

The influence of Implementation of Accrual Based Government Accounting Standards and Regional Financial Accounting System to the Quality of Financial Statements (Case Study In Bandung Regional Financial and Asset Management Agency)

Fitri Sukmawati
Sevira Putri Aulia
Ravel Almay H
Yoga Adi Saputra,
Muhammad Ilham Firdaus
Sopian Rahman

DOI: <https://doi.org/10.37178/ca-c.23.1.353>

Fitri Sukmawati, Universitas Widyatama
Email: fitri.sukmawati@widyatama.ac.id

Sevira Putri Aulia, Universitas Widyatama

Ravel Almay H, Universitas Widyatama

Yoga Adi Saputra, Universitas Widyatama

Muhammad Ilham Firdaus, Universitas Widyatama

Sopian Rahman, Universitas Widyatama

ABSTRACT

This study aims to determine how the influence of partial and simultaneous Application of Accounting Standards Based on Accrual Government and Regional Financial Accounting System to the Financial Reports Quality at the Regional Assets and Financial Management Agency of Bandung. The method used in this research is explanatory method. Population in this research is all employee BPKAD Bandung. Sampling technique used in this research is non probability sampling technique with purposive sampling technique, so the number of samples in this study amounted to 30 respondents. While the method of analysis used in this study is multiple linear regression analysis at the level of significance of 5%. The program used in analyzing data using Statistical Package for Social Sciences (SPSS) Ver.20.00. Based on the results of partial and simultaneous research shows that the Application of Accounting Standards Based on Accrual Government and Regional Financial Accounting System affect the Quality of Financial Statements On Financial Management Agency and Regional Assets. The amount of Influence of Implementation of Accrual Based Government Accounting Standards and Regional Financial Accounting System to the Quality of Financial Statements is 47,1%.

Keywords: Accrual-based Government Accounting Standards, Regional Financial Accounting System and Financial Reports Quality

INTRODUCTION

The Audit Results Report released by BPK RI on the 2016, Government Financial Statements of Bandung shows the same results as in 2015, even according to the data that has been obtained, since 2012 shows that the Bandung City Government Financial Statements received a Fair Opinion. Exception.

The results of the audit by the BPK published through the BPK RI Audit Result Report on the Bandung City Government Financial Statements are shown through:

List of BPK Opinions on Bandung City LKPD

No. Year of CPC Opinion

1. 2012 Fair With Exceptions (WDP)
2. 2013 Fair With Exceptions (WDP)
3. 2014 Fair With Exceptions (WDP)
4. 2015 Fair With Exceptions (WDP)
5. 2016 Fair With Control (WDP)

Year 2012-2016

Source: www.bpk.go.id.

During last year's inspection, BPK determined that there were a number of assets worth Rp. 11 trillion that had to be re-recorded and judged to be not up to standard. In just a year, the city government has completed about 85 percent or approximately Rp 9 trillion, while the remaining Rp 2.5 trillion has not been completed. Then there are other assets where it is not clear that adequate information is found regarding the existence of these assets. Regarding assets, there is a comprehensive inventory of assets, improvements to the system and recording of reports. Bandung Mayor Ridwan Kamil admits that apart from asset issues, the tax receivables factor is also still a burden for the city government. Mainly because there are several government land tenants and tax arrears who have not completed their obligations, so they are registered with the City Government but are not recognized by the BPK because they are not believed to exist [1, 2].

This research has the purpose and objective to discover the effect of applying government accounting standards (SAP) with accrual-based and regional financial accounting systems (SAKD) to the quality of regional government financial statements.

LITERATURE RESEARCH

Government Accounting Standards

[3] stated that Government Accounting Standards are guidelines or principles that regulate accounting treatment in the preparation of financial statements for reporting purposes to users of financial statements, while according to PP. 71 of 2010 is meant by Government Accounting Standards, namely accounting principles applied in preparing and presenting financial statements, so in other words Government Accounting Standards is a requirement that has legal force in an effort to improve the quality of financial reports.

Accounting Systems

Refers to [4, 5], "The accounting system is the organization of forms, records, and reports that are coordinated in such a way as to provide the financial information needed by management to facilitate the company management".

In accordance with [6, 7]:

"The accounting system is an accounting data processing system which is a

coordination of humans, tools and methods that interact harmoniously in a structured organization to produce structured financial accounting information and management accounting information."

Regional Government Accounting System

Definition of Government Accounting System contained in Government Regulation no. 71 of 2010 is a systematic series of procedures, operators, equipment, and other components to create the accounting function from transaction analysis to financial reporting inside government associations.

Meanwhile, in the Minister of Home Affairs Regulation No. 59 of 2007 article 232 juncto, the regional financial accounting system is defined as:

"A series of procedures starting from the process of collecting data, recording, summarizing, to financial reporting in the context of accountability for the implementation of the APBD which can be done manually or using a computer application."

FRAMEWORK FOR THINKING

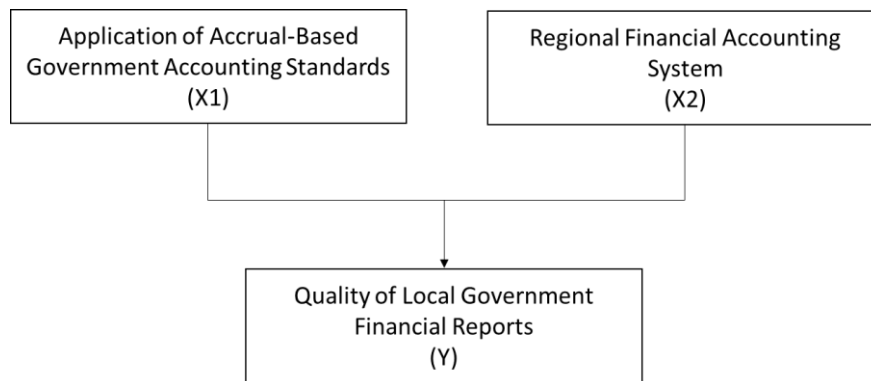
Regional Financial Accounting System Implementation Effect on the Financial Statements Quality

The regional financial accounting system is a procedure from the initial stage of data collection to the financial reporting of accountability for the implementation of the APBD [8]. If the accounting system is not understood, it will hinder the preparation of financial statements. The regional financial accounting system is a set of procedures for preparing financial reports. The data contained in the financial statements are used by certain parties in making decisions. In the application of the regional financial accounting system, financial accounting policies are applied [9-13].

The Effect of Accrual-Based Government Accounting Standards and Regional Financial Accounting Systems on the Financial Statements Quality

Government Regulation Number 71 of 2010 concerning Government Accounting Standards states that financial statements are structured reports regarding the financial position and transactions carried out by a reporting entity. The general objective of financial statements is to provide information about the financial position, budget realization, cash flows, and financial performance of a reporting entity that is useful for users in making and evaluating decisions regarding the allocation of resources. [14, 15].

So the application of government accounting standards is one of the factors that can improve the quality of regional financial reports. In addition, they must also understand the regional financial accounting system in the preparation of financial statements. With the application of good government accounting standards and supported by an understanding of the regional financial accounting system, it will be able to improve the quality of regional financial reports, in this case the financial reports have met the financial statements qualitative characteristics namely relevant, reliable, understandable, and comparable. The results of previous research by Wati [16] stated that the application of government accounting standards and regional financial accounting systems simultaneously has a significant effect on the quality of regional financial reports [17-21].



Gambar 1 Framework of Thinking

H₁ : Applying government accounting standard accrual-based and Regional financial accounting systems affect the quality of financial statements.

RESEARCH METHOD

Object Research

The research object chosen by the author is the Application of Accrual-Based Government Accounting Standards (SAP), Regional Financial Accounting Systems (SAKD) and the Quality of Local Government Financial Reports.

The research variables consist of independent variables and dependent variables, the following are the explanations:

Independent Variable (X)

In Indonesian, this variable is often called the independent variable. According to [22] independent variables are variables that affect or are the cause of changes or the emergence of the dependent variable (bound). The independent variables of this study are:

- a. Accrual-Based Government Accounting Standards (X1)
- b. Regional Financial Accounting System (X2)

Dependent Variable (Y)

The dependent variable according to [22] is a variable that is influenced or is the result of an independent variable. The dependent variable or the dependent variable in this study is the Quality of Local Government Financial Reports (Y).

Source of data used in this study is based on the questionnaires results that have been answered by respondents, respondents in this study were all staff or employees working at the Regional Financial and Asset Management Agency of Bandung City. Questionnaires were processed using MS Windows 2013 and SPSS for window version 20. Perform analysis based on the results of data processing and hypothesis testing to test data that is ready to be processed to get conclusions using MS Windows 2013 and SPSS for windows versions of Data Processing Techniques and data analysis methods using multiple linear regression analysis methods[23].

$$Y = a + b_1X_1 + b_2X_2 + e$$

Information:

Y = Local Government Financial Reports Quality

A = Constant

b₁ = Government Accounting Standard Regression Coefficient

Accrual-Based

- b2 = Regional Financial Accounting System Regression Coefficient
- X1 = Accrual-Based Government Accounting Standards
- X2 = Regional Financial Accounting System
- e = Error (error) / level of nuisance information

RESULTS AND DISCUSSION

Multiple Linier Regression Analysis

Regression analysis is used to predict or estimate the value of one variable in relation to other variables that are known through the regression line equation. According to [24] multiple regression analysis is a statistical technique to measure the variance in the dependent variable with independent variable regression against it. By using the SPSS for windows version 20.0 program, multiple linear regression estimation gives the following results:

Table 1

Multiple Linier Regression Analysis Test Result

Model	Unstandardized Coefficients		standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	,578	,478		1,210	,237
SAP Accrual-Based	,372	,165	,349	2,246	,033
SAKD	,460	,156	,459	2,957	,006

Source: Output SPSS

Dependent Variable: Financial Statements Quality

Based on the results of the research, the regression model formed is

$$Y = 0,578 + 0,372 X_1 + 0,460 X_2 + e$$

The explanation of the regression model is as follows:

- a. The constant of 0.578 states that if the Application of Accrual-Based Government Accounting Standards and Regional Financial Accounting Systems = 0 (equal to Zero) and there is no change, then the Financial Statements Quality (Y) is 0.578.
- b. Implementation of Accrual-Based Government Accounting Standards (Variable X1) is a positive value of 0.372. This means that an increase in the application of government accounting standards with accrual-based by 1 unit will increase the financial statements quality by 0.372.
- c. Regional Financial Accounting System (Variable X2) is a positive value of 0.460. This implies that an increment in the Regional Financial Accounting System variable by 1 unit will build the Financial Reports Quality by 0.460.

Coefficient of Determination Analysis (R2)

Analysis of the coefficient of determination is a value that shows the contribution of the influence given by the application of Government Accounting Standards and Regional Financial Accounting Systems to the quality of financial reports expressed in percentages (%). By using the SPSS for Windows Version 20.0 program, the following test results were obtained.

Table 2

Simultaneously Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,686a	,471	,432	,419

Source: Output SPSS

The table above shows that the coefficient of determination or R Square is 0.471, it means that the variable Application of Government Accounting Standards (X1) and Regional Financial Accounting Systems (X2) has an effect of 47.1% on the Quality of Financial Statements. While the remaining 52.9% is the effect of other variables that are not examined.

Table 3

Partial Coefficient of Determination Coefficient^a

Model		Standardized Coefficient Beta	Correlation Zero-order
1	(Constant)		
	SAP Accrual-Based	,349	,547
	SAKD	,459	,610

Based on the partial results of the coefficient of determination in the table above,
 Then the following calculations can be performed:
 Yield of X1 on Y = 0.349 x 0.547 = 0.191 or 19.1%
 Yield of X2 on Y = 0.459 x 0.610 = 0.279 or 27.9%

DISCUSSION

The Effect of Accrual-Based Government Accounting Standards on the Quality of Financial Statements

Based on the results of research on the application of accrual-based government accounting standards affect the quality of financial statements partially. Because the significance value of the accrual-based government accounting standard application variable is 0.033 <0.05.

The results of this study are in accordance with research conducted by [16] which states that there is an effect of applying accrual-based government accounting standards to the quality of financial reports. The better government accounting standards are applied, the quality of financial reports will increase.

The Effect of Regional Financial Accounting System on the Quality of Financial Reports

Based on the results of research on the regional financial accounting system, it shows that the regional financial accounting system partially affects the quality of financial reports. Because the significance value of the regional financial accounting system variable is 0.006 <0.05.

The results of this study are in accordance with research conducted by [14] which said that in addition to applying government accounting standards, regional financial accounting systems must also be applied to produce quality financial reports. A comprehensive of the Regional Financial Accounting System is very necessary for the preparation of financial statements so that the financial statements produced are per the qualitative characteristics of the financial statements and do not contain material misstatements. So with the implementation of the regional financial accounting system, it will be able to improve the quality of regional financial reports.

The Effect of Accrual-Based Government Accounting Standards and Regional Financial Accounting Systems on the Quality of Financial Reports

Based on the results of the study, it shows that the application of accrual-based government accounting standards and regional financial accounting systems has a positive effect on the quality of financial reports. The results of this study are in accordance with research conducted by [14, 16] which express that the implementation of government accounting standards accrual-based is one of the factors that can improve the quality of regional financial reports. In addition, they must also understand the regional financial accounting system in order to prepare financial statements. If government accounting standards accrual-based are implemented properly and supported by an understanding of the regional financial accounting system, it will be able to improve the quality of regional financial statements. In this case the financial statements fulfill the qualitative characteristics of financial statements that are relevant, reliable, understandable, and comparable.

CONCLUSIONS AND SUGGESTIONS

Conclusions

The results show that the application of accrual-based government accounting standards and regional financial accounting systems has an effect, it means that the application of accrual-based government accounting standards in the preparation and presentation of financial statements according to PSAP and supported by a good regional financial system accounting system will provide and fulfill financial reporting quality standards.

Suggestions

1. The government is advised to provide training to every employee of government agencies regarding the application of accrual-based government accounting standards and regional financial accounting systems such as accounting records and reporting periods.
2. It is hoped that further research can be carried out using other elements such as internal control systems, accounting information systems, and other elements that may affect the quality of financial statement

REFERENCES

1. Dev, S.M., *Financial inclusion: Issues and challenges*. Economic and political weekly, 2006: p. 4310-4313.
2. Al-Marib, M.M., *SOME COMMON PSYCHOSOMATIC DISORDERS AMONG WOMEN EXPOSED TO DOMESTIC VIOLENCE IN THE SAUDI SOCIETY IN LIGHT OF SOME DEMOGRAPHIC VARIABLES*. PalArch's Journal of Archaeology of Egypt/Egyptology, 2021. **18**(18): p. 225-255.

3. Ala, H.M., *Effect of Direct Expenditure on Education, Health, Infrastructure, and Agriculture on HDI (Case Study in District/City of NTT Province)*. Wahana: Journal of Economics, Management and Accounting, 2015. **18**(2): p. 163-174.
4. Laughlin, R.C. and E.A. Lowe, *A critical analysis of accounting thought: prognosis and prospects for understanding and changing accounting systems design*, in *Critical accounts*. 1990, Springer. p. 15-43.
5. Arefi, M.R., *STUDY OF ADDING NANOPARTICLES ON THE MECHANICAL PROPERTIES AND WATER ABSORPTION OF CEMENT MORTAR*. PalArch's Journal of Archaeology of Egypt/Egyptology, 2021. **18**(18): p. 501-509.
6. Soudani, S.N., *The usefulness of an accounting information system for effective organizational performance*. International Journal of Economics and Finance, 2012. **4**(5): p. 136-145 DOI: <https://doi.org/10.5539/ijef.v4n5p136>.
7. Astuti, N.N.S., et al., *DEVELOPMENT STRATEGY IN THE NEW NORMAL ERA: A CASE STUDY OF PINGE TOURISM VILLAGE BALI*. PalArch's Journal of Archaeology of Egypt/Egyptology, 2021. **18**(18): p. 475-500.
8. Darwanis, D., M. Saputra, and K. Kartini, *Effect of professionalism, competence, knowledge of financial management, and intensity guidance apparatus inspectorate for quality of financial statements (study on inspectorate regencies/cities in Aceh)*. BRAND. Broad Research in Accounting, Negotiation, and Distribution, 2016. **7**(1): p. 28-36.
9. Çağatay, S. and İ.H. Erten, *The relationship between ideal L2 self, achievement attributions and L2 achievement*. Eurasian Journal of Applied Linguistics, 2020. **6**(3): p. 337-359 DOI: <https://doi.org/10.32601/ejal.834642>.
10. Bashirzadeh, M., *Green synthesis of quinoxaline derivatives at room temperature in ethylene glycol with H₂SO₄/SiO₂ catalyst*. European Chemical Bulletin, 2020. **9**(1): p. 33-37 DOI: <https://doi.org/10.17628/ecb.2020.9.33-37>.
11. Malcolm, F., *The moral and evidential requirements of faith*. European Journal for Philosophy of Religion, 2020 DOI: <https://doi.org/10.24204/ejpr.v0i0.2658>.
12. Bhat, M.A., *Politics of Preventive Detention: A Case Study of Jammu and Kashmir Public Safety Act, 1978*. International Journal of Criminal Justice Sciences, 2020. **15**(1): p. 157-172.
13. Govender, R.G. and D.W. Govender, *Learning geometry online: A creative individual learning experience*. International Journal of eBusiness and eGovernment Studies, 2019. **12**(2): p. 151-165 DOI: <https://doi.org/10.34111/ijebe.202012205>.
14. Adhi, D.K. and Y. Suhardjo, *The Influence of the Implementation of Government Accounting Standards and the Quality of Local Government Apparatuses on the quality of financial reports (a case study on the Tual city government)*. JOURNAL STIE SEMARANG (ELECTRONIC EDITION), 2013. **5**(3): p. 93-111.
15. Bukhari, M.N. and K. Rashid, *IDENTIFICATION OF CAUSES OF TEACHERS' AGGRESSIVE BEHAVIOUR AT SECONDARY SCHOOL LEVEL*. PalArch's Journal of Archaeology of Egypt/Egyptology, 2021. **18**(18): p. 97-114.
16. Wati, K.D., et al., *The Influence of HR Competence, SAP Application, and Regional Financial Accounting System on the Quality of Regional Financial Reports*. JIMAT (Accounting Student Scientific Journal) Undiksha, 2014. **2**(1).
17. Malla, S. and D.G. Brewin, *An economic account of innovation policy in Canada: A comparison of canola*. AgBioforum, 2020. **22**(1).
18. Mohamad, A.A. and T. Yashiro, *A rewinding model for replicons with DNA-links*. BIOMATH, 2020. **9**(1): p. 2001047 DOI: <https://doi.org/10.11145/j.biomath.2020.01.047>.
19. Makangali, B., et al., *Religious aspects of the Syrian crisis on social media*. Central Asia and the Caucasus, 2020. **21**(1): p. 102-111 DOI: <https://doi.org/10.37178/ca-c.20.1.10>.
20. Özigci, Y.E., *Crimea as Saguntum? A Phenomenological Approach to the Ukrainian Crisis within the Framework of a Transforming Post-Bipolar Structure*. Croatian International Relations Review, 2020. **26**(86): p. 42-70 DOI: <https://doi.org/10.37173/cirr.26.86.2>.
21. Delbianco, F. and C. Dabús, *Is there Convergence in Emerging Countries? Evidence from Latin America*. Cuadernos de Economía, 2020. **43**(121): p. 79-90.
22. Aigner, D.J., *Regression with a binary independent variable subject to errors of observation*. Journal of Econometrics, 1973. **1**(1): p. 49-59 DOI: [https://doi.org/10.1016/0304-4076\(73\)90005-5](https://doi.org/10.1016/0304-4076(73)90005-5).
23. Gremikh, H.G., *ORGANIZATIONAL KNOWLEDGE AND ITS ROLE IN ENHANCING INNOVATIVE WORK AN ANALYTICAL STUDY ON THE BRANCH OF ZAIN TELECOMMUNICATIONS COMPANY IN BABYLON/IRAQ*. PalArch's Journal of Archaeology of Egypt/Egyptology, 2021. **18**(18): p. 200-224.