

Abstract

Indonesian Republic Government Regulation No 60/2008 has required local government to manage and save their recourses. It is important to save public accountability and transparency. So government financial statement will become more qualified. This research purpose is to investigate the role of internal control system in improvement of quality of financial reporting in central java province.

The population in this research is all of local government in central java, Indonesia. It is consist of 6 city governments and 29 districts. So the number of population is 35. Purposive sampling is used to collect samples by some criteria's: first, local government have reported their financial statement every years start from 2008 until 2013. Second, they have to implement accrual basic on the financial reporting in 2011.

Based on the result of regression analysis, we got t-statistic about 3,076. This value was more than t-table about 1,96. So we can suggest that the hypothesis is accepted. It means that internal control system have positive significantly on quality of financial reporting in central java province. Thus local government has to always improve their internal control system. This research support the research which conducted by Badara&Saidin (2013) and Adward (2011).

Keyword: *Internal Control System, Financial Reporting, Public Sector Accounting, Government Accounting Standard*