

# The Effect of Implementation of ISAK 35, Internal Control System, Medical Infrastructure and Competency of Structural Officers on the Quality of Financial Reports in General Hospital in Deli Serdang Regency with Organizational Commitment as Moderator

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## ABSTRACT

The purpose of this study was to determine and analyze the effect of the implementation of ISAK 35, internal control system, medical infrastructure and competence of structural officials on the quality of the financial statements of the General Hospital in Deli Serdang Regency. In addition, this study also aims to determine whether organizational commitment can be used as a moderating variable in this research model.

This research is a type of causal associative research. The samples of this study were respondents from 26 General Hospitals in Deli Serdang Regency. Data collection techniques carried out in this study used documentation and observation techniques. Meanwhile, the analytical technique used in this study uses structural equation analysis (SEM).

The results obtained in this study indicate that the implementation of ISAK 35, the internal control system and the competence of structural officers have a positive and significant influence on the quality of the financial statements of the General Hospital in Deli Serdang Regency. Meanwhile, medical infrastructure does not affect the quality of financial reports. The other results of this study indicate that organizational commitment can moderate the influence of the internal control system and the competence of structural officials on the quality of the financial statements of the General Hospital in Deli Serdang Regency.

**Keywords:** ISAK 35 implementation, internal control system, medical infrastructure, structural officer competence, organizational commitment and quality of financial reports.

## INTRODUCTION

Public sector accounting is experiencing rapid development (Kaveh, 2020). Currently, there is greater attention to accounting practices carried out by institutions such as the Government, State/Regional Owned Companies, and various other public organizations such as Foundations, Hospitals, Health Centers, and others compared to previous times.

Organizations or foundations in the form of hospitals generally can use ISAK 35 as a standard for presenting their financial statements. Permenkes No. 3 of 2020 states that a hospital is a health service institution that provides complete individual health and inpatient, outpatient, and emergency services. Hospitals have many goals, one of which is to provide good health services to improve the welfare of the general public (Saputri, 2020). So far, some people do not know that hospitals have financial statements. The hospital's financial report aims to provide an overview of information

about the financial position and financial performance that can be used as a guide in making business decisions (Gulati et al., 2016). Financial statements are reports of financial and investment activities from time to time and a summary of operational activities.

The phenomenon regarding the quality of financial reports at the General Hospital in Deli Serdang Regency, which is seen based on the results of the research pre-survey, shows that there are still some weaknesses in the presentation of the Financial Statements of the General Hospital in Deli Serdang Regency. These include weaknesses regarding cash management, errors in recording (coding of accounts), the acquisition value of fixed assets for equipment and machinery that are not following applicable regulations, and errors in recording accounts in inconsistent financial statements.

This situation shows that the financial reports at the General Hospital in Deli Serdang Regency still do not meet the quality of good financial reports. So the hospital must implement the right quality improvement strategy so that the hospital's financial performance is also improving (Chakraborty, 2020). For this reason, it is necessary to know more about what factors can affect the quality of financial reports at the General Hospital in Deli Serdang Regency. One of the factors that are thought to affect the quality of hospital financial statements is the implementation of the applicable accounting standards, namely ISAK 35. This standard published by DSAK IAI is an interpretation of PSAK 1 regarding the presentation of financial statements paragraph 05, which provides an example of how non-profit oriented entities make the fine adjustment; adjusting the description used for specific items in the financial statements and adjusting the description used for the financial statements themselves. The next factor that is thought to be able to influence the quality of financial reports is the internal control system. The internal control system is an integral process of

continuous actions and activities by the leadership and all employees to provide adequate confidence in achieving organizational goals through four pillars. They are effective and efficient in achieving goals, Reliability of financial reporting, safeguarding state assets and compliance with laws and regulations (PP No. 60 of 2008). The internal control system is carried out on the organization's operational processes, which aims to increase the organization's effectiveness (Jatmiko et al., 2019). Furthermore, medical infrastructure is thought to affect the quality of the hospital's financial statements. Infrastructure is a measure of the level of service provided by the hospital. The availability of suitable facilities and infrastructure will support the realization of the goals that have been set previously. So that without adequate infrastructure, the hospital cannot realize the activity plans that have been set. Therefore the hospital must pay attention to the need for office equipment used in operational activities to ensure the quality of financial reports can be adequately achieved. The last factor that is thought to affect the quality of financial reports is the competence of hospital structural officers. Competence is the ability to carry out / perform a given job based on consideration of skills and knowledge and is supported by the work attitude required of a job. Structural officials have to be able to manage the hospital well. As is known today, competition between hospitals requires all available resources in hospitals to improve their competence, including structural officials in hospitals. Because competencies that are continuously improved can be used to establish a competitive advantage in hospitals (Bibir et al., 2017), for this reason, it is necessary to have sufficient competence for structural officials to carry out their duties properly and optimally. So that by having high competence, the financial reports produced by the hospital will also, of course, be of higher quality.

The moderating variable used in this research is organizational commitment.

Organizational commitment is an attitude that reflects the extent to which an individual knows and is bound to the organization where he works. This organizational commitment can grow because individuals have an emotional bond to the organization, which includes moral support, accepting the values within the organization, and an inner determination to serve the organization. Organizational commitment can also be interpreted as a mental attitude representing the desire, need and obligation to continue working in an organization.

Based on the background explanation that includes the phenomenon, the results of previous research, and the existing research gap, the research entitled "The Influence of the implementation of ISAK 35, Internal Control Systems, Medical Infrastructure and Competence of Structural Officials on the Quality of Financial Statements of General Hospitals in Deli Regency Serdang with Organizational Commitment as Moderator" becomes interesting to do.

## **LITERATURE REVIEW**

### **Financial Report Quality**

Financial statements result from identifying, measuring, and recording an entity's economic (financial) transactions that are used as information in the context of accountability for the financial management of external parties to organizations that need it (Antari et al., 2016). Financial statements can also be defined as the result of an accounting process that can be used as a tool to communicate financial data or organizational activities to interested parties that show the financial health and performance of the organization (O'Hanlon et al., 2019).

The difference that can be seen between privately managed hospitals and government-run hospitals is that in terms of financing, private hospitals must bear their operational costs, maintenance costs and development costs. Meanwhile, government hospitals will be fully covered and budgeted for in the APBN and APBD. In terms of

financial reporting, hospitals managed by private parties use PSAK as a generally accepted accounting standard or can also use SAK for Non-Profit Entities. Meanwhile, government-run hospitals are included in BLU (Public Service Agency) status that uses PSAP as a reference in preparing financial reports.

### **Implementation of ISAK 35**

In principle, the reference for preparing financial statements for all entities must choose one of the applicable financial accounting standards (SAK), namely IFRS-based SAK, SAK ETAP (Entities Without Public Accountability), or SAK EMKM (Micro, Small and Medium Entities) according to the characteristics of the entity. Non-profit entities must also choose at least one of the three SAKs. PSAK 1 or SAK ETAP is dominant in discussing how to present the financial statements of profit-oriented entities (Hadi et al., 2021). So further adjustments are needed if a non-profit entity wants to present financial statements.

The Financial Accounting Standards Board of the Indonesian Institute of Accountants does not provide a definition or criteria that distinguish between a for-profit or non-profit entity. However, an entity can assess whether an entity is non-profit or profit-oriented, regardless of the legal entity form of the entity, so that the entity can apply this interpretation (ISAK 35, 2019). ISAK 35 discusses how non-profit-oriented entities adjust the descriptions used for the items in the financial statements and the descriptions used in the financial statements. The benefit that can be obtained from the existence of this accounting standard (ISAK 35) is that the financial statements produced can provide open, honest, and comprehensive financial information to stakeholders (Fitrios et al., 2018). In addition, within the management scope, it can facilitate planning, managing, and controlling the assets, liabilities, and equity of the entity's funds.

### **Internal Control System**

Internal control is a process and procedure to ensure control objectives have been met (Christina et al., 2020). Meanwhile, the internal control system includes the organizational structure, methods and measures that are coordinated to safeguard the organization's assets, check the accuracy and Reliability of accounting data, promote efficiency and encourage compliance with management policies. The internal control system is a process by management and other entities designed to provide reasonable assurance about financial reporting reliability, effectiveness and efficiency of operations and compliance with applicable laws and regulations (Mirosea, 2021). Of course, in achieving the usefulness and objectives of internal control above, it is necessary to have a correct accounting information system. It can assist the company's assets by utilizing good asset recording. If the internal control structure of a company is weak, errors, inaccuracies, and losses will be large enough for the company (Fatimah et al., 2019).

### **Medical Infrastructure**

Infrastructure is a tool to support the success of a process of efforts to achieve the vision and mission (Chandrashekar et al., 2020). If facilities and infrastructure are unavailable, then all activities carried out will not achieve the expected results and quality per the plan. Walker et al., 2021). The functions of facilities and infrastructure may differ according to their scope and use. For example, facilities and infrastructure in nursing service, emergency, and financial work units will vary but have the same goal: to achieve the expected results per a predetermined plan.

The availability of suitable facilities and infrastructure will support realizing the previously set goals (Karlton et al., 2020). Examples of facilities and infrastructure in hospitals include medical equipment, machines, laboratories, service rooms (ER room, inpatient room, poly room,

registration room, and operating room), electrical installations, water installations, installations of air conditioning, means of evacuation in the event of an emergency and others. Complete facilities and infrastructure availability will help hospitals carry out optimal services.

### **Structural Officer Competence**

Competence is the ability to do a job or task well based on knowledge and skills and with the appropriate attitude. Competence can also be defined as skills or knowledge characterized by professionalism in a particular field (Idward et al., 2020). Competence is a skill, skill, or ability. The basic word is competent, which means capable, capable, and skilled. Competence refers to a person's attributes/characteristics that make him successful in his work (Susilo, 2016).

Management is a collection of various processes, which are essential managerial functions. Structural officials in the hospital (management) should understand that these processes are related. Structural officials must carry out the management process to manage the organization well (Afnany et al., 2018). For this reason, structural officials must have sufficient competence to carry out their duties properly. Competence is a collection of knowledge, skills, behaviours and attitudes needed by structural officials to carry out various managerial activities effectively in their organizations (Cooper et al., 2017).

### **Organizational Commitment**

Organizational commitment is a condition where an employee sided with a particular organization and the goals and desires to maintain membership in the organization (Nurlinda et al., 2019). Organizational commitment can interpret as an attitude that reflects the extent to which an individual recognizes and is bound to his organization (Gholami, 2019). An individual with a high commitment is likely to see himself as a true member of the organization (Tambunan, 2019).



Organizational commitment is a condition where employees are very interested in the organization's values and goals. Furthermore, organizational commitment means more than just formal membership because it includes an attitude of liking the organization and a willingness to put forth a high level of effort for the organization's benefit to achieve goals (Gultom, 2019). The impact of organizational commitment in terms of the organization's point of view will show that employees who have low commitment will have an impact on high absenteeism, increased work slack and less intensity to survive as employees in the organization, low quality, and lack of loyalty to the organization. Viewed from the point of view of individual employees, employees with high commitment will have an impact on increasing the employee's career.

### Framework

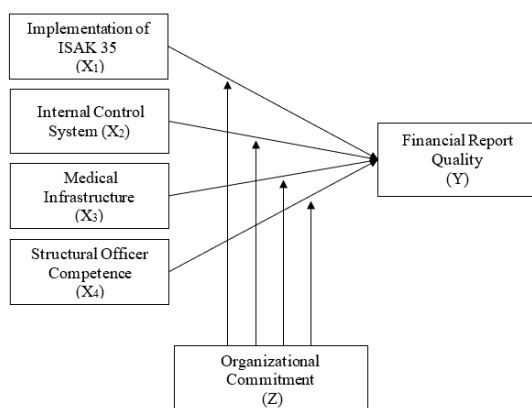


Figure 1. Framework

H1: Implementation of ISAK 35 has a positive effect on Financial Report Quality

H2: Internal Control System has a positive effect on Financial Report Quality

H3: Medical Infrastructure has a positive effect on Financial Report Quality

H4: Structural Officer Competence has a positive effect on Financial Report Quality

H5: Organizational Commitment can moderate the effect of the Implementation of ISAK 35 on Financial Report Quality

H6: Organizational Commitment can moderate the effect of Internal Control System on Financial Report Quality

H7: Organizational Commitment can moderate the effect of Medical Infrastructure on Financial Report Quality

H8: Organizational Commitment can moderate the effect of Structural Officer Competence on Financial Report Quality

## MATERIALS & METHODS

The research design in this study is causal associative, namely research that aims to determine the causal relationship between various variables (Sugiyono, 2016). This study uses independent variables, namely the Implementation of ISAK 35 (X1), Internal Control System (X2), Medical Infrastructure (X3), and Structural Officer Competence (X4). The Financial Report Quality is the dependent variable (Y) and a moderating variable, Organizational Commitment (Z).

The population is the totality of a certain characteristic determined by the author to be studied and concluded (Sugiyono, 2016). The population in this study were all employees who worked at the General Hospital in Deli Serdang Regency.

Sampling in this study was carried out using the quota technique. Namely, the determination of the sample is done by determining a certain quota to be achieved in the sample of determination. In this study, five samples were taken from each General Hospital in Deli Serdang Regency. Namely Hospital Leader, Treasurer, Head of Accounting (Finance), and 2 Accounting Staff (Finance) from each hospital. So based on the quota, the total number of samples (observations) in this study was  $26 \times 5 = 130$  samples.

## RESULT

### A. Analysis of Outer Model

The outer model analysis in this study aims to define how each indicator relates to its latent variable. The tests carried out on the outer model include:

### 1. Convergent Validity Test

The following is an image of the calculation results of the SEM model using SmartPLS, which shows the loading factor value of the indicator on each variable.

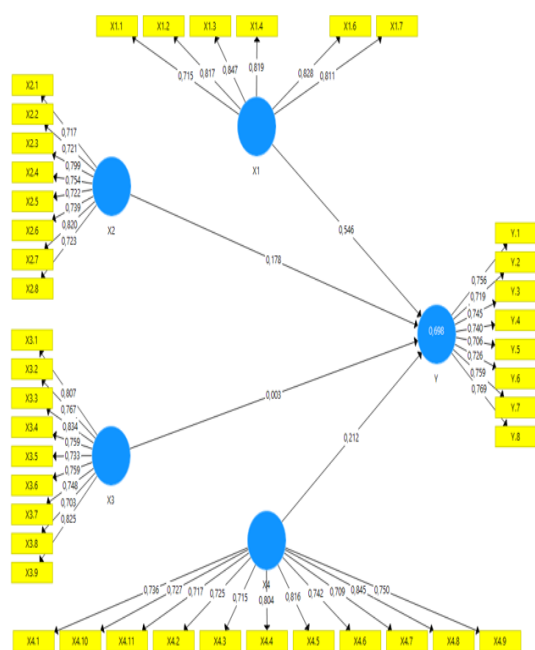


Figure 2. Research Model After Modification

The data processing results with SmartPLS shown in Figure 2 above show that all indicators of all research variables have a loading value greater than 0.7. It shows that after being modified by removing indicators that do not have sufficient validity, the research model has shown good results, so it has met convergent validity so that the test can be continued by testing the discriminant validity.

Discriminant Validity can also be known through other methods, namely by looking at the AVE value.

Table 1. Average Variance Extracted Results

No.	Variable	AVE
1	Implementasi ISAK 35	0,652
2	Internal Control System	0,563
3	Medical Infrastructure	0,595
4	Structural Officer Competence	0,569
5	Financial Report Quality	0,548

Source: Data processing with SmartPLS (2022)

Based on the data presented in the table above, it is known that the AVE value for each variable of ISAK 35 implementation,

internal control system, medical infrastructure, structural officer competence and quality of RSU financial reports is greater than 0.5. So it can be concluded that each variable in this research model has good discriminant validity.

### 2. Composite Reliability Test

Composite Reliability is an index that shows the extent to which a measuring instrument can be trusted to be reliable. Data that has composite Reliability > 0.7 has high Reliability. Composite Reliability indicator blocks that measure a construct can be evaluated with internal consistency and the value of Cronbach's Alpha (Husein, 2015).

Table 2. Composite Reliability Results

No.	Variable	Composite Reliability
1	Implementation of ISAK 35	0,918
2	Internal Control System	0,911
3	Medical Infrastructure	0,930
4	Structural Officer Competence	0,935
5	Financial Report Quality	0,907

Source: Data processing with SmartPLS (2022)

Based on the data in Table 2 above, it can be seen that the composite reliability value of all research variables is > 0.7. These results indicate that each variable has met composite Reliability, so it can be concluded that all variables have a high level of Reliability.

Table 3. Cronbach's Alpha Results

No.	Variable	Cronbach's Alpha
1	Implementation of ISAK 35	0,892
2	Internal Control System	0,889
3	Medical Infrastructure	0,917
4	Structural Officer Competence	0,924
5	Financial Report Quality	0,882

Source: Data processing with SmartPLS (2022)

A variable can be declared reliable if it has Cronbach's alpha value > 0.7. Based on the presentation of the data in the table above, it can be seen that Cronbach's alpha value of each research variable is > 0.7. So these results can indicate that each research variable has a high level of Reliability.

### B. Inner Model Analysis

Structural Equation Modeling has two models: the measurement model (outer model) and the structural model (inner

model). The analysis of the inner model in this study was carried out by testing the path coefficient, R-square and hypothesis testing. The further explanation of the test results in this study is as follows.

### 1. Path Coefficient Test

Path coefficient evaluation is used to show how strong the effect or influence of the independent variable is on the dependent variable. While the coefficient determination (R-Square) measures how much other variables influence the endogenous variables.

**Table 4. Path Coefficient Results**

No.	Variable	Coefficient
1	Implementation of ISAK 35	0,546
2	Internal Control System	0,178
3	Medical Infrastructure	0,003
4	Structural Officer Competence	0,212

Source: Data processing with SmartPLS (2022)

Based on the results of the tests carried out, it can be explained that the most significant path coefficient value is indicated by the effect of the Implementation of ISAK 35 on the Financial Report Quality of RSU, which is 0.546 (54.6%). Then the second biggest influence is the influence of Structural Officer Competence on Financial Report Quality, which is 0.212 (21.2%). The subsequent most significant influence is the Internal Control System on Financial Report Quality, which is 0.178 (17.8%). Furthermore, the lowest effect is shown by the influence of Medical Infrastructure on Financial Report Quality, which is 0.003 (0.3%).

The description of these results shows that the Implementation of ISAK 35, the internal control system, medical infrastructure and the competence of structural officials have a path coefficient with a positive number (value). It shows that the greater the path coefficient value on one independent variable on the dependent variable, the stronger the influence between the independent variables on the dependent variable. Meanwhile, if the path coefficient value is negative, it shows the opposite.

### 2. R-Square Test

The R-Square result of 0.67 and above for endogenous latent variables in the structural model indicates that the effect of exogenous variables on endogenous variables is included in the excellent category. Meanwhile, if the result is 0.33-0.67, it is included in the medium category, and if the result is 0.19-0.33, it is included in the weak category (Ghozali, 2015). Based on the data processing that has been done, the R-Square value is obtained as follows:

**Table 5. R-Square Results**

Variable	R Square	R Square Adjusted
Financial Report Quality	0,698	0,688

Source: Data processing with SmartPLS (2022)

The presentation of the data is in Table 5. above shows that the R-Square value obtained in this research model is 0.698. Obtaining this value explains that the percentage of the quality of RSU's financial statements can be explained by the independent variable, which is 0.698 (69.8%). Meanwhile, another 30.2% were explained or influenced by other variables not used in this study. The R-Square value obtained in this study of 0.698 is included in the high category (Ghozali, 2015).

### 3. Hypothesis Test

Based on the data processing results that have been done, the results can be used to answer the hypothesis in this study. Hypothesis testing in this study was conducted by looking at the P-Values of each independent variable on the dependent variable. The research hypothesis can be declared accepted if the P-Values <0.05. The following are the results of the hypothesis testing obtained in this study.

**Table 6. Hypothesis Testing Results**

Hypothesis	Path	P-Value	Results
1	Implementation of ISAK 35 → Financial Report Quality	0,000	H <sub>a</sub> accepted
2	Internal Control System → Financial Report Quality	0,043	H <sub>a</sub> accepted
3	Medical Infrastructure → Financial Report Quality	0,963	H <sub>a</sub> rejected
4	Structural Officer Competence → Financial Report Quality	0,000	H <sub>a</sub> accepted

Source: Data processing with SmartPLS (2022)

Based on the presentation of the data in the table above, it can be concluded that Health Facilities (X3) have no significant effect on the Quality of Financial Reports. Thus the hypothesis related to this variable is rejected because the effect shown by the Health Facility (X3) has a P-Values > 0.05, which is 0.963. The implementation of ISAK 35 (X1) has a P-Value of 0.000 <0.05, which means that the application of ISAK 35 significantly affects the Quality of Financial Statements. The Internal Control System variable (X2) has a P-Value of 0.043 <0.05, which means that the Internal Control System significantly affects the Quality of Financial Statements.

Medical Infrastructure (X3) has a P-Value of 0.963 > 0.05, which means that Medical Infrastructure has no significant effect on Financial Report Quality. Structural Officer Competence (X4) has a P-Value of 0.000 < 0.05, which means that Structural Officer Competence also significantly influences Financial Report Quality.

#### 4. Moderating Test (Interaction Test)

The moderating variable used in this study is organizational commitment. In seeing whether Organizational Commitment can be used as a moderating variable in this research model, it can be seen based on its interaction with the research model, the results of which are presented in the following table.

Table 7. Moderating Test Results

Hypothesis	Path	P-Value	Results
5	X1*Z → Financial Report Quality	0,080	H <sub>a</sub> rejected
6	X2*Z → Financial Report Quality	0,040	H <sub>a</sub> accepted
7	X3*Z → Financial Report Quality	0,579	H <sub>a</sub> rejected
8	X4*Z → Financial Report Quality	0,023	H <sub>a</sub> accepted

Source: Data processing with SmartPLS (2022)

Based on the presentation of the data in Table 7. above, it can be seen that of the 4 (four) hypotheses proposed related to the moderating variable, only two hypotheses were accepted. X1\*Z, the interaction between organizational commitment and the

implementation of ISAK 35, has a P-Value value of 0.080, which is greater than 0.05. So it can be concluded that organizational commitment cannot moderate the effect of the Implementation of ISAK 35 (X1) on the quality of RSU's financial reports. So with these results, organizational commitment is said to be a moderating predictor variable, namely a variable that affects the quality of RSU's financial reports but cannot moderate the effect of Implementation of ISAK 35 on the quality of RSU's financial reports.

X2\*Z, the interaction between organizational commitment and internal control system, has a P-Value value of 0.040, which is smaller than 0.05. So it can be concluded that organizational commitment can moderate the effect of the internal control system (X2) on the quality of RSU's financial reports. So with these results, organizational commitment is said to be a quasi-moderating variable, namely a variable that affects the quality of RSU's financial reports and can moderate the influence of the internal control system on the quality of RSU's financial reports.

X3\*Z, the interaction between organizational commitment and medical infrastructure, has a P-Value of 0.579, which is greater than 0.05. So it can be concluded that organizational commitment cannot moderate the effect of medical infrastructure (X3) on the quality of RSU's financial reports. So with this result, organizational commitment is said to be a moderating predictor variable, namely a variable that affects the quality of RSU's financial reports but cannot moderate the effect of medical infrastructure on the quality of RSU's financial reports.

X4\*Z, an interaction between organizational commitment and structural officer competence, has a P-Value value of 0.023, which is smaller than 0.05. So it can be concluded that organizational commitment can moderate the effect of structural officer competence (X4) on the quality of RSU financial reports. So with these results, organizational commitment is said to be a quasi-moderating variable, namely a



variable that affects the quality of RSU's financial statements and can moderate the influence of structural officer competence on the quality of RSU's financial reports.

## **CONCLUSION**

The results of this study provide several conclusions that can be drawn based on the discussion of the problems that have been carried out. The following are the conclusions that the author has summarized in this study:

1. Implementation of ISAK 35 has a positive and significant impact on the Financial Report Quality of General Hospitals in Deli Serdang Regency.
2. The Internal Control System positively and significantly influences the Financial Report Quality of the General Hospital in Deli Serdang Regency.
3. Medical Infrastructure does not have a significant effect on the Financial Report Quality of General Hospitals in Deli Serdang Regency
4. Structural Officer Competence positively and significantly influences the Financial Report Quality of General Hospitals in Deli Serdang Regency.
5. Organizational Commitment was unable to moderate the effect of the Implementation of ISAK 35 on the Financial Report Quality of General Hospitals in Deli Serdang Regency.
6. Organizational Commitment can moderate the influence of the Internal Control System on the Financial Report Quality of General Hospitals in Deli Serdang Regency.
7. Organizational Commitment cannot moderate the influence of Medical Infrastructure on the Financial Report Quality of General Hospitals in Deli Serdang Regency.
8. Organizational Commitment can moderate the influence of Structural Officer Competence on the Financial Report Quality of General Hospitals in Deli Serdang Regency.

## **RESEARCH LIMITATIONS**

The current research has limitations that can be used as a material consideration for future research to obtain better results from this study. Here are the limitations of this research :

1. This study was only conducted at the General Hospital (RSU) located in Deli Serdang Regency, so the study results cannot be generalized to all other research objects that are different from the objects discussed in this study.
2. The R-Square value obtained in this study is 0.698. The independent variables can explain the quality of the RSU's financial reports, namely the Implementation of ISAK 35, internal control systems, medical infrastructure, and structural officials' competence is 0.698 (69.8%). Meanwhile, another 30.2% were explained or influenced by other variables not used in this study.
3. This study uses primary data, which is analyzed from filling out questionnaires by respondents so that the answer given by the respondent is a perception.

## **SUGGESTION**

Based on the conclusions of this study, several suggestions can be made as follows:

1. Based on the results of the study, it can be seen that the factor that has the most significant influence on the quality of the financial statements of the General Hospital in Deli Serdang Regency is the Implementation of ISAK 35, then the competence of structural officials and finally the internal control system. Meanwhile, on the other hand, medical infrastructure is proven not to affect the quality of the financial reports of the General Hospital in Deli Serdang Regency. For this reason, to improve the quality of financial reports, General Hospitals in Deli Serdang Regency can focus on improving the Implementation of ISAK 35. These include: compiling

hospital financial report components following ISAK 35, using accounts that have been adjusted to ISAK 35, preparing reports on changes in net assets and preparing notes to financial statements that are adequate under ISAK 35. In addition, to improve the quality of financial reports, the General Hospital can improve the competence of its structural officers, such as: always prioritizing ethics and code of ethics, thinking innovatively and having careful work planning. In addition, the General Hospital in Deli Serdang Regency is also expected to continue to pay attention to the existing control system because the financial reports will be of higher quality with the higher control system applied.

2. It is hoped that further researchers will research what factors can affect the quality of the financial statements of General Hospitals in Deli Serdang Regency and General Hospitals in other areas. These follow-up studies will give us a view and an overview of what factors can affect the quality of financial reports, especially in General Hospitals, where current research on this topic has not been done much. Further research can use several other variables not used in this study, such as environmental uncertainty, regulations, transparency, accountability, professionalism, etc.

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