The Effects of Information Systems and the Utilization of Information Technology on the Quality of Financial Reports with Internal Control as Moderation

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ABSTRACT: This research aims to analyze and obtain empirical evidence of the influence of information systems, utilization of information technology, and internal controls on the quality of financial reports. This study is quantitative in nature. The population in this research are all employees of the Regional Revenue Office (BAPENDA) of North Central Timor Regency who perform accounting or financial administration functions. In this study, the purposive sampling method is used for sample selection. The total number of samples in this study was 56 respondents who met the research criteria. The data collection technique used is a questionnaire. The results of the research reveal that the accounting information system does not affect internal control and the quality of financial reports. The utilization of information technology affects internal control and the quality of financial reports. Internal control does not affect the quality of financial reports.

KEYWORDS: Quality of Financial Reports, Information Systems, Utilization of Information Technology, Internal Control

I. INTRODUCTION

The government in each region in Indonesia continues to strive to improve the quality of presentation of Regional Government Financial Reports (LKPD) that have been prepared. The preparation of LKPD indicates accountability in financial management to the public. Therefore, financial reports must present information with qualitative characteristics, namely relevant, reliable, comparable and understandable (Mahmudi, 2016). An indication of the increasing quality of regional financial management can be marked by the increasing number of Unqualified Opinions (WTP) obtained on LKPD assessments issued by the Financial Audit Agency (BPK) through the results of its audits. WTP opinion is one of the important points as a benchmark for regional financial transparency which is carried out fairly, free from material misstatements, and in line with financial regulations.

Implementation of financial management planning and control requires support, namely a financial information system. This system is useful in increasing the effectiveness of financial inventory management control which can later produce data related to quality and useful information. Financial information systems are really needed by companies, including large and small companies, so that company activities are more effective and efficient, especially in controlling the company's inventory.

Another factor that can influence the quality of government financial reports is the Utilization of Information Technology. An information system is a system consisting of hardware, software, data, and people who are connected to each other and work together to process, store, and distribute information. Information systems can be used to collect, store, process and distribute information needed by the company. Information technology, on the other hand, is technology used to process, store and distribute information.

The obligation to utilize information technology by the government is regulated in Government Regulation no. 56 of 2005 concerning Regional Financial Information Systems, it is stated that with the rapid progress of information technology and the potential for its widespread use, this opens up opportunities for various parties to access, manage and utilize information quickly and accurately to further encourage the realization of clean government, transparent, and able to respond to demands for change effectively. The central government and regional governments are obliged to develop and utilize advances in information technology to improve the ability to manage regional finances, and convey regional financial information to the public, in order to realize a development process with the principles of good governance. The government needs to optimize the use of advances in information technology to build an effective and efficient management information system network.

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The Utilization of Information Technology and information technology can provide many benefits for companies, including increasing business efficiency and effectiveness, increasing speed and accuracy in processing information, increasing the ability to make the right decisions and increasing the ability to access and store information effectively. Companies need to utilize Information Technology and information technology including: (1) preparing equipment that supports hardware and internet network systems; (2) prepare facilities for collection, management, presentation and reference, as well as the communication process of financial data/information; (3) prepare a regular equipment maintenance schedule for information technology devices to support the smooth running of work (Kadir, 2002).

In supporting asset administration, it must also be supported by the implementation of the Government Internal Control System (SPIP) which runs according to regulations. Internal control is an action taken by a company to ensure that business activities are carried out in accordance with established standards. Internal control can cover various aspects, including monitoring business activities, risk management and financial control. Asset administration problems are still found in various regions and are an obstacle in implementing optimal BMD management, due to weak internal controls carried out by regional governments and not fully complying with applicable regulations (Kurniati et al., 2017). Apart from that, the government must have a reliable SPIP to be able to prevent any irregularities that are currently occurring and resulting in regional financial losses.

The issue of the government's internal control system (SPIP) has received quite a lot of attention, so that many monitoring institutions, including the BPK, have criticized the weak SPI implemented by the government, which can open up huge opportunities for irregularities in budget implementation (APBN/APBD), (Nurillah, 2014). The Financial Audit Agency (BPK) as the external auditor always tests the "strength" of the SPI in every audit it carries out to determine the scope of the tests to be carried out.

Internal control can play a moderating role in improving the quality of a company's financial reports. If internal control is good, the company can ensure that the financial reports prepared comply with established standards, so that they can be relied on by related parties such as investors, creditors and the government.

Research on the Utilization of Information Technology, the government's internal control system and its influence on the quality of regional government financial reports has been carried out by many previous researchers, including Yosefrinaldi (2013), who stated that the variable Utilization of Information Technology has a positive effect on the quality of regional government financial reports. This is in contrast to research conducted by Ningrum (2018) which shows that the Utilization of Information Technology does not have a significant effect on the quality of financial reports. Research on the government's internal control system conducted by Mahaputra, et al (2014), concluded that internal control system variables had a positive and significant effect on the quality of accounting information and the quality of financial reporting information. The results of this research are not directly proportional to research conducted by Yendrawati (2013) showing that the internal control system has a negative effect on the quality of financial report information.

Based on the problems described above and with the differences in research results, the results of which vary, namely the influence and non-influence of various previous studies, the author conducted research entitled "The Role of Information Systems and the Utilization of Information Technology on the Quality of Financial Reports with Internal Control as Moderation (Study) At the Regional Revenue Agency of North Central Timor Regency).

II. THEORETICAL STUDY AND THEORY DEVELOPMENT

Internal control is a process designed to ensure that an organization achieves its goals effectively and efficiently, and complies with applicable regulations and policies. Information systems can influence internal control in an organization.

A financial information system is really needed by a company, including large or small companies, so that the company's activities are more effective and efficient, especially in controlling the company's inventory (Romney and Steinbart, 2015).

The Utilization of Information Technology will really help speed up the process of managing financial transaction data, presenting financial reports, and can avoid errors in posting documents from books, journals, ledgers, so that they become a complete financial report in accordance with statutory regulations regarding government financial management. area. To improve the performance of government organizations/agencies within the framework of improving services to the community and accelerating the implementation of e-government, it is very important to utilize information technology (Susanto, 2013).

The influence of Information Systems on the quality of financial reports can be very significant. Financial Information Systems (GIS) have an important role in collecting, processing, storing and presenting a company's financial information. The quality of financial reports depends greatly on how well SIK is managed and integrated into the financial reporting process.

The results of research from Purnama (2020), show that the implementation of accounting information systems, financial accounting standards and the Utilization of Information Technology partially have a significant effect on the quality of financial

reports. Simultaneously the implementation of accounting information systems, financial accounting standards and the Utilization of Information Technology have a significant effect on the quality of financial reports.

By using a good and well-integrated information system, companies can obtain accurate and timely data and information, which is very important in preparing quality financial reports (Jogiyanto, 2007). Internal control also has an important role in ensuring the quality of financial reports. Internal controls help control and monitor the process of preparing financial reports, thereby preventing errors and fraud in financial reporting (Bangsawan & Abbas, 2022). The following is a research conceptual framework that can be described.
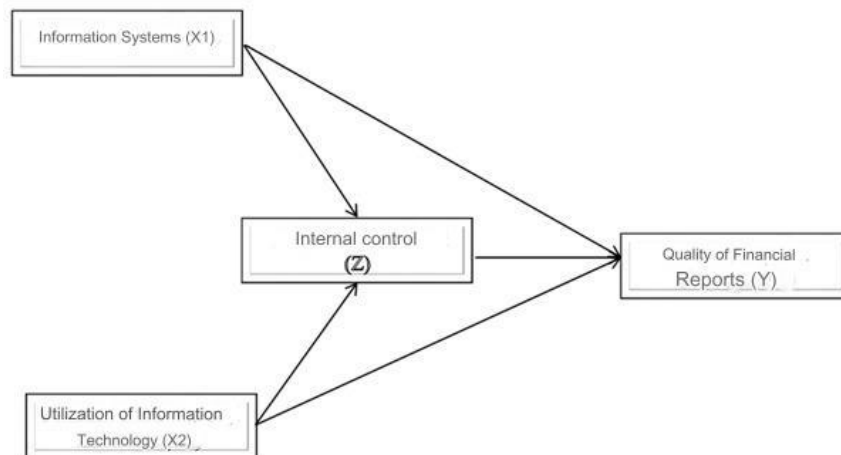

Figure 1 Framework of Thought

The following are the hypotheses in this research:

H1   : Information Systems have a positive and significant effect on Internal Control.
H2   : The Utilization of Information Technology has a positive and significant impact on internal control.
H3   : Information Systems Have a Positive and Significant Influence on the Quality of Financial Reports.
H4   : The Utilization of Information Technology has a positive and significant impact on the quality of financial reports.
H5   : Internal Control has a Positive and Significant effect on the Quality of Financial Reports.
H6   : Information Systems Indirectly Influence the Quality of Financial Reports.
H7   : Utilization of Information Technology Indirectly Influences the Quality of Financial Reports.

III. RESEARCH METHODS

This research is quantitative research collecting data through research instruments, data analysis is quantitative, with the aim of testing the stated hypothesis (Sugiyono, 2017). This research design is used to analyze the influence of the independent variables consisting of Information Systems and Utilization of Information Technology on one dependent variable, namely the Quality of Financial Reports, through one moderating variable, namely Internal Control.

In this research the author took the research object at the Regional Revenue Agency of North Central Timor Regency. The population in this research is all employees of the North Central Timor Regency Regional Revenue Agency (BAPENDA) who carry out accounting or financial administration functions. The number of employees working to carry out financial functions is 56 employees. In this study, sampling used the Purpisive Sampling method. The criteria for respondents in this study were employees who worked with more than 1 year of service and carried out duties and functions as financial management at the Regional Revenue Agency (BAPEDA) Office of North Central Timor Regency because with These criteria provide respondents with a better understanding of the value of financial reporting. The number of samples in this study was 56 respondents who were included in the research criteria.

The data collection technique required in the research, the method used is by distributing questionnaires directly. This questionnaire was carried out by asking questions to financial officers at the North Central Timor Regency Regional Revenue Agency (BAPENDA) Office relating to the influence of information systems and the Utilization of Information Technology on the quality of financial reports with internal control as moderation. The data collection tool used in this research was a questionnaire, using a questionnaire sheet which was distributed directly to 56 financial employees at the North Central Timor Regency Regional Revenue Agency (BAPENDA) Office.

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Data analysis used in this research is path analysis. Path analysis is a statistical method used in research to understand the cause-and-effect relationship between variables in a model. This method combines regression analysis and path analysis to test the extent of the direct or indirect relationship between the variables in this research.

IV. RESULTS AND DISCUSSION
A. Path Analysis Results (Path Analysis)
Table 1. Model I Line Test Results

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.42.957	7.140		6.016	.000
	Information System (X1)	.149	.107	.228	1.395	.169
	Utilization of Information Technology (X2)	.597	.221	.443	2.708	.009

a. Dependent Variable: Internal Control

Based on the table above, that:
1) Sig value. for the Accounting Information System variable (X1) the value is 0.169. This value is greater than the value 0.05. This indicates that the Accounting Information System variable has no effect on the Internal Control variable.
2) Sig value. for the Information Technology Utilization variable (X2) the value is 0.009. This value is smaller than the value 0.05. This indicates that the Information Technology Utilization variable influences the Internal Control variable.

Table 2. Model II Track Test Results

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	12.446	6.598		1.886	.065
	Information System (X1)	.038	.077	.070	.495	.623
	Utilization of Information Technology (X2)	.619	.168	.544	3.691	.001
	Internal Control (M)	.191	.098	.227	1.952	.056

a. Dependent Variable: Quality of Financial Reports

Based on the table above, it can be described as follows:
1) The beta value of the Accounting Information System variable (X1) is 0.070. Sig value. for the Accounting Information System variable (X1) the value is 0.623. This value is greater than the value of 0.05. This indicates that the information system variable Accounting does not affect the Financial Report Quality variable.
2) The beta value of the Information Technology Utilization variable (X2) is 0.544. Sig value. for the Information Technology Utilization variable (X2) the value is 0.001. This value is smaller than the value of 0.05. This indicates that the Information Technology Utilization variable influences the Financial Report Quality variable.
3) The beta value of the Internal Control variable (M) is 0.227. Sig value. for the Internal Control variable (M) the value is 0.056. This value is greater than the value of 0.05. This indicates that the Internal Control variable does not affect the Financial Report Quality variable.

B. Results of Indirect Effect Analysis
Table 3. Results of Indirect Influence Analysis on Path Models I and II

No	Variable	Standardized Coefficients Beta
1	Accounting Information System (X1)	0.228
2	Utilization of Information Technology (X2)	0.443
3	Internal Control (M)	0.227

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Based on the results of the path analysis (Path Analysis) on the model I and II paths above, it is known that:

1) The indirect effect of the Accounting Information System (X1) through Internal Control on the Quality of Financial Reports is the multiplication of the beta value of the Accounting Information System (X1) on Internal Control with the beta value of Internal Control on the Quality of Financial Reports, namely: 0.228 x 0.227 = 0.052, so the indirect effect Accounting Information System (X1) on the Quality of Financial Reports is 0.052.

2) The indirect effect of the Utilization of Information Technology (X2) through Internal Control on the Quality of Financial Reports is the multiplication of the beta value of the Utilization of Information Technology (X2) on Internal Control with the beta value of Internal Control on the Quality of Financial Reports, namely: 0.443 x 0.227 = 0.100, so the indirect effect Accounting Information System (X1) on the Quality of Financial Reports is 0.100.

C. Discussion

1) The Influence of Information Systems on Internal Control

Based on the research results, the Accounting Information System variable has no effect on the Internal Control variable. This is because accounting information systems and internal control have different objectives. Accounting information systems focus on collecting, processing and reporting financial data, while internal control focuses more on maintaining integrity, security and compliance in business processes. Therefore, there is not always a direct correlation between the quality of accounting information systems and the effectiveness of internal control.

The results of this research contradict the results of research from Purwanty (2020). The results of his research revealed that there was a positive relationship of 87.80%, which means that the better the implementation of the accounting information system, the higher the level of effectiveness of the implementation of the internal control system.

2) The Effect of Utilization of Information Technology on Internal Control

Based on the research results, the Information Technology Utilization variable influences the Internal Control variable. Utilization of Information Technology can strengthen and improve Internal Control in organizations by providing efficient, reliable and automated tools and mechanisms to supervise, protect and monitor business activities. This is critical to maintaining the integrity, security and efficiency of business processes in an increasingly complex and digitally connected business environment.

The results of this research are in line with research from Mene, et al (2018) which states that the Utilization of Information Technology has a positive and significant effect on the internal control of the North Halmahera Regency Regional Government.

3) Influence of Information Systems on the Quality of Financial Reports

Based on the research results, the Accounting Information System variable has no effect on the Financial Report Quality variable. This is because the quality of financial reports is very dependent on the quality of the data entered into the accounting information system. If the data entered is not accurate, complete, or relevant, then even the best accounting information system will not produce quality financial reports. Accounting information systems are only tools for processing data, and if the underlying data is bad, the reports will also be bad.

This research is in line with research from Velayadi and Gunarto (2022). The results of the research reveal that the accounting information system does not have a significant effect on the quality of financial reports as seen from the calculated t value of 1.135 and the t table of 1.684 (1.135<1.684).

4) The Effect of Using Information Technology on the Quality of Financial Reports

Based on the research results, the variable Utilization of Information Technology influences the variable Quality of Financial Reports. Accounting Information Systems supported by Information Technology have the ability to automate accounting and calculation processes. This can reduce human errors in data input and calculations, thereby increasing the accuracy and precision of data used in financial reports. Better accuracy contributes positively to the quality of financial reports.

The results of this research are in line with research from Mene, et al (2018) which states that the Utilization of Information Technology has a positive and significant effect on the quality of the North Halmahera Regency Regional Government's financial reports.

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5) The Effect of Internal Control on Information on Internal Control

Based on the research results, the Internal Control variable does not affect the Financial Report Quality variable. This occurs because of the low level of leadership supervision in the preparation of financial reports. Based on these results, it can be stated that some OPD leaders do not examine financial reports as internal controllers.

The results of this research are in line with research from Hasanah and Siregar (2021). The results of his research revealed that it was found that the internal control system did not affect the quality of financial reports. This occurs because of the low level of leadership supervision in the preparation of financial reports.

6) Indirect Influence of Accounting Information Systems on the Quality of Financial Reports

Based on the research results, the direct indirect effect of the Accounting Information System (X1) through Internal Control on the Quality of Financial Reports is the multiplication of the beta value of the Accounting Information System (X1) on Internal Control. There is an indirect effect of the Accounting Information System (X1) on the Quality of Financial Reports of 0.052. This happens because appropriate and accurate accounting information can help in an effective internal control process. Good internal controls will ensure that business processes are carried out in accordance with established standards, minimize risks, and increase data integrity and accuracy.

This is in line with research conducted by Sari and Adiputra (2014) which explains that there is a positive and significant influence between the use of regional financial accounting information technology on the quality of the Jembrana Regency Government's financial reports.

7) Direct Indirect Effect of the Utilization of Information Technology on the Quality of Financial Reports

Based on the research results, the indirect effect of Information Technology Utilization (X2) through Internal Control on the Quality of Financial Reports is the multiplication of the beta value of Information Technology Utilization (X2) on Internal Control. There is an indirect effect of the Utilization of Information Technology (X2) on the Quality of Financial Reports of 0.100. This is because the Utilization of Information Technology (X2) can have an impact on Internal Control, which in turn affects the Quality of Financial Reports. Appropriate Utilization of Information Technology can increase the efficiency and accuracy of internal controls, which in turn can help ensure higher quality financial reports.

Surastiani and Handayani (2015) and Arif (2017) stated that the Utilization of Information Technology has no influence on the quality of financial report information, while Mahaputra and Putra (2014) said that the Utilization of Information Technology has an influence on the quality of financial reports.

V. CONCLUSION

Based on the findings, researchers concluded that:

1) The Accounting information system has no effect on the Internal Control variables at the Regional Revenue Agency of North Central Timor Regency which is considered good.
2) The Utilization of Information Technology influences the Internal Control variables at the Regional Revenue Agency of North Central Timor Regency.
3) The Accounting information system does not affect the variable Quality of Financial Reports at the Regional Revenue Agency of North Central Timor Regency.
4) The Utilization of Information Technology influences the variable Quality of Financial Reports at the Regional Revenue Agency of North Central Timor Regency.
5) Internal Control has no effect on the variable Quality of Financial Reports at the Regional Revenue Agency of North Central Timor Regency.
6) The Accounting Information System influences the Quality of Financial Reports indirectly at the Regional Revenue Agency of North Central Timor Regency.
7) The use of Information Systems indirectly influences the Quality of Financial Reports at the Regional Revenue Agency of North Central Timor Regency.

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