

## **Implementation of Government Accounting Standards, the Role of Internal Audit and Apparatus Competence on the Quality of Accounting Information at the Regional Drinking Water Company (PDAM) Tirta Bening at Pati District**

Marhamah<sup>1</sup>, Ariyani Indriastuti<sup>2\*</sup>,  
Sekolah Tinggi Ilmu Ekonomi SEMARANG  
Jl Menoreh Utara Raya No. 11 Semarang  
[1marhamahberliana@gmail.com](mailto:marhamahberliana@gmail.com), [2ariyanindr@gmail.com](mailto:ariyanindr@gmail.com)

**Abstract.** *The quality of accounting information is very important for effective decision making by various stakeholders. To achieve good quality information, it must ensure compliance with accounting standards, have a strong internal control system, and ensure the competence of its apparatus. The aim of this research is to analyze the influence of government accounting standards, the role of internal audit, and apparatus competency on the quality of accounting information. The research sample was 45 employees of PDAM Tirta Bening, Pati district. The data collection method is by distributing questionnaires to respondents. Data analysis uses multiple linear regression. Based on the results of the data instrument test, valid and reliable results were obtained. This research also meets the classic assumption test criteria. The research results show that government accounting standards, the role of internal audit, and apparatus competency have a significant effect on the quality of accounting information.*

**Key words:** *government accounting standards, role of internal audit, apparatus competency, quality of accounting information*

**Abstrak.** *Kualitas informasi akuntansi sangat penting untuk pengambilan keputusan yang efektif oleh berbagai pemangku kepentingan. Untuk mencapai kualitas informasi yang baik, harus memastikan kepatuhan terhadap standar akuntansi, memiliki sistem pengendalian internal yang kuat, dan menjamin kompetensi aparatur. Tujuan penelitian ini adalah menganalisis pengaruh standar akuntansi pemerintahan, peran audit internal, dan kompetensi aparatur terhadap kualitas informasi akuntansi. Sampel penelitian adalah pegawai PDAM Tirta Bening Kabupaten Pati yang berjumlah 45 orang. Metode pengumpulan datanya adalah dengan menyebarkan kuesioner kepada responden. Analisis data menggunakan regresi linier berganda. Berdasarkan hasil uji instrumen data diperoleh hasil yang valid dan reliabel. Penelitian ini juga memenuhi kriteria uji asumsi klasik. Hasil penelitian menunjukkan bahwa standar akuntansi pemerintahan, peran audit internal, dan kompetensi aparatur berpengaruh signifikan terhadap kualitas informasi akuntansi.*

**Kata kunci:** *standar akuntansi pemerintahan, peran audit internal, kompetensi aparatur, kualitas informasi akuntansi*

### **INTRODUCTION**

Implementing transparent and accountable government is one of the main prerequisites for realizing good governance.

The quality of accounting information is a key factor in supporting transparency and accountability. Quality accounting information provides an accurate and

complete picture of the financial condition and performance of a government entity, which in turn can support more informed decision making by stakeholders.

The implementation of Government Accounting Standards in Indonesia aims to produce financial reports that are reliable and in accordance with applicable accounting principles. Government Accounting Standards provides the framework necessary to prepare and present comparable, transparent and accountable government financial reports. However, Government Accounting Standards implementation often faces various challenges, such as limited human resources, inadequate infrastructure, and uneven understanding among government officials. Research on the Implementation of Government Accounting Standards (SAP) conducted by Pratama, AR, & Indriantoro, N. (2017) showed that the results showed that it had a significant positive impact on the quality of financial reports. IFRS adoption has a significant influence on the quality of financial reporting Daryanto, A., & Subagio, H. (2019); Haryanto, H., & Kusnadi, M. (2020); Alfarizi, A., & Prayogo, D. (2021).

Research regarding the effect of implementing Government Accounting Standards obtained the results of Rahmawati, A., & Priyanto, H. (2017); Sari, RN, & Saraswati, E. (2018); Saputra, E., & Yulianto, A. (2019) implementing Government Accounting Standards has no effect significant impact on the quality of accounting information

Apart from implementing Government Accounting Standards, the role of internal audit is also an important element in improving the quality of accounting information. Effective internal audits can help detect and prevent errors and irregularities in financial reports. The independent and objective internal audit function enables a comprehensive

evaluation of the financial report preparation process, as well as providing recommendations for continuous improvement.

Research by Hassan, YM, Samaha, K., & Donia, MB (2019) shows that the presence of strong internal audit is significantly associated with higher earnings quality, which indicates its positive influence on the quality of accounting information. The internal control system plays a more important role in determining the quality of accountant information (Irianto, S., & Mangantar, M, 2018) .

The competence of government officials also plays a crucial role in ensuring the quality of accounting information. Apparatus who has adequate knowledge, skills and attitudes in the field of accounting and financial reporting will be able to implement Government Accounting Standards better and ensure compliance with applicable standards. Adequate skills in information and communication technology are also required to support a more efficient and accurate reporting process. The research results show that apparatus competency has a significant effect on the quality of accounting information (Sari, RN, & Sinarasri, D, 2018; Muda, I., & Erlina, E. 2019); Nasution, FN, & Setiawan, MA (2020). A different thing was obtained by Irianto, S., & Mangantar, M. (2018) that human resource competency does not have a significant influence on the quality of local government financial reports.

Regional Drinking Water Companies (PDAM) have a strategic role in providing clean water services for the community. As an entity that operates with public funds, PDAM is required to manage its resources in a transparent, accountable and efficient manner. The quality of accounting information is an important aspect that determines PDAM's ability to meet these demands, as well as supporting appropriate decision making by management and

stakeholders.

This research aims to analyze how the implementation of Government Accounting Standards, the role of internal audit, and the competence of the apparatus influence the quality of accounting information at PDAM. It is hoped that this research can contribute to efforts to improve the quality of PDAM financial reports, as well as support the realization of better corporate governance. In this way, PDAM can be more effective in fulfilling its responsibilities to the community and other stakeholders.

## LITERATURE REVIEW AND HYPOTHESIS FORMULATION

### Quality of Accounting Information

The quality of accounting information refers to the extent to which accounting information can be used by users to make appropriate decisions. Quality accounting information must be relevant, reliable, comparable and easy to understand (IASB, 2010). According to Dechow & Dichev (2002), the quality of accounting information is greatly influenced by the accuracy and reliability of the financial reporting process.

### Government Accounting Standards

Government Accounting Standards (SAP) are guidelines that govern how governments identify, measure, record and report their financial transactions. The main objective of SAP is to increase transparency, accountability and effectiveness of financial reporting in the public sector (Guthrie, 1998). SAP is designed to ensure that government financial reports are reliable and meet the needs of various interested parties, including the public, central government and supervisory institutions.

The implementation of accrual SAP in Indonesia faces several challenges, including limited human resources who have accrual accounting competence, inadequate

information systems, and resistance to change (Harun, 2012). The government continues to carry out training and outreach to improve the understanding and ability of its officials in implementing SAP accruals. Apart from that, the development of an integrated accounting information system is also the main focus to support the effective implementation of SAP.

Government Accounting Standards are an important element in efforts to improve the quality of financial reporting in the public sector. Despite facing various challenges in its implementation, SAP is expected to bring positive changes in state financial management, increase transparency and accountability, and support better decision making.

H<sub>1</sub>. implementation of Government accounting standards have a significant effect on the quality of accounting information

### Internal Audit Role

Internal audit is an independent and objective function that provides assurance and consultation designed to add value and improve organizational operations. According to The Institute of Internal Auditors (IIA), internal audit helps organizations achieve their goals by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes (IIA, 2017).

The role of internal audit is very important in ensuring the quality of accounting information by checking the reliability, accuracy, transparency and compliance of the information presented by an organization.

H<sub>2</sub>. The role of internal audit has a significant influence on the quality of accounting information

### Apparatus Competence

Apparatus competency is a set of knowledge, skills and attitudes required by

government employees to carry out their duties and responsibilities effectively. These competencies include technical, managerial and behavioral abilities that support optimal performance (Spencer & Spencer, 1993). According to Boyatzis (1982), competence is a basic characteristic of a person that influences the way they think and behave in work situations.

The competency of the apparatus greatly influences the quality of the accounting information produced. Apparatus who have high competence in the field of accounting will be able to prepare accurate and reliable financial reports. This competency includes knowledge of accounting principles, the ability to use accounting information systems, and analytical skills to evaluate financial data (Mardiasmo, 2018).

Well-trained personnel will be better able to comply with applicable accounting standards and identify and correct errors in financial reports.

H<sub>3</sub>. The role of apparatus competency has a significant effect on the quality of accounting information

## METHOD

This research is a quantitative research using a correlational design, which tests the influence of implementation of Government Accounting Standards P (X<sub>1</sub>), the role of internal audit (X<sub>2</sub>) and apparatus competency (X<sub>3</sub>) on the quality of accounting information. The research sample is the whole group employee (PDAM) Tirta Bening at Pati district as many as 45 people.

The type of data used is primary data obtained through distributing questionnaires to respondents. Before being distributed to respondents, the questionnaire had met the data instrument test criteria. From validity testing using *product moment*, the results showed that all question items were valid. Likewise, with reliability testing, reliable results were obtained.

Analysis of the data used in this research uses a multiple linear regression test with the equation:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3$$

Where :

Y = quality of accounting information

X<sub>1</sub> = implementation of Government Accounting Standards

X<sub>2</sub> = the role of internal audit

X<sub>3</sub> = apparatus competency

Apart from that, to fulfill the BLUE prerequisites, a series of classical assumption tests were also carried out, namely normality, heteroscedasticity and multicollinearity.

## RESULTS AND DISCUSSION

### Results

#### Normality test

The normality test is a statistical procedure used to evaluate whether a data sample comes from a normal distribution or not. One of the commonly used normality tests is the Kolmogorov-Smirnov (KS) test. The results of the data normality test are as follows:

Table 1. Normality Test

		Unstandardized Residual
N		45
Normal Parameters <sup>a</sup>	Mean	.0000000
	Std. Deviation	1.48810994
Most Extreme Differences	Absolute	.101
	Positive	.101
	Negative	-.065
Kolmogorov-Smirnov Z		.675
Asymp. Sig. (2-tailed)		.752

a. Test distribution is Normal.

Source: Data processed, 2024

H Kolmogorov test results Smirnov shows a significance value of 0.752 which is greater than  $\alpha$  (0.05), meaning the data is normally distributed.

#### Multicollinearity Test

The multicollinearity test is a statistical procedure used to evaluate whether there is a multicollinearity problem in a regression model. Multicollinearity occurs when two or more independent variables in a regression model are strongly correlated with each other, causing difficulty in determining the relative contribution of each variable to the dependent

variable.

Table 2. Multicollinearity Test

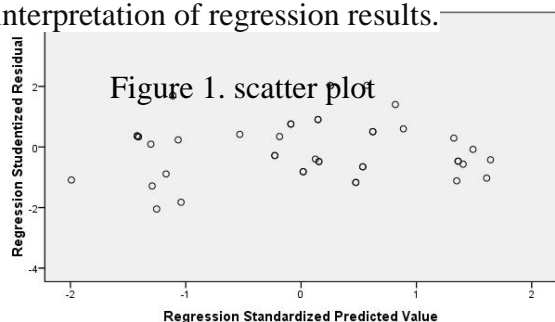
Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Government act standards	,646	1,548
The role of internal auditors	,425	2,355
Apparatus competency	,389	2,573

Source: Processed primary data, 202 4

The results show that the independent variable has a tolerance value  $> 0.100$  and  $VIF < 10$  indicate that there is no multicollinearity between the independent variables.

### Heteroscedasticity Test

The heteroscedasticity test is used to evaluate whether this occurs heteroscedasticity in regression models. Heteroscedasticity occurs when the variance of the dependent variable is not constant across all levels of the independent variable, which can produce inaccurate standard errors and cause problems in the interpretation of regression results.



Source: Processed primary data, 202 4

The scatterplot graph shows that the points are spread randomly and are spread both above and below zero on the Y axis. This can be concluded that heteroscedasticity does not occur in the regression model.

### Hypothesis testing

The t statistical test shows how far the influence of the independent variable is in explaining variations in the dependent variable with the following results:

Table 3. t test  
Coefficients<sup>a</sup>

Model	t	Sig.
1 (Constant)	2.642	.012
implementation of government accounting standards	3.985	.000
role of internal audit	4.063	.000
apparatus competency	3.287	.002

a. Dependent Variable: quality of accounting information

Source: Processed data, 2024

Based on the results of hypothesis testing, it was found that the results of the implementation of government accounting standards had a significance value of  $0.000 < \alpha (0.05)$ , so the hypothesis was accepted, indicating that the application of government accounting standards had a significant effect on the quality of accounting information.

The role of internal audit has a significance value of  $0.000 < \alpha (0.05)$ , so the hypothesis is accepted, indicating that the role of internal audit has a significant effect on the quality of accounting information.

Apparatus competency has a significance value of  $0.002 < \alpha (0.05)$ , so the hypothesis is accepted, indicating that apparatus competency has a significant effect on the quality of accounting information.

### F test

This test is used to assess the suitability of the overall regression model. In the context of regression analysis, the F test helps determine whether the proposed regression model provides a significant explanation of the dependent variable. The results of the F test are as follows:

Table 4. F test

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	483.141	3	161.047	67.766	.000 <sup>b</sup>
	Residual	97.437	41	2.377		
	Total	580.578	44			

a. Dependent Variable: quality of accounting information

b. Predictors: (Constant), apparatus competency, implementation of government accounting standards, role of internal audit

Source: data processed 2024

Based on table 4, it shows a significance value of 0.000 which is less than 0.05, This shows that the model prepared to predict the quality of accounting information is a good model.

### Coefficient of determination

The coefficient of determination is a statistical measure used in regression analysis to evaluate how well a regression model explains variation in a dependent variable. The coefficient of determination has a value range between 0 and 1.

Table 5. Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,912	,832	,820	1,541

Source: Processed primary data, 2024

Based on table 6, the adjusted R Square value of 0.820 shows that the variable implementation of Government Accounting Standards, the Role of Internal Audit and Apparatus Competence has a role of 82% in explaining variations in the quality of accounting information while the remaining 18% is explained by other variables outside the model.

## DISCUSSION

### Influence application of government accounting standards to the quality of accounting information.

The results of hypothesis testing show that the implementation of government

accounting standards has a significant effect on the quality of accounting information as shown by the calculated t value of 3.985 with a significance value of 0.00 which is smaller than  $\alpha$  (0.05) so this result is in accordance with the proposed hypothesis. The results of implementing government accounting standards have a significant effect on the quality of accounting information. This supports research conducted by Pratama, AR, & Indriantoro, N. (2017); Daryanto, A., & Subagio, H. (2019); Haryanto, H., & Kusnadi, M. (2020); Alfarizi, A., & Prayogo, D. (2021).

Accounting standards ensure that government entities apply consistent accounting principles and policies. This allows accounting information from various government entities to be easily compared, both horizontally (between entities) and vertically (between different time periods). Accounting standards encourage the presentation of reliable information, meaning that the information must be free from material error and bias, as well as depict economic reality honestly. Apart from that, the information must also be relevant, meaning it has predictive or confirmative value for users in making decisions.

### Influence the role of internal audit on the quality of accounting information.

The results of hypothesis testing show that the role of internal audit has a significant effect on the quality of accounting information as indicated by the t count of 4.06 with a significance of 0.00 which is smaller than  $\alpha$  (0.05). The results of internal control research play a greater role in determining the quality of accountant information in line with the results of research conducted by Irianto, S., & Mangantar, M (2018); YM, Samaha, K., & Donia, MB (2019).

Internal audit plays an important role in improving the quality of accounting information in an organization. Internal audit ensures that the accounting policies and procedures set by the organization are

followed correctly. This compliance includes the application of relevant accounting standards, which support the presentation of accounting information that is consistent and in accordance with regulations. The role of internal audit is to provide assurance that financial reports and other accounting information are accurate, complete and in accordance with applicable standards. This guarantee is very important for stakeholders.

### **Influence apparatus competency regarding the quality of accounting information.**

The results of hypothesis testing show that apparatus competency has a significant effect on the quality of accounting information. This is indicated by the t count of 3.287 and a significance of 0.02 which is smaller than  $\alpha$  (0.05). The result that apparatus competency has a significant effect on the quality of accounting information is in line with research conducted by Sari, RN, & Sinarasri, D. (2018; Muda, I., & Erlina, E. 2019); Nasution, FN, & Setiawan, MA (2020).

The competency of the apparatus has a very large influence on the quality of accounting information. Competent officials have good knowledge of applicable accounting standards and internal accounting policies. This understanding ensures that they can prepare financial reports that comply with correct accounting principles, resulting in accurate and reliable information. Apparatus competency is a key factor in ensuring that the accounting information produced is of high quality. Competent officials are able to work effectively, efficiently and ethically, which in turn increases trust and accountability in financial reporting.

### **CONCLUSION**

Based on the research results, it can be seen that the three hypotheses proposed can be accepted. Thus, it can be concluded that

the application of accounting standards, the role of internal audit and apparatus competency have a significant effect on the quality of accounting information.

### **LIMITATIONS**

This research only used a sample of 45 respondents. Future research could increase the sample size as well add other variables that influence the quality of accounting information such as accounting information systems, transparency and openness of information, as well as regulations and compliance.

## REFERENCE

- Alfarizi, A., & Prayogo, D. (2021). The Effect of International Financial Reporting Standard (IFRS) Implementation on the Quality of Financial Statement: Evidence from Indonesia. *International Journal of Economics, Management, and Accounting*, 29(1), 118-139.
- Boyatzis, R. E. (1982). *The Competent Manager: A Model for Effective Performance*. New York: John Wiley & Sons.
- Daryanto, A., & Subagio, H. (2019). The Influence of IFRS Adoption and Company Characteristics on the Quality of Financial Reporting. *International Journal of Financial Research*, 10(2), 189-200.
- Guthrie, J. (1998). Application of accrual accounting in the Australian public sector: rhetoric or reality. *Financial Accountability & Management*, 14(1), 1-19.
- Haryanto, H., & Kusnadi, M. (2020). The Effect of Mandatory IFRS Adoption on the Quality of Financial Reporting: Evidence from Indonesia. *International Journal of Accounting & Finance in Asia Pasific (IJAFAP)*, 3(1), 55-72.
- Hassan, Y. M., Samaha, K., & Donia, M. B. (2019). Internal Audit Function and Earnings Quality: Evidence from Egypt. *Journal of International Accounting, Auditing and Taxation*, 36, 37-53.
- Harun, H. (2012). Accounting Change and Institutional Capacity: The Case of a Provincial Government in Indonesia. *Australian Accounting Review*, 22(3), 323-333.
- Institute of Internal Auditors (IIA). (2017). *International Standards for the Professional Practice of Internal Auditing (Standards)*. Altamonte Springs: IIA.
- Irianto, S., & Mangantar, M. (2018). Pengaruh Kompetensi Sumber Daya Manusia, Pemanfaatan Teknologi Informasi, dan Sistem Pengendalian Intern terhadap Kualitas Laporan Keuangan Pemerintah Daerah Kabupaten Bolaang Mongondow. *Jurnal Riset Akuntansi dan Auditing "Goodwill"*, 9(2), 148-160.
- Komite Standar Akuntansi Pemerintahan (KSAP). (2010). *Peraturan Pemerintah Nomor 71 Tahun 2010 tentang Standar Akuntansi Pemerintahan*. Jakarta: Pemerintah Republik Indonesia
- Mardiasmo. (2018). *Akuntansi Sektor Publik*. Yogyakarta: Andi Offset
- Muda, I., & Erlina, E. (2019). The Effect of Human Resources Competency and the Use of Information Technology on the Quality of Local Government Financial Statements with Regional Accounting System as an Intervening. *International Journal of Civil Engineering and Technology*, 10(2), 1642-1654.
- Nasution, F. N., & Setiawan, M. A. (2020). The Effect of Competence of Human Resources and Information Technology on the Quality of Financial Statements of the Regional Government with Internal Control Systems as Intervening Variables. *Journal of Accounting and Finance Management*, 1(2), 1-11.
- Saputra, E., & Yulianto, A. (2019). Pengaruh Penerapan Standar Akuntansi Pemerintahan, Teknologi Informasi, dan Kompetensi Sumber Daya Manusia terhadap Kualitas Informasi Akuntansi di Pemerintah Kota W. *Jurnal Akuntansi dan Keuangan Daerah*, 14(2), 57-70
- Sari, R. N., & Sinarasri, D. (2018). Pengaruh Kompetensi Sumber Daya Manusia dan Penerapan Sistem Informasi Akuntansi terhadap Kualitas Laporan Keuangan Pemerintah Daerah. *Jurnal Riset Akuntansi dan Bisnis*, 18(2), 144-156.
- Sari, R. N., & Saraswati, E. (2018). Pengaruh Penerapan Standar Akuntansi Pemerintahan dan Sistem Pengendalian Intern terhadap Kualitas Informasi Akuntansi di Pemerintah Daerah Provinsi Y. *Jurnal Akuntansi dan Auditing Indonesia*, 18(2), 67-79.
- Spencer, L. M., & Spencer, S. M. (1993). *Competence at Work: Models for Superior Performance*. New York: John Wiley & Sons.