"THE EFFECT OF POLICY, GOVERNMENT PERFORMANCE, AND INFORMATION TECHNOLOGY ON THE QUALITY OF FINANCIAL STATEMENTS OF THE PROVINCIAL GOVERNMENT OF BANGKA BELITUNG ISLANDS"

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ARTICLE INFO	ABSTRACT
	The purpose of this study is to determine how much variables affect the quality of financial statements contained in the report on the implementation of local government in the Bangka Belitung Islands Province. The variables that are the focus of this study are government policy, government performance, and the use of information technology as an independent variable, and the quality of financial statements as a dependent variable. To obtain data from these variables, 58 respondents were taken. In this study, primary data was obtained from the distribution of questionnaires to employees working in finance and budgeting who became a team in making local government budgeting reports in the Bangka Belitung Islands Province. As for the analysis method and hypothesis test using multiple regression test analysis. The results of hypothesis testing show that government policy variables have a negative and significant effect on the quality of financial statements. Meanwhile, government performance variables and the use of information technology have a positive and significant effect on the quality of financial statements. These three variables simultaneously affect the quality of financial statements. The value of the coefficient of determination shows that government policy, government performance, and the use of information technology have an influence on the quality of financial statements by 47,3 percent while 52,7 percent are influenced by other variables outside this study or other variables that are not included in this study. With this research, it is hoped that the government can make this research a reference in improving government performance in preparing quality and targeted financial statements. For further research, it is expected to explore other factors that can affect the quality of financial statements.

Introduction

The implementation of regional autonomy is one of the most important focuses to improve people's welfare (Armansyah, 2016). The enactment of Law No. 22 of 1999 and the second amendment to Law No. 23 of 2014 concerning local governments which focuses on provinces and regencies or cities to provide broad, real, and responsible authority to the regions, namely local governments must be able to provide financial information by the principles of government accounting standards, relevant, reliable, comparable and understandable (Chodijah & Hidayah, 2018). This financial information

is used by various interested parties to the business institution. The party can be internal or external in the government. This research focuses on reports on the implementation of local government which is one of the important instruments in measuring the performance of local governments (Arista, Satyanovi, Rahmawati, & Hapsari, 2021). Local government financial statements are also an important part of LPPD because they reflect good or bad local government financial management. The local government implementation report (LPPD) is a form of accountability for public financial management by local governments, including in the Bangka Belitung Islands Province (Kusuma & Handayani, 2017). In this case, LPPD has an important role in increasing transparency and accountability of public financial management at the regional level, so the government is required to make efforts to submit accountability reports in the form of financial statements in the local government implementation report (LPPD). Financial statements prepared must be based on principles and follow Government accounting standards by PP Number 71 of 2010. Therefore, the financial information contained in the Local Government Implementation Report must have benefits and be to the needs of users (Mentu & Sondakh, 2016).

The development of a region can be carried out by the government by looking at the potential and peculiarities of each region. This is a good opportunity for the government to demonstrate its ability to exercise the authority that is the right of the region. The progress of a region is determined by the ability and desire to advance local government. The progress of a region can be related to financial information presented in the form of financial statements and the classification of relationships that factor into qualifications in presenting quality financial information (Pramudiarta & Juliarto, 2015).

Financial statements are very important to know the results that have been achieved by a local government in one period (Ibrahim, Rifai, & Katarina, 2016). Regional financial statements are also a medium for equity in accounting for financial performance against the use of APBD funds. The Regional Revenue and Expenditure Budget (APBD) is an annual financial plan of local governments approved by the Regional People's Representative Council, consisting of the Revenue Budget, Expenditure Budget, and Financing (Pilat & Morasa, 2017).

One of the breakthroughs made by the government in monitoring financial reporting is the form of local government accountability for regional finances. The form of regional financial accountability is described in Government Regulation Number 6 of 2008 concerning Financial Reporting and Performance of Government Agencies (Subetti, 2020). In Article 2, it is stated that in the context of accountability for the implementation of the Regional Budget, each regional government is obliged to prepare and present Financial Statements and Performance Reports contained in the Regional Government Implementation Report (LPPD). This is to provide a measure of clarity on the preparation of local government financial statements and the state of the parties responsible therein. The sharper and clearer the picture presented in the local

government implementation report, and the closer to the truth, the higher the quality of the report.

This is in line with previous research conducted by (Rahmawati, Mustika, & and Eka, 2018) entitled The Effect of Information Technology Utilization and Internal Control Systems on the Quality of Local Government Financial Statements, This study collects evidence to determine whether the use of information technology and internal control affects the quality of local government financial statements. The results showed that, simultaneously the variables of information technology utilization and internal control systems had a significant effect on the quality of local government financial reporting, as evidenced by the results of simultaneous tests (Test F). Partially showing the results of the use of information technology and internal control systems have a significant effect on the quality of local government financial reporting, this is evidenced from the partial test (Test t).

Institutional Theory or institutional theory is the formation of organizations that make structural changes to respond to pressures from their institutional context (DiMaggio and Powell, 1983). The thinking underlying this theory is the idea that to survive, organizations must convince the public or society that organizations are legitimate entities and worthy of support. Scoot (2008) explains that this theory is used to explain action and decision-making in public organizations. Public organizations that tend to focus on gaining legitimacy will tend to have similarities or isomorphism (isomorphism) with other public organizations. Institutional theory of organizations predicts that organizations will become more similar due to institutional pressures, this is due to coercive, normative, and mimetic (DiMaggio and Powell, 1983). A coercive isomorphism is a form of external pressure, normative isomorphism is a form of management commitment, and mimetic isomorphism is an uncertainty that occurs in the environment towards an organization.

Government Policy

Government policy is a policy that is shown to the public in the broadest sense (state, society in various statuses, and the public interest). Whether done directly or indirectly (Ramdhani & Ramdhani, 2017). One of the qualitative characteristics of financial statements is reliability. Financial statements are said to be reliable if they meet their characteristics, namely verifiability. Government Regulation Number 24 of 2005 concerning Government Accounting Standards states that the information presented in the financial statements can be tested, and if the test is carried out more than once by different parties, the results still show conclusions that are not much different.

Government Performance

According to Mahsun (2006), performance is workability that is shown by work results. Performance is an overview of the level of achievement of the implementation of an activity/program in realizing the goals, objectives, vision, and mission of the company. Performance measurement is used as a basis for assessing success or failure

in a program by the goals and objectives that have been set to realize the vision and mission of government agencies (Erawan, Santosa, Budiartha, & Wahyudi, 2018).

Utilization of Information Technology

The use of information technology is a behavior to use information technology to complete tasks and improve performance. The use of appropriate information technology can improve the performance of the company and the individual concerned. The obligation to utilize information technology by the Government and Regional Governments is regulated in PP No. 56 of 2005 concerning Regional Financial Information Systems which is a substitute for PP No. 11 of 2001 concerning Regional Financial Information.

Quality of Financial Statements

Financial statements are the output and final result of the accounting process that has quality information value and is useful for each party in decision-making. April and McLaney (1991) in said in (2007) mentioned the criteria that must be owned by financial reporting to meet user needs, namely relevant, reliable, comparable, easy to understand, timely, and cost/benefit.

Development of hypotheses on the influence of government policies on the quality of financial statements

According to Ulum (2008), PP 105 of 2000 and PP 108 of 2000 state that local governments are required to make accountability reports, namely APBD calculation reports, APBD Calculation Memorandums, Cash Flow Statements, and Regional Balance Sheets. Government Regulation Number 108 of 2000 states that the four aspects above are complemented by performance appraisals based on benchmarks.

Ha1: Government Policy has a positive and significant effect on the Quality of Financial Statements

The Effect of Government Performance on the Quality of Financial Statements

Watts and Zimmerman (1990) stated that financial statements made with accounting figures are expected to minimize conflicts between interested parties. Financial statements as a form of accountability for management performance are submitted, with which investors and other parties can assess, measure, and supervise to what extent management works to improve investor welfare.

Ha2: Management Performance has a positive effect on the Quality of Financial Statements

The Effect of Information Technology Utilization on the Quality of Financial Statements

The use of information technology is the level of integration of information technology in the implementation of accounting tasks (Wardani and Andriyani, 2017). To support the process of government financial management, each ministry of institutions needs to develop and utilize advances in information technology to improve the management capabilities of their agencies.

Ha3: The use of information technology has a positive effect on the quality of financial statements.

Research Methods

Research methods are scientific ways to obtain valid data to be found, proven, and developed knowledge so that in turn it can be used to understand, solve, and anticipate problems. The type of research used by researchers is a type of descriptive quantitative research.

Place and Time of Research

The place of this research was carried out at the Provincial Government Work Unit which is located at the Integrated Office Complex of the Provincial Government of Bangka Belitung Islands Jalan Pulau Bangka, Air Itam, Pangkal Pinang. This research began in March 2022 and was completed.

Population

According to Sugiyono (2014), a population is an area consisting of objects or subjects that have certain qualities and characteristics determined by researchers to be studied and then draw conclusions. In this study, the population is the users of local government implementation reports throughout the Bangka Belitung Islands Province.

Sample

Samples are part of the number and characteristics possessed by the population. The sampling method in this study was carried out using purposive sampling. The sample was taken from the number of employees of each agency involved in the preparation of reports on the implementation of local government. In this study, 1 (one) to 2 (two) employees were involved as a team preparing government implementation reports from each agency as team representatives to prepare LPPD. Each local government work unit in the Bangka Belitung Islands Provincial Government consists of 29 (twenty-nine) local government work units so the population size is 2 (two) employees x 29 (twenty-nine) SKPD = 58 (fifty-eight) research samples.

Data Retrieval Techniques

Data Type

This study used primary data derived from questionnaires and secondary data from books or journals.

Data Retrieval Methods

Data collection methods were carried out by researchers with interviews, observations, and questionnaires.

Data Analysis Techniques

Data analysis is carried out using the help of a computer program, namely SPSS (Statistical Package for Social Science). Here are the methods used in this study.

Statistical Analysis

Data analysis is a process of processing data and systematically compiling data obtained from interviews, field notes, and other materials, so that it can be easily understood and the results can be informed to others.

Results and Discussion

1. Statistical Descriptive Analysis

Table 1
Descriptive Statistical Results

	N	Minimum	Maximum	Mean	Std. Deviation
KPM	58	17	25	20.55	2.145
KJP	58	11	20	17.57	2.193
PTI	58	10	20	16.79	2.661
KLK	58	11	20	16.74	2.374
Valid N (listwise)	58				

Data source: Data processed by researchers, 2023

Based on Table 1 above, shows that Government Policy (X1), Government Performance (X2), and Information Technology Pemanfaatan (X3) have an average value greater than the standard deviation value so that data deviations that occur are low so that the distribution of values is even.

Table 2
Government Policy Validity Test Results (X1)

rating	label	Information	
P1	0,651	0,2586	Valid
P2	0,685	0,2586	Valid
P3	0,748	0,2586	Valid
P4	0,574	0,2586	Valid
P5	0,750	0,2586	Valid

Source: Processed Primary Data, 2023

Table 3
Government Performance Validity Test Results (X2)

Pernyataan	rating	label	Information
P1	0,791	0,2586	Valid
P2	0,796	0,2586	Valid
P3	0,813	0,2586	Valid
P4	0,754	0,2586	Valid

Source: Processed Primary Data, 2023

Table 4
Results of Information Technology Utilization Validity Testing

Statement	rhitung	rtabel	Information
P1	0,740	0,2586	Valid
P2	0,785	0,2586	Valid
P3	0,805	0,2586	Valid
P4	0,796	0,2586	Valid

Sumber: Data Primer Diolah, 2023

Table 5
Results of Financial Statement Quality Validity Testing

Statement	rating	label	Information
P1	0,708	0,2586	Valid
P2	0,768	0,2586	Valid
P3	0,834	0,2586	Valid
P4	0,870	0,2586	Valid

Source: Processed Primary Data, 2023

Based on Table 2, Table 3, Table 4, and Table 5 above, it is concluded that all statements on the questionnaire for each variable have a valid status because the calculated r-value is greater than Table r and has a positive value.

Reliability Test

Table 6
Hasil Pengujian Reliabilitas

Variable	Cronbach Alpha	Standard Value Cronbach Alpha	Information
Government Policy	0,709	0,60	Reliable
Government Performance	0,793	0,60	Reliable
Utilization of Information Technology	0,784	0,60	Reliable
Quality of Financial Statements	0,799	0,60	Reliable

Source: Processed Primary Data, 2023

Based on Table 6 shows government policy, government performance and utilization of information technology, and the quality of reliable financial statements because it has a Cronbach alpha value of > 0.60

Normality Test

Table 7
One Sample Kolmogorov-Smirnov *Test Normality Test Results*

	Unstandardized Residual
N	58

Normal Parametersa,b	Mean	.0000000
	Std. Deviation	1.67739058
Most Extreme Differences	Absolute	.077
	Positive	.077
	Negative	-.073
Test Statistic		.077
Asymp. Sig. (2-tailed)		.200[c,d]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Data source: Data processed by researchers, 2023

Based on Table 7 it can be seen that the results of the Kolmogorov-Smirnov one-sample normality test show significant values in Asmp. Sig. (2-tailed) of 0.200 is greater than α 0.05. This means that the values of the unstandardized residuals in this study are normally distributed.

Multicollinearity Test

Table 8
Multicollinearity Test Results

Variable	Collinearity Statistics		Keterangan
	Tolerance	VIF	
lnKPM	0,838	1,193	Tidak Ada
lnKJP	0,639	1,566	Tidak Ada
lnPTI	0,600	1,665	Tidak Ada

Data source: Data processed by researchers, 2023

Based on Table 4.8 it can be concluded that all independent variables have a VIF value of < 10 and a tolerance value of $\geq$ 0.10. This shows that there is no multicollinearity between independent variables in the regression model.

Heteroscedasticity Test

Table 9
Heteroscedasticity Test Results

Model	Sig.	Information
(Constant)	.394	
lnKPM	.072	No Heterskedasticity

lnKJP	.526	No Heterskedasticity
lnPTI	.337	No Heterskedasticity

Source: data processed by researchers, 2023

Based on Table 9 it can be concluded that all independent variables have sig values. > 0.05, so there is no heteroscedasticity between independent variables in the regression model.

Multiple Linear Regression Test

Table 10
Multiple Linear Regression Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	6.878	2.507		2.743	.008
KPM	-.238	.116	-.215	-2.046	.046
KJP	.546	.130	.504	4.190	.000
PTI	.307	.111	.345	2.777	.008

a. Dependent Variable: Quality of Financial Statements

Source: data processed by researchers, 2023

From Table 10 of multiple linear regression test results, multiple regression equations can be formed as follows:

KLK = 6,878 – 0,238KPM + 0,546KJP + 0,307PTI

Test Coefficient of Determination (R2)

The coefficient of determination aims to measure how far the model can explain the variation of the independent variable. The results of the coefficient of determination test can be seen in Table 4.11 as follows:

Table 11
Test Results of Coefficient of Determination (R2)
Model Summary

Model	R	R Square	Adjusted R Square	Std. The error in the Estimate
1	.708[a]	.501	.473	1.723

a. Predictors: (Constant), KPM, KJP, PTI

Source: data processed by researchers, 2023

Based on the table above, the results of the multiple linear regression analysis can be seen from the Adjusted R Square of 0.473. This means that government policies, government performance, and the use of information technology can explain the influence of financial statement quality by 47.3 percent while 52.7 percent are influenced by other variables outside this study.

Parameter Significance Test (Statistical Test T)

Table 12
Hasil Uji Statistik T

Variable	T	Significant
C	2.743	.008
KPM	-2.046	.046
KJP	4.190	.000
PTI	2.777	.008

Source: data processed by researchers, 2023

Based on Table 12 above, it can be seen that the results of each variable have a significance value of < 0.05, so the H0 of each variable is rejected.

Simultaneous Significance Test (Statistical Test F)

Table 13
Hasil Uji Statistik F

Information	Value	Significant
F-statistic	18,041	0.000b

Source: data processed by researchers, 2023

Based on Table 16 it can be seen that the significance value is $0.000 <$ the significance level is 0.05, then Ha4 is accepted and it can be concluded that Government Policy, Government Performance, and Information Technology Utilization have a simultaneous effect on the Quality of the Financial Statements of the Bangka Belitung Islands Provincial Government.

Government Policy Affects the Quality of Financial Statements

Based on the institutional theory in coercive isomorphism, the government has professional demands in the form of Government Regulation Number 24 of 2005 concerning Government Accounting Standards stating that the information presented in

financial statements can be tested, and if the test is carried out more than once by different parties, the results still show conclusions that are not much different.

Based on the results of the hypothesis test, it is known that government policy variables on the quality of financial statements produce negative directions and significance values of $0.046 < 0.05$ so it can be stated in this study that government policies have a negative and significant effect on the quality of financial statements.

The results of this study are not in line with research conducted by (Wardani, Ayem, & and Ningrum, 2018) showing that the implementation of government policies has a positive and significant effect on the quality of financial statements.

Government Performance Affects the Quality of Financial Statements

Based on institutional theory in normative isomorphism, the government has demands from professional actors, namely the community, the government is required to have a level of education, discipline in completing tasks, can work in teams, can adapt to changes that occur, the ability to compile activity plans, and so on.

Based on the results of the hypothesis test, it is known that the variable of government performance on the quality of financial statements produces a positive direction and significance value of $0.000 < 0.05$ so it can be stated in this study that government performance has a positive and significant effect on the quality of financial statements.

The results of this study are in line with research conducted by Depi (2013) which shows that the influence of government apparatus performance has a positive and significant effect on the implementation of good governance in the Padang City Government.

Utilization of Information Technology Affects the Quality of Financial Statements

Based on the institutional theory in normative isomorphism, the government will carry out the responsibility of conducting financial management through computers to enter transaction data to produce financial statements.

Based on the results of the hypothesis test, it is known that the variable of information technology utilization on the quality of financial statements produces a positive direction and significance value of $0.008 < 0.05$ so it can be stated in this study that the use of information technology has a positive and significant effect on the quality of financial statements. This is in line with research conducted by Astika et al. (2018) showing that the use of information technology has a significant positive effect on the quality of financial statements in the local government work unit (SKPD) of South Tangerang City.

Conclusion

Based on the results of data analysis and discussion of the influence of government policy, government performance, and the use of information technology on the quality of government financial statements of the Bangka Belitung Islands Province, it can be concluded that government policy variables have a negative direction and have a significant effect on the quality of financial statements, while for government policy

variables and the use of information technology have a positive and significant effect to the quality of financial statements in the Provincial Government of Bangka Belitung Islands.

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