
**THE EFFECT OF FINANCIAL ACCOUNTING SYSTEM
IMPLEMENTATION AREA ON THE QUALITY OF
FINANCIAL REPORTS KUPANG CITY GOVERNMENT
(Case Study on Regional Financial and Asset Management
Agency)**

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Received: June, 2023; Accepted: June, 2023; Published: June, 2023

Abstract

The study aims to determine the effect of the application of the local government financial accounting system on the quality of local government financial reports. The sample in this study are employees or staff in the Kupang City Regional Finance Agency. The data used in this study is questionnaire data (questionnaire) distributed to respondents or employees at the Kupang City Government Finance Agency. Questionnaires distributed and can be processed are 30 questionnaires. The analytical tool used in this study is Simple Linear Regression Analysis. The results of the Simple Regression Analysis test obtained the equation $Y = 22.825 + 1.364X$, the results of testing the hypothesis based on the significance value of 0.000 00 0.005 and based on the t test value the obtained value of t count with t table, namely 9.485 > 2.048 which means that H_0 is rejected or H_a is accepted. Based on the tests conducted, it was concluded that the application of the regional government financial accounting system affected the quality of local government financial reports by 76.3%.

Keywords: Accounting System, Quality of Financial Statements

INTRODUCTION

Functionally, the Regulation of the Minister of Home Affairs Number 64 of 2013 divides the Regional Government Accounting System (SAPD) into two major parts, namely the Accounting System for Regional Financial Management Officials managed by the Regional Financial Management Work Unit (SKPKD) and the Accounting System for Regional Work Units (SKPD) which are managed by the Regional Work Unit. SKPD Financial Reports are an integral part of preparing Regional Government Financial Reports (LKPD) which will then be consolidated with Regional Work Unit Financial Reports (SKPKD).

Based on the audit results in the first semester of 2012, the BPK found 13,105 cases worth IDR 12.48 trillion in 622 audit objects including

central government entities, regional government, BUMN, BUMD, as well as other institutions or agencies that manage state finances. Of the total cases, 3,976 cases valued at IDR 8.92 trillion were found to be non-compliance which resulted in losses, potential losses and lack of revenue. Financial Audits were conducted on 527 financial statements of entities, which included 91 financial reports within the central government, 430 local government financial reports (LKPD), and 6 financial reports of BUMN and other bodies. During the financial audit, the BPK also found 5,036 cases of weakness in the Internal Control System (SPI) and 6,904 cases of noncompliance with laws and regulations worth IDR 7.00 trillion (<http://nasional.news.viva.co.id> on December 3, 2012). Application of Government Accounting Standards (SAP), Quality of Human Resources, Implementation of the Internal Control System (SPI), Organizational Commitment, and Utilization of Information Technology, has a positive effect on the quality of local government financial reports (Dadang, 2015). This shows that the quality of local government financial reports states that there is a significant and positive influence on Unqualified Opinion. The better the presentation of the regional government's financial reports, the more the regional government will obtain an opinion from the BPK.

From the case above it can be understood that the regional financial accounting system is an important factor and an integral part in producing quality financial reports accompanied by conformity with SAP. The Regional Government Financial Report (LKPD) which annually receives an assessment from the government auditor, in this case the Supreme Audit Agency (BPK), in the form of an opinion. In this case, the BPK can provide 4 (four) types of opinions, namely: Unqualified Opinion (WTP), Qualified Opinion (WDP), Unqualified Opinion (TP), and Statement refusing to give an opinion or not giving an opinion (TMP / Disclaimer). When the Supreme Audit Agency gives an Unqualified Opinion to the Regional Government Financial Statements, this means that the Financial Statements reported by the regional parties have fulfilled the requirements or it can be said that the Financial Statements have been presented and disclosed in a relevant, reliable, trustworthy and comparable manner.

The local government financial accounting system influences the quality of the local government financial reports produced, this shows that the financial reports presented by the local government have followed the established SAP (A.Dahri, et al: 2015). It further stated that apart from that it must be supported by good human resources in order to be able to operate and understand the financial accounting system implemented by the local government.

Competence of internal accountants, commitment of managers to the organization and implementation of internal control systems simultaneously have a positive effect on the quality of financial reporting in particular for local governments. The competence of internal accountants has a positive effect on the quality of financial reporting. The phenomenon of low quality financial reporting, especially in local governments, has not been properly

answered by the competence of internal accountants. With good internal accountant competence, especially in local government, the quality of financial reporting can be improved. Manager's commitment to the organization does not affect the quality of financial reporting as well as the implementation of the internal control system does not affect the quality of financial reporting, (Hari: 2013). The Regional Financial Accounting System (SAKD) mediates the influence of the Use of Information Technology which has a positive and significant effect on the Quality of Regional Government Financial Reports (Muda; 2017)

BPK Provides Qualified Opinion (WDP) for LKPD FY 2015 to Kupang City Government, with the following exceptions: Cash in the Spending Treasurer, including Rp. 140,383,000.00 consisting of the remaining cash in 2012 in the amount of IDR 65,383,000.00 and in 2015 IDR 75,000,000.00 was misused and could not be accounted for. Taxes receivable, including Rp. 14,043,512,378.00 consisting of Advertising Tax of Rp. 106,614,437.00 and PBB-P2 of Rp. 13,936,897,941.00 are not supported by adequate details. Permanent Investment, where from records and documents including the available BUMD audited Financial Reports it is not possible for the BPK to believe in the value of equity participation in PT Sasando, PD Pasar Kota and KPN Maju. Fixed Assets, where there is a difference in the recording of Fixed Assets between the Equipment Section and the Finance Section of IDR 49.8 billion, as well as planning, monitoring, maintenance, road improvement activities of IDR 147.3 billion, not recorded as an addition to the parent asset but recorded as a new asset with a lifespan economical for 10 years. Expenses for goods and services, not including expenses originating from BOS funds managed by each school that receives BOS funds (<http://www.bpk.go.id>).

By looking at the phenomena stated above, it shows that the Kupang City government has difficulty presenting financial reports, one of the problems is in the management of fixed assets that are not recorded accurately, tax receivables that are not supported by adequate accountability and other problems that are crucial problems for the City government Kupang, so that it can reflect that the implementation of the local government financial accounting system in the City of Kupang is still far from what was expected. The purpose of this study is how is the regional financial accounting system implemented by the Kupang City Regional Financial and Asset Management Agency, how is the quality of the financial reports presented by the Kupang City Regional Financial and Asset Management Agency, and how much influence does the regional financial accounting system have on the quality of financial reports at the Regional Financial and Asset Management Agency for the City of Kupang.

METHOD

This research was conducted at the Regional Financial and Asset Management Agency, Kupang City, Jalan SK Lerik No.1, Kelapa Lima Village, Kupang, East Nusa Tenggara. The type of data used is qualitative

and quantitative. With a population of 43 employees or finance staff at the Kupang City BPKAD office. Of the total population of 43 people, 30 respondents were taken as a sample from 3 fields in the finance section. The variables used are the X and Y variables, namely the X variable of the Regional Financial Accounting System and the Y variable Quality of Financial Reports. The data sources used are primary and secondary data. Where the primary data is the result of interviews, filling out questionnaires, and the results of observations, while the secondary data is an overview of BPKAD Kota Kupang, organizational structure, job descriptions and responsibilities of each field. Data is measured by a questionnaire. Using analytical techniques quantitative descriptive method. Meanwhile, to measure the effect of one variable on other variables, simple linear regression analysis, analysis of the coefficient of determination and hypothesis testing are used (T test).

RESULTS AND DISCUSSION

Description of Research Variables

The research variables used are the X and Y variables, namely the X regional financial accounting system variable and the Y quality financial report variable. The following describes an overview of the variable (X) of the regional financial accounting system for the Kupang City government, seen from the distribution of the total score of respondents' responses, namely the total score. Respondents' responses regarding the suitability of the regional financial accounting system with Permendagri No. 64 of 2013 from 11 statements obtained a total accrual score of 1.447 and a total ideal score of 1.650 with a percentage of 88% and an average score of 4.5. So it can be concluded that the application of the local government financial accounting system at the Kupang City Regional Financial Agency is in accordance with Permendagri No. 64 of 2013.

Next, the variable (Y) Quality of the Kupang City Government Financial Statements is described which is obtained from the distribution of the total score of respondents' responses regarding the Kupang City Regional Government Financial Report, which is described by the total score of respondents' responses about financial reports that must be reliable, relevant, comparable, and understandable from 11 questions obtained a total accrual score of 1289 and a total ideal score of 1650 with a percentage of 78% and an average score of 3.9. This means that the financial reports prepared by the Regional Finance Agency of the City of Kupang have met the criteria of being reliable, relevant, comparable and understandable.

Before testing the hypothesis, a classic assumption test is carried out that underlies the use of Simple Regression Analysis. The classic assumption test that underlies the use of regression includes normality tests, linearity tests and hypothesis testing. The following table shows the results of the normality test.

Table 1. Normality Test

Research variable	<i>Kolmogorov-Smirnov</i>			
	Information	Statistic	Df	Sig
X dan Y		.168	31	.366

The normality test results show a significance value of $0.366 > 0.05$, so it can be concluded that the residual values are normally distributed so that the results of this analysis can be continued to regression analysis. Furthermore, the linearity test is carried out by looking for the regression line equation of the independent variable X to the dependent variable Y. The following describes the results of the linearity test which can be seen in table 2 below.

Table 2. Linearity Test

Keterangan	<i>Uji Linearitas</i>				
	Sum of Squares	Df	Mean Square	F	Sig
X dan Y	257.517	7	36.788	2.351	.000

Based on the table above, the results of the analysis show that it is $2.351 > 0.000$, so it can be concluded that there is a linear relationship between variable X and variable Y. The following describes the Simple Linear Regression Analysis test, it is known that the constant value (a) is 22.825, while the b value is 1.364, so the regression equation can be written: $Y = 22.825 + 1.364 X$. The regression coefficient of the X variable is 1.364 which states that for every 1% addition the value of the X variable, then the value of variable Y increases by 1.364. The regression coefficient is positive, so it can be said that the direction of the influence of variable X on Y is positive.

The requirements for submitting data analysis are normal and there is a linear relationship between variables X and variable Y. Therefore, it is continued with hypothesis testing (t test) which aims to determine the effect of implementing the regional financial accounting system on the quality of the Kupang City government's financial reports. The results of the calculation of the T test obtained $t_{count} 9.485 > 2.048$, so it can be concluded that variable X (Regional Financial Accounting System) has an effect on variable Y (Quality of Financial Statements) which means that H_0 is rejected and H_a is accepted.

DISCUSSION

From the results of the analysis above, the discussion regarding the influence of the Application of the Regional Financial Accounting System on the Quality of the Financial Statements of the Kupang City Government at BPKAD Kota Kupang is described as follows :

1. Kupang City Government Financial Accounting System

The application of the local government financial accounting system must comply with government financial accounting standards. This is implemented because the government

accounting system is a guideline for government accounting, both central and regional. Based on the continuum line in Figure 1, the total score of respondents' responses about the financial accounting system from 11 statements obtained a total actual score of 1,447 and a total ideal score of 1,650 with a percentage of 88% and an average score of 4.5. Based on this classification, it can be interpreted that the respondent's response to the regional financial accounting system is very good. So it can be concluded that the application of the local government financial accounting system at BPKAD Kota Kupang is in accordance with Permendagri 64 of 2013.

2. Quality of Kupang City Government Financial Statements

The quality of financial reports are normative measures that need to be realized in accounting information so that it can fulfill its objectives. The following four characteristics are normative prerequisites needed so that local government financial reports can meet the desired quality, namely reliable, relevant, comparable and understandable. Based on the continuum line in Figure 2, the total score of respondents' responses about the quality of government financial reports from 11 statements obtained a total accrual score of 1,289 and a total ideal score of 1,650 with a percentage of 78% and an average score of 3.9. Based on this classification, it can be interpreted that the respondent's response to the quality of the government's financial reports is good. So it can be concluded that the quality of government financial reports at BPKAD Kota Kupang is in accordance with Government Regulation No.71 of 2010.

3. The Effect of Applying the Regional Financial Accounting System on Quality Kupang City Government Financial Report

Based on hypothesis testing using the t-test statistical model, namely by comparing the value of t_{count} with t_{table} . It can be seen in the hypothesis testing above that the real level used is $\alpha = 0.05$ with degrees of freedom $df = n-2$. shows a t_{count} value of 9.485, while for a t_{table} value of 2.048. If seen from the results of the comparison of t_{count} and t_{table} values, the t_{count} value is $9.485 > t_{table}$ value 2.048. In other words, if the t_{count} value is greater than the t_{table} value, it can be concluded that the local government financial accounting system variables have a significant influence on the quality of financial reports. This implies that H_0 is rejected or H_a is accepted.

The results of this study support previous research conducted by Permadi (2013) which showed that regional financial accounting systems affect the quality of regional government financial reports. Besides that (Muda; 2017) shows that The Regional Financial Accounting System (SAKD) mediates the influence of the Use of Information Technology which has a positive and significant effect on the Quality of Local Government Financial Reports. The results of this study are also supported by the theoretical basis in the previous discussion which states that in order to produce relevant, reliable and trustworthy financial reports, local governments must have a reliable accounting system.

Therefore, to be able to produce quality regional financial reports, it is necessary to apply a good regional financial accounting system. So it can be

concluded that the local government financial accounting system affects the quality of the local government financial reports produced, this is because the existence of a financial accounting system will make it easier for users of the accounting system to process financial data and work in accordance with government accounting standards that have been applied to the system, financial accounting, so that the resulting financial reports will have good quality.

CONCLUSION

Based on the comprehensive literature review conducted, Human Resource Management (HRM) emerges as a vital component within organizations and companies. HRM holds a key position in ensuring the sustainability and success of a company. This is primarily due to the multifaceted nature of HRM, encompassing various activities that shape the functioning and operations of a company. Given the significance of HRM, it becomes crucial to examine how to measure the maturity of HRM within organizations and companies, which remains a subject of ambiguity in recent research. Previous studies have primarily focused on reviewing HRM issues by emphasizing employee performance, which is intricately linked to the HRM process itself. It is evident from past research that suboptimal planning to maximize employee competence leads to poor employee performance, subsequently impacting overall organizational outcomes. Recognizing this, the current study concludes that the planning process in HRM plays a pivotal role in ensuring sustainable performance and success. This planning process is influenced by the cognitive abilities of managers or leaders, including their knowledge and capacity to identify and connect performance-related factors.

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