dimension with the Goal Setting indicator, which is 3.72, which means that the Ministry of State in Indonesia has not been optimal in determining the materiality threshold for the purpose of identifying significant accounts and disclosures.

The overall average value of the Internal Control System variable questionnaire is 3.96 with intervals in neutral criteria, meaning that the perception of respondents in implementing the Internal Control System is still not optimal and needs to be improved through aspects of Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring. When viewed from the profile of respondents who are dominated by respondents aged 41-50 years and with a work period of more than 10 years, the implementation of the Internal Control System should be able to run optimally because of the sufficient knowledge and experience.

Tabel 7 : Hasil Statistik Deskriptif Kualitas Laporan Keuangan

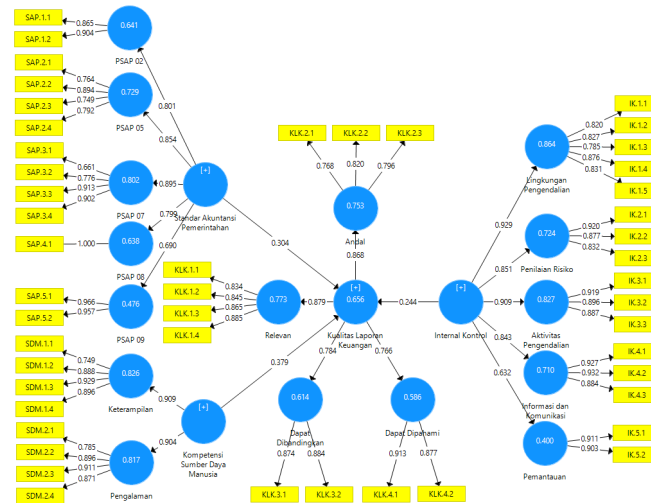
Dimensions	Stamtements	Mean
Relevant	Feedback value	3.95
	Predictive value	3.99
	Financial statements are presented in a timely manner	4.25
	Information made in full	4.20
Reliable	Information describes honestly	4.16
	Financial statements have been tested.	4.02
	Financial Statements do not take sides	3.92
Compared	Financial Statements can be compared	4.01
	The same accounting policy from year to year.	3.96
Understood	Financial Statements presented according to users.	3.94
	Financial statements are prepared systematically	3.89
Average		4.03

(Source: Primary Data Processed, 2020)

Based on table 7, it shows that the number of data analyzed was 85 respondents. The highest average value is obtained from the relevant dimension with the indicator on time, which is 4.25, which means that the financial statements are presented in a timely manner so that they can be used as material in decision making. Meanwhile, the lowest average value is obtained from the Understandable dimension with the Understanding indicator, which is 3.89, meaning that the preparation of financial reports is not systematic, so it is difficult to understand.

The overall average value of the financial statement quality variable questionnaire is 4.03 with intervals in the agreed criteria, meaning that the perception of the average respondent has implemented the four qualitative characteristics of financial statements that are relevant, reliable, comparable, and can be understood so that the information presented in the report government finance can fulfill its purpose.

Figure 1: Validity Test Results



Based on the output in the path diagram above, the loading factor has fulfilled convergent validity, the indicator value is above 0.5 so that the indicators are declared valid.

Table 8 : Reliability Test Results

Variabel	Composite Reliability	Cronbach's Alpha	AVE	Statments
Government Accounting Standards	0,929	0,916	0,503	Reliabel
Human Resource Competencies	0,927	0,909	0,614	Reliabel
Internal Control	0,954	0,948	0,566	Reliabel
Quality of Financial Statements	0,919	0,902	0,507	Reliabel

(Source: Primary Data Processed, 2020)

Based on the reliability results above, Government Accounting Standards, Human Resource Competencies, Internal Controls, and Quality of Financial Statements have composite reliability above 0.7 and Cronbach’s alpha above 0.6 so that it can be concluded that the indicators used on each variable have good reliability or are able to measure the construct. Average Variance Extracted (AVE) for Government Accounting Standards, Human Resources Competence, Internal Control, and Quality of Financial Statements have values above 0.5 so that it can be concluded that all variables have high discriminant validity.

Table 9 : Goodness of Fit Test Results (Inner Model)

Variable Dependen	SSO	SSE	Q ² (=1-SSE/SSO)
Quality of Financial Statements	935,000	652,396	0,302

(Source: Primary Data Processed, 2020)

Evaluation of the inner model is quite good in explaining the variable quality of financial statements and the value of predictive-relevance for the structural model in this study is 0.302. This

value is more than 0, indicates that this research model has a good predictive value so that it can be used for hypothesis testing. R2 is the coefficient of determination which is part of the total variation in the dependent variable which is explained by variations in the independent variable.

Table 10 : R-Square Test Results

Variabel	R Square
Quality of Financial Statements (Y)	0,656

(Source: Primary Data Processed, 2020)

Based on the coefficient of determination in the table above, the R2 value obtained for the variable quality of the financial statements of 0.656 means that the value indicates that the variable quality of the Financial Statements can be explained by variables Government Accounting Standards, Human Resources Competence, and Internal Control by 65.6% while the rest is 34.4% is influenced by other variables not found in the research model.

Table 11 : Hypothesis

Correlations	Parameter Coefficients	T Statistics	P Values	Statments
Government Accounting Standards → Quality of Financial Staments	0,304	2,953	0,003	Significantly Influential
Human Resources Competency → Quality of Financial Staments	0,379	3,716	0,000	Significantly Influential
Internal Control → Quality of Financial Staments	0,244	2,829	0,005	Significantly Influential

(Source: Primary Data Processed, 2020)

Table 11, the Effect of Government Accounting Standards on the Quality of Financial Statements. The path parameter coefficient obtained from the influence of Government Accounting Standards variables on the quality of financial statements is 0.304 with a Tstatistics value of 2.953 > 1.96 at the significance level $\alpha = 0.05$ (5%) which states that there is a significant effect of Government Accounting Standards on the Quality of Financial Statements. The results of this study support the first hypothesis (H₁) that there is a significant effect of Government Accounting Standards on the Quality of Financial Statements.

The effect of Competence of Human Resources on the Quality of Financial Statements. Pathway coefficient obtained from the influence of the variable Human Resource Competence on the quality of financial statements is 0.379 with a value of 3.716 > 1.96 at the significance level $\alpha = 0.05$ (5%) which states that there is a significant influence of Human Resources Competence on the Quality of Financial Statements. The results of this study support the second hypothesis (H₂) that there is a significant influence of Human Resources Competence on the Quality of Financial Statements.

The Effect of Internal Control Systems on the Quality of Financial Statements. The path parameter coefficient obtained from the influence of the Internal Control System variable on the quality of the financial statements is 0.244 with a value of Tstatistics 2, 829 > 1.96 at the significance level $\alpha = 0.05$ (5%) which states that there is a significant influence of the Internal Control System on the Quality of Financial Statements. The results of this study support the third hypothesis (H₃) that there is a significant influence of the Internal Control System on the Quality of Financial Statements.

6. Results and Discussions

The Effect of Government Accounting Standards on the Quality of Financial Statements

The results of hypothesis testing indicate that the value of Tstatistics is greater than the value of the T table which states that there is an influence of Government Accounting Standards on the Quality of Financial Statements. The direction of influence is positive, meaning that the more effective application of Government Accounting Standards to a government agency, the better the quality of financial statements. The results of this study are in line with research conducted by Nkundabanyanga et al (2013), Ijeoma (2014), Patra et al (2015), Arfan et al (2016), Bondan et al (2017), and Sako and Lantowa (2018), which proves that the application of Government Accounting Standards influences the Quality of Financial Statements. This is because Government Accounting Standards regulate the accounting cycle from the time of recognition, measurement, reporting and disclosure of a transaction or account in the financial statements so that the understanding and application of optimal Government Accounting Standards determine the quality of the financial statements produced. However, this research is not in accordance with the research conducted by Inapty and Martiningsih (2016), the results of their research show that the application of government accounting standards, apparatus competence and the role of internal audit has no significant effect on the quality of financial statement information.

Effect of Competence of Human Resources on the Quality of Financial Statements

Hypothesis testing results indicate that the value of Tstatistics is greater than the value of the T table which states that there is an influence of Human Resources Competence on the Quality of Financial Statements. The direction of influence is positive, meaning that the better the Competence of Human Resources in a government agency, the better the quality of financial statements. The results of this study are in line with research conducted by Afiah and Rahmatika (2014), Subadriyah and Rahayuningsih (2015), Sagara (2015), Sihite and Holiawati (2017), and Synthia (2017), which proves that Human Resources Competence affects quality of financial statements. This is because human resources have a very important part in the quality of financial statements, human resources must be in accordance with the criteria determined by an agency, in order to carry out their responsibilities properly and in accordance with the procedures for recording and writing financial statements. However, this research is not in line with the research conducted by Syahadatina and Fitriyana (2016), the results of their research prove that partially the human resource variable in finance has no effect on the quality of financial statements.

The Effect of Internal Control Systems on the Quality of Financial Statements

The results of hypothesis testing indicate that the value of T statistics is greater than the value of the T table which states that there is an influence of the Internal Control System on the Quality of Financial Statements. The direction of influence is positive, meaning that the more effective the implementation of the Internal Control System in a government agency, the better the Quality of Financial Statements. The results of this study are in line with research conducted by Djalil et al (2017), Yusniyar et al (2016), Basukianto (2015), Kewo and Afiah (2017), Hongjiang et al (2003) that the Internal Control System influences the quality of financial statements, because Internal control system can minimize the existence of errors or errors in recording or accounting calculations. However, this study is not in line with research conducted by Yendrawati (2013), the results of his research found that the Internal Control System has a negative effect on the quality of financial statement information. Budiawan and Purnomo's research results (2014) also show that the internal control system has no positive effect on the quality of financial reports.

7. Conclusions and Recommendation

Conclusions

Based on the results of the discussion presented in the previous chapter it can be concluded:

1. Government Accounting Standards affect the Quality of Financial Statements. These results indicate that the more effective application of Government Accounting Standards in a government agency, the better the Quality of Financial Statements.
2. Competence of Human Resources affects the Quality of Financial Statements. These results indicate that the better the Competency of Human Resources at a government agency, the better the Quality of Financial Statements.
3. The Internal Control System influences the Quality of Financial Statements. These results indicate that the more effective the application of Internal Control Systems in a government agency, the better the Quality of Financial Statements.

Recommendation

Based on the results of the discussion and conclusions, the authors provide the following suggestions:

1. For government policies:
 - a. There needs to be consistency in the application of Government Accounting Standards related to recording financial statements in order to meet the qualitative characteristics of financial statements.
 - b. There needs to be a means to improve the skills of Human Resources so that existing problems can be solved more effectively and efficiently by means of new ways, solutions and ideas that grow from the open-mindedness of human resources.
 - c. It is necessary to implement a reliable and adequate Internal Control System to create an accountable management of state finances by periodically evaluating the implementation of the Internal Control System in the Indonesian State Ministry.
2. For further researchers:
 - a. Variables that affect the Quality of Financial Statements in this study only consist of 3 (three) variables, namely the application of Government Accounting Standards, Human Resource Competencies, and Internal Control Systems. Future researchers are expected to conduct research with more or different variables.
 - b. This study only uses the State Ministry in Indonesia as its population. The next researcher is expected to be able to expand the population, for example by researching Institutions in Indonesia, or not only involving the head of the sub-financial bureau as a respondent but also involving all accounting staff.
 - c. This study uses primary data in the form of a questionnaire, so the answers given by respondents do not necessarily indicate the real situation. The next researcher is expected to be able to conduct research using several methods of data collection such as interviews or field surveys to strengthen the research results.

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