

QUALITY REVIEW FINANCIAL STATEMENTS OF LOCAL GOVERNMENT: ANTECEDENTS AND CONSEQUENCES

Abdul Hadi

Mataram University
abdul.hadyok99@gmail.com

Hermanto

Mataram University
hermanto57@gmail.com

Lilik Handajani

Mataram University
lilik_handa@yahoo.com

Abstract

Supervisions function of regency/city optimalize through qualifield LKPD is needed to improve fund accountability. This research is aimed at testing and gething a numerical proof at preview competency,s impact and equity sensitivity of the review quality of monetary accountability. This research sample to preview which is spread to Bima regency,s government, Bima town government and Dompus government its about forty five people by using purposive sampling technic. This research result shows that preview competency give significant impact to the review quality of LKPD and equity sensitivity also give significant review quality of LKPD give the significant to the monetary accountability. The results of this study are expected to add to the literature and references for further research in the field of International Public Sector Accounting with particular regard to reviews the LKPD as well as in the development of attribution theory, the theory of justice and stewardship theory. The results of this research can be used as input by the Inspectorate Bima, the Inspectorate of the Bima town and Inspectorate Dompus to optimize the role and function by improving the competence pereviu through training or technical guidance about the reviews the LKPD and evaluate the allocation planning budget and the budget allocation execution time reviews the LKPD precisely in order to work effectively, efficiently and economically. This research is also expected to contribute to the Government outcome Bima, Bima town Government and the Government of Dompus in order to evaluate, improve and enhance the financial accountability through reviews the quality LKPD. The results of this study are expected to be used as reference by the Government Bima, Bima town Government and the Government of Dompus in formulating policies in the field of supervision, especially on LKPD by compiling reviews the Regional Head Regulations containing technical instructions about the reviews the LKPD.

Keywords: Preview Competency, Equity Sensitivity, Review Quality of LKPD, Monetary Accountability

1. Introduction

Background Of Research

Financial accountability aims to provide assurance to the public that the use of and spending on public funds entrusted have been made to meet the public interest and according to the rules. Aliyah research results and Nahar (2012) and Sihaloho (2014) found that the area of financial statement presentation significant positive effect on financial accountability. Further Fitriyah (2013) found that human resource competencies significant positive effect on the quality of financial statements and financial statement presentation quality significant positive effect on financial accountability.

Unqualified Opinion (WTP) achieved by the Government of Bima, Bima Town Government and the Government of Dompu on the results of BPK RI Representative LKPD by NTB fiscal year 2015 is not guaranteed to be free of the findings. The weakness of the Internal Control System in the financial management and assets are becoming part of the findings by the BPK RI Representative by NTB on examination LKPD Government of Bima, Bima Town Government and the Government of Dompu fiscal year 2015. The findings are based on the existence of problems for the management of fixed assets by the Government of Bima and government Dompu as well as presenting problems and Building Tax Rural and Urban by the town of Bima fiscal year 2015. Those problems when the comparison results of Review for LKPD Government of Bima, Bima town Government and the Government of Dompu fiscal year 2015, there are several issues that can be disclosed and which can not be revealed by the Inspectorate of Bima and Inspectorate Dompu associated with the management of fixed assets as well as by the Inspectorate of the town of Bima related with the presentation of land and building tax receivables Rural and Urban.

Table 1

Findings Top issues BPK RI Representative of NTB and Issues From the Review Results Top LKPD Government of Bima, Bima town Government and the Government of Dompu

Number	Findings Top issues BPK Representative NTB	Problems From the Review Results Top LKPD Government of Bima, Bima town Government and the Government of Dompu
1.	Fixed Assets Government of Bima in the form of land ownership is not / has not been completed certificate, land assets are being used by others without the support with clear documents, assets Construction In execution are recorded at the value of shopping is not physical value of assets and inventory Fixed Assets at the Ministry of Youth and Sports, Department of Public Works and the Department of Health unresolved and related capitalization and depreciation	Fixed assets are presented in the balance sheet Bima Regency Government is not adequate for their problems fast excess of Fixed Assets Buildings and Building and the difference understated Construction Fixed Assets In the Work at the Department of Education, Youth and Sports Bima.

	policies have not been regulated in detail during fiscal year 2015.	
2.	Transfer of Receivables and Building Tax of Rural and Urban Primary Tax Office (KPP) Raba Bima, Bima town Government Balance Sheet fiscal year 2015 still can not be specified per taxpayer.	Did not find any problems over the presentation Receivables and Building Tax in Rural and Urban Balance Bima town Government.
3.	Fixed Assets Government Dompu not yet have certificates, fixed assets have not been recorded, fixed assets are unknown, Fixed Assets controlled by the other party, Fixed Assets under capitalization, Fixed Assets do not include the amount and value of the building, the asset remains unclear status, and there are goods Fixed assets are not.	Presentation of figures on the Balance Sheet Fixed Assets heading Dompu Government is not in accordance with the correction of figures based on the results of inventory Fixed assets, so that the value of fixed assets in the Balance of the Government of Dompu not depict the actual conditions.

Source: Report of BPK RI Representative of NTB On LKPD Government of Bima, Bima town Government and the Government of Dompu fiscal year 2015 and Report of the Review Top LKPD Government of Bima, Bima town Government and the Government of Dompu fiscal year 2015 (processed data)

According Arnes (2008), one factor contributing to the poor quality is due to the low LKPD Inspectorate role regency/municipal government in performing its oversight function so LKPD do not have good quality before being checked by the BPK. in connection with these problems, in the implementation of review for LKPD, review required to have sufficient competence in the task order to provide the quality of Review for LKPD adequate. Research conducted by Damanik (2010) found that knowledge of the internal audit process is not significant positive effect on the role of the Inspectorate in the review of financial statements regions, whereas The Government Accounting Standards understanding of the significant positive effect on the Inspectorates role in the review of financial statements regions. Then Amirullah et al. (2010) found that the competence of auditors significant positive effect on the implementation of review of financial statements. Furthermore, different studies conducted by several researchers, among others Efendy (2010), Agusti and Earth (2013), Juniarso (2015) and Bouhawi et al. (2015) which examines the effect of the competence of auditors on audit quality. The results showed that the competence of auditors significant positive effect on audit quality.

Motivation is reached or whether the quality of review for LKPD also be affected by the equity (fairness) and inequity (unfairness) are perceived by preview. Equity sensitivity trying to explain differences in ethical and unethical behavior caused by individual characteristics (Fauzi, 2001). Research on the effect of equity sensitivity has been done by a number of researchers although on audit quality and ethical behavior of auditors, among others Budiman (2013) found that the equity sensitivity

significant positive effect on audit quality and Widiastuti (2015) found that the equity sensitivity significant positive effect on ethical behavior auditor.

Previous research more to review the factors that affect audit quality, but can be used as a basis and reference related to the quality of review for LKPD, as stipulated in the Regulation of the Minister of Administrative Reform (Permenpan) Number: PER/05/M.PAN/03/2008 on auditing standards APIP, internal control is the whole process of auditing, the review, monitoring, evaluation and monitoring activities other form of assistance, outreach and consultation on the implementation of tasks and functions of the organization in order to provide reasonable assurance that the activities have been carried out in accordance with the benchmark which has been effectively and efficiently for the benefit of the leadership in achieving good governance.

Problem Of Research

1. What is preview competence and equity sensitivity to influence the quality of review for LKPD?
2. What is the quality of review for LKPD effect on financial accountability?

Objective Of Research

The purpose of this research was to examine and obtain empirical evidence about the influence of preview competence and equity sensitivity to the quality of review for LKPD as well as the consequences for financial accountability.

2. Theoretical Framework And Hypothesis Development

Attribution Theory

This theory was developed by Heider (1958) in Ikhsan and Ishak (2005: 55), who argued that a persons behavior is determined by a combination of internal forces, namely the factors that come from inside a person, such as ability or effort and external forces, is factors that come from outside, such as difficulties at work or luck. Based on this, a person will be motivated to understand the environment and the causes of certain events.

Preview behavior can be influenced by internal attribution preview form of competence that might lead to an action. Thus, if the behavior preview in accordance with professional ethics are set, then the quality of review for LKPD can be achieved and if preview behavior incompatible with professional ethics that has been set, it is feared the review LKPD quality can not be achieved.

Equity Theory

Adam equity theory (1963) in Ikhsan and Ishak (2005: 53), suggests that the key to dissatisfaction with the work carried out an individual is if the person compare it with other

environments. General theory of justice is the basic form of the concept of social exchange relationships. The individuals consider the input and output becomes a value that is not comparable.

If preview currently on equity sensitivity will encourage ethical behavior which can improve the quality of review for LKPD and if preview feel the injustice, can encourage unethical behavior that led to failure to achieve the quality of review for LKPD.

Stewardship Theory

Stewardship theory has a psychological and sociological roots that are designed to explain a situation where the manager as a steward and act in the interests of the owner (Donaldson and Davis, 1991). In stewardship theory manager will behave according to common interests. When the steward and owners interests are not the same, the stewards will try to cooperate rather than oppose it, because the stewards felt common interests and behave in accordance with the owner's behavior is rational judgment as steward rather look at efforts to achieve organizational goals.

Implementation of review for LKPD by Inspectorate District/City Government is not based on personal or group interests but for the interests of the organization. It is necessary for an optimal role for the Inspectorate of Regency/City Government to achieve the desired quality of review for LKPD, when generating LKPD reviews the quality will improve financial accountability and when the produce of review for LKPD that does not decrease the quality of financial accountability.

Review Top LKPD

Based on the Regulation of the Minister of Home Affairs Number 4 of 2008 on the Guidelines for the Review Top LKPD, the review on LKPD is the procedure of search numbers, request information and analytical must be a reasonable basis for the Inspectorate to give limited confidence on the financial statements that no material modifications that must be made to the financial statements that the financial statements are presented on the basis of adequate Internal Control System and in accordance with Government Accounting Standards. The limited confidence because in the review did not do testing on the substance of the original truth.

Preview Competence

According Amirullah et al. (2010) in the implementation of review LKPD needed personnel 'Review competent who have the skills and technical training are quite as auditors and understand the basic concepts of the review and understand the outline of the nature of transaction entities, systems and accounting procedures, the form of accounting records and the accounting basis used for present financial statements.

Furthermore, based on the Finance Minister Regulation (PMK) Number: 8/PMK.09/2015 on the Review Standard Top LKPD, to support and menajamem effectiveness of the Review, to consider preview competence to be assigned. In accordance with the purpose of the review, the review authors

collective team must meet the following competencies: (1) understanding Government Accounting Standards; (2) understanding the Local Government Accounting System; (3) understand the business process or entity review principal activities; (4) understanding the basics of the audit; (5) Understand communication techniques; and (6) understand the database analysis.

Equity Sensitivity

According Ustad and Utami (2005) that the equity sensitivity represents the balance between inputs and outcomes that are in the middle between benevolents and entitleds. When this ratio is seen is not the same, then the resulting inequity and inequity that lead to distress and then the person is trying to reduce distress by restoring equity. Characteristics of individuals with equity sensitivities (Ustadi and Utami, 2005): (1) Having a balance between inputs and outcomes; (2) The responsibility of the job; (3) Be proud of the work that occupied will improve themselves and behave ethically; and (4) Compromise on unethical behavior not justified.

Review Quality Lkpd

Quality of review for LKPD a APIP ability to locate and report on violations in the accounting system with its knowledge and expertise (Widyarini, 2015). Therefore, in accordance with that mandated by PMK Number: 8/PMK.09/2015 on the Review Standard Top LKPD, if APIP find weaknesses in the implementation of accounting and/or errors in the presentation of financial statements, then APIP should provide recommendations to the accounting entity and/or the reporting entity to immediately make adjustments and/or corrections to the weakness and/or the error in stages.

Financial Accountability

Financial accountability is accountability regarding financial integrity, disclosure and compliance with laws and regulations (Institute of Public Administration, 2003). According Fitriyah (2013), financial integrity, disclosure and compliance with laws and regulations, can be interpreted as follows: (1) financial integrity is honesty in the presentation of the financial statements. Honesty presentation is that there should be a relationship or a match between the numbers and descriptions of accounting as well as sources. Financial integrity must be able to present information openly on the financial statements; (2) Requires that the disclosure of financial statements designed and presented as a collection of portraits of economic events that affect government agencies for a period and contains enough information; and (3) Adherence to legislation intended if there is a conflict between Government Accounting Standards with higher laws, the applicable laws and regulations are higher.

Hypothesis Development

Preview competence influence on the quality of review for LKPD

Based on the PMK Number: 8/PMK.09/2015 on the Review Standard Top LKPD, to support and menajamem effectiveness of the review, to consider preview competence to be assigned. In accordance with the purpose of the review, the review authors collective team must meet the following competencies: (1) understand the Government Accounting Standards; (2) understanding the Local Government Accounting System; (3) understand the business processes or entities whose principal activity review; (4) understand the basics of the audit; (5) understand the communication techniques; and (6) understand analysis of the data base.

The results of empirical research on preview competence can be demonstrated by studies Damanik (2010) who found that knowledge of the internal audit process has a positive effect not significant to the role of the Inspectorate in the review of financial statements regions, whereas the understanding of the Government Accounting Standards significant positive effect on the role of the Inspectorate in the review report local finances. While research Amirullah et al. (2010) found that the competence of auditors significant positive effect on the implementation of Review of financial statements. Furthermore, different studies conducted Efendy (2010), Agusti and Earth (2013), Juniarmo (2015) and Bouhawi et al. (2015) who found that the competence of auditors significant positive effect on audit quality.

H1: Increasing preview competence, then increasing the quality of review for LKPD

Effect of equity sensitivity to the quality of Review for LKPD

Equity sensitivity trying to explain differences in ethical and unethical behavior caused by individual characteristics (Fauzi, 2001). According to Budiman (2013) there are three (3) types of individuals about the theory of justice, namely: 1) benevolents are individuals that feel unfair when what is given to a larger organization than what is received from the organization; 2) equity sensitives are people who feel fairly when what is given to the organization together with what was received from the organization; and 3) entitleds are individuals that feel unfair when what is received from the organization is bigger than what is given to the organization.

To encourage and motivate preview optimally perform their duties, the emolument is given must be fair. Fair emolument mean all the sacrifices made by preview balanced by the rewards they receive. Different studies conducted by Budiman (2013) who found that the equity sensitivity significant positive effect on audit quality. While Widiastuti study (2015) found that the equity sensitivity significant positive effect on the ethical behavior of auditors.

H2: The higher equity sensitivity, it increases the quality of review for LKPD

Influence the quality of Review for LKPD towards financial accountability

Financial accountability is accountability regarding financial integrity, disclosure and compliance with laws and regulations (Institute of Public Administration, 2003). According Fitriyah (2013), financial integrity, disclosure and compliance with laws and regulations, can be defined: (1) financial integrity is honesty in the presentation of the financial statements. Honesty presentation is that there should be a relationship or a match between the numbers and descriptions of accounting as well as sources. Financial integrity must be able to present information openly on the financial statements; (2) requires that the disclosure of financial statements designed and presented as a collection of portraits of economic events that affect government agencies for a period and contains enough information; and (3) adherence to legislation intended if there is a conflict between the Government Accounting Standards with higher regulations, the applicable legislation is higher.

The rise of public demand for accountability is a challenge for the Inspectorate of Regency/City Government to further optimize the role and function of the regional financial supervision. One of these is the oversight function reviews the LKPD in an effort to improve financial accountability. Aliyah research and Nahar (2012) and Sihaloho (2014) found that the area of financial statement presentation significant positive effect on financial accountability. Further Fitriyah (2013) found that human resource competencies significant positive effect on the quality of financial statements and financial statement presentation quality significant positive effect on financial accountability.

H3: Increasing the quality of Review for LKPD, then increasing the accountability of Finance

3. Research Method

The population of this research is all Structural (Inspector, Secretary, Regional Assistant Superintendent, Head of Section), Functional Officer Auditor and Supervisor Operator Functional Government Affairs at the Regional Inspectorate Bima, Bima State Inspectorate and the Inspectorate Dompu, with the number of 113 people. Sampling technique used in this research is purposive sampling with criteria Secretary, Assistant Superintendent Region, Head of Section, Functional Officer Auditor and Supervisor Operator Government Affairs at the Regional Inspectorate Bima, the Inspectorate of the town of Bima and Inspectorate Dompu directly involved in the implementation reviews the LKPD fiscal year 2015, with the number 45. Data collection techniques by filling out the questionnaire. A questionnaire was used to obtain a more structured primary data expected more besides providing privacy to the respondents. Respondents were Secretary, Assistant Superintendent Region, Head of Section, Functional Officer Auditor and Supervisor Operator Government Affairs at the Regional Inspectorate Bima, the Inspectorate of the city of Bima and Inspectorate Dompu assigned in the review on LKPD Government of Bima, Bima town Government and the Government of Dompu fiscal year 2015.

Operational Variable Definition

Preview Competence

Preview competence defined as a skill and technical training are quite as auditors and understand the basic concepts of the review and understand the outline of the nature of transaction entities, systems and accounting procedures, the form of accounting records and the accounting basis used for presenting financial statements (Amirullah et al., 2010). In this study, measured by indicators of preview competence referenced from PMK Number: 8/PMK.09/2015 on the Review Standard Top LKPD, to support and menajamem effectiveness of the review, in accordance with the purpose of the review, the review authors collective team must meet the following competencies: (1) understand the Government Accounting Standards; (2) understanding the Local Government Accounting System; (3) understand the business processes or entities whose principal activity review; (4) understand the basics of the audit; (5) understand the communication techniques; and (6) understand analysis of the data base.

Equity Sensitivity

Equity sensitivity is an individual who feels unfair when what is given to the organization together with what was received from the organization (Budiman, 2013). In this research, equity sensitivity measured by indicators were adopted from the research Widiastuti (2015), namely: (1) benevolents; and (2) entitleds.

Quality Of Review For Lkpd

Quality of review for LKPD is APIP ability to locate and report on violations in the accounting system with its knowledge and expertise (Widyarini, 2015). In this study the quality of review for LKPD measured by indicators were adopted from the research Widyarini (2015), namely: (1) time implementation of review; (2) phases of the review; (3) working paper review; and (4) reporting the review.

Financial Accountability

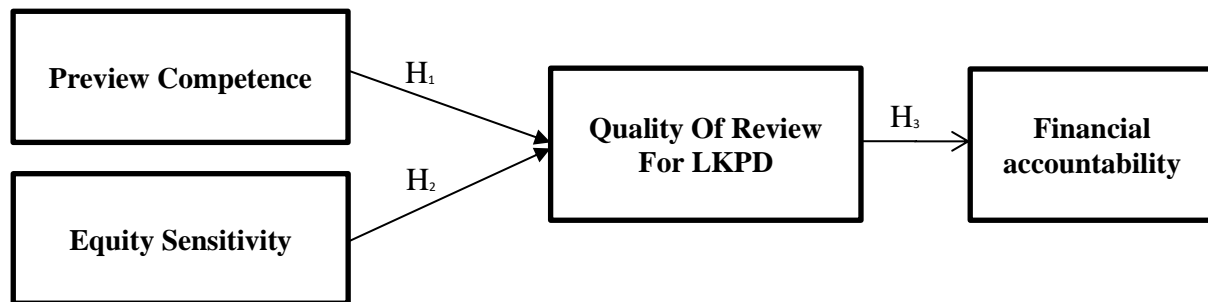
Financial accountability is accountability regarding financial integrity, disclosure and compliance with laws and regulations (Institute of Public Administration, 2003). In this study, measured by indicators of financial accountability adopted from Sihaloho study (2014), namely: (1) financial management accountability; (2) assessment of financial performance; and (3) the disclosure in reporting. The statements in the questionnaire for each of the variables in this study was measured using a semantic differential scale, along with seven possible answers by weight rating of 1 to 7 are expressed verbally two poles (bipolar), where the value is very negative situated at the poles of the left and the value is favorably located at the poles right.

Table 2
Criteria Rating Score Respondents

Interval	Category
$1 \leq x \leq 2,2$	Very bad
$2,2 < x \leq 3,4$	Bad
$3,4 < x \leq 4,6$	Medium (between good and bad)
$4,6 < x \leq 5,8$	Good
$5,8 < x \leq 7$	Very good

Source: Handayani (2011)

Research Model



Picture 1. Research Model

Partial Least Square (PLS)

Methods of data analysis used in this study is Partial Least Square (PLS) with the help of SmartPLS program version 3.0.

Evaluation Of Outer Model

Evaluate the outer function models to test the construct validity and reliability of the instrument used in the research model. Outer models with reflective indicators are evaluated by criteria of construct validity testing by using test convergent validity with loading factor values > 0.6 , Validity discriminant test by comparing the square root of Average Variance Extracted (AVE) for each construct with the correlation between the constructs in the model. Discriminant validity were well demonstrated on the square root of AVE for each construct is greater than the correlation between the constructs in the model and test composite composite reliability Reliability with value > 0.7 (Gozali dan Latan, 2015:75).

Evaluation Of Inner Model

Evaluation models inner conducted to examine the relationship between the latent variables (hypothesis testing). Inner evaluation models in this study by looking at the value of the coefficient of determination (R^2) as the predictive power of the structural model, where the value of $R^2 = 0.75$ (strong), 0.50 (moderate) and 0.25 (weak) and Q2 predictive value relevance to measure how well the observed

values generated by the model and estimation parameters, where the value of $Q^2 > 0$ indicates the model has predictive relevance and if $Q^2 < 0$ indicates that the model lacks predictive relevance (Gozali and Latan, 2015: 79). Hypothesis testing using an alpha value of 5%, then the value of t-statistic used is 1.67. So that the acceptance criteria/rejection of the hypothesis is H_a accepted and H_0 is rejected when the t-statistic > 1.67 (Siregar, 2015).

4. Results of Research

The research sample number of 45 respondents, consisting of 12 respondents in the Inspectorate of Bima, 14 respondents in the Inspectorate of the town of Bima and 19 respondents in the Inspectorate Dompu.

Table 3
Characteristics Of Respondents

Information	Total
Gender	
Man	30
Woman	15
Age	
20 – 30 year	4
30 – 40 year	20
> 40 Tahun	21
Years of service	
< 5 year	5
5 – 10 year	18
> 10 year	22
Level of education	
Degree (D3)	1
Undergraduate Degree (S1)	39
Master Degree (S2)	5
Total Respondents	45

Evaluationouter Model

Test convergent validity

Table 4
Loading Value Test Results Outer Factor Model Phase I

Number	Variables	Indicator	Loading Value Factor	Information
1.	Preview Competence	KP1	0,120	Invalid
		KP2	0,531	Invalid
		KP3	0,882	Valid
		KP4	0,602	Valid
		KP5	0,852	Valid
		KP6	0,902	Valid
2.	Equity Sensitivity	ES1	0,952	Valid
		ES2	0,855	Valid

3.	Quality Of Review For LKPD	KRA1	0,720	Valid
		KRA2	0,824	Valid
		KRA3	0,889	Valid
		KRA4	0,910	Valid
4.	Financial Accountability	AK1	0,882	Valid
		AK2	0,935	Valid
		AK3	0,750	Valid

Source: Appendix 1

Both indicators are then dropped or excluded from the research model. Furthermore, the remaining indicators in Phase I testing of outer models should be measured again (resampling) through outer testing phase II models to obtain the value of the loading factor > 0.6 or meet the convergent validity.

Table 5
Loading Value Test Results Outer Factor Model Phase II

Number	Variables	Indicator	Loading Value Factor	Information
1.	Preview Competence	KP3	0,880	Valid
		KP4	0,619	Valid
		KP5	0,867	Valid
		KP6	0,907	Valid
2.	Equity Sensitivity	ES1	0,952	Valid
		ES2	0,855	Valid
3.	Quality Of Review For LKPD	KRA1	0,721	Valid
		KRA2	0,824	Valid
		KRA3	0,889	Valid
		KRA4	0,909	Valid
4.	Financial Accountability	AK1	0,882	Valid
		AK2	0,935	Valid
		AK3	0,749	Valid

Source: Appendix 2

Test discriminant validity

Table 6
Discriminant Validity

Variables	AVE	The Square Root AVE	Correlation Of The Latent Variables			
			AK	ES	KP	KRA
Financial Accountability	0,738	0,859	1,000			
Equity Sensitivity	0,818	0,904	0,561	1,000		
Preview Competence	0,683	0,826	0,545	0,343	1,000	
Quality Of Review For LKPD	0,704	0,839	0,547	0,500	0,551	1,000

Source: Output Algorithm Phase II

Based on table 6 above it can be concluded that the value of the square root of each variable AVE namely Financial Accountability, Equity Sensitivity, competence and quality of the Review Top Preview LKPD greater than the value of the correlation between the latent variables, thus meeting the requirements of discriminant validity.

Composite test reliability

Table 7

Composite Reliability

Variables	Composite Reliability	Information
Financial Accountability	0,893	Reliable
Equity Sensitivity	0,900	Reliable
Preview Competence	0,894	Reliable
Quality Of Review For LKPD	0,904	Reliable

Source: Output Algorithm Phase II

According to the table above 7 indicates that the variable Financial Accountability, Equity Sensitivity, Preview Competence and the Review Quality Over composite reliability LKPD values > 0.70 so that it meets the criteria reliable.

Inner Evaluation Model

The coefficient of determination (R²)

Table 8

Value R²

Construct	R²	Category
Quality Of Review For LKPD	0,413	Moderate
Financial Accountability	0,299	Moderate

Source: Output Algorithm Phase II

According to the table 8 above it can be concluded that the endogenous constructs namely the Review Quality Up LKPD able to be explained by exogenous constructs that Preview Competence and Equity Sensitivity of 41.3%, while 58.7% is explained by other factors beyond the research model. Furthermore, to construct endogen Financial Accountability able to be explained by the endogenous constructs namely the Review Quality Up LKPD by 29.9%, while 70.1% is explained by other factors beyond the research model.

Q² predictive relevance

According to Hussein (2015) to calculate the predictive relevance Q2 can be used formula as follows:

$$Q^2 = 1 - (1 - R1^2) (1 - R2^2)$$

$$Q^2 = 1 - (1 - 0,413) (1 - 0,299)$$

$$Q^2 = 1 - (0,587) (0,701)$$

$$Q^2 = 1 - 0,411$$

$$Q^2 = 0,589$$

Based on the calculations above, it can be explained that the value Q^2 of 0.589 or $Q^2 > 0$, so that it can be concluded that the model in this study have predictive relevance or worth to explain the endogenous variables namely the Review Quality Up LKPD and Financial Accountability.

Hypothesis testing

Table 9
Path Coefficient (Mean, STDEV, T-Values)

	Original Sample (O)	T Statistics (O/STERR)	T Table	Hypothesis	Criteria
Preview Competence - >Quality Of Review For LKPD	0,441290	6,326586	1,67	H1	The hypothesis is accepted
Equity Sensitivity - >Quality Of Review For LKPD	0,268994	3,235634	1,67	H2	The hypothesis is accepted
Quality Of Review For LKPD ->Financial Accountability	0,549104	7,260062	1,67	H3	The hypothesis is accepted

Source: Output bootstrapping

Structural equation models (inner model) are as follows:

$$\begin{aligned} \text{KRA LKPD} &= 0,441290 + 0,268994 + \zeta_1 \\ \text{AK} &= 0,549104 + \zeta_2 \end{aligned}$$

Information:

- KRA LKPD = Review Quality Of Local Government Finance Report
- AK = Financial Accountability
- KP = Preview Competence
- ES = Equity Sensitivity
- Z = Error Structural Model

Testing the first hypothesis (H1) prove that the preview competence significant positive effect on the quality of review for LKPD. Preview competence is the ability to apply its knowledge and experience in performing the duties of review for LKPD, so preview be able to perform his duties carefully, carefully, intuitive, and objective. Therefore, it is understood that in order to improve the quality of review for LKPD strongly supported by the level of competency of preview. If preview have a good competence, then preview will easily carry out its duties and vice versa if preview have a low competence, then preview will get difficulties in carrying out their duties. The results are consistent with one of the results of empirical research conducted by Damanik (2010) who found that Government Accounting Standards understanding of the significant positive effect on the Inspectorates role in the review of financial reports and research area Amirullah et al. (2010) found that the competence of auditors significant positive effect on the implementation of review of financial statements. Further

research is in line with the results of the different studies conducted by Efendy (2010), Agusti and Earth (2013), Juniarmo (2015) and Bouhawi et al. (2015) who found that the competence of auditors significant positive effect on audit quality.

Testing the second hypothesis (H2) prove that the equity sensitivity significant positive effect on the quality of review for LKPD. The perceived fairness of a preview when the input is given to the organization rewarded with the corresponding output. Input in the form of knowledge, skills, abilities, experience, diligence and perseverance in performing the tasks preview of review for LKPD fairly valued with comparable emoluments. Fair or unfair feelings will encourage preview to form a judgment on the value of an emoluments. When preview feel the value of emoluments received unfair, then preview will not experience satisfaction with the emoluments. Furthermore, these grievances can drive preview underperforming. The results are consistent with the results of the different studies conducted by Budiman (2013) who found that the equity sensitivity significant positive effect on audit quality as well as research conducted by Widiastuti (2015) who found that the equity sensitivity significant positive effect on the ethical behavior of auditors.

Testing of the third hypothesis (H3) prove that the quality of review for LKPD significant positive effect on financial accountability. Reviews the LKPD is one of the Local Government efforts in improving financial accountability, so the quality reviews the LKPD certainly will affect the financial accountability. Financial accountability be used as an evaluation of the organizations financial performance can be accounted for as well as feedback for the leadership of the organization to be able to further improve the financial performance of the organization in the future. The results are consistent with the results of research conducted by Aliyah and Nahar (2012) and Sihaloho (2014) found that the financial statement presentation area significant positive effect on financial accountability and in line with the results of research conducted by Fitriyah (2013) who found that the competence of the source human resources significant positive effect on the quality of financial statements and financial statement presentation quality significant positive effect on financial accountability.

5. Conclusion, Implication and Limitation

Conclusion

This research aims to examine and obtain empirical evidence about the influence of preview competence and equity sensitivity to the quality of review for LKPD as well as the consequences for financial accountability. The results showed that the preview competence significant positive effect on the quality of review for LKPD. This means that in an effort to improve the quality of review for LKPD need to be supported by the competency of preview. If preview have a good competence, then preview will easily carry out its duties and vice versa if preview have a low competence, then preview will have difficulty in carrying out his duties. Equity sensitivity significant positive effect on the quality of review for LKPD. That is perview will feel the presence of justice when the input is given to the organization

rewarded with the corresponding output. Input in the form of knowledge, skills, abilities, experience, diligence and perseverance in performing the tasks perview of review for LKPD fairly valued with comparable emoluments. Quality of review for LKPD significant positive effect on financial accountability. This means that by optimizing the role and monitoring function APIP in the region through the reviews the quality LKPD can realize financial accountability.

Implication

Theoretically, this study implies that the preview competence and equity sensitivity felt by preview has contributed greatly to the achievement of the quality of review for LKPD. If the quality of review for LKPD is reached, then it can improve financial accountability. The results of this study supports the attribution theory proposed by Heider (1958) in Ikhsan and Ishak (2005), the theory of justice put forward by Adam (1963) in Ikhsan and Ishak (2005) and stewardship theory proposed by Donaldson and Davis (1991).

In practical terms this study have implications for the Inspectorate Bima, the Inspectorate of the city of Bima and Inspectorate Dompu in optimizing the role and functions to enhance the competence perview through training and technical assistance on of review for LKPD on an ongoing basis as well as putting human resources by considering the educational background of accounting in the assignment of a team reviews the LKPD in order to understand the basics of accounting. Evaluating the cost of the budget allocation planning of review for LKPD appropriately by taking into account the balance between the workloads with honoraria to give a sense of justice for preview. This study also provides practical implications for the Government Bima, Bima town Government and the Government of Dompu to spur APIP roles and functions in the area, more specifically in the implementation of review for LKPD to improve financial accountability.

In the policy results of this study have implications for the the Government Bima, Bima town Government and the Government of Dompu to formulate policies in the field of supervision, especially on reviews the LKPD to stipulate Regulation of the Regional Head contains technical guidelines on reviews the LKPD as a guideline for APIP in planning , execution and reporting of review for LKPD.

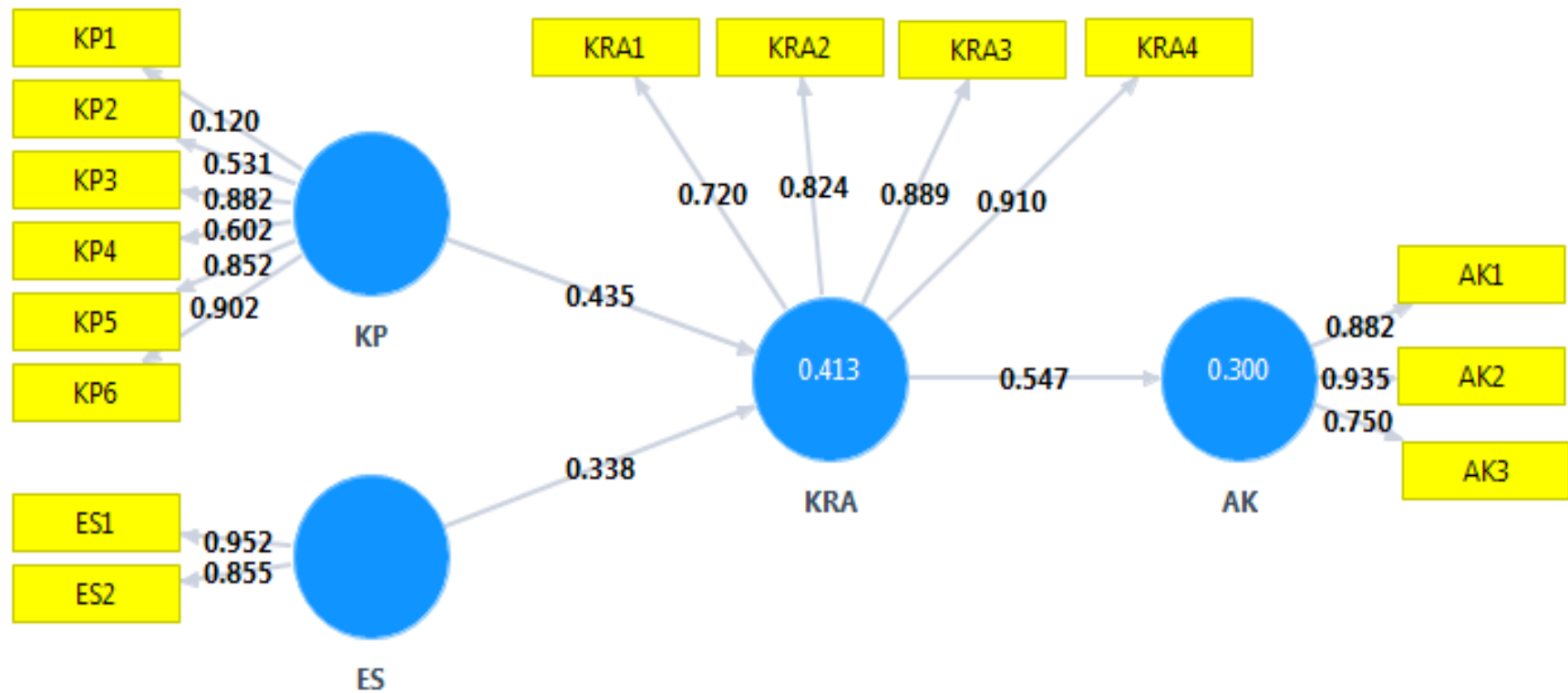
Limitation

The scope of this research is done at the Inspectorate Bima, Bima State Inspectorate and the Inspectorate Dompu so that the study sample is small because as many as 45 people and this research is limited to 4 exogenous variables that have not been able to capture the phenomena that affect the quality of review for LKPD overall.

Reference

- Aliyah, Siti dan Aida Nahar. 2012. *Effect of Regional Financial Statements and accessibility Regional Financial Statements Against Transparency and Accountability Financial Management Jepara regency. Journal of Accounting and Auditing*, 8 (2), 97-189.
- Amirullah. Darwanis dan M. Rizal Yahya. 2010. *The Influence Of Auditor's Competence And Organizational Commitment To The Implementation Of Financial Statement Review In Aceh Inspectorate. Journal of Studies and Research in Accounting*, 3 (2), 130-154.
- Arnes, Dicky. 2008. *The role of the Inspectorate waited in the Review of Financial Statements Regions. Magazine BPK RI No. 116 / Special Edition*.
- Budiman, Nita Andriyani. 2013. *Influence of Internal and External Factors Auditor Against Premature Termination Upon Procedures and Quality Audit. Journal of Accounting and Management*, 24 (3), 131-142.
- Donaldson, Lex dan James H. Davis. 1991. *Stewardship Theory or Agency Theory: CEO Governance and Shareholder Returns. Australian Journal of Management*. 16 (1), 49-65.
- Fauzi, Achmad. 2001. *Factors Influence of Individual Differences on Ethical Conduct Accounting Students. Thesis. Post Graduate Program Gadjah Mada University. Yogyakarta*.
- Fitriyah. 2013. *Human Resource Competency influence on the Quality of Financial Statements and Its Implication of Local Government Finance Accountability Sukabumi. Essay. Education Faculty of Economics and Business Universitas Pendidikan Indonesia*.
- Ghozali, Imam dan Hengky Latan. 2015. *Partial Least Squares, Concepts, Techniques, and Applications Smart PLS 3.0 for Empirical Research. Publisher Agency UNDIP. Semarang*.
- Handayani, Sri Setya. 2011. *Measurements and Instruments Market Research*. Downloaded dated February 04, 2017, <http://tokoiethier.blogspot.co.id/2011/10/pengukuran-and-instrument-riset.html>.
- Ikhsan, Arfan dan Muhammad Ishak. 2005. *Accounting Behavior Salemba Empat. Jakarta*.
- Lembaga Administrasi Negara (LAN). 2003. *Guidelines for Preparation and Accountability Reporting Government Performance. Jakarta*.
- Regulation of the Minister of Negeri Republik Indonesia Number 4 Year 2008 on Guidelines for the Review of Local Government Financial Statements.*
- Regulation of the Minister of Finance of the Republic of Indonesia Number 8/PMK.09/2015 on the Review Standard Financial Statements of Local Government.*
- Regulation of the Minister of State for Administrative Reform of the Republic of Indonesia Number: PER/05/M.PAN/03/2008 on Auditing Standards Government Internal Supervisory Apparatus.*
- Sihaloho, Dian Meylina. 2014. *Factors Affecting Financial Accountability North Sumatra Provincial Government. Thesis. Master of Accounting Faculty of Economics, University of North Sumatra. Medan*.
- Siregar, Syofian. 2015. *Applied Statistics For Higher Education. Prenadamedia Group. Jakarta*.
- Ustadi, Noor Hamid dan Ratnasari Diah Utami. 2005. *Factors Analysis of Individual Differences in Perceptions of Ethical Conduct Toward Students: A Case Study of Student Department of Accounting and Management in Higher Education Se-Surakarta. Journal of Accounting and Auditing*, 1 (2), 162-180.
- Widiastuti, Eni. 2015. *Influence Ethical Orientation, Equity Sensitivity and Java Culture Of Ethical Conduct In the Public Accountant Auditor in Yogyakarta. Essay. Accounting Studies Program Faculty of Economics, University of Yogyakarta*.
- Widyarini, Komang. 2015. *The influence of the Review Procedure, Educational Background, Time Pressure, and the Fund of the Review In the Review Quality of Local Government Finance Report (Empirical Study On Regional Inspectorate in Bali Province). Thesis. Master of Accounting Graduate University of Udayana. Bali*.

Appendix 1: Algorithm Phase I



Appendix 2: Algorithm Phase II

