

The Keys to Successful Financial Reporting through Internal Auditor and Financial Applications Quality (Survey on the accounting department of state-owned enterprises in Bandung City)

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Abstract. Abstract. The success of a company's financial reporting can be seen from the company's ability to produce quality financial reports for use by various users in the strategic decision-making process. However, the results of an audit of the financial statements of the Audit Board of the Republic of Indonesia (BPK-RI) show that the financial reports of several State-Owned Enterprises (BUMN) in Indonesia are not qualified, so they cannot be assessed in strategic decisions. Financial reports that are not of high quality are suspected to be due to the unreliable accounting information system used by the company and the inadequate competence of internal auditors in carrying out their duties. Based on these conditions, this study aims to examine how much influence the quality of the accounting information system and internal auditors has on the quality of financial reports. This research uses descriptive verification method. The theoretical model to be tested by SEM-PLS, the minimum sample refers to the rule of tumb with simple simple sampling technique so that the number of samples in this study is 67 financial accounting units in BUMN in Bandung city. The results of this study prove that the Quality of Accounting Information Systems has a significant effect on the Quality of Financial Statements, and the Quality of Internal Auditors has a significant effect on the Quality of Financial Statements at BUMN companies in Bandung City.

Keywords: Quality of Accounting Information Systems, Internal Auditors, and Financial Reports

1. Introduction

Globalization increases the development of knowledge and the use of information technology in the industrialized world to produce effective and efficient business processes to excel in business competition. Companies need various information both from inside and outside the company in order to be able to become winners in business competition (Lucky Radi, 2017). Information technology is one of the important factors in providing information for companies, the use of information technology in the company aims to provide quality information for strategic decision-making needs (Fedora Calista, 2014).

The increasing need for information also increases the use of information systems in an organization. An information system is an arrangement of people, data, activities, networks and

information technology that are integrated with each other and aims to produce information needed in the decision-making process (Whitten & Bentley, 2007: 6). The accounting information system is one of the valuable components in an organization that functions to produce accounting information for managers to use in the process of making business decisions (Bodnar & Hapwood, 2014: 1). The implementation of the concept of accounting information systems is currently known to the public in the form of accounting applications / software that have been widely adopted by various companies in helping the presentation of corporate financial statements. The accounting information system has an important contribution to the quality of financial reports produced by an organization (Romney and Steinbart 2009: 10). Managers must ensure that the implementation of an accounting information system in an organization can produce quality financial reports for the strategic decision-making process (Zabihollah Rezae, 2002: 181). Based on this statement, it can be concluded that the quality of the company's financial statements is strongly influenced by the application of the accounting information system used in an organization.

The quality of financial reports is the extent to which the financial statements presented show true and honest information, and are useful as a basis for economic decision making for interested parties (Weygandt, Kieso and Kimmel, 2014). The quality of financial statements with various measures is used in investment decisions, compensation agreements and debt terms. The decision to carry out business transactions originating from low quality financial reports will reduce the level of welfare desired by the company. Users of financial statements believe that making strategic decisions must be based on quality information with the following characteristics: through a good processing process, audited in a transparent and accountable manner, relevant, accurate, and presented in a timely and complete manner (Elliot & Elliot, 2006).

Low quality financial reports often occur in State-Owned Enterprises (BUMN) in Indonesia, as experienced by PT. Garuda Indonesia, Member III of BPK-RI-Achsanul Qosasih (2018) stated that the case of inputting accounts receivable errors which are recorded as company income, shows that PT Garuda Indonesia has not been able to present quality financial reports, because financial reports are not presented reliably, accurately, relevant and timely. Furthermore, in 2018, based on the BPK Audit Results Report, it was also known that the financial statements presented by PT.POS Indonesia could be said to have not been of high quality because the presentation of the company's operational expenses was not supported by adequate documents / proof of transactions, therefore the financial statements of PT. Pos Indonesia Persero was declared inaccurate, relevant and reliable.

The problem of low quality financial reports due to inaccuracy and irrelevance in recording financial transactions also occurred at PT. Perusahaan Listrik Negara (PLN) or State Electricity Company, according to Peraturan Presiden Nomor 40 Tahun 2016 tentang Harga Jual Gas Bumi and Keputusan Menteri ESDM Nomor 434K/2017. National Gas Company (PGN) has provided a special discount to PLN for a period of 30 years which is worth around IDR 5 trillion, the PLN board of directors recorded the discount value as PLN's receivables to PGN and also recorded as inclusion in PLN's 2018 financial statements. Whereas in the 2018, PGN financial report which has been audited the discount value is not listed as liability. This condition indicates that there is inaccurate and relevant information in the company's bookkeeping records.

In order to be able to produce quality financial reports, a company must have an internal auditor that functions properly within an organization. Internal auditors are human resources who carry out a supervisory function on operations / policies in an organization. Operational policies / procedures must be enforced uniformly and consistently in an organization, therefore the organization needs professional human resources who are able to carry out these supervisory functions with full responsibility. The professionalism of internal auditors reflects an attitude of responsibility, independence, integrity, objectivity, and competence in carrying out their duties (Roby Maulana M, 2015). The main function performed by an internal auditor is to carry out a thorough examination at every part of the company, especially the internal auditors must ensure that the preparation of financial statements must produce quality financial information and the results of the presentation of financial statements must be accountable to the company management to those parties. parties who have an interest in financial statement information and ensure that the policies and procedures for implementing operational activities have been implemented in accordance with applicable regulations (Ida Rosnidah, 2011). Thus, it can be stated that the optimal quality of internal auditors has an effect on the production of quality financial reports for various users. The concept is proven

However, in fact, the low quality of internal auditors is still common in various business units in Indonesia, such as what happened to PT. Jasa Marga in 2017 is the failure of internal auditors to oversee the company's financial reporting activities which resulted in failure to detect budget fraud that occurred during the period 2015-2016. This condition shows that the internal auditors at PT. Jasa Marga does not yet have a good quality of performance so that it has an impact on the decline in the quality of financial reporting (Head of Public Relations KPK-Febria Diansyah: 2017).

Based on the problems and backgrounds that have been previously formulated, the purpose of this study is to determine how much influence the quality of the accounting information system has on the quality of financial reports at BUMN companies in Bandung City and to find out how much influence the quality of internal auditors has on the quality of financial statements at the company BUMN in the city of Bandung.

2. LITERATURE REVIEW

2.1. Quality of Accounting Information Systems

According to Ralph Stair and George Reynolds (2010: 57) quality accounting information systems are flexible, efficient, easy to access and on time. Furthermore, Azhar Susanto (2013: 16) has an opinion that the quality of accounting information systems is a concept that must be integrated with all elements and sub-elements involved in forming an accounting information system to produce quality accounting information. These elements are also referred to as accounting information system components which consist of hardware, software, brainware, procedures, databases and communication networks.

Further, Romney & Steinbart (2016: 12) argue that an indication of the quality of the accounting information system is to reduce uncertainty in supporting decisions, and encourage better work activity planning. Decision making by management will be better if all the factors that influence the decision making are considered. When all factors have been taken into account, then management has less risk of making mistakes in making decisions. Based on the description above, it can be said that the quality of an information system is a quality characteristic of an information system so as to produce accurate and efficient information.

2.2. Indicators of Quality Accounting Information Systems

Indicators of the quality of the accounting information system are found in the characteristics of the quality of information systems according to DeLone and McLean (2003: 26), including:

1. **Adaptability.** The adaptability of an information system shows that the applied information system has good quality. Adaptability is the ability of information systems to make changes in relation to meeting user needs as well as being easily adaptable within company organizations and easily adapted by users.
2. **Availability.** These systems are available for operation and use by specifying on a service level statement or agreement.
3. **System Reliability.** A quality information system is a reliable information system. If the system is reliable then the information system is suitable for use. Reliability of information systems in this context is the resilience of information systems from damage and errors.
4. **Response Time.** System response time, assumes a fast or timely system response to requests for information.
5. **Usability.** The effort required to study, operate, prepare input, and interpret the output of software.

Meanwhile, according to Ralph Stair and George Reynolds (2010: 57) a quality accounting information system has the following measuring tools:

1. **Flexible,** means that an accounting information system is expected to be influenced by all parties who use the information system and be able to accommodate changes that occur in the company.
2. **Efficient,** means that the accounting information system used is capable of carrying out its duties appropriately, carefully, accurately to achieve the desired goals by using adequate resources.

3. Easy to access, means that the accounting information system used is easy to access so that all employees can understand and learn.
4. On time, means that the accounting information system used can produce the necessary information on time.
5. Based on the indicators of the quality of the accounting information system presented above, it can be concluded that the measuring tools for the quality of the accounting information system used in this study include flexible, efficient, easy to access and on time.

2.3. *Internal Auditor Quality.*

Arens, Elder and Beasley (2014) defines internal auditors as workers / auditors employed by a company to conduct reviews or tests for management. Internal auditors' responsibilities vary widely, consisting of one or two employees conducting regular compliance audits. The position of internal auditors in a company has an important role in influencing all activities or operations of the company. Then according to Siti Kurnia Rahayu and Ely Suhayati (2013: 14) Internal auditors are employees of an organization or company working in the organization to carry out audits for the benefit of the management of the company concerned, with the aim of helping organizational management to find out the compliance of organizational operations. of the policies and procedures that have been established by the company.

Meanwhile, according to Faiz Zamzami, Indah Arifin Faiz and Mukhlis (2016: 1) Internal auditors are people who carry out consulting and assurance activities that are independent, objective, competent, can keep secrets, and have high integrity designed to assess and improve organizational operations. It helps the organization complement its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management controls, and governance processes. The higher the role of work performed by an auditor, the higher the assessment carried out by the internal auditor to optimize the company's operations (Suginam, 2017). Based on the description above about the meaning of internal auditors, it can be concluded that internal auditors are independent employees who carry out internal examinations of the company in helping management manage and supervise and evaluate the company's operational activities.

2.4 *Indicators of the quality internal Auditors.*

The quality indicator of internal auditors is also presented by the thoughts of Faiz Zamzami, Indah Arifin and Mukhlis (2016: 99), as follows:

- a. Independence. It is a condition of an auditor who is not related or impartial to anyone, exists independently and carries out his duties according to internal audit procedures.
- b. Auditor Integrity. internal builds trust and provides a basis for confidence in the assessments made.
- c. Competence. Auditors apply the knowledge, expertise and experience specified in carrying out their duties and responsibilities in internal audit services
- d. Confidentiality. Auditors must be careful in carrying out their audit duties, cannot discuss the audit with anyone (parties outside company management) and auditors must be wise in using information in carrying out internal audits.
- e. Objectivity. Internal auditors show the highest level of professional objectivity in gathering, evaluating evidence and communicating information about the activity being examined. Internal auditors provide value to all relevant events and are not influenced by personal and other people's interests.

From the description above, it can be concluded that internal auditors can be said to be qualified if the independence, integrity, competence, confidentiality and objectivity of an auditor in carrying out their duties are fulfilled, the indicators used in this study to measure the quality of internal auditors are auditor competence, auditor integrity, auditor competence, auditor confidentiality, and auditor objectivity.

2.5 *Quality of Financial Statements*

The final product of any company operating activity is a financial report. The preparation of financial reports must be based on applicable regulations so as to avoid recording errors in order to create quality financial reports. The contents of the financial statements are descriptions of all

transactions from the beginning of the accounting period to the end of the accounting period that have been carried out in accordance with applicable regulations.

According to Deddy Nordiawan & Ayuningtyas Hertianti (2011: 44) The quality of financial reports is a normative measure that needs to be embodied in accounting information so that it can fulfill its objectives, in order to meet the desired quality financial reports must meet five characteristics, namely relevant, reliable, timely, comparable and understandable or trustworthy. Meanwhile, according to Sofyan Syafri Harahap (2007: 146) the quality of financial reports is a criterion for the requirements of financial accounting reports which are considered to fulfill the wishes of users or readers of financial statements. Based on these various definitions, it can be concluded that the quality of financial statements is a normative measure of information that has purposes for the interests of the company. This information must be relevant, reliable, comparable and easy to understand.

2.6. Financial Report Quality Indicators

Indicators of the quality of financial statements are in their characteristics, financial reports reveal important information for various interested parties. In order for a financial report to be of benefit to its users, the financial statements must have quality information value and are useful in decision making. According to Deddy Nordiawan & Ayuningtyas Hertianti (2011: 44), there are five main qualitative characteristics, namely as follows:

- a. Trusted, the financial information contained in the financial statements must be trusted, it is intended that users of financial statements can make informed decisions.
- b. Relevant, financial information in the financial statements must be recorded based on the facts that occur in each transaction. This is also to make it easier for users of financial statements to make decisions.
- c. Accurate. Financial information must be accurate in order for the accuracy of decisions as desired.
- d. Timely. Financial statement information can be used in a timely manner in making a decision.
- e. Comparability. The extent to which the contents of the financial statements can be compared with the company's financial statements in the previous year.

2.7. The Effect of the Quality Accounting Information System on the Quality of Financial Statements

According to Romney and Steinbart (2016: 26), accounting information systems and financial reports are closely related, because one of the goals of accounting information systems is to improve the quality of information (financial reports). Meanwhile, according to Laudon and Laudon. (2012: 14) the quality of a good accounting information system will produce good quality financial reports, which are also used by users in making decisions. In order to obtain relevant, reliable and trustworthy financial reports, the government is obliged to use a reliable accounting application. the use of unreliable financial applications results in unqualified financial reports so that the information cannot be used in strategic decision making (Mardiasmo, 2018: 204).

As for previous research which states the relationship between the quality of accounting information systems to the quality of financial reports, in the research of Lilis Puspitawati and Azhar Susanto (2018) stated that the effectiveness of management accounting information systems has been proven empirically to affect the quality of management accounting information. Then the results of research by Alzoubi (2011) prove the quality of information system applications used by companies affects the quality of financial reports. Furthermore, the research results of Lilis Puspitawati and Sri Dewi Anggadani (2020) have proven that the use of a quality accounting information system has been shown to empirically improve the quality of financial reports. The research conducted by Wongsim & Jing Gao (2011) proves that the quality of the accounting information system has an effect on the quality of information for decision making.

2.2.2 The Effect of Internal Auditor Quality on the Quality of Financial Statements

Siti Kurnia Rahayu and Ely Suhayati (2013: 14) state that internal auditors have a close relationship with the quality of financial reporting because an internal auditor should have better knowledge in every aspect of the company to be more effective, also in detecting fraud on financial statements and can improve quality of financial reports. Meanwhile, according to Faiz Zamzami, Indah Arifin Faiz and Mukhlis (2016: 6), internal auditors aim to assess and improve the effectiveness and efficiency of work unit activities, and the quality of financial reports with professional competence.

This concept was further proven through research conducted by researchers. The relationship between internal audit and the quality of financial reports has been proven to be successfully tested by Nazzarudin and Syahrial (2017) that the role of internal audit affects the quality reporting process. The increasing role of internal auditors in supervising the preparation of financial statements, the more quality financial report information will be. Then the results of research conducted by Erfiansyah & Kurnia (2018) also prove that internal auditors play an important role in the quality financial reporting process at BPR Banks in the city of Bandung.

2.8. Research Hypothesis

The hypothesis is a temporary answer to the formulation of research problems, where the formulation of research problems has been stated in the form of a question sentence (Sekaran and Bogie: 2014). Based on the research paradigm that the author has put forward in the framework of thought, the proposed hypothesis is:

H1: Quality of Accounting Information Systems Affects the Quality of Financial Statements.

H2: Internal Auditor Quality Affects the Quality of Financial Statements.

3. RESEARCH METHOD

3.1. Research Methods and Objects

Research methods are all methods or techniques used to carry out research or research operations (Kothari C.R., 2004: 7-8), the research uses descriptive verification methods with a qualitative approach. This method is used to determine the significant relationship between the variables studied so as to produce conclusions that will clarify the object to be studied by the author. In scientific research, the object to be studied must be determined. The research object is what the researcher will research (Suharsimi Arikunto, 2013: 10). Likewise, according to Sekaran & Bougie (2013: 198), the object of research can be people, business units, companies, countries, and others. The objects to be examined in this study are the Quality of Accounting Information Systems, Quality of Internal Auditors, and Quality of Financial Statements, with the Analysis Unit, namely the Financial Statements of BUMN companies operating in Bandung City and the observation unit at the Accounting Manager, Financial Manager and Internal Audit Manager for BUMN companies. in the city of Bandung.

3.2. Operational Research Variables

The independent variables in this study are the Quality of Accounting Information Systems (X1), the Quality of Internal Auditors (X2) and the dependent variable (Y), namely the Quality of Financial Statements. This study uses primary data so that the data collection method in this study is carried out by distributing questionnaires to the observation unit. The questionnaire in this study is closed, so that all the questions in this questionnaire have designed the answers and already have a certain score, where the score will be calculated using statistics. The rate of return of the distributed questionnaire will be calculated for the response rate to find out what percentage of respondents answered the questionnaire.

3.3. Population and sampling

The population in this study were the Accounting Manager, Finance Manager and Internal Audit Manager as many as 3 respondents in 20 BUMN Companies in Bandung City so that the total population was 60 operational managers in BUMN in Bandung City (table 3.4 and attachment). Furthermore, related to the use of the Structural Equation Model (SEM) with PLS (Partial Least Square) estimation to analyze the research data, the researchers used the minimal sampling size

determination in SEM-PLS as stated by Hair, et al. (2014: 20) that determining the minimum sample size in SEM-PLS can be done in 2 (two) ways, namely: Rule of Thumb and Power analysis. Based on the research model proposed, the minimum sample in this study was determined using the rule of thumb criterion, where in this study there were 2 structural paths that led to the construction so that the minimum sample that could be taken was 20 respondents. Furthermore, the sample is selected using simple random sampling technique, assuming all elements in the population are well known and familiar

3.4. Data testing method

To test the accuracy and reliability of the research instrument, the validity and reliability tests were carried out. The validity test is used to test the degree of accuracy between the data that actually occurs on the object of research and the data that can be reported by the researcher. A valid instrument means that the measuring instrument used to obtain the data (measure) is valid. Valid means that the instrument can be used to measure what should be measured (Sugiyono, 2017: 121). while the reliability test is used to measure the consistency of a measurement. High reliability shows that the indicators have high consistency in measuring the latent constructs. In general, to estimate reliability is a test retest, alternative forms, splithalves and Cronbach's Alpha. This reliability test is intended to test the reliability level of the research measuring instrument. In this study, to test the reliability of the research measurement tools, the PLS Algorithm and Bootstrapping (structural model) methods were used. A construct can be accepted if it has a coefficient value > 0.6.

3.5. Research Data Analysis

The analysis in this study was carried out by using descriptive analysis and verification analysis. Descriptive analysis is used to explain the characteristics of the variables under study which aim to support problem solving to obtain operational suggestions. The design of verification analysis in this study is as follows:

1. Each indicator assessed by the respondent is classified into five alternative answers using an ordinal scale that describes the answer rating.
2. The total score of each variable / sub variable is calculated = the total score of all variable indicators for all respondents.
3. Calculated the score of each variable / sub variable = the average of the total score.
4. To describe the respondent's answer, descriptive statistics such as frequency distribution and display in tables or graphs are also used.
5. To answer descriptively about each of the research variables, the following criteria were used:

To test the research data used verification data analysis with the help of software n Partial least square (PLS). The stages of data analysis using PLS software according to Imam Ghozali (2013: 18), are as follows:

1. Perform Model Specifications (inner and outer models)
2. Estimating the model
3. Model Evaluation
4. Model fit testing
5. Testing the hypothesis.

4. RESULTS AND DISCUSSION

The main data source used in this study is the respondent's statement to the questionnaire distributed to 60 operational managers of 8 (eight) BUMN in Bandung City. The number of questions asked for the Accounting Information System Quality Variable consists of 4 statements, the Internal Auditor Quality variable consists of 5 (five) statement items, and the Company Financial Report Quality variable consists of 5 (five) statement items. The total number of questionnaires collected was 24 respondents, so it can be seen that the return rate of the questionnaire was 40% and calculated from the percentage of the number of returned questionnaires (24 questionnaires) divided by the number of questionnaires distributed (60 questionnaires) This number has met the minimum sample criteria requirements in using PLS software.

4.1. Results of Testing the Validity and Reliability of the Research Questionnaire

This validity test is used in order to measure the validity of a questionnaire. A questionnaire is said to be valid if the statement on the questionnaire is able to reveal something that will be measured by the questionnaire. A measuring instrument is declared valid or valid if it has a validity coefficient value > 0.30. By using SPSS 18.0 software. Based on the validity test can be seen in table 4.7 (attached), all statements used to measure the three variables have a validity coefficient that is greater than the critical value, namely 0.3 (> 0.30), so that all statements are declared valid. This means that the questionnaire in this study can be said to be valid or appropriate and accurate to be distributed in the field in collecting data in the form of a questionnaire.

Reliability testing is intended to test the reliability of a research measuring instrument. In this study, to test the reliability of the variable measuring instrument, a split half technique is used. By using SPSS 18.0 software. Furthermore, the value of the reliability coefficient for each variable as shown in table 4.8 (attachment) is greater than 0.7 so that it can be concluded that the measuring instrument used is reliable and the answers given by the respondent are related to the statements submitted as references. this study, can be trusted / reliable. This means that the instruments in this research questionnaire.

4.2. Descriptive Analysis Results

The results of the respondent's score for the quality of the accounting information system are presented in Table 1 below:

Table 1. Descriptive Analysis of the Quality Accounting Information Systems

NO	INDICATORS	ACTUAL SCORE	IDEAL SCORE	% ACTUAL SCORE	SCORE CRITERIA
1	Flexible	79	120	66 %	enough
2	Efficient	80	120	67%	Enough
3	Easy To Access	85	120	71%	Good
4	On Time	76	120	63%	Enough
	TOTAL	320	480	67%	Enough

To find out the respondent's answer to each indicator on the Internal Auditor Quality variable, the authors use a percentage score. The Quality Variable of the Accounting Information System consists of 4 (four) indicator items, namely: Flexibility, Efficient, Easy to Access, and Timely. Based on the results of the research described in Table 4.13 (in the attachment) it shows that the total score for the Quality of Accounting Information System variable is 67%, is in the interval between 52% -68%, in the fairly good category and is considered not optimal because there is still a GAP of 33%. This study also explains the problems related to the quality of AIS that were raised in the preliminary research. Based on the results of descriptive analysis, it shows that there are problems with the quality indicators of the accounting information system seen from the respondent's value for the Efficiency and Timeliness indicators, the values are 67% and 63% are in the sufficient category, so it is assumed that the SIA application used by BUMN companies in Bandung has not fully efficient and timely in processing company financial transaction data, there are still around 33-34% of SIA applications used by BUMN companies in the city of Bandung. Bandung is less efficient and punctual in processing company financial data.

Descriptive Results of Internal Auditor Quality

The results of the respondent's score for the quality of the Internal Auditors, are presented in Table 2 below:

Table 4.2. Descriptive Analysis for the Quality of Internal Auditor

NO	INDICATORS	ACTUAL SCORE	IDEAL SCORE	% ACTUAL SCORE	SCORE CRITERIA
1	Independence	81	120	68%	Good
2	Integrity	80	120	67%	Enough
3	competence	82	120	68%	Good
4	confidentiality	70	120	58%	Enough
5	Objectivity	79	120	66%	Enough
	TOTAL	392	480	65%	Enough

To assess the Quality of the Internal Auditor in this study represented by 5 (five) questions from the indicators of independence, integrity, competence, confidentiality, and objectivity. Based on the research results presented in table 4:19 (attachment) shows that the results of the calculation of the percentage of the total score of the Internal Auditor Quality variable of 65% are between 52% -68% intervals. Thus, it can be concluded that the Internal Auditors who work for BUMN companies in Bandung have good quality. This condition answers the existence of problems related to the sub-optimal quality of internal auditors as stated in the introduction to this study. The quality of internal auditors has not been optimal in this study, seen from the results of the descriptive score for the question of auditor competence, which is 68%, this condition can be interpreted that internal auditors do not have sufficient competence in detecting fraud so that until now there is still fraud in financial reporting at BUMN Indonesia.

Descriptive Results of the Quality of Financial Statements.

The results of the respondent's score for the quality of Financial Statement, are presented in Table 3 below:

Table 3. Descriptive Analysis for the Quality of Internal Auditor

NO	INDICATORS	ACTUAL SCORE	IDEAL SCORE	% ACTUAL SCORE	SCORE CRITERIA
1	Trusted	72	120	60%	Enough
2	Relevance	79	120	66%	Enough
3	Accurate	80	120	67%	Enough
4	Timely	80	120	67%	Enough
5	Comparability	84	120	70%	Good
	TOTAL	395	600	66 %	Enough

To find out respondents' perceptions or responses to each indicator regarding the Quality of Financial Statement Information, it is represented by 5 (five) questions from the indicators: Trustworthy, Relevant, Accurate, Timely and Comprability. Based on the results of the descriptive analysis described in table 4:25, it shows that the results of calculating the percentage of the total score of the Financial Report Quality variable amounted to 66%, which is between the 52% -68% interval, so it can be concluded that the Financial Report Quality variable is in the Fairly good category.

The results of this descriptive analysis prove that there is still a problem with the low quality of financial reports in several BUMN companies in the city of Bandung which was conveyed in the preliminary research, namely the accumulation of funds caused by inaccurate recording of financial transactions so that financial reports become irrelevant and unreliable because they are not supported by valid proof of transaction. The respondent's score for the relevant indicator is 66%, including in the quite good category because it is in the interval of 52% - 68%, but these results show a gap of 34%, so it can be concluded that the quality of financial reports on BUMN companies in Bandung is not optimal because there are still transaction records that are not supported by sufficient evidence so that the information presented is less relevant and less accurate.

4.3. Verificative Analysis Results

In this study, there are 14 indicators of the 3 variables studied, namely the Quality of the Accounting Information System as measured by 4 indicators, the Quality of Internal Auditors which is measured using 5 indicators and the Quality of Financial Statements with 5 indicators.

4.3.1. Testing the Measurement Model (Outer Model)

The stages of testing the measurement model are through testing the validity of the research model, testing the reliability of the research and testing the suitability of the research model.

Validity Test

In testing the validity of the research model, the testing stages of convergent validity and discriminant validity were carried out. Convergent validity relates to the principle that the indicators of a construct should be highly correlated. In this study, convergent validity was tested using SmartPLS software

and the results can be seen from the outer loading value for each construct indicator (see Tables 4 and 5).

Table 4. Loading Factor

Indicator	AIS Quality	Quality Of Internal Auditor	Quality Of Financial Reports
X _{1.2}	0,847		
X _{1.3}	0,772		
X _{1.4}	0,919		
X _{2.1}		0,801	
X _{2.2}		0,843	
X _{2.3}		0,850	
Y ₂			0,686
Y ₃			0,888
Y ₄			0,925
Y ₅			0,890

Tabel 5. Average Variance Extracted (AVE)

Variable	AVE	Communalty
Ais Quality	0,720	0,720
Quality Of Internal Auditor	0,692	0,692
Quality Of Financial Statement	0,727	0,727

Table 4, shows that the outer loading value for each indicator of the quality of the accounting information system, the quality of the internal auditors and the quality of the financial reports has a value of ≥ 0.7 which means that all indicators are declared to have high validity in explaining the latent variables. Furthermore, table 4.28 shows the AVE value and the communalty value above each latent variable that exceeds the specified limit, namely ≥ 0.5 so that all latent variables have good validity.

The next test tests the results of Discriminant validity which can be seen based on the measurement results of the cross loading factor with the construct and the comparison of the AVE roots with the latent variable correlation. If the construct correlation with the measurement point (each indicator) is greater than the other construct measures, then the latent construct predicts the indicator better than other constructs (Yamin, 2009: 222). Based on table 4.30, it can be seen that the cross loading correlation value of each latent construct for the corresponding indicator is higher than the other constructs, so it can be concluded that the indicators used to measure latent variables have met the requirements. Then based on Table 5, it can be seen that the AVE root value of each variable is higher than the correlation value between latent variables so that it meets the requirements for discriminant validity.

Reliability Test

Based on table 4.6 (in the attachment), the Composite Reliability (CR) value of each latent variable and Cronbach alpha exceeds 0.7 Imam Ghozali (2013: 212). So that the model is stated to have high reliability.

Tabel 6. Composite Variabel

Variable	Cronbach Alpha	Composite Reliability
Ais Quality	0,802	0,913
Quality Of Internal Auditor	0,777	0,884
Quality Of Financial Statement	0,872	0,871

Evaluation Results of Fit Test of Combination Model (All Models).

The fit test of the combination model is a fit test to validate the overall model, using the Goodness of Fit (GoF) value. GoF is a single measure used to validate the combined performance of the measurement model and the structural model, which is obtained from the root of the mean value of communalty multiplied by the root of the mean R-square value (Imam Ghozali (2013: 110) .The GoF value ranges from 0 -1 with interpretations of 0.1 (small GoF); 0.25 (moderate GoF); and 0.36 (substantial GoF).

Table 7. GoF Result

Variable Y	Communalty	R square
	0.727	0,866

Square	0,629
GoF	0,793

Based on table 4.7 (in the attachment), it is known that the Goodness of Fit (GoF) value obtained from the multiplication of the communality value is 0.727 and the R-square is 0.866. The GoF value of 0.793 according to Imam Ghozali 2013 is classified as strong or high, so it can be concluded that the results of the fit test for the goodness of fit model are high.

4.3.2 Result of Structural Model Testing (Inner Model)

The results of the structural model testing of the model proposed in this study can be seen in the Table 8 below

Table 8. Path Coefficients

Variable	Cronbach Alpha	Composite Reliability
AIS Quality To Quality Of Financial Statement	0,534	3,634
Quality Of Internal Auditor Quality Of Financial Statement	0,466	3,266

Based on table 8, the structural path coefficient value of AIS Quality (X1) on the Quality of Financial Statement (Y) is 0.534 and the structural path coefficient for Quality Of Internal Auditor (X2) on the Quality Of Financial Statement (Y) is 0.466. It can be seen that the structural path coefficient of the accounting information system quality variable (X1) is greater than the internal auditor quality variable (X2), which indicates that the quality of the accounting information system (X1) tends to have a greater influence than the quality of internal auditors (X2) on Report Quality. Finance (Y).

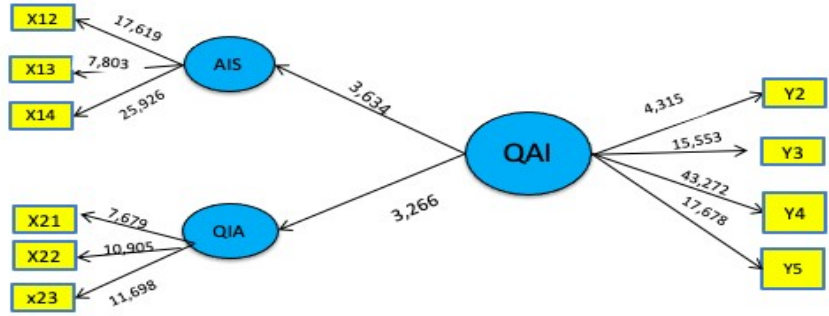


Figure 1. Structural Model

Furthermore, to see the magnitude of the percentage effect of each exogenous latent variable on endogenous variables, the following is presented the partial and simultaneous determination coefficient (R2) which is the product of the structural path coefficient with the correlation with endogenous latent variables. The results of the coefficient of determination in the table 9, are as follows:

Table 9. Path Coefficient Analysis

Variable	Path coeff	Correlation with Y	% effect
AIS Quality To Quality Of Financial Statement	0,534	0,865	46,1%
Quality Of Internal Auditor Quality Of Financial Statement	0,466	0,845	40,5%
Total Effects (R ²)			86,6%

Based on this table, the results can be interpreted as follows:

- The quality of the Accounting Information System contributed 46.1% to the quality of the Financial Statements.

- b. Internal Auditor Quality contributed 40.5% to the Quality of Financial Statements.
- c. In the table above, it can be seen that the value of R Square (R²) obtained a value of 0.866 or 86%. These results indicate that the Quality of the Accounting Information System (X1) and the Quality of Internal Auditors (X2) together have an influence on the Quality of Financial Statement Information (Y) by 86%, while as much as (1-R Square) the remaining 14% is a large contribution influence given by other factors not examined (ζ).

4.4. The results of testing the research hypothesis

Results of Hypothesis Testing can be seen as follows:

Table 10. Hypotheses Testing

Variable	path coefficient	T _{stat}	T _{count}
Ais Quality To Quality Of Financial Statement	0,534	3,634	1,906
Quality Of Internal Auditor Quality Of Financial Statement	0,466	3,266	1,960

Hypothesis testing the quality of the accounting information system (x1) on the quality of financial reports (y)

Based on the table, it is known that the t statistical value for variable X1 is 3,634. This value is greater than 1,960, so it can be concluded that H₀ is rejected and accepts H_a, meaning that the quality of the Accounting Information System is proven to have an effect on the Quality of Financial Statements at BUMN Companies in Bandung City with an influence contribution of 46.1%.

Hypothesis Testing The quality of internal auditors (x2) on the quality of financial reports (y)

Based on the table 4.35 (in the attachment), the statistic value for the X1 variable is 3.266. This value is greater than 1,960, so it can be concluded that H₀ is rejected and accepts H_a, meaning that the Internal Auditor Quality is proven to have an effect on the Quality of Financial Statements at BUMN Companies in Bandung City with an influence contribution of 40.5%.

4.5. Discussion

The effect of the quality of the accountants information system on the quality of financial reports.

Based on hypothesis testing, it is known that the t-count value of 3,634 is greater than t table (1,960) which indicates that the model formed by the hypothesis is proven to have a significant effect, meaning that the quality of the Accounting Information System affects the quality of financial statements at BUMN Companies in Bandung City.

Based on research in the field, the results of the value correlation test between the regional financial accounting system and the quality of financial statements are 0.865, while the coefficient of determination (R²) shows that there is a significant influence between the regional financial accounting system and the quality of financial reports of 46.1% with a gap of 43. 9% which is influenced by other factors not examined. So that it can be seen that the Quality of Accounting Information Systems has a high positive influence on the quality of financial statements at BUMN Companies in Bandung City.

The results of this study can prove the theory put forward by Romney and Steinbart (2016: 26), that accounting information systems and financial reports are very closely related, because the use of accounting information systems in an organization aims to improve the quality of information (financial reports). Laudon and Laudon also shared a similar opinion. (2012: 14, that the quality of a good accounting information system will produce good quality financial reports for use by various users in the strategic decision-making process.

This research is in line with several studies that have been conducted by previous researchers, such as that conducted by Lilis Puspitawati and Susanto (2018) in several state-owned companies in Indonesia with the results of the effectiveness of management accounting information systems that have been empirically proven to affect the quality of management accounting information.

Furthermore, research conducted by Puspitawati, Lilis and Andri, Nabilah (2020) also proves that the quality of the use of the Accounting Information System application will affect the production of quality financial reports. Likewise, the results of research conducted by Alzoubi (2011) and Wongsim & Jing Gao (2011) have succeeded in proving that the quality of financial applications (accounting information systems) used has an effect on the quality of the financial statements produced.

This has succeeded in proving the problem of the inadequate quality of the Accounting Information System application at BUMN companies in Bandung, which is due to the inefficiency and ineffectiveness of the use of accounting information system applications at PT PLN so that the use of these applications cannot help management in carrying out its functions as stated by the Director. Finance of PT PLN Pusat Setyo Anggoro Dewo in 2018.

4.6.2 Effect of the quality of internal auditors on the quality of financial reports

In testing the hypothesis, it can be seen that the tcount value of 3.266 is greater than t table (1.960) which shows that the model formed by the hypothesis is proven to have a significant effect, meaning that the quality of internal auditors has an effect on improving the quality of financial statements at BUMN companies in Bandung City. The results of the correlation test show that the regional financial accounting system has a very close correlation with the quality of financial reports, then the results of hypothesis testing have proven that there is a significant influence between the regional financial accounting system and the quality of financial reports of 40.5% with a gap of 59.9%. With a fairly dominant Gap value, it shows that the influence exerted by the quality of the accounting information system on the quality of financial reports is not fully optimal because there are still other factors that are not researched that can affect the quality of financial reports, resulting in the emergence of low quality financial report quality problems at the time of the company. having a qualified internal auditor is very possible.

This research has succeeded in answering the phenomenon that occurs that the internal auditors at PT. Jasa Marga is still not fully qualified because there are still many internal auditors who lack competence in carrying out their duties as internal auditors, resulting in failure to detect fraud that occurs in the company.

The results of this study have successfully supported the theory stated by Faiz Zamzami, Indah Arifin Faiz and Mukhlis (2011: 6) and Mardiasmo (2018) that internal auditors aim to assess and improve the effectiveness and efficiency of work unit activities, and the quality of financial reports with professional competence, where the quality of the internal auditor is very necessary considering that in the examination to support a conclusion or a decision which states that the results of the examination are good or justifiable, an examiner who has sufficient experience and education is needed.

The results of this study are also in accordance with the results of previous research conducted by Nazzarudin and Syarial (2017) that Internal Auditors have a significant effect on the Quality of Financial Statement Information, with a very strong correlation value, which means that the better the role of the internal auditor, the better the quality of information. financial statements . Then the results of research conducted by Puspitawati, lilis and Listia Rahayu, Rizky (2018) show that the quality of internal auditors has a significant effect on financial performance at BUMN Banks in Bandung.

5. CONCLUSIONS AND SUGGESTIONS

5.1 Conclusion

Based on the problem, problem formulation, research objectives, as well as the results of research and discussion, the researcher draws the following conclusions:

1. The quality of the Accounting Information System affects the quality of the Financial Statements. Low quality financial reports can be caused by a decrease in the quality of the accounting information system used by an organization. Then by increasing the quality of the accounting information system will improve the quality of the company's financial statements.

2. Internal Auditor Quality affects the Quality of Financial Statements. Low quality financial reports can be caused by a decrease in the quality of internal auditors in an organization. Increasing the Quality of Internal Auditors in an organization will improve the Quality of Financial Statements.

5.2 Suggestions

1. To solve problems in the Quality of Accounting Information Systems, especially in efficiency and unreliability due to frequent interruptions, companies should find out why the accounting information system becomes inefficient so that it is not timely in processing the company's financial transaction data and then improves the accounting information system or replace the system with a better system, for example replacing the accounting information system with an ERP system that has been used by many other large companies to process company transaction data.
2. To solve problems in the expertise or competence of internal auditors in BUMN companies, companies should provide training to internal auditors and evaluate the work results of internal auditors so that internal auditors can have skills in the field of internal auditors because internal auditor competence is the main emphasis in order to reduce problems in financial statements of state-owned companies in the city of Bandung so that the financial statements of state-owned companies become more qualified.
3. For other researchers who will conduct research on the same topic related to the quality of the Accounting Information System, it is hoped that they can examine other factors that affect these variables, and increase the population and research samples so that the results are even better..

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