

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

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ABSTRACT

The aim of this research is to examine the effect of the application of government accounting standard accrual to quality of financial statement local government in the department of empowerment communities and village government at South Tapanuli Government.

The population of this research are employees in the department of empowerment communities and village government. The total number of samples of this research are 35 people, which their data collection are taken using questionnaires. This research is tested using by simple regression.

Research shows that the application of government accounting accrual standard has a positive and significant effect on the quality of local government financial statements.

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1. INTRODUCTION

Financial Report is a form of regional financial accountability and is a responsibility for public accountability and is one measure of success (Sinaga, 2005). Financial reports are basically prepared to provide information that is used for making economic, social, and political decisions as well as evidence of the accountability of local governments for local government management as well as to provide information that can be used to evaluate managerial and organizational performance in local governments.

In order to create good financial governance, the government continues to make various efforts to improve transparency and accountability of state financial management, one of which is by developing government accounting policies in the form of Government Accounting Standards (SAP) which aims to provide basic guidelines in the preparation and presentation of government financial statements. both central and local government. SAP is a requirement that has legal force in an effort to improve the quality of government financial reports in Indonesia. The government then mandates the task of preparing these standards to an independent standards committee which is determined by a presidential decree on the Government Accounting Standards Committee (KSAP).

The government, both at the central and regional levels, will soon implement accrual-based government accounting. In accounting for the private sector, the use of the accrual basis is believed to produce more relevant financial statements, compared to the use of the cash basis, the use of the

full accrual basis in government accounting standards is also expected to provide better benefits for stakeholders and users of financial statements of government agencies.

Government Accounting Standards (SAP) is a guideline in compiling and presenting financial reports in government, both central and local governments. With the existence of SAP, good governance will also be realized, which can carry out its administrative duties in accordance with the principles of good governance, including transparency, accountability, responsibility, openness, and fairness.

With the enactment of SAP, it is hoped that all accounting reports prepared by government entities and agencies in Indonesia, both central and regional, can follow the guidelines in this accounting standard so that financial reports can be of good quality because these Regional Government Financial Reports will later be used as a determining factor for financial policies. and decision-making tools by interested parties.

The Government Accounting Standards Committee (KSAP) consists of the Government Accounting Standards Committee (Consultative Committee) and the Government Accounting Standards Working Committee (Working Committee). The Consultative Committee has the task of providing consultation and opinion in the context of formulating the concept of the Draft Government Regulation on Government Accounting Standards. Meanwhile, the Working Committee is tasked with preparing, formulating, and drafting a draft Government Regulation on Government Accounting Standards. KSAP then conveys the concept of a government regulation on Government Accounting Standards to the Minister of Finance for the process of making it a government regulation.

Accrual-Based SAP is applied in the government, both in the central government and its ministries as well as in local governments (Pemda) and their services. The implementation of Accrual-Based SAP is believed to have an impact on improving the quality of financial reporting in the central and local governments. This means that government financial information will be able to become the basis for decision making in government and also the realization of transparency and accountability.

2. RESEARCH METHOD

This study uses a causal associative design. This study was conducted to determine and prove the relationship between Government Accounting Standards as an independent variable on the quality of financial statements as the dependent variable.

2.1 Place and time of research

This research starts from the writing of the proposal to the end of the thesis testing. This research was conducted at the Community Empowerment Agency and the Village Government of South Tapanuli Regency, North Sumatra Province, which is located at Jalan William Iskandar No. 5 cities of Padangsidimpuan.

2.2 Population and Research Sample

The population in this study were staff or employees of the Community Empowerment Agency and the Village Government of South Tapanuli Regency, North Sumatra Province, totaling 65 employees.

Based on the population above, the researcher only took a sample of employees who were in the financial division or field, that was because the study referred to the application of government accounting standards in preparing the financial statements of the Community Empowerment Agency and the Village Government of South Tapanuli Regency, North Sumatra Province. Employees who occupy positions in the financial sector consist of 38 employees. Researchers took 38 respondents as research samples.

2.3 Data Types and Sources

The data used in this study is primary data, namely data collected directly from the first source. Primary research data were collected through field research using a questionnaire distributed to employees at the Community Empowerment Agency and Village Government of South Tapanuli Regency, North Sumatra Province.

2.4 Method of collecting data

The method of data collection in this research is to use a questionnaire technique, which is to give a set of written statements or questions to respondents to answer. Respondents were asked to fill out a list of questions, then asked them to return them through the researcher who would directly take the filled out questionnaire. Questionnaires filled out by respondents will be selected first.

2.5 Data analysis technique

a. Descriptive Statistical Analysis

Descriptive statistical analysis includes the number, sample, minimum value, maximum value and average value (mean) of all variables.

b. Data Quality Test

Validity or validity is an index that shows the measuring instrument actually measures what is being measured. This validity concerns the accuracy of the instrument. To find out whether the prepared questionnaire is valid or valid, it is necessary to test the correlation between the score (value) of each question item and the total score of the questionnaire. Reliability is a term used to indicate the extent to which a measurement result is relatively consistent if the measurement is repeated two or more times. Reliability is an index that shows the extent to which a measuring instrument can be trusted or reliable.

c. Classical Assumption Test Analysis

The classical assumption test is carried out before carrying out the regression analysis, so that it can be estimated that it is unbiased and efficient, the classical assumption test must be met including testing: (a) normality, and (b) heteroscedasticity.

d. Simple Regression Analysis

Simple regression analysis is used to determine the direction of the relationship between the independent variable (Government Accounting Standards) and the dependent variable (Financial Report Quality) whether positive or negative and to predict the value of the dependent variable if the value of the independent variable increases or decreases.

e. Research Hypothesis Test

The analytical method used to test the hypothesis in this study is simple regression analysis. Simple regression analysis is used to determine the direction of the relationship between the independent variable (Government Accounting Standards) and the dependent variable (Financial Report Quality) whether positive or negative and to predict the value of the dependent variable if the value of the independent variable increases or decreases. Data analysis was carried out using a computer program, namely SPSS (Statistical Package for Social Science). Hypothesis testing in this study used the t test and the determinant coefficient test (R^2).

3. RESULTS AND DISCUSSIONS

This study used a sample of 38 people, where the researchers distributed 38 questionnaires to respondents at the Community Empowerment and Village Government Agency (BPMPD) of South Tapanuli Regency located on Jalan Willièm Iskandar, Padangsidempuan City. However, only 35 questionnaires were returned, or in other words 35 respondents.

Table 1. Data Collection

Description	Amount	Percentage
Questionnaire distributed	38	100%
Questionnaire that does not return	3	7.89%
Returning Questionnaire	35	92.11%
Sample questionnaire	35	92.11%

3.1 Descriptive statistical analysis

The instrument used in this study was a list of questionnaires. The total number of statements is twenty-three (23) statement items, namely eleven (10) statements for the variable Application of Accrual-Based Government Accounting Standards (X) and thirteen (13) statements for the Financial Report Quality variable (Y).

**Table 2. Frequency Distribution of Respondents' Answers
Based on 13 Questions on the Variable Quality of Financial Statements**

	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10	P11	P12	P13
ST (1)	0	0	0	0	0	0	0	0	0	0	0	0	0
TS (2)	0	0	0	0	0	0	0	0	0	0	0	0	0
KS (3)	0	0	0	0	0	0	1	5	4	3	2	1	1
S(4)	32	30	33	28	30	27	31	27	30	30	30	32	33
SS (5)	3	5	2	7	5	8	3	3	1	2	3	2	1
Total	35	35	35	35	35	35	35	35	35	35	35	35	35

Based on table 2, it can be seen that in item one statement of the questionnaire distributed and analyzed, it is known that there are 32 people (91.4%) agree that financial statement information gives users the opportunity to evaluate the achievement of targets, then 3 people (8.6%) strongly agree, there are 30 people (85.7%) agree that financial statement information helps users in predicting future financial performance, then 5 people (14.3%) strongly agree, there are 33 people (94.28%) agree that financial information presented on time as needed in making decisions, then 2 people (5.72%) strongly agree, there are 28 people (80%) agree that the financial statements in the LRA (Budget Realization Report) are presented in full, then 7 people (20%) strongly agree, there are 30 people (85.7%) agree that the financial statements in the balance sheet are presented completely, then 5 people (14.3%) strongly agree, there are 27 people (77.1%) agree that the financial statements in the notes to the financial statements are presented in full, then 8 people (22.9%) strongly agree, there are 31 people (88.57%) agree that the financial statement information is presented honestly/fairly, then 3 people (8.57%) strongly agree, and 1 person (2.86%) disagree, there are 27 people (77.1%) agree that the financial statement information can be tested for fairness, then 3 people (8.6%) strongly agree, and 5 people (14.3%) disagree, there are 30 people (85.7%) agree that the information financial statements are not in favor of the needs of certain parties, then 1 person (2.9%) strongly agrees, and 4 people (11.4%) disagree, there are 30 people (85.71%) agree that the financial statements can be compared with the previous report, then 2 people (5.71%) strongly agree, and 3 people (8.58%) disagree, there are 30 people (85.71%) agree that the financial statements can be compared with other financial reports in the local government environment, then 3 people (8.58%) strongly agree, and 2 people (5.71%) disagree, there are 32 people (91.43%) agree that financial statement information can be understood by users, then 2 people (5.71%) strongly agree, and 1 person (2.86%) disagree, there are 33 people (94.3%) agree that financial statement information is presented in a form and terms that are in accordance with the limits of understanding its use, then 1 person (2.85%) strongly agree, and 1 person (2.85%) disagree.58%) disagree, there are 30 people (85.71%) agree that the financial statements can be compared with other financial reports in the local government environment, then 3 people (8.58%) strongly agree, and 2 people (5.71%) disagree, there are 32 people (91.43%) agree that the financial statement information can be understood by its users, then 2 people (5.71%) strongly agree, and 1 person (2.86%) disagree, there are 33 people (94.3%) agree that the financial statement information is presented in a form and terms that are in accordance with the limits of understanding of its use, then 1 person (2.85%) strongly agrees, and 1 person (2.85%) does not agree.58%) disagree, there are 30 people (85.71%) agree that the financial statements can be compared with other financial reports in the local government environment, then 3 people (8.58%) strongly agree, and 2 people (5.71%) disagree, there are 32 people (91.43%) agree that the financial statement information can be understood by its users, then 2 people (5.71%) strongly agree, and 1 person (2.86%) disagree, there are 33 people

(94.3%) agree that the financial statement information is presented in a form and terms that are in accordance with the limits of understanding of its use, then 1 person (2.85%) strongly agrees, and 1 person (2.85%) does not agree. there are 32 people (91.43%) agree that the financial statement information can be understood by its users, then 2 people (5.71%) strongly agree, and 1 person (2.86%) disagree, there are 33 people (94.3%) agree that the financial statement information is presented in a form and terms that are in accordance with the limits of understanding of its use, then 1 person (2.85%) strongly agrees, and 1 person (2.85%) does not agree. there are 32 people (91.43%) agree that the financial statement information can be understood by its users, then 2 people (5.71%) strongly agree, and 1 person (2.86%) disagree, there are 33 people (94.3%) agree that the financial statement information is presented in a form and terms that are in accordance with the limits of understanding of its use, then 1 person (2.85%) strongly agrees, and 1 person (2.85%) does not agree.

3.2 Data analysis

Table 3. Validity Test Results

No	Statement	r_{count}	r_{table}	Validity
1	KLK1	0.466	0.325	Valid
2	KLK2	0.579	0.325	Valid
3	KLK3	0.553	0.325	Valid
4	KLK4	0.546	0.325	Valid
5	KLK5	0.482	0.325	Valid
6	KLK6	0.418	0.325	Valid
7	KLK7	0.655	0.325	Valid
8	KLK8	0.678	0.325	Valid
9	KLK9	0.715	0.325	Valid
10	KLK10	0.561	0.325	Valid
11	KLK11	0.723	0.325	Valid
12	KLK12	0.317	0.325	Valid
13	KLK13	0.565	0.325	Valid
14	SAP1	0.672	0.325	Valid
15	SAP2	0.663	0.325	Valid
16	SAP3	0.746	0.325	Valid
17	SAP4	0.621	0.325	Valid
18	SAP5	0.455	0.325	Valid
19	SAP6	0.774	0.325	Valid
20	SAP7	0.831	0.325	Valid
21	SAP8	0.792	0.325	Valid
22	SAP9	0.427	0.325	Valid
23	SAP10	0.525	0.325	Valid

Table 3 shows that all items in the questionnaire statement are valid because $r_{\text{count}} > r_{\text{table}}$. Thus, the questionnaire can be continued at the reliability testing stage.

The results of the reliability test based on data processed with the help of the SPSS 17 Software application for Windows can be seen in the following table:

Table 4. Reliability Test

Variable	Cronbach's Alpha	Critical Value	Description	Conclusion
Report Quality Finance Standard	0.761	0.6	0.761>0.6	Reliable
Government Accounting	0.740	0.6	0.740>0.6	Reliable

If Cronbach's Alpha value is greater than 0.6 then the research questionnaire is reliable (Augustine and Kristaung, 2013: 73, Noor, 2011: 165). It is known that the Cronbach's Alpha value of the variables of Quality of Financial Statements and Government Accounting Standards is greater than 0.6 so it can be stated that the questionnaire is reliable and can be distributed to respondents to be used as research instruments.

3.3 Classic assumption test

The classical assumption test in this study was carried out using the SPSS version 17 statistical program.

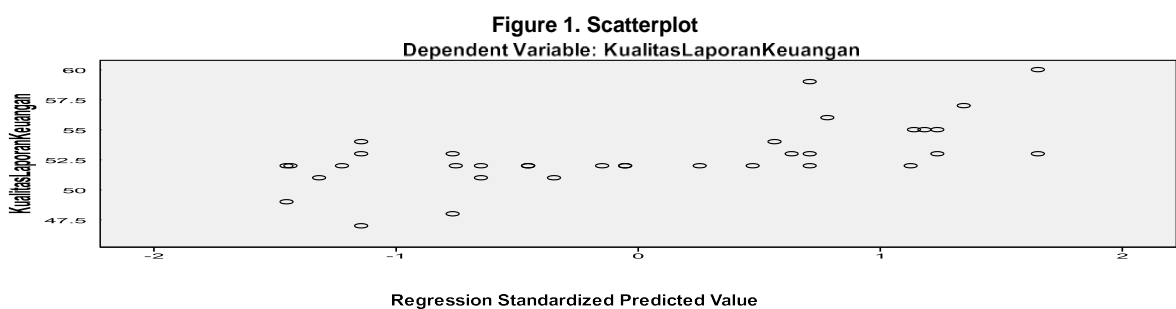
a. Normality test

Table 5. Normality Test
One-Sample Kolmogorov-Smirnov Test

		Y
N		35
Normal Parameters,,b	mean	52.80
	Std. Deviation	2,576
Most Extreme Differences	Absolute	.212
	Positive	.212
	negative	-.207
Kolmogorov-Smirnov Z		1.254
asyp. Sig. (2-tailed)		.086

Based on table 5, it is known that the probability value of Asymp. Sig. (2- tailed) of 0.086. In this study, the significance level used is $\alpha = 0.05$. Because the probability value, which is 0.086, greater than the level of significance, which is 0.05. This means that the assumption of normality is met.

b. Heteroscedasticity Test



Based on Figure 1, it can be seen from the ScatterPlot graph presented, that there is no clear pattern, and the points spread above and below the number 0 on the Y axis, so there is no heteroscedasticity.

c. Simple Linear Regression Analysis

Table 6. Simple Regression Test Results
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	43,950	5.191		8,467	.000
	SAP	.216	.126	.285	1,711	.097

The regression equation can be seen from the table of Coefficients test results. The coefficients table reads that the value in column B in the first row shows the constant (a) and the next row shows the constant of the independent variable. Based on Table 4.101 above, the regression model used is as follows:

$$Y = 43.950 + 0.216X$$

$$KLK = 43.950 + 0.216 \text{ SAP implementation}$$

From the regression equation above, it can be analyzed as follows:

- The constant of 43.950 states that if the value of the Implementation of Government Accounting Standards is zero or constant, then the value of the Quality of Financial Statements is 43.950
- The regression coefficient for the application of government accounting standards is 0.216, indicating that if the application of accrual-based government accounting standards is increased by 1 unit, the quality of financial statements will increase by 0.216.

d. Research Hypothesis Testing Analysis

• t test (Partial Significance Test)

The individual partial significance test is a test to test whether the value of the individual partial regression coefficient is zero or not. The results of the t test analysis are shown in the following table:

Table 7. t test results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	43,950	5.191		8,467	.000
	SAP	.216	.126	.285	1,711	.097

The tcount value of the variable Application of Government Accounting Standards is 1.711 and the value of ttable is 2.01 then tcount > ttable (1.771 > 2.01) and a significant value (0.000 < 0.05) so it can be concluded that partially the effect of the variable Application of Government Accounting Standards Based on Accruals has a positive and significant effect on Quality of Financial Reports. This means that if the variable of Application of Government Accounting Standards is increased, the Quality of Financial Reports will not increase by 0.216 units.

• R2 Test (Coefficient of Determination)

The coefficient of determination (R²) is a value (proportion value) that measures how much the ability of the independent variables used in the regression equation to explain the variation of the dependent variable. The coefficient of the determinant ranges from zero to one (0 ≤ R² ≤ 1). If R² is getting bigger (closer to one), it can be said that the influence of the independent variable (X) on the dependent variable (Y) is great. This means that the model used is getting stronger to explain the influence of the independent variable on the dependent variable and vice versa.

**Table 8. Results of the Coefficient of Determination
Model Summary^b**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
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Based on Table 8 it can be seen that:

- R=0.632 means that the relationship between the variables of the Implementation of Government Accounting Standards on the dependent variable of Financial Report Quality (Y) is 63.2%, which means that the relationship is very close.
- R Square of 0.399 means that 39.9% of the Financial Statement Quality variable can be explained by the variable of the Implementation of Government Accounting Standards. While the remaining 60.1% can be explained by other variables not examined in this study.
- Standard Error of Estimate (standard deviation) means assessing the size of the variation from the predicted value. In this study, the standard deviation is 2,377, where the smaller the standard deviation, the better the model.

Based on the results of the research described previously, it is known that the application of Accrual-Based Government Accounting Standards has a positive and significant effect on the quality of the financial reports of the Community Empowerment Agency and Village Government. Based on the results of the determinant coefficient test, it is known that the Government Accounting Standards variable explains 39.99% of the quality of financial reports. While the remaining 60.1% is explained by variables not examined in this study.

Known probability value or Sig. of the Government Accounting Standards variable is 0.000. Because the probability value of Government Accounting Standards, which is 0.000, is smaller than the significance level, which is 0.05, it is concluded that the effect that occurs between Government Accounting Standards and the Financial Report Quality variable is statistically significant. Also note that the value of $|t_{count}| > |critical|$, i.e. $|6,835| > |2.01|$. The results with the probability approach are the same as the results based on the test.

4. CONCLUSION

Based on the results of the analysis carried out, it can be concluded that:

- The application of Accrual-Based Government Accounting Standards has a positive and significant impact on the Quality of Local Government Financial Reports at the Community Empowerment Agency and Village Government of South Tapanuli Regency.
- The higher the level of application of Accrual-Based Government Accounting Standards, the higher the quality of the financial reports of the Community Empowerment Agency and the Village Government of South Tapanuli Regency.

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