

Determinant of the presentation of proxy of user assets report and its implication for the quality of financial statements (A case study at the Work Unit of KPPN Mataram)

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ABSTRACT

The purpose of this study is to determine the effect of human resource ability, information technology utilization, government internal control system, and organizational commitment towards the presentation of proxy of user assets report and the effect of the presentation of proxy of user assets report on the quality of financial statement. The population consisted of the providers of proxy of user assets report and the providers of financial statements at the Work Unit of State Treasury Service Office (KPPN) Mataram as many as 726 people with a total sample of 88 people. This study uses four exogenous variables: human resource ability, information technology utilization, government internal control system, organizational commitment, and two endogenous variables: the presentation of proxy of user assets report and the quality of financial statements. Data collection technique used in this study is a survey by distributing questionnaires. Data analysis tool used is SmartPLS version 2.0 M3. The results show that the human resource ability and government internal control system have positive influence on the presentation of proxy of user assets report, information technology utilization and organizational commitment have no influence on the presentation of proxy of user assets report, and the presentation of proxy of user assets report has positive influence on the quality of financial statements.

ABSTRAK

Penelitian ini bertujuan untuk mengetahui pengaruh kemampuan sumber daya manusia, pemanfaatan teknologi informasi, sistem pengendalian intern pemerintah, dan komitmen organisasi terhadap penyajian proxy laporan aset pengguna dan efek presentasi proxy aset pengguna melaporkan kualitas laporan keuangan. Populasi terdiri dari penyedia proxy laporan aset pengguna dan penyedia laporan keuangan pada Satuan Kerja Perbendaharaan Kantor Pelayanan Negara (KPPN) Mataram sebanyak 726 orang dengan sampel total 88 orang. Penelitian ini menggunakan empat variabel eksogen: kemampuan sumber daya manusia, pemanfaatan teknologi informasi, sistem pengendalian intern pemerintah, komitmen organisasi, dan dua variabel endogen: penyajian proxy pengguna laporan aset dan kualitas laporan keuangan. Penelitian ini menggunakan survei sebagai teknik pengumpulan data. Adapun alat analisis data yang digunakan adalah SmartPLS versi 2.0 M3. Hasil penelitian menunjukkan bahwa kemampuan sumber daya manusia dan sistem pengendalian intern pemerintah memiliki pengaruh positif pada presentasi proxy laporan aset pengguna, pemanfaatan teknologi informasi dan komitmen organisasi tidak berpengaruh pada presentasi proxy laporan aset pengguna, dan presentasi proxy aset pengguna laporan berpengaruh positif terhadap kualitas laporan keuangan.

1. INTRODUCTION

The objective of Central Government Financial Statement (herein after referred to as LKPP), among other is to provide information regarding the assets contained in the balance sheet. Balance

in the LKPP is the result of consolidated balance sheet throughout the Financial Statement of the Ministry/Institution (herein after referred to as LKKL). In the balance sheet, information of state owned assets contained in the User Assets Report

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(herein after referred to as LBP) provides a significant contribution. The LBP itself is a combination of Proxy User Assets Reports (herein after referred to as LBKP). The information in the Assets Report is related to posts of inventories, fixed assets, and other assets (Darno 2012).

For the smooth management of state-owned assets, the Government issued Government Regulation No. 27 of 2014 on the Management of State/Regional-owned Assets as a technical and administrative guidance in the management of the state-owned assets. The accuracy of the state-owned assets data is needed to support a fair financial reporting (Darno 2012). Thus, it is very important to improve the accuracy of the presentation of Proxy of User Assets Report (LBKP). LBKP is composed of: (a) LBKP in Semester (herein after referred to as LBKPS) which presents state-owned assets position at the beginning and the end of the semester as well as the mutations occurring during the semester, and then convey it to UPPB-W, UPPB-E1 or UPPB with copies to the State Property and Auction Office (herein after referred to as KPKNL); (b) LBKP in Annual (herein after referred to as LBKPT) which presents the state-owned assets position at the beginning and end of the year as well as the mutations occurring during the year, and then convey it to The Administering Unit of Assets Users-Region (herein after referred to as UPPB-W), Administering Unit of Assets Users-Echelon 1 (UPPB-E1) or Administering Unit of Assets Users (herein after referred to as UPPB), and with copies to KPKNL (Minister of Finance Regulation Number 120/PMK. 06/2007).

Unfortunately, the Central Government Financial Statement (LKPP) has never obtained an unqualified opinion (WTP). The Summary of Semester Examination Results (herein after referred to as IHPS) semester 2015 was conducted by the Supreme Audit Board of the Republic of Indonesia (herein after referred to as BPK-RI). It showed that from 2004 to 2008 BPK-RI had given disclaimer of opinion (TMP) to the Central Government Financial Statement (LKPP). Subsequently, from 2009 to 2014, BPK-RI gave qualified opinion (WDP) to the Central Government Financial Statement (LKPP). Qualified Opinion was given because BPK-RI still found problems, one of which was the problem of assets (BPK-RI 2015).

The unqualified opinion (WTP) has never been achieved because of several problems. These problems are the shortage of human resources in the field of accounting, less maximum information technology utilization to support the process of

preparing the financial statements, weak internal control system, and low organizational commitment. Research related to Human Resources (HR) provides evidence that it has an effect on the proxy of user assets report and financial statement have been made by several researchers. So did Darno (2012) and Winidyaningrum and Rahmawati (2010), with a different outcome, they proposed in the research conducted by Dwiyusufadi (2013) telling that human resource ability does not significantly influence the quality of financial statements.

Research related to the information technology utilization that affects the proxy of user assets report and financial statements have been made by several researchers. For example Darno (2012), Haryanto (2012), Yosefrinaldi (2013), and Winidyaningrum and Rahmawati (2010) have the same studies. In contrast, a different outcome was proposed in the research conducted by Wardani (2012) and Dwiyusufadi (2013), in which information technology utilization does not affect the quality of financial statements.

The results of the research on Government Internal Control System undertaken by Ariesta (2013) and Armando (2013) indicate that Government Internal Control System has a significant and positive influence on the reliability of financial reporting. This study managed to find evidence of the effect of Government Internal Control System on the quality of financial statements. Despite the consistency in the results of previous studies, this study keeps focusing on the same issue using different study location and different dependent variable, that is, the presentation of proxy of user assets report (LBKP).

Research related to organizational commitment that has an effect on the financial statements have been done by several researchers, including by Sugandi et al. (2013), and Kurnia (2013). Instead, a different result was stated in the research conducted by Dwiyusufadi (2013) that the organizational commitment has no significant effect on the quality of financial statements.

The difference in the results of previous studies became a motivation of the researchers to reexamine the variables that affect the presentation of proxy of user assets report and financial statements. This research is the development of the research conducted by Darno (2012), and Haryanto (2013). The similarity between this research and the previous ones is on the selection of independent variables used, that is, human resources capacity and information technology utilization, while the difference between this research and the previous

ones is on the presence of additional independent variables, that is, government internal control system and organizational commitment. The other difference is in the dependent variable used. Darno (2012) used the dependent variable of the quality of proxy of user assets report, and Haryanto (2013) used the dependent variable of the quality of regional assets report, but in this study, the dependent variable used is the presentation of proxy of user assets report and the quality of financial statements. And another difference is in the research object. So, based on the phenomenon and differences in research outcomes, the researchers decided to conduct a study to determine the effect of human resources, information technology utilization, government internal control system, and organizational commitment on the presentation of proxy of user assets report and its implications for the quality of financial statements.

2. THEORETICAL FRAMEWORK AND HYPOTHESIS

Human Resource Ability

Robbins et al. (2015: 35) described that ability is an individual's capacity at this time to perform various tasks in a job. Essentially, ability is constructed by two sets of factors, namely intellectual factor and physical factor. Furthermore, they defines intellectual ability as the ability needed to perform mental-thinking activities, reasoning, and problem solving. Yet, a physical ability is the ability to perform tasks that require stamina, agility, strength, and characteristics of the same. In the work related administrative activities within an organization, intellectual ability is certainly more dominant. The intellectual ability of an individual to do certain jobs is derived from educational backgrounds and experiences possessed (Darno 2012).

Human resource performance is the ability of a person or an individual, an organization (institution) or a system to carry out its functions or powers to achieve its goals effectively and efficiently. The capacity should be seen as the ability to achieve the performance, to produce outputs and outcomes (Winidyaningrum and Rahmawati 2010).

Evidence of the effect of human resource ability on the proxy of user assets report was presented by Darno (2012) in his research that human resource ability significantly affects proxy of user assets report. This research found evidence of the influence of human resources on the quality of proxy of user assets report. The other study was conducted by Winidyaningrum and Rahmawati (2010) revealing that human resource has a signifi-

cant positive effect on the reliability of local government financial reporting. Based on the concepts and empirical evidence from previous studies, the first hypothesis is proposed as follows:

H1: Human resource ability has positive influence on the presentation of proxy user assets report.

Information Technology Utilization

Sutabri (2014: 3) stated that information technology is a technology, which is used to process data, including to obtain, to compile, to store, and to manipulate data in various ways in order to produce quality information, that is, relevant, accurate and timely information. All these are used by personal, business, and government as strategic information in decision-making. Haag and Keen (1996) in Sutabri (2014: 2) defined information technology as a set of tools that help work with information and carry out tasks related to information processing. Furthermore, according to Lucas (2000) in Sutabri (2014: 2), information technology is all forms of technology applied to process and transmit information in electronic form. Without the help of information technology tools, it will take a long time and much energy to convert data into information (Purnawanto 2010: 13).

Research by Darno (2012) managed to find evidence of the positive influence of IT utilization variable on the quality of proxy of user assets report. In line with this result, the research conducted by Winidyaningrum and Rahmawati (2010) showed that IT utilization has significant positive effect on the reliability of local government financial reporting. These findings support the literature relating to the benefits of information technology within an organization, including the local governments that should manage the regional budget (APBD), where the volume of transactions from year to year shows an increase and becomes more complex. Based on the concepts and empirical evidence obtained from previous research, the second hypothesis is proposed as follows:

H2: Information technology utilization has positive influence on the presentation of proxy user assets report.

Government Internal Control System (SPIP)

According to Government Regulation No. 60 of 2008, concerning the Government Internal Control System, the Internal Control System is an integral process of actions and activities performed continuously by the management and all employees to provide reasonable assurance to achieve the organizational goals through effective and efficient ac-

tivities, reliable financial statements, state assets security, and adherence to the legislations. Furthermore, according to Government Regulation No. 60 of 2008, the Government Internal Control System is an internal control system held thoroughly within the central government and local governments.

Ariesta (2013), presented the evidence of the effect of the government internal control system on the quality of financial statements. The government internal control system has significant and positive influence on the reliability of local government financial reporting. This study managed to find evidence of the influence of the government internal control system on the quality of financial reporting. Another study was conducted by Armando (2013) indicating that the government internal control system has significant positive effect on the value of government financial reporting information. The better the government internal control system, the better the value of the government financial reporting information. Based on the concepts and empirical evidence obtained from previous research, the third hypothesis is proposed As follows:

H3 : Government internal control system has positive influence on the presentation of proxy of user assets report.

Organizational Commitment

As an attitude, Luthans (2006: 249) argued that organizational commitment is most often defined as (1) a strong desire to remain as a member of particular organization; (2) a desire to strive to suit the organization; and (3) a certain belief, and acceptance of the values and goals of the organization. In other words, this is an attitude that reflects the employees' loyalty to the organization and ongoing process in which the member of the organization expresses his concern to the organization and the success as well as the sustainable progress.

For example, Sugandi, et al. (2013), presented evidence of the influence of organizational commitment on the quality of financial statements. The organizational commitment has an effect on the reliability of financial reporting. Other research conducted by Kurnia (2013) showed that organizational commitment has an effect on the quality of financial reports on the Regional Work Units (SKPD) in Bandung City. Based on the concepts and empirical evidence obtained from previous research, the fourth hypothesis is proposed as follows:

H4: Organizational commitment has positive effect on the presentation of proxy of user assets report.

Proxy of User Assets Report (LBKP)

Reporting is submitting the data and information undertaken by the unit implementing the state-owned assets administration in Assets User and Assets Manager. It is intended to make all data and information on state-owned assets to be presented and communicated easily to the interested parties accurately. This is intended to support the implementation of decision making in the context of state-owned assets management and as a material for the preparation of Central Government Balance Sheet. Proxy of user assets report, herein after referred to as LBKP, is a report prepared by the Proxy of Asset User of who presents the state-owned assets position at the beginning and end of a certain period in semester and yearly as well as the mutations occurring during this period (Finance Minister Regulation No. 120/PMK.06/2007).

According to the Indonesian Government Regulation No. 71 of 2010, the qualitative characteristics of financial statements are normative measures that need to be realized in the accounting information in order to meet the objectives. The accuracy of state-owned assets data is certainly needed to support the presentation of reasonable financial statements (Darno 2012). The quality of a financial statement is a combination of the quality of the parts of the financial statement, one of which is the quality of the balance sheet in the financial statement. Proxy of user assets report contributes significant information to the balance sheet of the Financial Statements of the Ministry/Institution. Based on the description above, the researchers presume that the presentation of proxy of user assets report affect the quality of the balance sheet of the financial statement, This means that it will also affect the quality of the financial statement itself. Thus, the fifth hypothesis is proposed as follows:

H5 : Presentation of proxy of user assets report has positive effect on the quality of financial report.

3. RESEARCH METHOD

Population and Sample

The study took the population of the officials who are directly responsible for the preparation of proxy of user assets report and the preparation of financial statements at the Work Unit of KPPN Mataram with the total number of 726 people. They were taken using a proportionate stratified random sampling technique quoted from Bungin (2004: 105). The number of questionnaires sent to respondents is 88 questionnaires. This technique is used when the population has inhomogeneous and disproportionately stratified members/components (Sugiyono

no 2013: 82).

The data were collected using survey technique, by distributing the questionnaire to the respondents based on questions related to the research variables.

Research Variable and Measurement

In this study, there are two (2) variables: (1) endogenous variables consisting of the presentation of proxy of user assets report and the quality of financial report; (2) exogenous variables consisting of human resource ability, information technology utilization, government internal control system, and organizational commitment. The variable of human resource ability in this study is measured using five (5) dimensions developed from the research of Azhar (2010): (1) educational background, (2) knowledge, (3) expertise, (4) training, and (5) task division.

The variable of information technology utilization was measured using seven (7) dimensions developed from the research of Indriasari and Nahartyo (2008): (1) software application, (2) computerized accounting process, (3) software in accordance with laws and regulations, (4) integrated accounting and managerial report, (5) access restriction, (6) maintenance of equipment, and (7) the existence of antivirus. The variable of government internal control system is measured using the dimensions of Government Regulation No. 60 of 2008: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring.

The variable of organizational commitment was measured using nine (9) indicators developed by Mowday, et al., (1979) in Sumarno (2005): (1) the ability to work above the average, (2) the pride in the organization of workplace, (3) the willingness to do all the work, (4) the suitability between individual value and organization value, (5) the pride of being part of an organization, (6) the effect of organization on achievement, (7) the satisfaction of choosing the organization as a workplace, (8) the concern for the future of the organization, and (9) the assessment of the employee to the organization.

The variable of presentation of proxy of user assets report (LBKP) was measured using dimensions of state-owned assets (BMN) accounting policies contained in the Finance Minister Regulation No. 120/PMK.06/2007: (1) recognition, (2) measurement, and (3) disclosure. The variable of quality of financial statement in this study is measured using dimensions of the Indonesian Government Regulation No. 71 of 2010: (1) relevant, (2) reliable,

(3) comparable, and (4) understandable.

Furthermore, each of these variables was measured using itemized rating scale that presents, in which the respondents choose, the one that best represents the opinion (Cooper and William 1997: 185). The scores used in a scale of 4 are 4, 3, 2 and 1 with answer options that have gradation from very positive to very negative.

Data Analysis Procedure

The data were analyzed using Partial Least Square (PLS) approach with the software of SmartPLS version 2.0 M3. The first analysis stage is a conceptual model where at this stage the researchers shall perform development and measurement of constructs (Latan and Ghazali 2012: 48). The second analysis stage is to determine what methods of analysis algorithm that will be used to estimate the model.

According to Latan and Ghazali (2012: 52) the PLS algorithm scheme suggested by Wold is path or structural weighting so that this study uses algorithm scheme of path and structural weighting. The next analysis stage is to determine the re-sampling method using bootstrapping method because in the SmartPLS 2.0 M3 program provides only one re-sampling method, namely bootstrapping method. After determining the re-sampling method, the next step is to draw the path diagram of the model to be estimated. Based on the model of the variables in the first stage, the path diagram in this study can be described in Figure 1.

The equation of structural model (inner model):

$$PLBKP = \gamma_1 KSDM + \gamma_2 PTI + \gamma_3 SPIP + \gamma_4 KO + \zeta_1 \quad (1)$$

$$KLK = \beta_1 PLBKP + \zeta_2 \quad (2)$$

Description:

KSDM = Exogenous Variable (Human Resource Ability)

LBP = Education Background

PG = Knowledge

KH = Expertise

PL = Training

PT = Division of Tasks

PTI = Exogenous Variable (Information Technology Utilization)

SA = Software Application

PASK = Computerized Accounting Process

SSPP = Software in accordance with Legislations

LAMT = Integrated Accounting and Managerial Report

PA = Access Restriction

PP = Maintenance of Equipment

TA = Existence of Antivirus

SPIP = Exogenous Variable (Government Internal

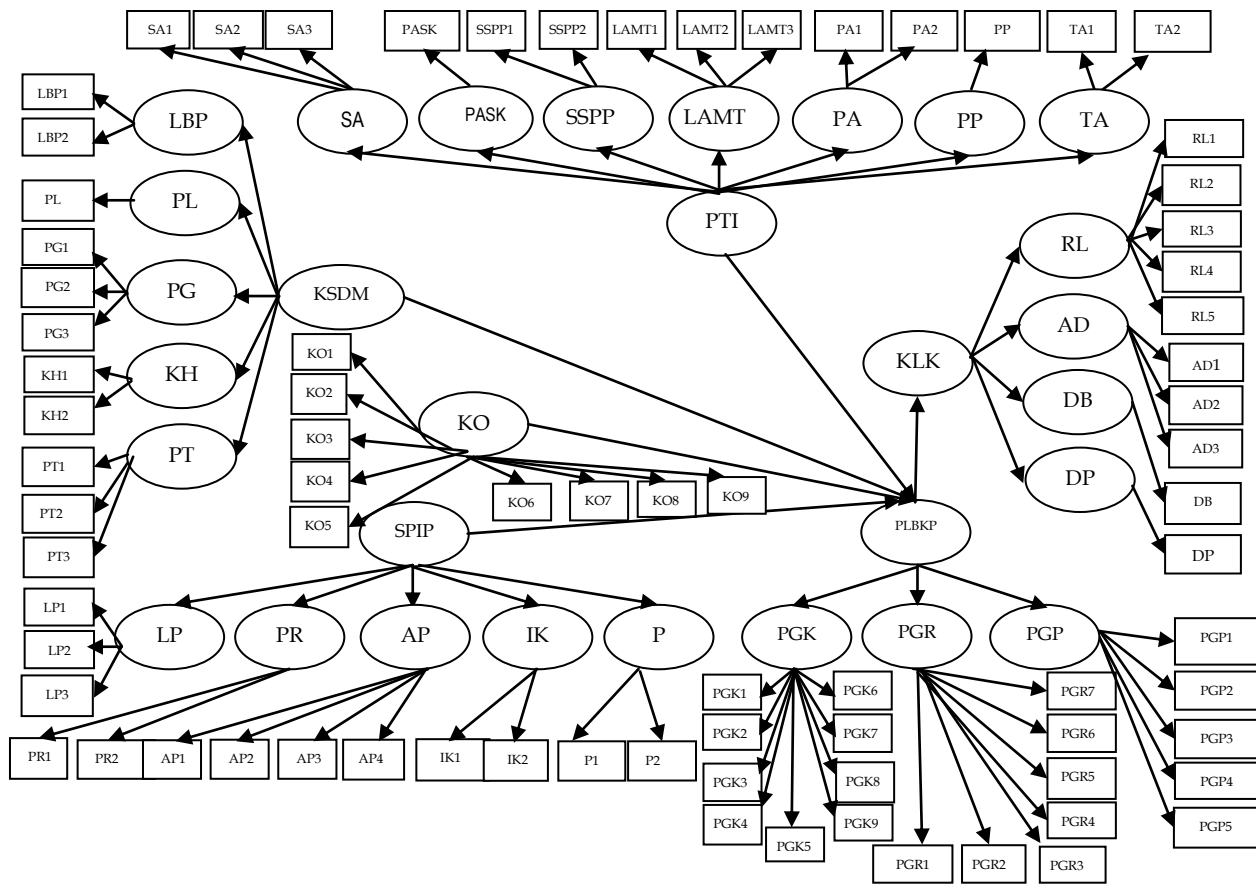


Figure 1
Path Diagram

Control System)

LP = Control Environment

PR = Risk Assessment

AP = Control Activities

IK = Information and Communication

P = Monitoring

KO = Exogenous Variable (Organizational Commitment)

PLBKP = Endogenous Variable (Presentation of Proxy of User Assets Report)

PGK = Recognition

PGR = Measurement

PGP = Disclosure

KLK = Endogenous Variable (Quality of Financial Statements)

RL = Relevant

AD = Reliable

DB = Comparable

DP = Understandable

Model Evaluation

The last stage is the evaluation of the model by assessing outer model and inner model. The evaluation of model measurement or outer model is carried out to assess the validity and reliability of the

model, while the evaluation of structural model or inner model aims to predict the relationship between latent variables. The steps in the evaluation of the model are:

a. Evaluation of measurement model (*outer model*)

The indicator of construct in this study is a reflexive indicator. Outer model with reflexive indicator is evaluated through:

- Validity test of convergent validity. Rule of thumb expected is > 0.70 (Latan and Ghazali 2012: 81).
- Validity test of discriminant validity. The way how to test the discriminant validity is by looking at the value of cross loading, whose latent variable must be greater than the correlation with other latent variables (Wiyono 2011: 403). Meanwhile, according to Abdillah and Jogiyanto (2015: 196), discriminant validity test is done by looking at the value of cross loading that must be > 0.70 in one variable.
- Reliability Test. Reliability test is done by looking at the value of composite reliability. Rule of thumb commonly used to assess the reliability of construct is the value of compo

Table 1
Outer Model Evaluation of KSDM Variable

Number of Items	Dimensions/ Indicators	Loading Factor		Explanation
		Value	Requirement	
	LBP	0.605	>0.7	Not meet convergent validity
1	LBP1	0.757	>0.7	Meet convergent validity
2	LBP 2	0.865	>0.7	Meet convergent validity
	PL	0.562	>0.7	Not meet convergent validity
3	PL	1.000	>0.7	Meet convergent validity
	PG	0.873	>0.7	Meet convergent validity
4	PG 1	0.849	>0.7	Meet convergent validity
5	PG 2	0.798	>0.7	Meet convergent validity
6	PG 3	0.725	>0.7	Meet convergent validity
	KH	0.811	>0.7	Meet convergent validity
7	KH 1	0.794	>0.7	Meet convergent validity
8	KH 2	0.751	>0.7	Meet convergent validity
	PT	0.762	>0.7	Meet convergent validity
9	PT 1	0.767	>0.7	Meet convergent validity
10	PT 2	0.852	>0.7	Meet convergent validity
11	PT 3	0.768	>0.7	Meet convergent validity

Source: Appendix 1.

site reliability > 0.70 (Latan and Ghozali 2012: 79).

b. Evaluation of structural model (*inner model*)

The structural model test (*inner model*) is conducted to examine the relationship between latent constructs (hypothesis testing). The structural model test in this study is done through:

- R Square. R square value of 0.67, 0.33, and 0.19 for endogenous variables in the structural model indicates that the model is strong, moderate and weak (Chin, 1998 in Ghozali 2012: 85).
- Hypothesis testing. The value of path coefficient or inner model indicates the level of significance in hypothesis testing. The score of path coefficient or inner model shown by the value of T-statistic must be above 1.64 for one-tailed hypothesis and 5 percent for alpha hypothesis (Hair et al. 2008 in Abdillah and Jogiyo 2015: 197)

4. DATA ANALYSIS AND DISCUSSION

Evaluation of Outer Model

Convergent Validity

Convergent validity relates to the principle that the measurements of a construct should have high correlation (Latan and Ghozali 2012: 78). The results of outer model evaluation of each variable are as follows:

1. Variable of Human Resource Ability (herein after referred to as KSDM)

The results of outer model evaluation of KSDM

variable can be seen that of the 5 dimensions owned by KSDM variable, two dimensions of which have a loading value < 0.7, in which the User Asset Report (LBP) dimension has a loading value of 0.605 and training (PL) dimension has a loading value of 0.562, so that the two dimensions are removed from the model. Next, the remaining is as many as 3 dimensions: PG, KH, and PT. The results of outer model evaluation of KSDM variable are presented in Table 1.

After the dimensions, that do not meet convergent validity, are excluded from the model, PLS Algorithm analysis is conducted again, and the results are presented in Table 2.

Based on Table 2, it can be seen that the entire dimensions and indicators of KSDM variable have met convergent validity.

2. Variable of Information Technology Utilization (herein after referred to as PTI)

The results of outer model evaluation of PTI variable are presented in Table 3. Based on Tabel 3, it can be seen that there are four dimensions. The dimensions that have loading factor value < 0.7 are PASK (0.624), PA (0.606), PP (0.446), and TA (0.674). Furthermore, for the dimensions of SA, there is one indicator that has loading factor value < 0.7, that is, SA1 (0.607). The dimensions and indicator are removed from the model. Next, PLS Algorithm analysis is conducted again, and the results are presented in Table 4. Based on Table 4, it can be seen that all dimensions and indicators of PTI variable have met

Table 2
Outer Model Evaluation Stage 2 of KSDM Variable

Number of Items	Dimension/ Indicator	Loading Factor		Explanation
		Value	Requirement	
	PG	0.867	>0.7	Meet convergent validity
4	PG 1	0.854	>0.7	Meet convergent validity
5	PG 2	0.790	>0.7	Meet convergent validity
6	PG 3	0.728	>0.7	Meet convergent validity
	KH	0.837	>0.7	Meet convergent validity
7	KH 1	0.772	>0.7	Meet convergent validity
8	KH 2	0.773	>0.7	Meet convergent validity
	PT	0.808	>0.7	Meet convergent validity
9	PT 1	0.758	>0.7	Meet convergent validity
10	PT 2	0.847	>0.7	Meet convergent validity
11	PT 3	0.780	>0.7	Meet convergent validity

Source: Appendix 2.

Table 3
Outer Model Evaluation of PTI Variable

Number of Items	Dimension/ Indicator	Loading Factor		Explanation
		Value	Requirement	
	SA	0.784	>0.7	Meet convergent validity
12	SA1	0.607	>0.7	Not meet convergent validity
13	SA2	0.805	>0.7	Meet convergent validity
14	SA3	0.782	>0.7	Meet convergent validity
	PASK	0.624	>0.7	Not meet convergent validity
15	PASK	1.000	>0.7	Meet convergent validity
	SSPP	0.731	>0.7	Meet convergent validity
16	SSPP1	0.850	>0.7	Meet convergent validity
17	SSPP2	0.727	>0.7	Meet convergent validity
	LAMT	0.866	>0.7	Meet convergent validity
18	LAMT1	0.835	>0.7	Meet convergent validity
19	LAMT2	0.883	>0.7	Meet convergent validity
20	LAMT3	0.863	>0.7	Meet convergent validity
	PA	0.606	>0.7	Not meet convergent validity
21	PA1	0.854	>0.7	Meet convergent validity
22	PA2	0.919	>0.7	Meet convergent validity
	PP	0.446	>0.7	Not meet convergent validity
23	PP	1.000	>0.7	Meet convergent validity
	TA	0.674	>0.7	Not meet convergent validity
24	TA1	0.929	>0.7	Meet convergent validity
25	TA2	0.901	>0.7	Meet convergent validity

Source: Appendix 1.

the convergent validity.

3. Variable of Government Internal Control System (herein after referred to as SPIP)

The results of outer model evaluation of SPIP variable are presented in Table 5. Based on Table 5, it can be seen that of the five dimensions are owned by SPIP variable, one dimension has loading factor value < 0.7, that is, the dimension of IK (0.659). Furthermore, for the dimension of LP, there is one indicator has loading factor val-

ue < 0.7, i.e. LP2 (0.651). And for the dimension of AP, there are two indicators that have loading factor value < 0.7 i.e. AP3 (0.689) and AP4 (0.358).

The dimensions and indicators are then excluded from the model, because they do not meet convergent validity. After the dimensions are removed from the model, PLS Algorithm analysis is conducted again, and the results are presented in Table 6. Based on Table 6, it can be

Table 4
Outer Model Evaluation Stage 2 of PTI Variable

Number of Items	Dimension/ Indicator	Loading Factor		Explanation
		Value	Requirement	
	SA	0.854	>0.7	Meet convergent validity
13	SA2	0.814	>0.7	Meet convergent validity
14	SA3	0.847	>0.7	Meet convergent validity
	SSPP	0.796	>0.7	Meet convergent validity
16	SSPP1	0.868	>0.7	Meet convergent validity
17	SSPP2	0.702	>0.7	Meet convergent validity
	LAMT	0.906	>0.7	Meet convergent validity
18	LAMT1	0.841	>0.7	Meet convergent validity
19	LAMT2	0.878	>0.7	Meet convergent validity
20	LAMT3	0.862	>0.7	Meet convergent validity

Source: Appendix 2.

Table 5
Outer Model Evaluation of SPIP Variable

Number of Items	Dimensio/ Indicator	Loading Factor		Explanation
		Value	Requirement	
	LP	0.787	>0.7	Meet convergent validity
26	LP1	0.867	>0.7	Meet convergent validity
27	LP 2	0.651	>0.7	Not meet convergent validity
28	LP3	0.813	>0.7	Meet convergent validity
	PR	0.836	>0.7	Meet convergent validity
29	PR1	0.952	>0.7	Meet convergent validity
30	PR2	0.948	>0.7	Meet convergent validity
	AP	0.842	>0.7	Meet convergent validity
31	AP 1	0.769	>0.7	Meet convergent validity
32	AP 2	0.838	>0.7	Meet convergent validity
33	AP 3	0.689	>0.7	Not meet convergent validity
34	AP 4	0.358	>0.7	Not meet convergent validity
	IK	0.659	>0.7	Not meet convergent validity
35	IK 1	0.800	>0.7	Meet convergent validity
36	IK 2	0.925	>0.7	Meet convergent validity
	P	0.829	>0.7	Meet convergent validity
37	P 1	0.908	>0.7	Meet convergent validity
38	P 2	0.869	>0.7	Meet convergent validity

Source: Appendix 1.

seen that all dimensions and indicators of SPIP variable have met the convergent validity

4. Variable of Organizational Commitment (herein after referred to as KO)

The results of outer model evaluation of KO variable are presented in Table 7. Based on Table 7, it can be seen that of the 9 indicators owned by Organizational Commitment (KO) variable, five indicators of which have loading factor value < 0.7, that is, KO1 (0.476), KO3 (0.690), KO7 (0.649), KO8 (0.667), and KO9 (0.666). The five indicators should be excluded from the model, because they do not meet convergent validity. After the indicators that do not meet convergent validity are ex-

cluded from the model, PLS Algorithm analysis is conducted again, the results can be presented in Table 8. Based on Table 8 above, it can be seen that one indicator does not meet convergent validity, i.e., indicator of KO4 (0.698). The indicator should be excluded from the model, because it does not meet convergent validity.

After the indicator that did not meet convergent validity is excluded from the model, PLS Algorithm analysis was conducted again, the results can be presented in Table 9. Based on Table 9, it can be seen that all indicators of organizational commitment (KO) variable has met convergent validity.

Table 6
Outer Model Stage 2 of SPIP Variables

Number of Items	Diminsion/ Indicator	Loading Factor		Explanation
		Value	Requirement	
	LP	0.824	>0.7	Meet convergent validity
26	LP1	0.884	>0.7	Meet convergent validity
28	LP3	0.858	>0.7	Meet convergent validity
	PR	0.837	>0.7	Meet convergent validity
29	PR1	0.950	>0.7	Meet convergent validity
30	PR2	0.950	>0.7	Meet convergent validity
	AP	0.759	>0.7	Meet convergent validity
31	AP 1	0.883	>0.7	Meet convergent validity
32	AP 2	0.900	>0.7	Meet convergent validity
	P	0.829	>0.7	Meet convergent validity
37	P 1	0.905	>0.7	Meet convergent validity
38	P 2	0.873	>0.7	Meet convergent validity

Source: Appendix 2

Table 7
Outer Model Evaluation of KO Variable

Number of Items	Indicator	Loading Factor		Explanation
		Value	Requirement	
39	KO1	0.476	>0.7	Not meet convergent validity
40	KO2	0.700	>0.7	Meet convergent validity
41	KO3	0.690	>0.7	Not meet convergent validity
42	KO4	0.717	>0.7	Meet convergent validity
43	KO5	0.716	>0.7	Meet convergent validity
44	KO6	0.725	>0.7	Meet convergent validity
45	KO7	0.649	>0.7	Not meet convergent validity
46	KO8	0.667	>0.7	Not meet convergent validity
47	KO9	0.666	>0.7	Not meet convergent validity

Source: Appendix 1.

5. Variable of Presentation of Proxy of User Assets Report (herein after referred to as PLBKP)

From the results, it can be seen that the 3 dimensions owned by PLBKP, all of them, have loading factor value > 0.7, i.e. dimension of Recognition (PGK) with loading factor value of 0.851, dimension of Measurement (PGR) with loading factor value of 0.867, and dimension of Disclosure (GP) with loading factor value of 0.762. Furthermore, for each of the indicators of these dimensions, it can be seen that for the dimension of PGK, of the 9 indicators owned, 4 indicators do not meet the convergent validity, i.e. indicators of PGK1 (0.682), PGK2 (0.393), PGK4 (0.661), and PGK9 (0.678).

For the dimension of PGR, of the 7 indicators owned, 3 indicators do not meet the convergent validity, i.e. indicators of PGR1 (0.619), PGR2 (0.652), and PGR6 (0.641). Meanwhile, for the dimension of PGP, of the 5 indicators owned, 1 indicator does not meet the convergent validity,

ie indicator of PGP1 (0.460). The indicators that have loading factor value <0.7 are then removed from the model, because they do not meet the convergent validity, and PLS Algorithm analysis is conducted again. The results of outer model evaluation of the variable of Proxy of User Assets Report (PLBKP) are presented in Table 10.

The results of outer model stage 2 can be presented in Table 11. As seen in Table 11, one indicator for the dimension of PGR does not meet the convergent validity, i.e. indicator of PGR3 (0.686). The indicator is removed from the model, because it does not meet the convergent validity. After the indicator that does not meet the convergent validity is excluded from the model, PLS Algorithm analysis is conducted again, and the result can be presented in Table 12. As presented in Table 12, it can be seen that all dimensions and indicators of PLBKP variable have met convergent validity.

6. Variable of Quality of Financial Report (herein

Table 8
Outer Model Evaluation Stage II of KO Variable

Number of Items	Indicator	Loading Factor		Explanation
		Value	Requirement	
40	KO2	0.767	>0.7	Meet convergent validity
42	KO4	0.698	>0.7	Not meet convergent validity
43	KO5	0.799	>0.7	Meet convergent validity
44	KO6	0.843	>0.7	Meet convergent validity

Source: Appendix 2.

Table 9
Outer Model Evaluation Stage 3 of KO Variable

Number of Items	Indicator	Loading Factor		Explanation
		Value	Requirement	
40	KO2	0.713	>0.7	Meet convergent validity
43	KO5	0.834	>0.7	Meet convergent validity
44	KO6	0.895	>0.7	Meet convergent validity

Source: Appendix 3

after referred to as KLK)

The results of outer model evaluation of KLK variable are presented in Table 13. As presented in Table 13, it can be seen that all dimensions and indicators of KLK variable have met convergent validity.

Discriminant Validity

Discriminant validity relates to the principle that the difference in the constructs of manifest variables should not have high correlation (Latan and Ghazali 2012: 78). The way how to test the discriminant validity is by seeing that the value of cross loading with its latent variables must be greater than the correlation with other latent variables (Wiyono 2011: 403). The result of Algorithm test shows that the value of cross loading with its latent variables is greater than the correlation with other latent variables, thus meeting the discriminant validity.

Reliability Test

The next stage is reliability test by looking at the composite reliability value. Rule of thumb test of reliability test is that composite reliability value > 0.7 (Latan and Ghazali 2012: 81). Value composite reliability shown in Table 14. Based on Table 14, The PLS algorithm report shows that the value of composite reliability of all constructs of dimensions > 0.7. Referring to these results, it can be concluded that all constructs of dimensions meet the reliability test or can be said to have good reliability.

Inner Model Evaluation

R-Square

R-square is used to describe whether certain ex-

ogenous latent variables have substantive influence on endogenous latent variables (Latan and Ghazali 2012: 82). The results of inner model evaluation to see R-square values are presented in Table 15. Based on Table 15, it can be concluded that the construct of PLBKP variable can be explained by the construct of variables of KSDM, PTI, and SPIP KO of 20.97%, while the other 79.03% are explained by other variables that are not examined. The construct of KLK variable can be explained by the construct of PLBKP variable of 6.56%, while the other 93.44% of KLK variable are explained by other variables that are not examined.

Hypothesis Test

Hypothesis test was done by looking at *Estimate for Path Coefficients* through bootstrapping menu in the PLS. The results of the T-statistics value of path coefficients are presented in Table 16. As presented in Table 16, it can be seen that:

1. Variable of KSDM has a coefficient parameter of 0.23 and T-statistics value of 2.03 > 1.64 (t table) with the significance level of 5% (one-tailed), which means that the hypothesis is accepted. Therefore, this study accepts H_1 , where the human resource ability has positive effect on the presentation of proxy of user assets report. The better the human resource ability, the better the presentation of proxy of user assets report
2. Variable of PTI has a coefficient parameter of 0.04 and T-statistics value of 0.29 < 1.64 (t table) with the significance level of 5% (one-tailed), which means that the hypothesis is rejected. Therefore, this study rejects H_2 , where the information technology utilization does not affect

Table 10
Outer Model Evaluation of PLBKP Variable

Number of Items	Indicator	Loading Factor		Explanation
		Value	Requirement	
	PGK	0.851	>0.7	Meet convergent validity
48	PGK1	0.682	>0.7	Not meet convergent validity
49	PGK2	0.393	>0.7	Not meet convergent validity
50	PGK3	0.724	>0.7	Meet convergent validity
51	PGK4	0.661	>0.7	Not meet convergent validity
52	PGK5	0.740	>0.7	Meet convergent validity
53	PGK6	0.801	>0.7	Meet convergent validity
54	PGK7	0.822	>0.7	Meet convergent validity
55	PGK8	0.714	>0.7	Meet convergent validity
56	PGK9	0.678	>0.7	Not meet convergent validity
	PGR	0.867	>0.7	Meet convergent validity
57	PGR1	0.619	>0.7	Not meet convergent validity
58	PGR2	0.652	>0.7	Not meet convergent validity
59	PGR3	0.702	>0.7	Meet convergent validity
60	PGR4	0.709	>0.7	Meet convergent validity
61	PGR5	0.726	>0.7	Meet convergent validity
62	PGR6	0.641	>0.7	Not meet convergent validity
63	PGR7	0.808	>0.7	Meet convergent validity
	PGP	0.762	>0.7	Meet convergent validity
64	PGP1	0.460	>0.7	Not meet convergent validity
65	PGP2	0.917	>0.7	Meet convergent validity
66	PGP3	0.920	>0.7	Meet convergent validity
67	PGP4	0.901	>0.7	Meet convergent validity
68	PGP5	0.903	>0.7	Meet convergent validity

Source: Appendix 1.

the presentation of proxy of user assets report.

3. Variable of SPIP has a coefficient parameter of 0.30 and T-statistics value of $1.81 > 1.64$ (t table) with the significance level of 5% (one-tailed), which means that the hypothesis is accepted. Therefore, this study accepts H_3 , where the government internal control system has positive effect on the presentation of proxy of user assets report. The better the government internal control system of a work unit, the better the presentation of proxy user assets report.
4. Variable of KO has a coefficient parameter of -0.04 and T-statistics value of $0.27 < 1.64$ (t table) with the significance level of 5% (one-tailed), which means that the hypothesis is rejected. Therefore, this study rejects H_4 , where the organizational commitment does not affect the presentation of proxy of user assets report.
5. Variable of PLBKP has a coefficient parameter of 0.26 and T-statistics value of $1.87 > 1.64$ (t table) with the significance level of 5% (one-tailed), which means that the hypothesis is accepted. Therefore, this study accepts H_5 , where the presentation of proxy of user assets report

(PLBKP) has positive effect on the quality of financial report. The better the presentation of proxy of user assets report of a work unit, the better the quality of financial report.

The equation of the research results is as follows:

$$PLBKP = 0.23KSDM + 0.04PTI + 0.30SPIP + -0.04KO + \zeta$$

$$KLK = 0.26 PLBKP + \zeta$$

Description:

PLBKP = the presentation of proxy of user assets report

KLK = quality of financial report

KSDM = human resource ability

PTI = information technology utilization

SPIP = government internal control system

KO = organizational commitment

ζ (Zeta) = structural model error

Discussion

The Effect of Human Resource Ability (KSDM) on the Presentation of Proxy of User Assets Report (PLBKP)

The first hypothesis states that human resource

Table 11
Outer Model Evaluation Stage 2 of PLBKP Variable

Number of Items	Indicator	Loading Factor		Explanation
		Value	Requirement	
	PGK	0.800	>0.7	Meet convergent validity
50	PGK3	0.758	>0.7	Meet convergent validity
52	PGK5	0.792	>0.7	Meet convergent validity
53	PGK6	0.769	>0.7	Meet convergent validity
54	PGK7	0.859	>0.7	Meet convergent validity
55	PGK8	0.770	>0.7	Meet convergent validity
	PGR	0.835	>0.7	Meet convergent validity
59	PGR3	0.686	>0.7	Not meet convergent validity
60	PGR4	0.769	>0.7	Meet convergent validity
61	PGR5	0.773	>0.7	Meet convergent validity
63	PGR7	0.843	>0.7	Meet convergent validity
	PGP	0.726	>0.7	Meet convergent validity
65	PGP2	0.934	>0.7	Meet convergent validity
66	PGP3	0.955	>0.7	Meet convergent validity
67	PGP4	0.942	>0.7	Meet convergent validity
68	PGP5	0.922	>0.7	Meet convergent validity

Source: Appendix 2.

Table 12
Outer Model evaluation Stage 3 of PLBKP Variable

Number of Items	Indicator	Loading Factor		Explanation
		Value	Requirement	
	PGK	0.798	>0.7	Meet convergent validity
50	PGK3	0.759	>0.7	Meet convergent validity
52	PGK5	0.792	>0.7	Meet convergent validity
53	PGK6	0.770	>0.7	Meet convergent validity
54	PGK7	0.860	>0.7	Meet convergent validity
55	PGK8	0.768	>0.7	Meet convergent validity
	PGR	0.836	>0.7	Meet convergent validity
60	PGR4	0.825	>0.7	Meet convergent validity
61	PGR5	0.763	>0.7	Meet convergent validity
63	PGR7	0.838	>0.7	Meet convergent validity
	PGP	0.753	>0.7	Meet convergent validity
65	PGP2	0.934	>0.7	Meet convergent validity
66	PGP3	0.955	>0.7	Meet convergent validity
67	PGP4	0.942	>0.7	Meet convergent validity
68	PGP5	0.922	>0.7	Meet convergent validity

Source: Appendix 3.

ability has positive effect on the presentation of proxy of user assets report. The result indicates that the value of t -statistics > t -table, i.e. $2.03 < 1.64$. This suggests that the human resource ability has positive effect on the presentation of proxy user assets report. The result of model testing shows that the better the human resource ability as the preparer of proxy user assets report, the better the presentation of proxy of user assets report. Ability is the capacity of individuals at the present time to perform various tasks in a job (Robbins et al. 2015: 35). The ability

of human resources owned by the maker of the proxy user assets report is expected to be able to make decision quickly and precisely. Better ability of human resources and adequate understanding of accounting are expected to support the smoothness of the process of proxy of user assets reporting, thus supporting reasonable and timely financial report.

The results of previous studies that are consistent with those of the first hypothesis testing also in Yosefrinaldi (2013), Darno (2012), Hariyanto (2012),

Table 13
Outer Model Evaluation of KLK Variable

Number of Items	Dimension/ Indicator	Loading Factor		Remark
		Value	Requirement	
	RL	0.931	>0.7	Meet convergent validity
69	RL1	0.826	>0.7	Meet convergent validity
70	RL2	0.835	>0.7	Meet convergent validity
71	RL3	0.763	>0.7	Meet convergent validity
72	RL4	0.715	>0.7	Meet convergent validity
73	RL5	0.873	>0.7	Meet convergent validity
	AD	0.876	>0.7	Meet convergent validity
74	AD1	0.767	>0.7	Meet convergent validity
75	AD2	0.855	>0.7	Meet convergent validity
76	AD3	0.847	>0.7	Meet convergent validity
DB		0.801	>0.7	Meet convergent validity
77	DB	1.000	>0.7	Meet convergent validity
DP		0.795	>0.7	Meet convergent validity
78	DP	1.000	>0.7	Meet convergent validity

Source: Appendix 1.

Table 14
Composite Reliability

Indicators	Composite Reliability	Indicators	Composite Reliability
AD	0.863639	PGK	0.892630
AP	0.885718	PGP	0.967271
DB	1.000000	PGR	0.850556
DP	1.000000	PLBKP	0.905325
KH	0.747888	PR	0.949166
KLK	0.927680	PT	0.838089
KO	0.857149	PTI	0.880016
KSDM	0.860000	RL	0.901181
LAMT	0.895350	SA	0.816701
LP	0.862686	SPIP	0.902229
P	0.883036	SSPP	0.765915
PG	0.834301		

Source: Output SmartPLS 2.0, Processed (2016).

and Widyaningrum and Rahmawati, (2010). Darno (2012) with the results of his research states that human resource ability has significant effect on the presentation of proxy of user assets report. Haryanto (2012) who conducted research in the Provincial Government of Jakarta managed to provide additional evidence regarding the existence of the influence of human resource ability on the regional assets report. Yosefrinaldi (2013) suggested that the better the human resource ability, the better the quality of local government financial report.

Another study was conducted by Winidyaningrum and Rahmawati (2010) which revealed that human resource has significant positive effect on the reliability of local government financial report. Meanwhile, the research that does not support the first hypothesis testing results in this study is the research conducted by Wardani (2012) and Dwiyu-

sufadi (2013). Wardani (2012) in her research concluded that human resource has no significant influence on the quality of financial reporting. Furthermore, Dwiyusufadi (2013) in his research on the Regional Government of Bandung concluded that human resource ability does not significantly influence the quality of financial reporting information.

The Effect of Information Technology Utilization (PTI) on the Presentation of Proxy of User Assets Report (PLBKP)

The second hypothesis states that information technology utilization does not affect the presentation of proxy user assets report. The result indicates that the value of *t*-statistics < *t*-table, i.e. 0.29 < 1.64. This shows that the information technology utilization does not affect the presentation of proxy of user assets report. This is caused by the shortage of

Table 15
R-Square

Construct	R-Square
PLBKP	0.2097
KLK	0.0656

Source: Output SmartPLS 2.0, Processed (2016).

Table 16
Path Coefficients (Mean, STDEV, T-Values)

	Original Sample (O)	T Statistics (O/STERR)	Hypothesis	Explanation
KSDM -> PLBKP	0.226884	2.033939	H1	H1 Accepted
PTI -> PLBKP	0.035579	0.289267	H2	H2 Rejected
SPIP -> PLBKP	0.300193	1.814556	H3	H3 Accepted
KO -> PLBKP	-0.042205	0.273560	H4	H4 Rejected
PLBKP -> KLK	0.256193	1.871021	H5	H5 Accepted

Source: Output SmartPLS 2.0, Processed (2016).

human resources in the field of accounting so that it indicates that adequate information technology supports the implementation process of preparing the report, but in terms of understanding the presentation of proxy of user assets report, some still do not understand. Furthermore, other causes are the officials/staff in charge of the preparation of proxy of user assets report rarely follow the training and technical guidance on accounting so that their understanding of accounting is still very limited. A workable solution to overcome this problem is the need for training and technical guidance for officials/staff as the preparers of the proxy of user assets report in order to increase their knowledge and expertise in the field of accounting.

The results of previous studies that are consistent with those of the second hypothesis testing that is the research by Wardani (2012) and Dwiyusufadi (2013). Wardani (2012) conducted a study on the NTB provincial government with the result that the information technology utilization does not affect the quality of the provincial government financial statements. And Dwiyusufadi (2013) conducted a study on Regional Government of Bandung with the result that the information technology utilization does not affect the quality of financial reporting.

However, the results of the studies that do not support the second hypothesis testing results are those by Darno (2012); Haryanto (2012); Yosefrinaldi (2013); Winidyaningrum and Rahmawati (2010). Darno (2012) in his study concluded that the information technology utilization significantly affect the proxy user assets report. Haryanto (2012) provided additional evidence of the existence of the effect of information technology utilization on the quality of regional assets reporting. The other study was conducted Yosefrinaldi (2013) with the result

that the information technology utilization has positive significant effect on the quality of local government financial reports. Furthermore, the research conducted by Winidyaningrum and Rahmawati (2010) showed that the information technology utilization has significant positive effect on the reliability of local government financial reporting.

The finding of this study which states that the information technology utilization does not have a positive influence on the presentation of proxy of user assets report is thought to be caused by the shortage of human resources in the field of accounting. This indicates that adequate information technology supports the implementation process of preparing the report. But in terms of the understanding of the presentation of proxy user assets report, some still do not understand well. A workable solution to overcome this is the need for training and technical guidance to improve the knowledge and expertise in the field of accounting. Another cause is the constraints on supporting equipment and software, such as the problem in BMN SIMAK application, and the less maximum use of information technology in the event of a power outage.

The effect of Government Internal Control system (SPIP) on the Preparation of Proxy User Assets Report (PLBKP)

The third hypothesis states that government internal control system has positive effect on the presentation of proxy user assets report. The result indicates that the value of *t*-statistics > *t*-table, i.e. 1.81 > 1.64. This shows that the government internal control system has positive influence on the presentation of proxy user assets report. The better the government internal control system implemented at

the working unit, the better the presentation of proxy user assets report. The qualitative characteristics of government financial reporting (Government Regulation No. 71 of 2010), among others are relevant, reliable, comparable and understandable, are normative preconditions necessary for the government financial statements can meet the desired quality. To achieve these characteristics requires adequate Internal Control System.

The results of previous studies which are consistent with the third hypothesis testing results are those by Ariesta (2013) and Armando (2013). The result of the research conducted by Ariesta (2013) indicates that the government internal control system (SPIP) has a significant and positive influence on the reliability of local government financial reporting. Furthermore, Armando (2013) revealed that there is a significant and positive influence between SPIP and the value of government financial reporting information.

The Effect of Organizational Commitment (KO) on the Presentation of Proxy of User Asset Report (PLBKP)

The fourth hypothesis states that organizational commitment does not affect the presentation of proxy user assets report. The results of hypothesis testing through PLS indicates that the value of t -statistics $< t$ -table, i.e. $0.27 < 1.64$. This shows that organizational commitment does not affect the presentation of proxy user assets report.

The results of previous studies which are consistent with the results of the fourth hypothesis testing are the results of research conducted by Dwiyusufadi (2013), in which in his research on the Regional Government of Bandung concluded that the organizational commitment has no significant effect on the quality of financial reporting information. Meanwhile, the results of the research which do not support the fourth hypothesis testing results in this study are the research conducted by Sugandi, et al. (2013), and Kurnia (2013). Sugandi, et al. (2013) in his study concluded that accounting organizational commitment has an effect on the reliability of financial reporting. Furthermore, Kurnia (2013) concluded that organizational commitment has an effect on the quality of financial reporting.

The findings of this study which state that organizational commitment does not affect the presentation of proxy user assets report that are thought to be caused by low commitment of officials/staff in charge of the preparation of proxy user assets report, due to several reasons, such as:

a. The low work experience of the officials/staff as

the preparers of proxy user assets report, causing the lack of individual attachment to the organization.

- b. The discrepancy between educational background and tasks/work, causing the officials/staff as the preparers of proxy of user assets report to be less comfortable in carrying out their duties.
- c. The existence of dual position, causing the work overload, which in turn resulting in less maximum effort

The Effect of the Presentation of Proxy User Assets report on the Quality of Financial Report

The fifth hypothesis states that the presentation of proxy user assets report has positive influence on the quality of financial report. The result of hypothesis testing through PLS indicates that the value of T -statistics $> t$ -table, i.e. $1.87 > 1.64$. This shows that the presentation of proxy user assets report users has positive influence on the quality of financial statements. The better the presentation of the proxy user assets report at the work unit, the better the quality of financial reporting.

The accuracy of state-owned assets (BMN) data is needed to support fair financial statement (Darno 2012). Proxy of user assets report is a report prepared by the Proxy of Assets User who presents state-owned assets position at the beginning and end of a certain period biannually and annually including the mutations occurring during that period. The purpose of the proxy of user assets report is to make all the data and information on state-owned assets able to be presented and communicated to the interested parties accurately in order to support the implementation of the decision making in the context of state-owned assets management and as a material for the preparation of central government balance sheet (Finance Ministry Regulation No. 120/PMK.06/2007).

5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

Based on the analysis and discussion, it can be concluded that the human resources ability and the government internal control system have positive effect on the presentation of proxy of user assets report. This means that the better the ability of human resources and the implementation of government internal control system, the better the presentation of proxy of user assets report. Furthermore, the presentation of proxy of user assets report has a positive influence on the quality of financial statements. This means that the better the presentation

of proxy of user assets report, the better the quality of financial reporting at the Work Unit of KPPN Mataram.

However, the information technology utilization does not affect the presentation of proxy of user assets report due to the constraints on the supporting hardware and software resulting in less maximum utilization. Organizational commitment in this study has no effect on the presentation of proxy of user assets report due to the lack of commitment of the officials/staff in charge of the preparation of proxy of user assets report. Other causes are less work experience and incompatibility between educational background and tasks/work, including the existence of double position, which leads to work overload, thus resulting in inconvenience in work and less maximum effort.

This study has limitations that could be improved in future studies. They are the variables of information technology utilization and organizational commitment that have no positive effect on the presentation of proxy of user assets report. This is because information technology utilization and organizational commitment need to be connected to other variables that have not been included in this study. Furthermore, the construct of the variable of presentation of proxy of user assets report (PLBKP) in this study could only be explained by the constructs of the variables of KSDM, PTI, SPIP, and KO by 20.97%, while the remaining 79.03% are explained by other variables that are not examined.

The construct of KLK variable can be explained by the construct of PLBKP variable by 6.56%, while the remaining 93.44% are explained by other variables that not examined, so that the variables used are less able to explain the influence on the presentation of proxy of user assets report and the quality of financial reporting. Another limitation is that the scope of this research is only at the Work Unit of KPPN Mataram, thereby the generalization of the research findings and the recommendations of this research are less able to apply for the Work Units outside KPPN Mataram.

Regarding the conclusion and limitation, this study suggests that the future studies should examine other factors that affect the presentation of proxy of user asset report and its implication for the quality of financial statements. Future research is also expected to be able to explore the determinants of the presentation of proxy of user assets report more deeply by conducting qualitative research in order to provide more accurate results related to what factors, which have the biggest influence on the presentation of proxy of user assets,

report.

It is advisable that further research develop the research by expanding the research object, such as partnering work unit of KPPN throughout the island of Lombok or partnering work unit of KPPN throughout Nusa Tenggara Barat. Furthermore, the Government needs to improve the ability of human resources, especially related to the officials in charge of the preparation of the proxy of user assets report and financial statements through training or technical guidance on accounting so as to improve the quality of proxy of user assets report and the quality of the financial statements prepared.

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