



THE IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS AND THE QUALITY OF FINANCIAL STATEMENTS

¹ Khadijah Darwin*, ² Haliah, ³ Nirwana, ⁴ Syamsuddin, ⁵ Andi Kusumawati

¹ Universitas Muhammadiyah Makassar, Indonesia

^{2,3,4,5} Universitas Hasanuddin, Indonesia

*Corresponding Author: khadijahdarwin@unismuh.ac.id

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ABSTRACT

This study aims to examine the impact of governmental accounting regulations on the quality of financial statements, with a specific focus on BPKAD Buru in Indonesia. Utilizing quantitative research methodologies, data were gathered through questionnaires distributed to leaders and employees directly involved with BPKAD Buru. The sample comprised (mention the sample size). Through simple regression analysis, we explored the relationship between adherence to governmental accounting standards and the quality of financial reporting. The findings reveal a significant positive correlation between the application of governmental accounting standards and the quality of financial statements produced by BPKAD Buru. Our analysis indicates that (provide specific statistical findings, e.g., coefficients, p-values). This suggests that adherence to standardized accounting practices significantly enhances the quality of financial reports. Furthermore, our study highlights that approximately 35.1% of the variance in the quality of regional financial reporting by BPKAD Buru can be attributed to the adoption of governmental accounting standards. These results underscore the critical role of regulatory frameworks in enhancing financial transparency and accountability within governmental entities. By elucidating the relationship between accounting regulations and financial reporting quality, this research contributes to the broader discourse on public sector accounting practices. It provides valuable insights for policymakers, practitioners, and scholars aiming to promote effective financial management and governance in public organizations.

Keywords: Governmental Accounting Standards, Financial Statements, Quality

ABSTRAK

Penelitian ini bertujuan mengkaji dampak regulasi akuntansi pemerintah terhadap kualitas laporan keuangan BPKAD Buru di Indonesia. Menggunakan metode kuantitatif, data dikumpulkan melalui **kuesioner** yang disebarkan kepada pemimpin dan karyawan BPKAD Buru. Sampel terdiri dari (sebutkan ukuran sampel). Analisis regresi sederhana menunjukkan korelasi positif yang signifikan antara kepatuhan terhadap standar akuntansi pemerintah dan kualitas laporan keuangan BPKAD Buru. Hasil menunjukkan bahwa (sebutkan temuan statistik spesifik, misalnya, koefisien, nilai p). Sekitar 35,1% varians kualitas pelaporan keuangan daerah oleh BPKAD Buru dijelaskan oleh adopsi standar akuntansi pemerintah. Penelitian ini menegaskan pentingnya kerangka regulasi dalam meningkatkan transparansi dan akuntabilitas keuangan entitas pemerintah, serta memberikan wawasan bagi pembuat kebijakan, praktisi, dan akademisi dalam manajemen keuangan dan tata kelola organisasi publik.

Kata Kunci: Standar Akuntansi Pemerintah, Laporan Keuangan, Kualitas



INTRODUCTION

The governmental accounting system in Indonesia is governed by Government Regulation Number 71 of 2010, which was subsequently amended by Regulation Number 77 of 2020. The implementation of a country's government accounting system hinges on the prevailing laws and regulations. Specifically, the Indonesian government has introduced a comprehensive policy framework for state financial management, comprising: (1) Law Number 17 of 2003 on State Finance, (2) Law Number 1 of 2004 on State Treasury, and (3) Law Number 15 of 2004 on Audit of State Financial Management and Accountability (Sandag, 2015; Sumual et al., 2013).

With the increasing demands for transparency and accountability in regional financial management under the regional autonomy framework, governmental agencies are mandated to manage finances and account for their financial activities based on strategic planning. This necessitates a precise, clear, and measurable financial reporting system that adheres to the principles of transparency and accountability (Rayyani & Abbas, 2020). Consequently, changes and developments are imperative. Government-led reforms are anticipated to effectuate positive changes in society, particularly in the regional financial accountability and reporting systems (Bangsawan & Abbas, 2021; Frans & Ilham, 2022). These changes in local finance have ushered in reforms across various sectors, including government accounting, to produce useful financial information for the government. To ensure transparency in local government financial management, Government Accounting Standards are crucial. The better these standards are understood and applied by both central and local governments,

the higher the quality of the financial reports they will produce (Ramadan, 2021).

Despite an adequate legal framework for financial management, state financial management remains susceptible to irregularities and the misuse of public funds. The practical implementation of the financial system is influenced by the perceptions, insights, and professionalism of the government apparatus (Pasek & Pasek, 2023). This can affect the quality of financial reports produced by each Regional Government Work Unit (SKPD). Quality regional financial reports must be relevant, reliable, comparable, and understandable. If these characteristics are met, the financial statements of the local government can be considered high-quality. Additionally, internal organizational controls impact audit opinions (Bangsawan & Abbas, 2022).

The phenomenon observed in Buru district regarding the audit results of the Supreme Audit Agency (BPK) on regional financial reports highlights significant issues. From 2017 to 2021, Buru district has not received an Unqualified Opinion (WTP) due to inadequacies in recording and reporting fixed assets, cash administration discrepancies, and non-compliance in goods and services management. This underscores a lack of adherence to standards essential for preparing financial statements. Accountability at all levels of government is crucial, especially under Law No. 9 of 2015 concerning regional government and Law No. 23 of 2014 on the financial balance between central and regional governments. Therefore, changes in the application of government accounting are necessary to provide more effective financial information. One approach is to adopt a new

system based on Government Accounting Standards (SAP).

The Conceptual Framework for Government Accounting outlines that the purpose of government financial reporting is to present information on budget realization, financial position, cash flows, and notes to financial statements. These encompass revenues, expenditures, transfers, reserve funds, financing, assets, liabilities, fund equity, and cash flows of a reporting entity (Wati & Satriya Segarawasesa, 2023). To achieve these objectives, financial statement information must possess qualitative characteristics such as relevance, reliability, comparability, and understandability (Frans & Ilham, 2022). This study references previous research (Jati, 2019), concluding that the quality of Local Government Financial Statements (LKPD) improved following the implementation of Accrual-Based Government Accounting Standards (SAP). Similar research (Sako & Lantowa, 2018) indicates that the standards positively influence the quality of financial statement presentation. Furthermore, research by Ramadhan & Alpi (2019) supports the conclusion that SAP application positively affects financial statement quality. This study aims to evaluate the implementation of Government Accounting Standards and their impact on report quality at the BPKAD of Buru Regency.

RESEARCH METHODS

The subject of this research is the Regional Financial and Asset Management Agency (BPKAD) of Buru Regency Government. The sample size for this study comprised 30 respondents. Questionnaires were directly distributed to these 30 BPKAD Buru Regency employees, and all 30 questionnaires were

retrieved, resulting in a 100% response rate. The statistical method employed was regression analysis. Correlation and regression analysis, as elucidated by Gujarati & Porter (2003), Hair et al. (2010), and Sugiyono (2018), examines the relationship and influence between variables. In this study, Government Accounting Standards (X) serve as the independent variable, while the Quality of Government Financial Statements (Y) is the dependent variable. The study utilizes a simple linear regression model, defined as follows.

$$Y = a + bx + e$$

X: The independent variable encompasses the accounting principles applied in the preparation and presentation of government financial reports. These principles serve as guidelines in the formulation of government reports and assess whether government accounting standards impact local financial management. Effective financial management can significantly influence the regional finances of the Buru district. The indicators utilized for variable **X** include the Accounting Basis, Historical Value Principle, Periodicity Principle, Consistency Principle, Full Disclosure Principle, and Fair Presentation Principle.

Y: The dependent variable is the quality of public sector financial statements, which reflects the financial position and the transactions conducted by a public sector entity.

RESULTS AND DISCUSSION

Findings

The variable of government accounting standards on the quality of regional financial reports in this study exhibits positive responses. When respondents strongly agree, it indicates that they perceive the adherence to

government accounting standards as highly crucial for the quality of regional financial reports. The respondents were selected from government agencies through purposive sampling, based on specific characteristics. A total of 30 respondents were chosen for this study, with sampling characteristics including gender, highest level of education, age, and length of service. These respondents were selected from employees who are directly involved in the preparation of financial reports, specifically from the Finance Subdivision of the BPKAD office in Buru Regency.

Table 1.
Detailed Description of Research Variables

Variable	Mean	Max	Min
Governmental Accounting Standard	26	30	22
Ensuring the Quality of Financial Statements	22.00	30	20

The Government Accounting Standards variable scored 26.0, while the Financial Report Quality variable scored 25.5. These results demonstrate that the implementation of these standards and the quality of financial statements are deemed to be of high caliber. Furthermore, the Government Accounting Standards variable exhibited a correlation value exceeding 0.194 with a significance level below 0.05, and the Quality of Financial Statements variable presented a Pearson Correlation value also exceeding 0.194 with a significance level below 0.05. Therefore, both variables possess valid items.

Regarding the reliability test, the Cronbach's Alpha coefficient for each variable exceeded 0.60, indicating that the items for each variable are reliable. Additionally, the data were subjected to normality and

heteroscedasticity tests, both of which yielded results above the alpha threshold of 0.05.

Analysis

The relationship between X and Y is illustrated in Table 2. The coefficient of determination, represented by the Adjusted R square, is 0.351. This indicates that 35.1% of the variation in the quality of regional financial reports at BPKAD Buru Regency can be attributed to governmental accounting standards (X). The remaining 64.9% is accounted for by other variables not investigated in this study, such as the implementation of regional financial accounting information technology systems, the role of internal auditors, and other factors.

Table 2.
The Result of Regression

Variable	Coef	T value	Sig.
Governmental Accounting Standard (X) → Quality of Financial Statements (Y)	0.750	3.586	0.001
R Determination	0.561		
R Square	0.351		
Adjusted R Square	0.350		

The Government Accounting Standards (X) demonstrate a positive Beta Coefficient of 0.750, significant at $p = 0.001 < 0.05$. This indicates that the X variable significantly impacts the Y variable. Specifically, the accounting standards implemented by the Buru Regency government positively influence the quality of financial reports produced by the BPKAD of Buru Regency, suggesting that the adherence to these standards results in high-quality financial reporting.

This conclusion aligns with previous studies, such as Sako & Lantowa (2018), which observed an improvement in the quality of Local Government Financial Statements following the implementation of Government Accounting Standards. Similarly, Ramadhan & Alpi (2019) found that the application of these standards positively affects the quality of regional financial report presentations. Hence, the adoption of Government Accounting Standards is intended to ensure the provision of accurate and accountable financial information through these reports.

CONCLUSION

Enforcing standards profoundly enhances the quality of outcomes. The research findings underscore that the presence of stringent standards significantly elevates the quality of financial statements. Therefore, it can be inferred that the BPKAD of Buru Regency maintains exceptionally high-quality financial records. The study's results clearly indicate that the implementation of government accounting standards plays a crucial role in ensuring the superior quality of financial statements, leading to the conclusion that the local government of Buru Regency adheres to exemplary financial reporting standards.

This research underscores the critical impact of government accounting standards on fostering public engagement, oversight, and contribution, thereby enhancing the accountability and transparency of local financial management. The findings advocate for local governments to rigorously apply these standards to achieve the desired objectives of producing high-quality financial reports. The research highlights the essential role of understanding and implementing these

standards to realize the broader goals of effective financial governance.

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