

THE INFLUENCE OF FINANCIAL REPORTING SYSTEM, INTERNAL CONTROL AND UNDERSTANDING OF ACCOUNTING INFORMATION SYSTEM ON FINANCIAL PERFORMANCE OF VILLAGE-OWNED ENTERPRISES (BUMK) IN LABANAN MAKMUR VILLAGE

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Article Info	Abstract
Accepted February, 2025 Revised March, 2025 Published March, 2025	This study aims to analyze the Understanding of Financial Reporting Systems, Internal Control and Accounting Information Systems on the Financial Performance of Village-Owned Enterprises (BUMK) in Labanan Makmur Village. The sampling technique in this study used a population and collected 34 respondents. The data collection technique in this study used a questionnaire. The data analysis method used the SPSS version 22.0 program as an analysis tool. Based on the results of the analysis, it shows that the Understanding of the accounting system has a positive effect on the financial performance of BUMK at BUMK Labanan Makmur in Berau Regency. The Financial Reporting System has a positive effect on the financial performance of BUMK at BUMK Labanan Makmur in Berau Regency, and the Internal Control System (SPI) has a positive effect on the financial performance of BUMK at BUMK Labanan Makmur in Berau Regency
<p>Keywords:</p> <p>Financial Reporting System, Internal Control System, Understanding Accounting System</p>	

INTRODUCTION

All institutions including central and regional government institutions in carrying out their obligations must have a strong foundation to be used as a guideline when carrying out their activities and obligations. The village government is an agency that carries out government functions and affairs. According to the principle of autonomy and assistant tasks, the village government has principles in implementing a decentralization system. Law Number 32 of 2004 guarantees a



decentralization system for government. The granting of autonomy authority to regional governments is expected to be able to increase the empowerment of resources with the principle of justice and compliance under the umbrella of law.

In the implementation of village development and empowerment of rural communities is still less than optimal. Optimization of development and empowerment as one of the implementation of development in its implementation in Indonesia still occurs inequality and disparity, especially development in rural areas. In urban areas is characterized by ease of access to information, facilities and as a center of the economy, while in rural areas with minimal access and limited facilities and infrastructure.

Performance indicators in the village government system are used to measure efforts in achieving the level of productivity of public sector organizations. Performance can be said to be a measuring tool in seeing the results of work program achievements (Simanjuntak, 2011).

BUMDes was established with the main objective of improving the village economy, as well as to increase the income of the Village Community and the Village Original Income (PADes). Another objective of establishing BUMDes is to increase village assets with the aim of increasing village welfare, creating opportunities and market networks to increase community efforts in managing the village's economic potential, opening up employment opportunities, and increasing community welfare through improving public services, growth, and equitable distribution of the village economy. The way BUMDes works is by accommodating community economic activities in a business entity that is managed professionally, but still based on the village's original potential.

Research conducted by Rendra (2017) explains that performance is a measure of the quantity target and what is achieved in management. Performance has become one of the keywords that is widely discussed in various organizations

ranging from corporate organizations, government, and also universities. Performance is a description of the level of achievement of the implementation of an activity in realizing the goals, objectives, vision and mission of the organization as stated in the planning strategy of an organization. In Government Regulation No. 8 of 2006 concerning the performance of government agencies, performance is defined as an output or result of a program that is intended or has been achieved in relation to the use of a budget with quantity and measurable.

Performance assessment in government agencies, both central, regional, and village, is very important to do. This aims to improve services in government agencies so that performance results are better than before. So in improving services, the head of the Village Financial Management Agency must improve management performance through an internal control system. Because in an organization's performance, it is very dependent on the internal control system. The influence of the internal control system on the performance of village government agencies still produces inconsistent results.

Azlina and Amelia (2014) stated that the internal control system has a significant partial influence on the performance of village government agencies in Pelalawan Regency, which is proven.

Kaltsum and Rohman (2013) stated that the internal control system has an effect on the accountability of the performance of government agencies. Lestari (2015) concluded that internal control has a significant effect on improving the performance of village government agencies.

Based on the background explanation above, the objectives to be achieved from this research are as follows:

1. To determine the influence of the Financial Reporting System on the Financial Performance of Village-Owned Enterprises (BUMK) in Labanan Makmur, Berau Regency.



2. To determine the influence of the internal control system on the Financial Performance of Village-Owned Enterprises (BUMK) in Labanan Makmur, Berau Regency.

To determine the influence of understanding the accounting system on the Financial Performance of Village-Owned Enterprises (BUMK) in Labanan Makmur, Berau Regency.

RESEARCH METHODS

Operational Definition of Variables

In this operational variable there are 3 parts, namely:(1) The financial reporting system describes the accountability of subordinates to superiors in the context of BUMK. (2) An internal control system is needed to control business processes in an organization. (1) The Accounting System is defined as Law No. 6 of 2014.

Population and Sample

The population of the study consisted of all members of BUMK Labanan Makmur Village, totaling 39 people. While the sample taken was 34 people using purposive sampling technique, which included the village head, chairman secretary, BPK, and BUMK members. This sample selection was carried out to ensure that respondents had knowledge and experience relevant to the research topic.

Types and Sources of Research Data

This study uses a quantitative method with primary data obtained directly from respondents without intermediaries. Data were collected through a questionnaire designed to examine the understanding of accounting systems, financial reporting systems, and internal control systems.

Method of collecting data

Data collection in this study was conducted by distributing closed questionnaires distributed through Google Form to respondents of BUMK Desa Labanan Makmur. The questionnaire consisted of statements related to perceptions of price, service, satisfaction, and customer loyalty. Respondents assessed the level of agreement using a Likert Scale of 1-5, with alternative answers: (a) Strongly Disagree (1), (b) Disagree (2), (c) Neutral (3) (d) Agree (4), and (e) Strongly Agree (5).

Data Analysis Tools

Data analysis was conducted using SPSS software version 22.0. The analysis conducted included instrument validity and reliability tests, as well as multiple regression analysis to test the research hypothesis. Multiple regression analysis was used to determine the simultaneous effect of independent variables (understanding of accounting information systems, financial reporting systems, and internal control) on the dependent variable (BUMK financial performance).

RESULTS AND DISCUSSION

Research Result Data

Table 3.1 Sample Screening Results

No	Information	Total	Presentation
1.	Questionnaire Distributed	39	100%
2.	Returned Questionnaire	39	100%
3.	Unprocessable questionnaire	5	0.15%
4.	Questionnaire results that can be processed	34	85.38%

From table 3.1 above, it can be seen that the number of BUMK Labanan Makmur in Berau Regency is 39 consisting of 28 employees, 3 supervisors, 1

village head, 3 BPK members, and 4 RT heads. So, from the initial sample size, the questionnaires that can be processed are 85.38% or 34 questionnaires.

Respondent Identification

Table 3.2 Gender

No	Gender	Amount	Percentage
1	Man	20	57%
2	Woman	14	43%
Amount		34	100%

From table 3.2 above, it can be seen that 34 respondents with male gender totaling 20 people (57%) and female totaling 14 people (43%). The results show that the majority of respondents are male with 20 people (57%) or 5% more than female respondents.

Respondent Age

Table 3.3 Respondents' Age

No	Age	Amount	presentation
1	<20 Years	6	12%
2	20-30 Years	23	82%
3	31-40 Years	2	2%
4	41-50 Years	3	4%
5	>50 Years	-	-
Amount		34	100%

From table 3.3 above, it can be seen that 34 respondents of BUMK Labanan Makmur, Berau Regency, obtained data that those aged <20 years were 6 people (12%), those aged 20-30 years were 23 people (82%), those aged 31-41 years were 2 people (2%), those aged 41-50 years were 3 people (4%), and over 50 years were 0 people (4%).

Respondents' Education Level

Table 3.4 Respondents' Education Level

No	Level of education	Amount	Percentage (%)
1	JUNIOR HIGH SCHOOL	3	9 %
2	SENIOR HIGH SCHOOL	25	74%
3	D3/D4	3	9%
4	S1	2	8%
5	Amount	34	100%

From table 3.4 the level of education of each respondent. A total of 34 respondents, all filled in the level of education. From the data it can be seen that the majority of respondents have a high school education background of 74%, while the D3/D4 and S1 backgrounds have the same percentage, namely 8-9% each.

Distribution of Respondents' Answers

The distribution of the results of respondents' answers to the research questionnaire is presented in the following tables.

Table 3.5 Respondents' Answers Regarding BUMK Financial Performance

No	Statement	Respondents' Answer Results					Number of Percentage of Answers
		SS	S	N	ST	STS	
1	Question 1	20%	24%	5%	1%	0%	70%
2	Question 2	10%	22%	11%	6%	1%	85%
3	Question 3	15%	28%	5%	25	0%	88%
4	Question 4	21%	21%	7%	0%	0%	59%
5	Question 5	19%	28%	3%	0%	0%	50%
Amount (Average)		80%	95%	34%	0.3%	0.1%	97%

Table 3.5 above shows that the largest number of answers in the answer very understand with 134 answers, there are answers understand as many as 166 answers, answers quite understand 37 answers, answers less understand 11 answers, and respondents who answered do not understand. This illustrates that more

respondents understand the Financial Performance of BUMK Labanan Makmur, Berau Regency.

Table 3.6 Respondents' Answers to the Accounting System Understanding Variable

No	Statement	Respondents' Answer Results					Number of Percentage of Answers
		SS	S	N	ST	STS	
1	Question 1	16%	81%	41%	2%	1%	50%
2	Question 2	17%	29%	51%	1%	0%	51%
3	Question 3	19%	92%	34%	1%	0%	50%
4	Question 4	13%	85%	45%	3%	0%	49%
5	Question 5	16%	72%	67%	2%	2%	48%
6	Question 6	16%	81%	78%	2%	0%	50%
7	Question 7	15%	58%	55%	4%	0%	50%
Amount (Average)		92%	98%	55%	13%	1%	98%

Table 3.6 above shows that the largest number of answers was for the understand answer with 168 answers, there were 112 answers for very understand, 55 answers for quite understand, 13 answers for not understand, and no one at all chose the answer do not understand in the statements in the variable.

Table 3.7 Respondents' Answers to Financial Reporting System Variables

No	Statement	Respondents' Answer Results					Number of Percentage of Answers
		SS	S	N	ST	STS	
1	Question 1	76%	93%	7%	115	0%	80%
2	Question 2	84%	99%	5%	24%	0.5%	90%
3	Question 3	57%	86%	6%	155	0.2%	85%
4	Question 4	95%	94%	7%	255	05	86%
5	Question 5	84%	73%	10%	21%	0%	87%
6	Question 6	74%	69%	5%	17%	1%	925
Amount (Average)		90%	94%	70%	40%	0.5%	98%

Table 3.7 above shows that the largest number of answers for the understand answer was 154 answers, the answer for very understand was 90 answers, quite understand was 40 answers, not understand was 10 answers, and did not understand was 1 answer.

Table 3.8 Respondents' Answers to SPI Variables

No	Statement	Respondents' Answer Results					Number of Percentage of Answers
		SS	S	N	ST	STS	
1	Question 1	86%	63%	7%	4%	0%	80%
2	Question 2	84%	49%	5%	2%	0%	84%
3	Question 3	87%	96%	6%	1%	0%	90%
4	Question 4	85%	84%	7%	0%	0%	89%
5	Question 5	84%	73%	10%	2%	1%	1%
6	Question 6	84%	89%	55	1%	1%	90%
7	Question 7	81%	83%	55	1%	0%	80%
Amount (Average)		89%	85%	93%	6%	1%	99%

Table 3.8 above shows that the largest number of answers for the understand answer was 154 answers, the answer for very understand was 90 answers, quite understand was 40 answers, not understand was 10 answers, and did not understand was 1 answer.

Analysis and Discussion

Descriptive Analysis of Research Variables

Table 3.9 Descriptive Statistics Results

No	Variables	Std. N	Std. Deviation	Theoretical Range			Actual Range		
				Min	Max	Mean	Min	Max	Mean
1.	Financial Reporting System	34	2,097	5	25	15	20	25	21.24
2.	Internal Control System	34	1,701	6	30	18	19	28	24.32
3.	Understanding accounting systems	34	2,653	8	40	24	26	38	31.71
4.	Financial Performance of BUMK	34	2,381	5	25	15	20	25	22.29



In the Financial Reporting System variable, it has a theoretical range of 5-25, an actual range of 20-25, a standard deviation value of 2.097, a minimum value of 20 and a maximum value of 25. When viewed from the actual mean value compared to the actual range value, the Financial Reporting System variable has an actual mean value of 21.24 so that the average Financial Reporting System is low.

In the SPI variable, it has a theoretical range of 6-30, an actual range of 19-28, a standard deviation value of 1.701, a minimum value of 19 and a maximum value of 28. When viewed from the actual mean value compared to the actual range value, the SPI variable has an actual mean value of 24.32 so that the average SPI is low. While in the BUMK Financial Report variable.

In the variable Understanding the accounting system, it can be concluded that it has a theoretical range of 8-40, an actual range of 26-38, a standard deviation value of 2.635, a minimum value of 26 and a maximum value of 38. When viewed from the actual mean value compared to the actual range value, the variable Understanding the accounting system has an actual mean value of 31.71 so that the average Understanding the accounting system is low.

Based on the results of table 3.9, it can be concluded that the BUMK financial performance variable has a theoretical range of 5-25, an actual range of 20-25, a standard deviation value of 2.381, a minimum value of 20 and a maximum value of 25. When viewed from the actual mean value compared to the actual range value, the BUMK financial performance variable has an actual mean value of 22.29 so that the average BUMK financial performance is low.

Test Results and Data Instruments

Validity Test

Validity Test is the ability of a measuring instrument to measure indicators of a measurement object. Validity Test is conducted with the aim of measuring the validity or invalidity of a questionnaire. A questionnaire is said to be valid if the statements in the questionnaire are able to reveal something that will be measured

by the questionnaire. Validity test is used to measure the validity or invalidity of a questionnaire. A questionnaire is declared valid if the questions or statements in the questionnaire are able to reveal something that will be measured by the questionnaire (Nazaruddin and Basuki, 2017).

Table 3.10 Validity Test Results

NO	Variables	KOM Value	Item	Loading Factor Value	Information
1.	SAP Understanding	0.803 > 0.5	SPA 1	0.925	Valid
			SPA 2	0.940	Valid
			SPA 3	0.783	Valid
			SPA 4	0.912	Valid
			SPA 5	0.838	Valid
			SPA 6	0.787	Valid
			SPA 7	0.863	Valid
2.	Internal Control	0.671 > 0.5	SPI 1	0.811	Valid
			SPI 2	0.718	Valid
			SPI 3	0.627	Valid
			SPI 4	0.677	Valid
			SPI 5	0.763	Valid
3.	Understanding Accounting Systems	0.571 > 0.5	SPI 6	0.403	Valid
			PSA 1	0.736	Valid
			PSA 2	0.762	Valid
			PSA 3	0.743	Valid
			PSA 4	0.768	Valid
			PSA 5	0.558	Valid
			PSA 6	0.714	Valid
4.	Financial Performance of BUMK	0.810 > 0.5	PSA 7	0.681	Valid
			KKBUMK 1	0.937	Valid
			KKBUMK 2	0.928	Valid
			KKBUMK 3	0.975	Valid
			KKBUMK 4	0.949	Valid
			KKBUMK 5	0.924	Valid

Based on table 3.10 regarding validity testing, the way to test it is by comparing the KMO value, if the KMO value is > 0.5 and has a factor loading

value > 0.4 then the instrument can be said to be valid. Valid means that the instrument can be used to measure what should be measured. Therefore, it shows that all question instruments in each variable have a loading factor value > 0.4 so that all items from the five variables are said to be valid.

Reliability Test

Table 3.11 Reliability Test Results

No	Variables	Cronbach's Alpha Value	Information
1.	Financial Reporting System	0.927	Reliable
2.	Internal Control Standards	0.741	Reliable
3.	Understanding accounting systems	0.866	Reliable
4.	Financial performance of BUMK	0.969	Reliable

Based on the test results in table 3.11, the construct is said to be reliable if the Cronbach's Alpha value is > 0.7 (Nazaruddin and Basuki, 2017). The test used to prove the reliability of the data is the Cronbach's Alpha statistical test with the help of SPSS v.22.0 software. Then the calculation of the Cronbach's Alpha coefficient on the five variables above has a value above 0.70 so that it can be interpreted as having high reliability. This can be assumed that all items are reliable and have a strong level of reliability so that they can then be used as a measuring tool.

Normality Test

Table 3.12 Normality Test Results

Tests of Normality

1.	Kolmogorov-Smirnov(a)	Statistics	Df	Sig

2.	Unstandardized Residual	.109	34	.200(*)
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Based on table 3.12. Data is said to be normal if the significance value of the Kolmogorov Smirnov test results $>$ alpha 0.05. The normality test in this study used the Kolmogorov Smirnov test. Based on the results of the study, a significance value of $0.200 > 0.05$ was obtained, so it can be concluded that the data is normally distributed.

Multicollinearity Test

Table 3.13 Multicollinearity Test Results

No	Statement	Tolerance Value	VIF Value	Conclusion
1.	Financial Reporting System	0.736	1,359	Non multicol
2.	Internal Control System	0.814	1,229	Non multicol
3.	Understanding accounting systems	0.745	1,342	Non multicol

Based on table 3.13 above, a good variable is if the VIF value is <10 , then there is no multicollinearity between the independent variables in the study. Conversely, if the VIF value is >10 , then there is multicollinearity that cannot be tolerated. So, all variables have a tolerance value of more than 0.1 and all variables have a VIF value <10 which can be interpreted that there is no correlation between the independent variables. So it can be said that there is no multicollinearity between the independent variables in the regression model.

Heteroscedasticity Test

Table 3.14 Heteroscedasticity Test Results

No	Statement	Sig.	Conclusion
1.	Financial Reporting System	0.109	Homoscedasticity
2.	Internal Control System	0.093	Homoscedasticity
3.	Understanding accounting systems	0.133	Homoscedasticity

Based on table 3.14 above, the heteroscedasticity test in this study uses the Glejser test by regressing the absolute value of the residual with the independent

variables used. If the Sig value > alpha 0.05, it is said that there is no heteroscedasticity (Nazzaruddin and Basuki, 2017). Thus, the significance value of the four independent variables is greater than 0.05 so that it can be concluded that all of these variables are homoscedastic or there is no inequality of variance and residual for all observations in the regression model studied.

Research Results (Hypothesis Testing)

Coefficient of Determination Test

Table 3.15 Results of the Determination Coefficient Test

Model	R	R Square	Adjusted R	Std. Error of the Estimate
1	.708(a)	.501	.432	1.79409

The determination coefficient test was conducted to determine the level of ability of independent variables in explaining changes in dependent variables. The Adj R2 (Adjusted R Square) value in this model shows a figure of 0.432. This figure shows that 43.2% of changes in BUMK financial performance can be explained by changes in 3 independent variables, namely Understanding of the Accounting System, Financial Reporting System, and SPI.

Partial Significance Test (t-Test)

The t-test is conducted to partially test whether the independent variables consisting of Understanding of Accounting Systems, Financial Reporting Systems and Internal Control Standards have a significant influence on BUMK Financial Performance. The results of the t-test are explained in the following table 3.16;

Table 3.16 t-Test Results

No	Variables	B	t _{count}	t _{table}	Sig.	Caption
1.	Financial Reporting System	-0.445	3,434	2,002	0,000	Supported
2.	Internal Control Standards	-0.435	3,464	2,002	0.002	Supported

3.	Understanding accounting systems	-	4,113	2,002	0.001	Supported
			0.422			

Based on table 3.16 above, it can be explained that:

- a) Hypothesis testing 2: The Financial Reporting System has a positive effect on the financial performance of BUMK. This can be seen from the significance value of 0.000 which is smaller than 0.05 and the calculated t value ($3.434 > t$ table (2.002)). From this information, it shows that the Financial Reporting System has a positive and significant effect on the financial performance of BUMK.
- b) Hypothesis testing 3: Internal Control Standards have a positive effect on BUMK financial performance. This can be seen from the significance value of 0.002 which is smaller than 0.05 and the calculated t value ($3.464 > t$ table (2.002)). From this information, it shows that Internal Control Standards have a positive and significant effect on BUMK financial performance.
- c) Hypothesis testing 1: Understanding the accounting system has a positive effect on the financial performance of BUMK. This can be seen from the significance value of 0.001 which is smaller than 0.05 and the calculated t value ($4.113 > t$ table (2.002)). From this explanation, it shows that understanding the accounting system has a positive and significant effect on the financial performance of BUMK.

Multiple Linear Regression Test

Multiple linear regression is an analysis used to measure the influence caused between independent variables and dependent variables. The use of this analysis technique is carried out to determine whether or not there is an influence between several independent variables and the dependent variable. The relationship between variables can be expressed with the following analysis model:

Table 3.17 Multiple linear regression

No	Variables	Regression Coefficient (B)	t _{count}	Sig.
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1.	Financial Reporting System	-0.445	3,434	0,000
2.	Internal Control Standards	-0.435	3,464	0.002
3.	Understanding accounting systems	-0.422	4,113	0.001
4.	Constants	56,652	8,606	0,000
F count = 13,160				
R = 0.562				
R2 = 31.6				
Adjusted R2 = 29.2				

Based on table 3.17, it can be explained that multiple linear regression is an analysis used to measure the influence caused between independent variables and dependent variables. The use of this analysis technique is carried out to determine whether or not there is an influence between several independent variables and the dependent variable. The relationship between variables can be expressed with an analysis model such as table 3.17

Hypothesis Testing

The results of hypothesis testing in this study can be seen in table 3.18 below;

Table 3.19 Hypothesis Test Results

No	Variables	Sig. Value	Beta Coefficient Value	Conclusion
1.	Financial Reporting System	0,000	0.842	Hypothesis accepted
2.	Internal Control System	0.002	0.648	Hypothesis accepted
3.	Understanding accounting systems	0.001	0.512	Hypothesis accepted

Hypothesis Test Results 2 (H1) Based on table 3.20, the beta coefficient value is 0.842 with a sig value of 0.000 $< \alpha$ 0.05, so it can be concluded that the understanding of Government Accounting Standards has a positive effect on BUMK Financial Performance. Based on these results, H1 is accepted.

Hypothesis Test Results 2 (H2) Based on table 3.20, the beta coefficient value

is 0.002 with a sig value of 0.002 $< \alpha$ 0.05, so it can be concluded that the Internal Control System (SPI) has an effect on the Financial Performance of BUMK Labanan Makmur. Based on these results, H2 is accepted.

Hypothesis Test Results 3 (H3) Based on table 3.20, the beta coefficient value is 0.512 with a sig value of 0.001 $< \alpha$ 0.05 so it can be concluded that Understanding the accounting system has an effect on BUMK Financial Performance. Based on these results, H3 is accepted.

Discussion of Research Results

Based on the research results, financial reporting has a positive effect on the Financial Performance of BUMK. In other words, it can be concluded that the higher the Financial Reporting System of a member of BUMK Labanan Makmur, the higher the Financial Performance of the BUMK that is prepared. If analyzed from the answers to the questionnaire that has been filled out by members of BUMK Labanan Makmur, it shows that members of the accounting and finance departments have supported and balanced with the members' understanding of financial reporting that most of them already understand. Therefore, there are no problems in preparing financial reports.

The results of this study indicate that the financial reporting system of BUMK Labanan Makmur employees has a positive effect on BUMK's Financial Performance. This study is consistent with previous studies, namely research by Wiraputra, et al. (2014) and Ningtyas (2015) with the results of the study, namely the Financial Reporting System has a positive effect on BUMK's Financial Performance, so the first hypothesis accepted

Based on the research results, the Internal Control System (SPI) has an effect on the financial performance of BUMK. So it can be interpreted that the better the SPI will affect the financial performance of BUMK. Based on the analysis conducted from the questionnaire answers of respondents who are employees of BUMK Labanan Makmur, it shows that the SPI level is good because it can



maximize the level of internal control in BUMK Labanan Makmur, which is the object of this study. Where some of these factors are things that are used as benchmarks for SPI in general. Because a good SPI if implemented effectively will cause many discrepancies between the ongoing process and the applicable regulations so that this affects the Financial Performance of the BUMK that is prepared.

The results of this study indicate that SPI has an effect on the financial performance of BUMK. This study is consistent with the results of previous studies, namely research conducted by Septarini and Papilaya (2016) with research results stating that the better the SPI implemented in an organization will have an effect on the financial performance of BUMK, so the second hypothesis is accepted.

Based on the research results, Understanding of accounting systems has an effect on BUMK Financial Performance. Increasing the level of Understanding of accounting systems can affect BUMK Financial Performance. In this case, what causes the realization of Understanding of accounting systems in BUMK Financial Performance is the limited publication of financial reports so that they can be known and the existence of media used to announce the results of financial reports to the public. Understanding of accounting systems in this study is measured by the extent to which BUMK Labanan Makmur officials publish financial reports and carry out established procedures. The results of this study indicate an influence between Understanding of accounting systems and BUMK Financial Performance.

The results of this study are consistent with the research conducted by Ermino (2017) with the research results that a high level of understanding of accounting systems will have an impact on better BUMK financial reports, so the third hypothesis is accepted.

CONCLUSION AND SUGGESTIONS

From the results of research on the Regional Government Financial Report (BUMK Financial Performance) in the Regional Apparatus Organization (BUMK

Labanan Makmur) of Berau Regency, the following conclusions can be drawn.

The Financial Reporting System has a positive effect on the financial performance of BUMK at BUMK Labanan Makmur in Berau Regency. This can be seen from the significance value of 0.000 which is smaller than 0.05 and the calculated t value ($3.434 > t_{table} (2.002)$).

Internal Control System (SPI) has a positive effect on the financial performance of BUMK at BUMK Labanan Makmur in Berau Regency. This can be seen from the significance value of 0.002 which is smaller than 0.05 and the calculated t value ($3.464 > t_{table} (2.002)$).

Understanding of accounting systems has a positive effect on the financial performance of BUMK at BUMK Labanan Makmur in Berau Regency. This can be seen from the significance value of 0.001 which is smaller than 0.05 and the calculated t value ($4.113 > t_{table} (2.002)$).

Suggestion

Further researchers are advised to expand the research sample so that the research results obtained are better and more representative.

Further researchers can re-examine the Understanding of Accounting Systems, Financial Reporting Systems, and Internal Control Systems (SPI) by further exploring other indicators to measure each variable..

Improving Understanding and Financial Reporting Systems has a positive impact that can be developed with the Internal Control System (SPI) on the financial performance of BUMK at BUMK Labanan Makmur in Berau Regency.

Further researchers can add or explore other variables to measure BUMK Financial Performance.

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