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TEMPLATE

Preparing the quality of financial statements at health centers: to explore the role of regional inspectorates and professionalism of accounting personnel

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ABSTRACT

This study aims to analyze the effect of professionalism and the inspectorates' existence on the quality of health center financial statements in Situbondo Regency. This study uses a qualitative phenomenological approach because it deals with social phenomena as well as their interactions with certain environments and conditions. The informants were selected from health center's accounting personnel. The data were collected using a focus group discussion. The results show that professionalism has an effect on the quality of financial statements because professional employees are skilled employees in the field and they can carry out their tasks seriously and responsibly, understand the rules, be objective and be oriented to quality results. The inspectorates' existence encourages the health center to conduct financial reporting in accordance with the applicable standards due to the aspects of supervision and coaching.

ABSTRAK

Penelitian ini menganalisis pengaruh profesionalisme dan keberadaan inspektorat terhadap kualitas laporan keuangan Puskesmas di Kabupaten Situbondo. Penelitian ini menggunakan pendekatan fenomenologis, karena berkaitan dengan fenomena sosial serta interaksinya dengan lingkungan dan kondisi tertentu. Informan terpilih adalah tenaga teknis akuntan Puskesmas. Datanya diambil melalui focus-group discussion. Hasil penelitian menunjukkan bahwa profesionalisme mempengaruhi kualitas laporan keuangan karena karyawan profesional adalah karyawan yang terampil di lapangan dan melaksanakan tugasnya dengan serius dan bertanggung jawab, memahami aturan, bersikap objektif, dan berorientasi pada hasil yang berkualitas. Keberadaan inspektorat mendorong puskesmas untuk melakukan pelaporan keuangan sesuai dengan standar yang berlaku karena adanya aspek pengawasan dan pembinaan.

1. INTRODUCTION

Changes in technology in the current era have a significant effect on the culture and condition of organizations including the demands to continue to adapt to the trend. In response to the need for environmental change, the Government of Indonesia issued Regulation of the Minister of Home Affairs (Permendagri) Number 61 of 2007 concerning Technical Guidelines for Financial Management of Regional Public Service Agencies (*Indonesia: Badan Layanan Umum Daerah / BLUD*) that

specifically regulates the financial management of BLUD in local governments. The purpose of the regulation is to improve the effectiveness and efficiency of the health center (*Indonesia: Pusat Kesehatan Masyarakat / Puskesmas*) services in line with sound business practices (Muhammadong, 2018). The application of BLUD is expected to improve professionalism, transparency, and accountability so as to improve the performance of health center services. This is due to the condition in the application of BLUD in which there is flexibility

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for BLUD managers to carry out financial management. They do it especially in utilizing the income received from the public.

BLUD has a special feature in presenting financial statements with the aim of implementing sound business practices. BLUD has a dual position. In addition to being an accounting entity as a government work unit, BLUD also serves as a reporting entity. BLUD health center (Puskesmas) must prepare two types of financial statements: 1) financial statements as accounting entities that are consolidated in the Health Office; and 2) independent financial statements as reporting entities that will be audited by external auditors. The first financial statements are compiled based on **Government Accounting Standards (Indonesia: Standar Akuntansi Pemerintah / SAP)**, while the second financial statements are prepared in accordance with Financial Accounting Standards (**Indonesia: Standar Akuntansi Keuangan / SAK**). It is regulated in the Government Regulation (PP) Number 24 of 2005 and the Regulation of the Ministry of Home Affairs (Permendagri) Number 61 of 2007.

Based on the findings of the Financial Audit Board of the Republic of Indonesia (BPK) in 2017, there were still problems with the preparation of financial reports conducted by the health centers in Situbondo Regency, especially those related to inventories and fixed assets that had not been carefully recorded. Besides that, the examination carried out by the regency inspectorate also showed the same condition. Some health centers have not shown compliance with applicable reporting standards.

An audit conducted by the Public Accounting Firm in 2018 showed that of the 17 existing health centers, 14 health centers obtained unqualified opinion and 3 health centers a qualified opinion (based on interview with the accounting personnel of Situbondo Regency Health Office (3 September 2018). These results indicate that there is still no similarity in the quality of financial reports presented by each health center in Situbondo Regency.

A good quality of financial report requires human resources who understand and can prepare financial reports that have information in accordance with the actual condition. To produce good financial information, the personnel must prepare financial statements. They must be are competent in the accounting

system. It is due to the fact that one of the causes of the low quality of financial reports in the regions is the inadequate quality of human resources (Pujanira and Taman, 2017). Darwanis (2015) reveals that professionalism can affect the quality of financial statements and it can also prevent fraud. This statement shows that one of the factors that influence the quality of financial statements is human resource competency.

The quality of financial reporting is influenced by the quality of the personnel who prepare it. Preparing financial statements requires competent human resources. Human resource competencies include an understanding of government accounting standards to improve the quality of information on financial reporting (Nurlis and Yudiati, 2017). Administrative personnel involved in preparing financial statements must have sufficient knowledge, skills, rational attitude, experience, and responsibility.

Another factor considered to influence the quality of financial reporting is the role of the inspectorate. Research on the effect of the role of the inspectorate in Indonesia on the quality of financial reports has also been widely carried out. In general, the role of the inspectorate has an effect on the quality of regional government financial reports (Pradono and Basukianto, 2015; Agung, Winarningsih and Srihadi, 2016; Arfan and Manaf, 2016). The role of internal auditors can improve the quality of financial statements.

According to Arfan and Manaf (2016), the implementation of the government internal supervisory apparatus increases the financial reliability of local governments. The process of reviewing regional financial reports by the inspectorate can be a variable that mediates the relationship between the understanding of local government apparatuses on government accounting standards and the quality of financial statements. Agung, Winarningsih, and Srihadi (2016) revealed that the role of the inspectorate has an influence on the quality of financial statements. The results of the research show that the inspectorate, as an internal control unit, checks the accuracy and reliability of accounting data. The risk of recording or calculation errors can be minimized, thereby reducing the possibility of local governments making mistakes in financial reporting. The results of previous studies conducted by Pradono and Basukianto (2015), Agung, Winarningsih, and Srihadi (2016), Arfan

and Manaf (2016) showed that the role of inspectorates had an effect on the quality of financial statements. In this case, internal auditors have an important role in improving the quality of financial statements.

On the contrary, the results of research conducted by Suyono (2016) and Wahyudi and Pituringsih (2017) showed that the role of the inspectorate is not yet optimal in improving the quality of regional financial reports in Indonesia. The review process carried out by the Government Internal Supervisory Apparatus (APIP) has not shown an impact on the quality of regional financial reports. According to the research, the inspectorate has not yet established concrete steps to improve the quality of the report. Inspectorate activities are only routine activities and not monitoring activities. Syarifudin (2014) proved that internal auditor has no influence on the improvement of the quality of local government financial reports. Inspectorates have not been maximally working to achieve organizational goals so that the quality of financial reports produced is not optimal either. According to Wahyudi and Pituringsih (2017), the role of the inspectorate does not affect the quality of financial statements.

The quality of the health center financial statements also determines the financial statements of the regional government. If the financial statements of the health center does not reflect the real condition and have minimum quality, it will have a negative impact on the results of examinations conducted by internal auditors, external auditors, and the Supreme Audit Board (BPK). Based on the explanation above, this study aims to analyze the effect of professionalism of accounting personnel and the role of regional inspectorates on the quality of financial statements at health centers in Situbondo Regency.

2. THEORETICAL FRAMEWORK AND HYPOTHESIS

Kisaku (2017), reveals that organizations are under pressure from various social forces to complete and harmonize a structure, compromise various interests, and build operational structures to achieve their goals. The form of an organization is determined by the legitimacy, effectiveness, and rationality of the community or government. In the perspective of institutional theory, organizations must be in accordance with the environment and practices to avoid failure.

However, it is difficult to achieve excellence if there are insufficient resources (isomorphism).

Financial statements must be able to accommodate the cultural, legal, political, and pressure aspects and practices of various environmental situations. The growing accountability concept requires good quality financial statements (Choi, Kim, Kim, & Zang, 2010). Empirical findings indicate that large companies are better able to produce financial reports with better quality than small companies. This fact is due to the fact that large companies have adequately competent human resources.

In line with the institutional context, environmental pressures force organizations to accommodate social cultural demands (Scott, 2012). The quality of financial statements, for example, is also influenced by the integrity of an auditor. Integrity can be built by providing training in the form of lectures and prioritizing early prevention. Early prevention means that when conducting the audit process, government auditors must disclose all material facts they know so that the quality of financial statements can be improved (Andriana and Widaningsih, 2014).

Professionalism and Quality of Financial Statements

Institutional theory states that organizations, in order to survive in a competitive environment, must gain legitimacy in their environment (DiMaggio and Powell, 2000). Legitimacy means that the organizations must be accepted in the environment where they are. This environment encourages the organizations to adopt certain solutions, develop given capabilities, and take certain organizational forms to gain legitimacy.

The ability of an organization is established by the skills of each of their members. Institution is a collection of contributions of collective action carried out by individuals. To achieve the same goal, individuals create a group's social strength. Therefore, organizational-level strengths are mainly based on the idea of collective action in the form of the individual members' behavior. In this context, individual professionalism is the way how individuals, through their actions, legitimize institutions.

The Role of the Inspectorate and the Quality of Financial Statements

Agency theory explains that a company is a collection of contracts between the principal

and the agent managing the use and control of their resources. This agency relationship may result in two problems: (a) the occurrence of information asymmetry, and (b) the occurrence of a conflict of interest due to unequal goals. In this case, management does not always act in the interests of the owner. To overcome or reduce agency problems, they need agency costs. Agency theory divides agency costs into monitoring costs, bonding costs, and residual losses.

The inspectorate officials have the duty to ensure that the financial statements are free from allegations of material misstatement which will later be examined by the Supreme Audit Board (BPK). Inspectorate officials must be honest, independent, and open to all the results found and immediately provide recommendations for the improvement of the quality of the Regional Government Financial Statements.

The research conducted by Wahyudi and Pituringsih (2017) concludes that a good ability of management and quality of internal auditor services can increase the effectiveness of internal control, which in turn will improve the quality of financial statement information. The results of empirical research supporting this statement have proven the effect of the role of the inspectorate. The risk of recording or calculating errors can be minimized, thereby reducing the possibility of regional governments making mistakes in financial reporting (Moyes, 2011; Agung, Winarningsih and Srihadi, 2016; Arfan and Manaf, 2016; Basar, 2019).

3. RESEARCH METHOD

This study used a qualitative phenomenological approach because it is related to social phenomena and their interactions with certain environments. Phenomenology considers that each phenomenon is a collection of a number of related realities. Phenomenon is a display that contains various meanings. In daily life, the values that develop are a singular interpretation of each individual. The manifestation of this phenomenon is a reflection of what is in the human mind and it contains an understanding of the implied meaning (Littlejohn and Foss, 2008).

The phenomenological method used in this study consists of 4 (four) stages. The first stage is called *epoché*. The researchers release their subjective experiences in conducting this research. The second stage is the reduction of

phenomenology. It is carried out by comparing perceptions to find the essence of research. The third stage is the variation of imagination. This stage aims to explore the main themes in an effort to systematize the phenomenon. The fourth stage is to synthesize the essence. It is carried out to be able to describe the phenomena that occur in the object of research

Qualitative technique is used because it is more appropriate to understand rational reality as subjective reality. The results of this study are expected to provide conclusions informing completely about how an event affects the quality of financial statements. The stages of data analysis in this study are follows:

1. Organizing the data on the phenomenon of the meaning of the collected experience.
2. Filtering the meanings that are not distorted and as the formation of phenomena.
3. Gathering the meaning units of how the experience took place.
4. Developing a phenomenon that occurs in respondents and the cause of the phenomenon that occurs.
5. Narrating the essence of the phenomenon under study
6. Accumulating the images thoroughly

The experience data on informant phenomena were collected using focus group discussions (FGD). This was done so that the stages of data collection can be carried out in the same time horizon. With the FGD, the source triangulation process could be done simultaneously. Each participant fellow accountant could give statements each other. This triangulation of sources serves to compare or recheck the degree of trust in information obtained from different sources, such as confirming the participant's statements with other participant's statements (confrontation).

Focus Group Discussion (FGD)

The participants in this group are the people who are considered capable of explaining the quality of the financial statements of health centers (Pukesmas) with a variety of perspectives. FGD is limited to one main problem so that the discussion in depth related to the dimensions of the quality of financial statements were really focused. The participants in this FGD are the accounting personnel. At each health center, the district government places accounting personnel who serve as district government contract workers. These personnel have the duty to compile and maintain the quality of the financial statements

of each entity.

The selection of participants was done following that by W.C. John (2012: 475). The selection has several criteria such as (1) the subject merges with the phenomenon under study so as to provide a description well; (2) the subject is still active in the target research environment; (3) the subject has the freedom of time and freedom to state his experience; (4) the subject is honest and the information conveyed is not the result of a design.

The FGD was conducted in two directions and gave the participants freedom to think according to their own perceptions. Any answer from the participants is considered right, or there no answer is wrong because this process was carried out to get their perceptions or views freely. The participants were allowed to have different opinions but they should respect each other's opinions.

The opinions expressed in this discussion are kept and kept confidential and will only be used for research purposes. It was done by using a recording device and notes about the running process of the FGD. The participants could express their opinions directly, not arranged in turn, with moderation by the researchers.

If the data from the FGD needed a direct study, the participants would be interviewed directly. Interviews were carried out individually by asking for information from whoever was concerned.

4. DATA ANALYSIS AND DISCUSSION

Participant

The participants in this study are accounting personnel. The invitations were submitted to the health centers maximum of 3 days before D-day. FGD invitations were submitted to the health centers (puskesmas) that have the following criteria:

- a. Health center with the lowest number of capitation in 2017 (typification A);
- b. Health center with the highest number of capitations in 2017 (typification B);
- c. Health center that obtained unqualified opinion in 2017 (typification C);
- d. Health center that obtained qualified opinion in 2017 (typification D);
- e. One health center was chosen randomly (typification E).
- f. The number of participants was 5 (five) accounting personnel.

Quality of Financial Statements

The description of the phenomena experienced by the participants is the first step in data collection. They expressed their knowledge related to what is referred to as financial statements. One participant stated:

Participant 1:

"In my opinion, financial report is an annual report produced by an organization, both government and non-government, which contains a set of information which is used by stakeholders in making decisions" (FGD recording, August 13).

The next step in data processing is horizontalization by grouping important statements related to the theme. The next step is cluster of meaning. In the stage of cluster of meaning, the grouping of meanings given by the participants is sorted to reduce the repetition of statements. The important statements in the textual description for the phenomenon of the quality of financial statements are:

- Annual report,
- Produced by an organization containing a series of information,
- The goal is to make decisions,
- Outputs from a series of accounting activities,
- Describe the condition or performance of an organization,
- Financial or non-financial,
- Expressed in monetary units,
- Summary of all financial information held by companies or government agencies,
- Assets, debt and capital,
- Within a certain time.

The second focus relates to the financial statement quality. In this case, the participants highlighted the usability aspect. The quality financial statement contains useful information. The statement appears in the following statements:

- A benchmark that determines whether financial statements produced by an organization can be useful,
- Can describe the actual situation,
- Measure the level of usefulness of information contained in financial statements,
- The ability of this information to be consideration,
- Fulfill the characteristics that must be possessed in order to be useful,

The second primary qualitative characteristic is reliability. The participants gave a response related to whether the financial statements produced by the health centers have been described in accordance with the actual conditions

- Already describe the real conditions,
- Supervised by several parties,
- There are rules from the government,
- Comply with these rules,
- Requires discipline and honesty,
- Report the actual condition of the health center (Puskesmas)
- Any expenses or income that affect changes in financial resources have been recorded in accordance with procedures,
- Make a recap every month

The groupings of meanings on the general themes of the respondents' statements can be arranged in the following categories:

- Annual,
- Information,
- Condition of the company or organization,
- Financial or non-financial,
- Assets, debts, and capital,
- Use of information,
- Decision making,
- There is a standard,
- Requires discipline,
- Report the actual condition,
- Recorded in accordance with the procedure,
- Recapitulated every month.

Description of the essence relating to the quality of financial statements narrated from general themes is that the financial statements must present information relating to actual financial and non-financial conditions of the organization. The financial statements contain information on assets, debts and capital actually owned by the organization. The preparation of the financial statements must be in accordance with the applicable standards so that they can be useful for decision making. Those who prepare of financial statements must be disciplined, record according to procedures, and recapitulate the transactions every month.

Based on the Financial Accounting Standards, according to the Indonesian Institute of Accountants (2017), complete financial statements usually include statements of financial position, income statements and other comprehensive income, statements of changes in financial position (which can be presented in various ways such as cash flow reports), notes

to the financial statements that are an integral part of the financial statements, as well as schedules and additional information related to the financial statements. Participants put more emphasis on the collection of financial and non-financial information that describes the condition of the company and is made within a period of one year. Indonesian Institute of Accountants (*Indonesia: Ikatan Akuntansi Indonesia / IAI*) places more emphasis on the content and format of financial statements.

An understanding of the quality of financial statements is narrowed in meaning. Participants prioritize aspects of the relevance of information needed. This is only one aspect compared to Government Regulation Number 71 of 2010 concerning Government Accounting Standards. The Government Regulation explains the four characteristics that are the normative prerequisites needed so that government financial reports can meet the desired quality: relevant, reliable, comparable, and understandable.

Overall participants assume that the financial reports produced by the health centers (puskesmas) have fulfilled reliable criteria. The reports describe the actual condition, follow the applicable rules, report the truth, and comply with established procedures.

The narrowing of meaning by the makers of the health center financial statements has implications for the inability to comprehend in aggregation the quality of financial reports required by applicable regulations. Discussions, seminars, and trainings relating to increasing understanding of the quality of financial statements should be carried out.

Professionalism and Quality of Financial Statements

The dimensions of professionalism tested in this study include competency, knowledge, and self-care. Improving competence is a comprehensive construct for employees to understand the task of preparing health center financial statements. Professionalism must be owned by employees so that they can carry out tasks according to the demands of certain jobs. Professionalism possessed by someone is a person's ability to carry out work that is based on expertise and knowledge and is supported by a positive work attitude.

The results of focus groups discussion (FGD) reinforce these findings. Some participants express positive responses regarding professionalism. During the FGD,

the discussion is grouped into several focuses. The first focus discusses what professionalism is:

- Able to carry out the responsibilities entrusted to him with all his heart,
- Carrying out the duties objectively,
- Able to work effectively and efficiently
- Having a sufficient understanding of what he is doing,
- Holding firmly the responsibility for the profession that he has,
- Be independent in carrying out what has become his obligation,
- Describing his competence in certain matters,
- Acting according to his responsibility,
- Not concerned with personal gain,
- Putting himself into an objective person in carrying out responsibilities in accordance with the operating standard.

The second focus relates to whether the background of one's expertise is related to professionalism. One participant reveals that professionalism is shaped by an educational background.

- Educational background is important,
- Demanded to have clear scientific foundations,
- It is not difficult for him to adapt to the profession he will lead,
- Experienced people have more abilities,
- Must understand the basics in making financial statements,
- Understanding the essence of the financial statements themselves,
- Expert in certain fields,
- Able to prepare financial reports in accordance with the criteria or standards that have been set,
- Qualitative characteristics of financial statements can be fulfilled
- What he does is always good,
- The information obtained is not confusing,
- The results are as expected,
- Having a skeptical attitude, being able to examine parts of the financial statements produced in detail,
- Perfectionist and full of responsibility,
- Independent and objective,
- Having clear orientation.

Overall participants explain that the background of one's ability will affect professionalism. When employees involved in preparing financial statements have attitudes as stated in that category, the quality of the

report becomes more guaranteed.

The next focus relates to whether sustainable education is important for those who are involved in preparing the financial statements of Situbondo District Health Center (Puskesmas) to improve professionalism. Some participants state that it is important because it relates to the development of science.

Participant 1:

"I think that continuing education is important, because accounting science is always developing, including the standards, now there have been many changes. So in my opinion, the existence of continuing education is important." (FGD, August 13).

- Sustainable education is important,
- Accounting science is always developing
- The standards have now changed a lot,
- Formal education must not rule out his main duties as an employee,
- Leaders can have different policies,
- Different policies can lead to a change of rules,
- We must always update,
- Otherwise we will also be left behind,
- There is a thought exchange process,
- Learning to be better,
- Those who prepare financial statements must have the adequacy of knowledge when they apply for the job.

The third focus is related to the efforts that can be taken to increase professionalism. Some participants agree with education:

- At least there is routine training facilitated by the government,
- People who have the same profession can exchange ideas,
- Stricter supervision from the authorities,
- Regular meetings that facilitate us,
- Learn about each other's strengths and weaknesses,
- Discussions to get the latest information,
- A forum to obtain possible techniques in preparing financial statements.

There are several general themes that can be drawn from statements related to the meaning of professionalism. The categories are:

- Education,
- Experience,
- Trustworthy,
- Working wholeheartedly
- Expert,
- In accordance with the rules,

- Skeptical attitude,
- Perfectionist
- Responsible,
- Independent,
- Objective,
- Clear Orientation,
- Thought exchange process,
- Having sufficient initial knowledge
- Responsible,
- Discipline,
- Effective,
- Efficient,
- Prioritizing the interests of the organization,
- Education,
- Training.

The description of the meaning of the participant's statements relating to professionalism that can improve the quality of financial statements can be narrated as follows. Accounting personnel must have sufficient education and experience. The education and experience enable the personnel to work on preparing financial reports effectively and efficiently. Accounting personnel also need to have a trustful attitude so that they do their job seriously and responsibly, and prioritize the interests of the organization over the interests of individuals. This is sometimes necessary during deadlines in preparing financial statements. The work implementation must be based on the clarity of the focus, skepticism, and perfectionists. Increasing the professionalism can be done through further education and training. In doing so, the employees can get knowledge and discuss the processes with others.

In the discussion session of the first theme, the participants agreed that professionalism affects the quality of financial reporting. Professional employees are employees who are experts in the field and carry out the tasks seriously and responsibly, understand the rules that apply, be objective, and be oriented to quality results.

According to Arens, J.Elder and S.Beasley, (2010), professionalism is a responsibility that is borne to someone and more than just fulfilling the responsibilities imposed on him. So, the professionalism understood by respondents is the same as what is defined. Participants define professionalism in different expressions but the essence is the same as those defined by the expert.

Institutional theory explains that in order to survive, organization must obtain recognition from the environment where the

organization is located (DiMaggio & Powell, 2000). One of the legitimacy is obtained from the idea of collective action in the form of the behavior and professionalism of individual members. Furthermore, organizational ability is established by the skills of each member. Therefore, institutions are a collection of contributions of collective action carried out by individuals. To achieve the same goal, individuals create a group's social strength. Thus, individual professionalism is the way in which individuals through their actions legitimize institutions.

Megawati and Kennedy (2017) revealed that professionalism can improve the job quality. In addition, an increased professionalism can be achieved through assignments to enrich experience and education. Further education will support the ability to carry out work. The discussion agreement is in line with these norms. Someone who is professional can finish the job well. Professionalism can be improved through education and training.

The results of this discussion also have implications for the need for sustainable education and training. Accounting personnel are the spearhead of the availability of quality health center financial reports. Training and education will improve their skills and expertise in preparing financial reports.

The Role of Inspectorate and the Quality of Financial Statements

The first focus is about the role of inspectorate. Participants answers in a variety of meanings. Some participants stated that the inspectorate has the duty and responsibility to conduct supervision. The answers are as follows:

- Supervisor in charge ensures compliance with operating standards,
- Overseeing the running of the organization, especially regarding administrative and financial order,
- Ensuring that each organization has fulfilled its obligations as a government organization,
- Carrying out audits related to administrative order and the running of the organization including financial matters.

The second focus relates to the role of the inspectorate in improving the quality of financial reports of health centers. Some participants reveal that the inspectorate actively assists the health center activities in financial reporting.

- Financial statements can be accepted due

- to corrections made by the inspectorate,
- Help minimize the misstatement in the financial statements,
- Help ensure the correctness of some elements in the financial statements,
- Their performance also certainly has benchmarks,
- The inspection they do has procedures so that their performance can be said to be maximum,
- With this inspectorate we are being spied on,
- May not work carelessly especially in preparing financial statements,
- Help correct financial statements,
- Sometimes their arrival creates fears.

Others point out that the presence of the inspectorate indirectly encourages health centers to compile good financial reports. The existence of inspectorates, both actively and passively, encourages health centers to conduct financial reporting in accordance with applicable standards.

The third focus relates to the time and activities of the inspectorate at the health centers. The participants stated that there are two time visits made by the inspectorate: scheduled visits and sudden inspections.

- Quite routine,
- Sometimes they come every semester,
- Sometimes there is also a sudden inspection,
- Sometimes monthly, sometimes per three months, sometimes per semester,
- Sometimes making cross checking with administration section,
- Monitoring administrative requirements,
- The sudden inspection usually makes the panic doubled.

The impact of the sudden inspection carried out by the inspectorate to the health center is a sense of panic. This is because there are generally delays in administrative completion, so that when there is a formal audit, they become unprepared.

The fourth focus is the benefits perceived by the health centers. Participants answer that they are greatly helped by the existence of the inspectorate.

- Quite helpful.
- With an inspectorate, we can share with each other.
- They are thorough.
- Suggestions for improving financial statements.

- The information in the financial statements is of high quality.
- Be more careful and thorough when posting and reporting,
- I became more confident about the financial statements I produced,
- More committed in preparing financial statements,
- Supervision is done very well,
- They already know how to increase capacity,
- An inspectorate must be independent,
- Able to maintain the mandate given by the government,
- The Inspectorate schedules regular visits to the health centers,
- When doing sudden inspection, there is always a lot of noise so it is less optimal,
- The Inspectorate has more skilled personnel related to government accounting standards and financial accounting standards
- Need to increase the number of people who master the rules and reporting standards of the health center.

The fifth focus relates to recommendations for increasing the role of the inspectorate in creating qualified financial reports in Situbondo Regency. The participants were divided into several categories of answers. Some stated that the role of the inspectorate is in accordance with the duties and functions stipulated by applicable regulations. Other participants suggested that visits to the health center be scheduled so that they could be better prepared to examine the files examined. Increasing the role of the inspectorate can be done by increasing the competency of the inspectorate with regard to the mastery of government accounting standards and financial accounting standards.

From the statements above, the meanings that appear related to the increasing role of the inspectorate are as the following:

- So far, it is in accordance with the main tasks and functions of the inspectorate,
 - The visit to the health center is scheduled,
 - Improving competencies in financial accounting standards and government accounting standards for inspectorates.
- There are several categories that can be drawn from statements related to the meaning of professionalism. These categories are:
- Supervision,
 - Inspection,

- Actively conducting guiding,
- Passively give the sense of fear to the health center when making irregularities or mistakes,
- Routine and scheduled visits
- Sudden inspection
- The examination is carried out on the administrative and financial aspects of the health center,
- Sharing,
- Suggestions for improvement,
- Careful and thorough,
- So far it has been in accordance with the main duties and functions of the inspectorate,
- Improving competencies in financial accounting standards and government accounting standards for inspectorates.

A general description of the meaning of the role of the inspectorate can be narrated in the following categories. Inspectorates are regional government officials who have the task of supervision and inspection, especially in the administrative and financial aspects of the health centers. The existence of the inspectorate has a positive impact because it actively carries out guidance. The existence of the inspectorate also gives a sense of fear to the health centers so that the reporting is done carefully and thoroughly. The inspection can be preceded with notice or sudden. The inspection generally relates to the administrative and financial aspects of the health centers. The sudden visits often cause panic because in general the health centers are not ready. Guidance conducted by the inspectorate is in the form of sharing about problems in the health center and suggestions for improvement. Increasing the competency of the inspectorate apparatus in financial accounting standards and government accounting standards will be able to improve quality within the framework of the main duties and functions of the inspectorate.

The existence of the inspectorate office has two sides of the function of the final session of the directed discussion to agree on a number of issues that appear related to the increased role of the inspectorate to improve the quality of the financial statements of the health centers. This agreement is in line with Hoyle (1981) who explains that role professionalism includes two aspects, namely improved status and improved practice. In the context of participation, participants agree that the inspectorate should increase their understanding by better

mastering the financial reporting standards of the health centers.

The State Financial Auditing Standard requires that the recommendations issued by the government internal supervisory apparatus can encourage continuous improvement. These recommendations must be problem-solving, workable, specific, and submitted to those who have the authority (Rosnidah and Kamarudin, 2011). Associated with Situbondo Regent Regulation Number 41 of 2010 concerning Job and Function Description of Situbondo District Inspectorate Articles 3 and 4 (Situbondo District Government, 2010), it can be concluded that the participants' understanding is in accordance with the real conditions. Participants do not mistakenly identify the focus of the discussion directed at the role of the inspectorate in the preparation of the health center financial statements.

The implication of this discussion is that in order to be able to play a role in improving the quality of financial reporting in the health centers, the inspectorate must understand government accounting standards and financial accounting standards. The Inspectorate must make itself a problem solver and a comfortable place for discussion for accounting personnel.

5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

Conclusion

This study aims to understand why professionalism and inspectorate play a role in the quality of financial reports at the Situbondo District Health Centers. Based on the analysis of data in the focus group discussion, the conclusion can be drawn as the following:

1. Health centers only think of quality in terms of the relevance of information they needed. The health centers only think of the dimensions of the quality of financial statements in terms of the usefulness of information and decision making.
2. Professionalism influences the quality of financial statements because professional employees are employees who are experts in their field and carry out their job seriously and responsibly, understand the rules that apply, be objective and be oriented to quality results.
3. Both actively and passively, the existence of inspectorates encourages the health centers to conduct financial reporting in accordance with applicable standards.

Implication

The results of this study provide theoretical implications as follows:

Institutional theory explains that in order to survive, organizations must obtain recognition from the environment where the organization is located. The results of this study are in line with the results of research conducted by Darwanis (2015) that professionalism can greatly affect the quality of financial statements.

Other theoretical findings are related to agency. The organization seeks to minimize contract costs associated with contracts in monitoring, evaluating, and supervising the performance. Inspectorate serves as the supervisor so that the contract can run well. This study supports the role of the inspectorate in the quality of local government financial reports (Agung et al., 2016; Arfan & Manaf, 2016; Haliah, 2010).

Practical findings for the Situbondo district government in terms of making policies are as follows:

- Encourage increased professionalism of employees by making selections based on education. The district government can also organize technical training to strengthen employee professionalism.
- Improve the quality of the role of the inspectorate in fostering and overseeing the financial reporting of the health centers through active consultation and strengthening the inspectorate apparatus so that the health centers are more orderly and able to produce quality financial reports.

Limitation and Suggestion

The limitations and weaknesses of this study include:

1. The Accrual Planning and Financial Information System (SIRKA), the software for preparing regional financial reports, has not been used to compile the full health center financial statements. It is recommended that further research select agencies that have implemented a specific and integrated financial reporting application system.
2. The focus group discussion process also has not been able to obtain in-depth information because of the reluctance of participants to be frank. The focus group discussion process should involve more parties / institutions so that the results of

research are more comprehensive.

3. Future studies can include the variables forming the results of the concluding themes in this study. Education and experience, for example, are new variables that construct variables of professionalism.

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