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(Calibri, 15, Bold) Government Internal Control Apparatus Maturity Implementation

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ABSTRACT

One of the problems that still occur in Indonesia today is the weakness of the Government Internal Control System (SPIP). This is indicated by the many findings of BPK's examination of weaknesses in the government's internal control system. In this case, there is a role for government internal auditors that are highly expected to create an effective and sustainable control system. This study aims to determine the effect of the role of APIP in implementing the Maturity of the SPIP at the Inspectorate Kab. South Solok. This research is a quantitative. The population and sample in this research were all government internal supervisory apparatus at the Inspectorate Kab. South Solok. Data collection technique used is through a questionnaire. The analysis technique used in this research is descriptive statistical analysis. The instrument were tested using validity test, reliability test, and normality test. Data analysis technique used is multiple linear regression analysis.The results showed that the role of leadership, internal supervisors, consultants, and catalysts had a positive effect on the implementation of the maturity of SPIP. While the role of quality assurance has a negative effect on the implementation of the maturity of SPIP.(Calibri, 10, Italic, 1 Spasi)

INTRODUCTION (Calibri, 12, Bold)

(Calibri, 10, 1,15 Spasi) Financial reports are the main measure to explain the performance of a company. This is because financial reports contain financial records as a basis for determining and measuring the company's financial capacity. Information about company profits is one of the measures needed to assess financial and management performance in a company (Causholli et al., 2022) . Most investors only focus on the profits they earn, without wanting to know where these profits come from. If management understands that its performance is measured by the profits it earns, it will always improve its performance by leading management to commit deviant acts regarding financial reports, namely by carrying out the practice of income smoothing (Dohrer, 2020) . In fact, until now profit smoothing is still carried out by various companies.

The case of income smoothing occurred in the case of PT Toshiba Corporation in 2015. Quoted from Shafamarsiman.wordpress.com (2019), this company was found to have carried out the practice of income smoothing through an investigation into an internal accounting scandal, so it had to revise the company's profit calculations for the last 3 years. A total of 1.22 billion US dollars was committed by this company. This was done as a result of the global crisis that hit since 2008. In the published financial report, it was discovered that three directors were involved in the case of inflating Toshiba's profits worth ¥151.8 billion (Rp. 15.85 trillion) starting in 2008. Chief prosecutor Japan said the parties involved emphasized the company's business units,

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namely semiconductor personal computers and even nuclear reactors, in order to achieve unfair profit targets. The report shows that there is continuous misuse of accounting techniques and has become an official management policy. To improve company performance, Toshiba has used many methods, namely by declaring revenue at the beginning or by postponing the recognition of costs for the desired period of time, but using methods that are not appropriate to accounting principles. These include using POC 8 to record project revenue, the cash basis of accumulated payments, forcing suppliers to delay billing even when work is complete.

LITERATURE RESEARCH (Calibri, 12, Bold)

A. Agency Theory (Calibri, 10, Bold)

(Calibri, 10, 1 Spasi, English) The agency theory describes the relationship between management as agents and shareholders as principals. The agent-principal relationship occurs when the principal employs someone else as an agent to provide a service and delegates authority in decision-making to the agent (Cabrera et al., 2023).

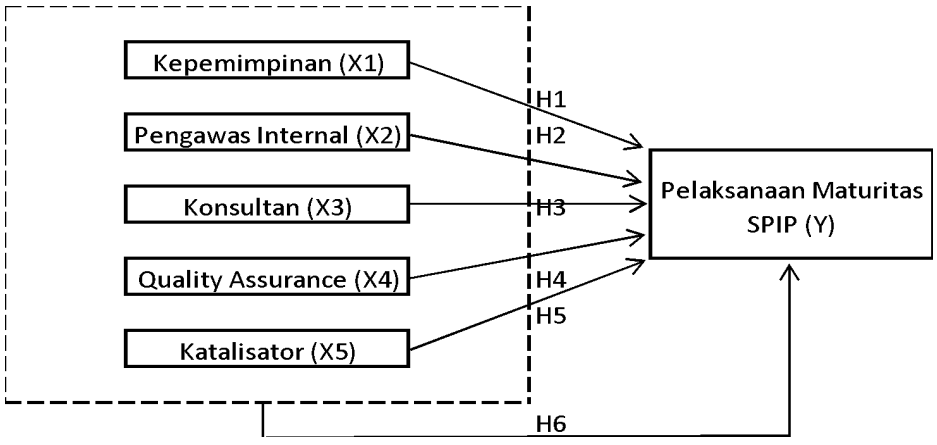
In practice, the agency theory can give rise to conflicts of interest between the agent and the principal. The assumption that each party tends to be motivated by their self-interest arises because of the separation of ownership between the principal (shareholders) and the agent (management) in company management (Novianti, 2012). Additionally, agents and principals have distinct objectives in their contractual working relationship. According to Fitriana and Febrianto (2019), conflicts of interest can lead agents to exhibit behavior that is not in line with their responsibilities (dysfunctional behavior). One manifestation of such dysfunctional behavior is the manipulation or modification of financial reports to make them appear favorable to the principal, even if these reports do not accurately depict the true state of the company

B. Reporting Quality (In the Value Relevance Approach)

According to the International Financial Accounting Standards Board (IASB), financial information can be more useful (of higher quality) when it possesses qualitative characteristics, which are categorized into fundamental characteristics and enhancing characteristics in financial reporting information (Kieso, 2017:55). Fundamental characteristics consist of relevance and faithful representation, while enhancing characteristics include comparability, verifiability, timeliness, and understandability.

C. Conceptual Framework

Figure 1. Conceptual Framework



Source : Research Data (2020)

METHOD (Times New Roman, 12, Bold)

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A. Population and Sampling Method

The research was conducted using a population consisting of companies listed on the Indonesia Stock Exchange between 2017 and 2019. The sampling approach employed in this study involved the deliberate selection of samples based on specific criteria. These criteria included:

1. State-owned companies (BUMN) that maintained continuous listings on the Indonesia Stock Exchange (IDX) throughout the period from 2017 to 2019;
2. State-owned companies that did not publish annual financial reports consecutively during the 2017-2019 timeframe on the IDX;
3. State-owned companies (BUMN) that utilized the US Dollar as their currency during the study period. Applying these criteria resulted in the selection of 20 companies as the research sample

B. Research Variables And Measurement

The research methodology employed in this study is quantitative in nature. Quantitative data, by definition, consist of numerical values. The objective of quantitative research methods is to investigate the connections between two or more variables under examination. In terms of the level of explanation, this research falls into the category of associative research, which seeks to understand the relationships between multiple variables (Sugiyono, 2012). This approach is concerned with identifying causal relationships, specifically examining how independent variables influence the dependent variable. The measurement of each research variable is outlined as follows:

Table 1. Measurement of Variables

Numb	Variables		Measurement	Scale
1	Good Corporate Governance	Y	Board of Commissioners	Ratio
2	Firm Size	X1	Ln Fixed Asset	Ratio
3	Financial Leverage	X2	Debt Ratio	Ratio
4	Liquidity	X2	Current Ratio	Ratio
3	Corruption	X4	Board of Commissioners	Ratio

Source : Research Data, 2020

For testing in this research, used:

1. Descriptive Statistical Test

Descriptive statistics offer an overview or portrayal of a subject based on various criteria, including measures such as the mean (average), standard deviation, variance, maximum, minimum, sum, range, kurtosis, and skewness (Sugiyono, 2012).

2. Classic Assumption Test

a. Data Normality Test

According to Ghozali (2018), the initial step in any multivariate analysis, particularly when aiming for inference, is to conduct a normality test. When data exhibit normality, it implies that the residuals will also follow a normal and independent distribution. In this research, the Kolmogorov-Smirnov test was employed to assess the normality of the data. The criterion for assessment was that if each variable yielded a K-S-Z value with $P > 0.05$, it could be inferred that the data pertaining to the variables under investigation exhibited a normal distribution.

b. Multicollinearity Test

The purpose of conducting a multicollinearity test is to determine whether there exists a correlation among the independent variables in the regression model. An ideal regression model should be devoid of multicollinearity. To ascertain the presence or absence of multicollinearity, an analysis of the intercorrelation between independent variables is performed. If such intercorrelation among the independent variables is observed, indicated by a VIF (Variance Inflation Factor) value exceeding 10, it suggests the existence of multicollinearity within the regression model. Conversely, if the VIF value is less

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than 10, it indicates the absence of multicollinearity among the independent variables in the regression model (Ghozali, 2018).

c. Autocorrelation Test

To identify autocorrelation, the Durbin-Watson test (DW test) is employed, with the requirement that the regression model includes an intercept (constant) and lacks lag variables among the independent variables.

d. Heteroscedasticity Test

The heteroscedasticity test is conducted to examine whether there is a disparity in variance among residual observations within the multiple regression model under examination. The Glejser test is the method employed in this study to determine the presence or absence of heteroscedasticity. An ideal regression model exhibits homoscedasticity, where variances are uniform across observations. This study employed the Glejser test to assess the presence or absence of heteroscedasticity. In the Glejser test, if an independent variable significantly affects the dependent variable, it may indicate the presence of heteroscedasticity (Ghozali, 2018).

3. Hypothesis Test

In statistical analysis, there are two main types of data: time series data and cross-section data. Panel data, as described by Ghozali (2017: 267), represents a combination of both time series and cross-section data. Panel data is commonly known by various names, such as pooled data (resulting from the pooling of time series and cross-sectional data), micro panel data, longitudinal data, event history analysis, and cohort analysis. These terms all imply the examination of units across different time periods. The pooled data regression model is defined by the following equation:

$$Y_{i,t} = \beta + \beta_1 UP_{it} + \beta_2 LEV_{it} + \beta_3 LKD_{it} + \beta_4 GCG_{it} + \mu_{it}$$

RESULTS AND DISCUSSION (Calibri, 12, Bold)

1. Descriptive Statistical Test (Calibri, 10, Bold, 1.15 Spasi)

Table1. Descriptive Statistical Test

	N	Minimum	Maximum	Mean	Std. Deviation
Firm Size	60	27,96	34,89	31,5380	1,78537
Financial Leverage	60	,29	,87	,6392	,16938
Liquidity	60	,28	2,53	1,3297	,43422
GCG	60	2,00	11,00	6,0000	1,74667
Quality of FR	60	,75	45344,03	2972,1232	7921,34961
Valid N (lis twise)	60				

Source: Research Data, 2020

Based on the provided data, there are a total of 60 observations in the dataset. Among these 60 observations, the firm size variable ranges from a minimum of 27.96 to a maximum of 34.89, with an average value of 31.54 and a standard deviation of 1.79. The financial leverage variable ranges from a minimum of 0.29 to a maximum of 0.87, with an average value of 0.64 and a standard deviation of 0.17. For liquidity, the lowest value is 0.28, while the highest is 2.53, with an average of 1.33 and a standard deviation of 0.43. Regarding the Good Corporate Governance (GCG) variable, the smallest value is 2.00, and the largest is 11.00, with an average of 6.00 and a standard deviation of 1.75. Lastly, the Quality of Financial Reports (Quality of FR) ranges from a minimum of 0.75 to a maximum of 45344.03, with an average value of 2972.12 and a standard deviation of 7921.35.

CONCLUSION (Calibri, 12, Bold)

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(Calibri, 10, 1.15 Spasi) Menurut metodenya, jenis penelitian dalam penelitian ini adalah penelitian survei (*survey research*) yang berupa penelitian penjelasan dan pengujian hipotesa (*explanatory*). Populasi dalam penelitian ini adalah seluruh aparat pengawas internal pada kantor Inspektorat Kab

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