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THE ROLE OF INSPECTORATE AUDITOR PERFORMANCE IN REGIONAL FINANCIAL SUPERVISION

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ABSTRACT
This study aims to determine the effect of Personal Background, Knowledge of Regional Financial Management on the Role of Inspectorate Auditors in Regional Financial Supervision of North Labuhan Batu Regency. Respondents in this study were Auditor Inspectorate Staff. The number of respondents in this study amounted to 33 respondents from 35 questionnaires distributed. Based on the results of processing the questionnaire data using data quality tests, descriptive statistical analysis, classical assumption tests, multiple linear regression analysis, and hypothesis testing consisting of the coefficient of determination (Adjusted R), F test, and t test. The results of the study proved that the Personal Background variable, Knowledge of Regional Financial Management simultaneously has a significant influence on the Role of Inspectorate Auditors in Regional Financial Supervision of North Labuhan Batu Regency. Partially, the Personal Background variable, Knowledge of Regional Financial Management has a significant effect on the Role of Inspectorate Auditors in Regional Financial Supervision of North Labuhan Batu Regency.
Keywords : Knowledge of Regional Financial Management, Personal Background, The Role of Inspectorate Auditors in Regional Financial Supervision.

INTRODUCTION

Area is fully poured into the Regional Revenue and Expenditure Budget, hereinafter abbreviated as APBD. APBD according to RI Government Regulation No. 58 of 2005 concerning Regional Financial Management is the regional government's annual financial plan which is discussed and agreed upon jointly by the regional government which is discussed and approved jointly by the Regional Government and the Regional People's Representative Council (DPRD), then determined by regulation area. Based on Law Number 9 of 2015, decentralization is the transfer of government affairs by the central government to autonomous regions based on the principle of autonomy. The implication of decentralization is a change in regional financial management, in which regions have the authority to manage their regional financial budgets without the intervention of the central government. In other words. There has been a slight change in regional autonomy, previously regional governments were given full authority by governments outside which were the affairs of the central government to regulate and manage their own government affairs outside of being the affairs of the central government as stipulated in this Law, Law

Number 23 of 2014 concerning Governance Regional, the notion of regional autonomy has slightly changed, namely the granting of the widest possible autonomy to blood is carried out based on the principle of a unitary state. In a unitary state, sovereignty only exists in the state government or central government and there is no sovereignty in the regions. So, no matter how extensive the autonomy given to the regions, the final responsibility for administering regional government will still be in the hands of the central government. For this reason, regional government in the Unitary State is an integral part of the central government, policies made and implemented by the regions are an integral part of central policy. In discussing the relationship between the central government and regional governments, it should be noted that in the regions we find two types of government, namely the government of the autonomous region which is held as the implementation of the principle of territorial decentralization and the government of the administrative area which is held as the implementation of the principle of deconstruction. Regional financial management requires a strengthening on the supervision side. City governments and regional governments carry out regional financial management through organic management functions which include planning, implementing, monitoring and evaluating which are facilities that must exist and be carried out by management in a professional manner and in the context of achieving organizational goals effectively and efficiently. Regional Government is essentially a sub-system of national government and implicitly the guidance and supervision of Regional Government is an integral part of the government administration system. Supervision of the implementation of Regional Government by the Government, Governors and Regents/Mayors is a process of activities aimed at ensuring that the administration of Village Government and Administration runs according to plans and provisions of laws and regulations. This supervision is carried out by the regional government inspectorate auditors in accordance with their respective areas of authority. The supervisory function of the Regional People's Legislative Assembly for regional governments is policy oversight and not technical oversight. Based on the explanation above, it is clear that the role of the inspectorate auditor in regional financial supervision is very large and has very strategic value in being able to control regional financial policies economically, efficiently, effectively, transparently and accountably.

LITERATURE REVIEW

The Role of Auditors in Regional Financial Supervision

Role theory is (The role theory) is a combination of various theories, orientations, and scientific disciplines. Role theory is part of social psychological theory used to analyze social interactions (Amalia, 2013). This theory assumes that an individual can behave according to the role being played. Individual behavior will affect the individual's role in an organization or group. Each role is associated with an identity that describes the individual in terms of how they act in a particular situation. Some people have roles and identities, depending on the situation in which they find themselves (Ikhsan and Ishak, 2008 in Dewi, 2011). therefore, everyone must understand their respective roles in an organization. The relation with the role of an Inspectorate auditor is that an Inspectorate auditor must behave in accordance with the duties and responsibilities that have been entrusted. The Inspectorate Auditor is required to carry out his role properly in supervising regional finances.

The Role of the Auditor in Regional Financial Supervision

The relationship between the auditing organization and the auditors is known by 2 (two) groups of auditors, namely external auditors and internal auditors. External auditors are often referred to as independent auditors because they do not have an organizational relationship with the party being audited. Within the scope of local government and in accordance with Government Regulations Based on Article 1 PP 58 of 2005 Regional Financial Management is the whole activity which includes budget planning, budget preparation, implementation and administration of budgets, budget reporting, accountability and supervision. Inspectorate auditors do not receive adequate training, especially skills and insights related to regional financial supervision. Not infrequently there are inspectorate auditors who do not understand the APBD and accountability as well as regional government financial reports. The auditor's knowledge of the internal audit process is quite good, which greatly supports their role in carrying out the internal oversight function. If they understand the audit process properly and correctly, they can work according to existing regulations. Based on the results of temporary observations, most of the inspectorate auditors in carrying out supervision are not based on proper audit processes. According to the regional head, the results of the inspection by the inspectorate constitute information on the implementation of the APBD which is the responsibility of the regional apparatus organizations (SKPD and SKPKD). Furthermore, the regional head will follow up on the inspection results of the inspectorate as an effort to adjust, improve.

Personal Background

Personal Backgroundis the background of the self that is attached to an individual. This self-background includes many aspects such as name, gender, age, religion, educational background and so on. In the behaviorism approach, it is individuals who are seen as actually carrying out political activities, while the behavior of political institutions is basically individual behavior with a certain pattern. Therefore, to explain the behavior of an institution, it is not the institution that needs to be studied, but the background of the individual who actually controls the institution (Winanrna and Murni, 2007). The Regency/City Government Inspectorate is a supervisory element for the implementation of Regional Government led by an Inspector who is under and responsible to the Regent and technically receives guidance from the Regional Secretary. The Regency/City Government Inspectorate has the task of supervising the implementation of Government affairs in the regions, the implementation of regional Government affairs in cases of complaints in the labor economy sector, the implementation of Regional Government affairs and cases of complaints in the Assets sector, the implementation of Regional Government affairs and cases in the field of income and expenditure and the implementation of Government affairs and cases in the field of general administration and staffing. The Inspectorate conducts routine inspections of all Regional Work Units (SKPD) in Regency/City Regions. The results of a routine inspection in the form of an Inspection Result Report (LHP) can be classified based on work fields. Educational background has a very important role. This is because the Regional Work Units (SKPD) in the Labuhan Batu Regency Government consist of various fields. For this reason, the diversity of educational backgrounds is very useful in the inspection process by the District/City Government Inspectorate auditor. Research conducted by Singgih and Bawono (2010: 4), found the two most important characteristics that must be present in financial reports are relevance and reliability. This is because the Regional Work Units (SKPD) in the Labuhan Batu Regency Government consist of various fields. For this reason, the diversity of educational backgrounds is very useful in the inspection process by the District/City Government Inspectorate auditor. Research conducted by Singgih and Bawono (2010: 4), found the two most important characteristics that must be present in financial reports are relevance and reliability. This is because the Regional Work Units (SKPD) in the Labuhan Batu Regency Government consist of various fields. For this reason, the diversity of educational backgrounds is very useful in the inspection process by the District/City Government Inspectorate auditor. Research conducted by Singgih and Bawono (2010: 4), found the two most important characteristics that must be present in financial reports are relevance and reliability.

METHODS

The type of research in this study is a causal association (associative causal), that is, the bond of the dependent variable is explained or influenced by certain independent variables, so it can be stated that variable X causes variable Y (Erlina, 2007:66). This type of research aims to find causal relationships by observing the existing effects and exploring the causal factors. The population in this study were the staff of the North Labuhan Batu District Inspectorate, totaling 6 sections. The entire population from 6 sections was sampled in this study, so the total sample was 35 respondents and the sample studied was all staff of the North Labuhan Batu District Government Inspectorate.

RESULTS

Normality test

Table 1. Normality test

		Standardized residual
		32
l Parameters, b		,0000000
	eviation	3.41611966
xtreme Differences	te	,109
	e	,109
	ve	-.078
statistics		,616
. Sig. (2-tailed)		,843

From the results of the normality test in the figure above, it can be seen that the Kolmoggrov Smirnov value is 0.616 and is significant at 0.843. The significant value is greater than 0.05, so H0 is accepted, which means that the residual data is normally distributed.

Multicollinearity Test

Table 2. Multicollinearity test

No	Variable	tolerance	VIF
1.	Personal Background	,959	1.042
2.	Knowledge AboutR egional Financial Management	,959	1.042

From the table above it is known that the results of the multicollinearity test for each independent variable show that the Variance Inflation Factor (VIF) value has a value of no more than 10, so if viewed from a tolerance value it has a value of not less than 0.1. So it can be said that each of the independent variables is free from multicollinearity in the regression model.

Heteroscedasticity Test

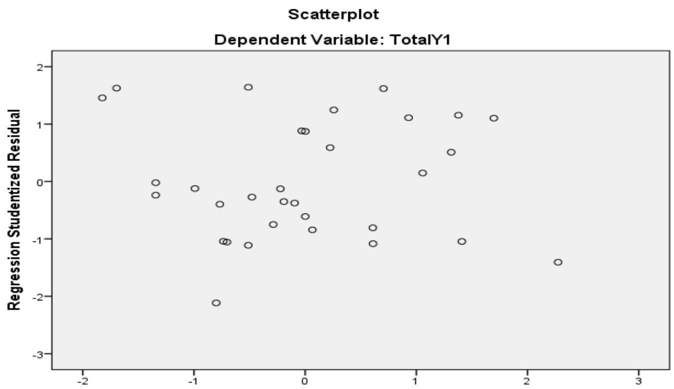

Figure 1. Scatterplot

The picture above shows that the points spread randomly above and below the zero (0) on the Y axis. So, it can be concluded that there is no heteroscedasticity in the regression.

Determination Coefficient Test

Table 3. Determination Coefficient Test

R	Square	Sted R Square	d. Error of the Estimate
, 732a	,536	,504	3.53195

dictors: (Constant), Totalx2, TotalX1 end Variable: TotalY1

From the table above it is known that the value of R is 0.732. This shows that the correlation/relationship between the role of the inspectorate in regional financial supervision and the two independent variables is strong (>0.5). the value of R Square (coefficient of determination) is 0.536. However, because the number of independent variables is more than two, the Adjusted R Square is used, which is 0.504. This means that 50.4% of the variation in the role of the inspectorate in regional financial supervision is explained by the independent variable, namely personal background, knowledge of regional financial management. While the rest (100% -50.4% = 49.6%) is explained by variables.

Statistical Test T (Partial)

Table 4. Statistical Test T (Partial)

	nstandardized Coefficients		standardized Coefficients		
	B	std. Error	Betas	t	Sig.
ants)	5,846	6,286		,930	,360
1	1.315	,571	,294	2,302	,029
2	, 511	,140	,630	4,936	,000

a. Dependent Variable: TotalY1

How to make a decision can be done by comparing the probability value or sig. With a significance level value, that is, if the value is 5%, the partial regression coefficient = 0. This means that the effect of the independent variables on the auditor inspectorate's role variable in regional financial supervision is not statistically significant at a significant level of 5%. However, if the probability value < significant level is used, then the value of the partial regression coefficient ≠ 0. This means that the influence of the independent variables on the role of the inspectorate auditor in regional financial supervision is statistically significant at a significant level of 5%.

Statistical Test F

Table 5. Statistical Test F

	m of Squares	df	ean Square	F	Sig.
ssion	418,234	2	209,117	16,763	,000b
nausea	361,766	29	12,475		
	780,000	31			

end Variable: TotalY1
b. Predictors: (Constant), Totalx2, TotalX1

Based on the table above, using a significant level of α = 5%, it can be compared that it is significant <α or 0.000 <0.05. The test results in table IV.13 show that the value of the F test is 16.763 > the critical value F is 3.33 and the significant value is 0.000 <0.5. In this case H0 is rejected and H1 is accepted. This means that Personal Background, Knowledge of Regional Financial Management, simultaneously has a significant effect on the Role of Inspectorate Auditors in Regional Financial Supervision of North Laabuhan Batu Regency.

DISCUSSION

Relationship between Personal Background and the Role of Inspectorate Auditors in Regional Financial Supervision

Based on the research results obtained from the results of individual (partial) testing, it is known that the Personal Background variable has a significant influence on the

Inspectorate's Role in Regional Financial Supervision. . Personal Background (X1) has regression results which explain that the independent variable Personal Background has a positive influence on the Inspectorate's Role in Regional Financial Supervision, meaning that each increase in Personal Background also increases the Inspectorate's Role in Regional Financial Supervision. The inspectorate must have good quality human resources. Human resources are supported by an educational background in accounting, often attend training and education and have experience in finance. So, the higher the education level of an auditor, the better the level of maturity of thought and the level of accuracy in making decisions. The research results do not support the results of Sitorus' research (2009) which states that personal background does not affect the role of the inspectorate in regional financial supervision. This study supports the results of Saragih's research (2016) which states that personal background influences the role of the inspectorate in regional financial supervision.

The Relationship between Knowledge of Regional Financial Management and the Role of Inspectorate Auditors in Regional Financial Supervision

Based on the research results obtained from the results of individual (partial) testing Knowledge of Regional Financial Management has a significant influence on the Role of the Inspectorate in Financial Supervision. Knowledge of Regional Financial Management (X2) has regression results which explain that the independent variable Knowledge of Regional Financial Management has a positive influence on the Inspectorate's Role in Regional Financial Supervision, meaning that every increase in Knowledge of Regional Financial Management also increases the Inspectorate's Role in Regional Financial Supervision. For the inspectorate, the auditors they have must have knowledge of good regional financial management so that in carrying out their functions as internal supervisors in the administration of regional government they can run optimally. The results of this study support the results of Sitorus' research (2009) which states that knowledge of regional financial management influences the role of the Inspectorate in Regional Financial Supervision. From the results of simultaneous testing, it is known that the Personal Background variable, Knowledge of Regional Financial Management, has a significant influence on the Role of Inspectorate Auditors in Regional Financial Supervision of North Labuhan Batu Regency. The results of this study support the results of Sitorus' research (2009) which states that knowledge of regional financial management influences the role of the Inspectorate in Regional Financial Supervision. From the results of simultaneous testing, it is known that the Personal Background variable, Knowledge of Regional Financial Management, has a significant influence on the Role of Inspectorate Auditors in Regional Financial Supervision of North Labuhan Batu Regency. The results of this study support the results of Sitorus' research (2009) which states that knowledge of regional financial management influences the role of the Inspectorate in Regional Financial Supervision. From the results of simultaneous testing, it is known that the Personal Background variable, Knowledge of Regional Financial Management, has a significant influence on the Role of Inspectorate Auditors in Regional Financial Supervision of North Labuhan Batu Regency.

CONCLUSIONS

The main objective of this study was to determine the effect of Personal Background and Knowledge of Regional Financial Management on the Role of Inspectorate Auditors in Regional Financial Supervision. Based on the research results as previously described, the following conclusions can be drawn: The results of the partial test of the Personal Background variable, the probability value of Personal Background is smaller than the level of significance, and the coefficient value of the Personal Background variable is positive, it is concluded that there is a positive and significant influence between Personal Background and the Role of Insectorate Auditors in Regional Financial Supervision statistically. Partial test results of the Knowledge of Regional Financial Management variable, the probability value of Knowledge of Regional Financial Management is smaller than the level of significance, and the coefficient of the Knowledge of Regional Financial Management variable is positive, it is concluded that there is a positive and significant influence between Knowledge of Regional Financial Management and the variable The Role of Insectorate Auditors in Regional Financial Supervision statistically.

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