

Application of Government Accounting Standards, Financial Statements Reporting, and Accessibility of Regional Finance Against Accountability for Regional Financial Management (Survey of All SKPDs of Kulon Progo Regency Government)

1st Bambang Jatmiko
Universitas Muhammadiyah
Yogyakarta
Yogyakarta, Indonesia
bambang_jatmiko65@yahoo.com
4th Ristandani Nuhnita Sari
Universitas Muhammadiyah
Yogyakarta
Yogyakarta, Indonesia

2nd Nano Prawoto
Universitas Muhammadiyah
Yogyakarta
Yogyakarta, Indonesia

5th Kholifah Fil Ardhi
Universitas Gadjah Mada
Yogyakarta, Indonesia
kholifahfilardhi@gmail.com

3rd Rini Juni Astuti
Universitas Muhammadiyah
Yogyakarta
Yogyakarta, Indonesia

Abstract

The objectives of this study are: (1). To test and prove the influence of the application of government accounting standards (SAP), financial reposting, and financial accessibility on accountability in regional financial management. The research method was conducted using surveys, with the subjects in this study being employees who were in the SKPDs of the Kulon Progo Regency Government. The sampling technique, using purposive sampling, is applied by taking samples from populations based on certain criteria. These criteria are based on the judgment or certain quota. The number of samples is 30 SKPDs. The results are (1) The application of government accounting standards (SAP) has a positive effect on the accountability of regional financial management; (2) The presentation of regional financial statements has a positive effect on the accountability of regional financial management; (3) Accessibility of regional financial reports has a positive effect on accountability in regional financial management.

Keywords: *Application of Government Accounting Standards, Presentation of Financial Statements, Financial Accessibility, and Regional Financial Management Accountability*

INTRODUCTION

Based on the Government Regulation No. 58 of 2005, concerning regional financial management, it is also explained that regional financial

management refers to all activities which include: planning, implementation, administration, reporting, accountability and regional financial supervision, where the regional financial management power is held by the head of the region. It is one accountability in a transparent and accountable to all users of financial statements of local government, community, legislators, regulatory agencies, audit institutions, taking part in process of donations, investments, and loan, and local government itself (Bambang and Handi, 2016). In addition, the authority to manage the finances of each local government will also be followed by the risk of abuse of authority such as corruption, collusion, and nepotism (KKN) as expressed by Pratolo and Jatmiko (2017). These are the problems that exist in Indonesia today, namely the rampant abuse of authority and position that resulted in the occurrence of criminal acts of corruption. In Indonesia itself corruption is something that people dislike; this is in accordance with the opinion of Lestiawan and Jatmiko (2016) that in recent years there have been widespread acts of corruption, collusion, and nepotism, committed by both the central government and regional governments. Financial disclosure issues remain a problem that must be addressed and improved by the governmental regions in Indonesia (Bambang et al, 2017). Lestiawan and Jatmiko (2016) and Pratolo and Jatmiko (2017) revealed that accountability can also be interpreted as a form of regional government accountability for all decisions made, where the

decision should not harm any party, including the community. The Government Regulation states that Government Accounting Standards means accounting principles applied in compiling and presenting government financial reports. International Public Accounting Standards (IPSAS) are the (31) standards issued by the International Public Accounting Board (IPSAB), to be able to treat financial transactions in the public sector specifically (Al-Zubi, 2015). The financial statements of the regional government will be examined by the Supreme Audit Agency (BPK) every year, and opinions will be given. The following is a table of developments in BPK's opinion of the Special Province of Yogyakarta (DIY) in 2012-2016.

Table 1. The Development of BPK's Opinion of The DIY Provincial Government Year 2012-2016

LKPD	BPK OPINIOS				
	2012	2013	2014	2015	2016
Prov. D.I. Yogyakarta	WTP	WTP	WTP	WTP	WTP
Kab. Bantul	WTP DPP	WTP DPP	WTP DPP	WTP P	WTP P
Kab. Gunungkidul	WDP P	WDP P	WDP P	WTP P	WTP P
Kab. Kulon Progo	WDP P	WTP DPP	WTP DPP	WTP P	WTP P
Kab. Sleman	WTP DPP	WTP P	WTP P	WTP P	WTP P
Kota Yogyakarta	WTP DPP	WTP DPP	WTP DPP	WTP P	WTP P

Source : IHPS BPK RI Semester II Year 2017

Description :

WTP : *Wajar Tanpa Pengecualian*

WTP DPP: *Wajar Tanpa Pengecualian dengan Paragraf Penjelasan*

WDP : *Wajar dengan Pengecualian*

The object of this study was the Government of Kulon Progo Regency. One reason is that Kulon Progo Regency has only received WTP opinion twice from the BPK of the Republic of Indonesia. BPK found a weakness in the internal control system in the preparation of financial reports, where cash management in the Treasurer of SKPD Expenditures at the Regional Public Service Agency (BLUD) in Kulon Progo Regency Government was inadequate. In addition, BPK also found that there was non-compliance with statutory provisions in the

management of state finances, namely the use of tax collection by the Expenditure Treasurer of the UPTD BLUD Wates Health Center for personal purposes of Rp 41,482,062.00 (Source: www.kulonprogokab.go.id). The objectives of this study are as follows: (1). To test and prove the influence of the application of government accounting standards (SAP) on the accountability of regional financial management; (2). To test and prove the effect of the presentation of financial statements on the accountability of regional financial management; (2). To test and prove the influence of financial accessibility on accountability in regional financial management.

LITERATURE REVIEW

A. Stewardship Theory

The interests of the servants and the owners are not the same; the servants will ask for the same assistance, because the servants fulfill the common interests and fight according to the stakeholders who are related to the servants who ask for help to find organizational goals (Pratolo, 2018). In this study, the SKPD servants are likened to or servants who always act in accordance with the people's main desires.

B. Implementation of Government Accounting Standards (SAP)

SAP is a legal basis for local governments in conducting financial management in a transparent and accountable manner, so that accountability can be achieved. A previous research conducted by (Abimbola et al, 2017) showed that adoption of IPSAS increases the level of accountability, transparency, and reduce corruption in the selected local governments. The results of these studies are also in line with the research conducted by Mhaka (2014), which shows that IPSAS adoption enhances and improves the quality of public financial information sector, assets management, and level of accountabilities. Based on the explanation above, the hypothesis is derived as follows:

H1 : The application of Government Accounting Standards has a positive effect on accountability in regional financial management

C. Local Government Financial Reporting

Biraud in Chinedu et al (2016) noted that the economic benefits of the adoption of International Public Sector Accounting Standards are that they assist users of financial information to assess and evaluate the accountability for the events and assets reported and stated by the organization and also

provide the required information on the effectiveness and efficiency or otherwise the utilization of the resources and affairs enlisted in the financial position. This is in line with the results of Chinedu et al (2016), Chan (2010), Ohaka et al (2016), and Bello in Abimbola (2017). The better the financial statement presentation of a region, the better the financial management accountability of the area. Based on the description above, the hypothesis can be formulated as follows.

H2 : Presentation of Financial Statements Has a Positive Effect on Accountability In Regional Financial Management.

D. Accessibility Of Regional Financial Reports

The regional government will place more emphasis on the main outcome targets for the purposes of organizational interests, where the government will focus in providing maximum service to the community. Based on Klaaren (2010), people have the right to information and transparency. Thus, the local government is required to provide access to the public or the public in terms of easy access to financial information. A research conducted by Ichlas et al (2014), Sumiyati (2015), and Henanussa (2015) shows that accessibility has a positive effect on accountability in regional financial management. Based on this description, the hypothesis can be derived as follows:

H3 : Accessibility of Regional Financial Reports Has a Positive Effect on Accountability in Regional Financial Management.

RESEARCH METHOD

This research was conducted in Kulon Progo Regency. The object of this study is the Kulon Progo District Regional Work Unit (SKPD). Meanwhile, the subjects in this study were employees who were in the SKPD of the Kulon Progo Regency Government. The type of data used in this study is primary data. The questionnaire was distributed directly to the respondents in each Kulon Progo Regency SKPD according to the specified sample. The sampling method employed in this study was purposive sampling (Palys, 2008). The sampling criteria in this study were the SKPDs of Kulon Progo Regency which held the position of Secretary, Head of Financial Sub Division, Head of Division, and Section Head who had worked at the SKPD for at least 1 year, with minimum D3 education. The population in this study were all of the 43 SKPDs of Kulon Progo Regency. Determination of samples in this study was made using the Slovin formula with $e^2 = 10\%$. Thus, the number of samples is 30 SKPDs,

where the 4 questionnaires were distributed to each SKPD. So, the number of respondents is 120 people. The data collection technique used in this study was survey method. The type of scale used in this questionnaire is Likert Scale, which is a scale that uses 5 scale points at the same interval to measure the subject's responses (Joshi et al, 2015).

RESULTS AND DISCUSSION

A. Research Results (Hypothesis Test)

This study uses multiple linear regression analysis. The results of multiple regression can be seen in the following table:

Table 2. Summary of Multiple Linear Regression Test Results

Variable	Regression Coefficient	t	Sig	Description
Constant	6.072	2.855	0.005	
SAP	0.308	6.685	0.000	Positive
PLK	0.177	2.165	0.033	Positive
ALK	0.337	2.238	0.028	Positive

Source: Treated Primary Data, 2018.

Based on the multiple linear testing table above, the regression equation is obtained as follows:

$$APK = 6,072 + 0,308 \text{ SAP} + 0,177 \text{ PLK} + 0,337 \text{ ALK} + e$$

Table 3. Determination Coefficient Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.819(a)	.670	.660	1.986

a Predictors: (Constant), Accessibility of Financial Reports, Standards, Government Accounting, Presentation of Financial Statements

b Dependent Variable: Financial Management Accountability

Source: Treated Primary Data, 2018

Table 1.4. above shows that the Adjusted R Square value is 0.660. This explains that the independent variable, namely the variable implementation of government accounting standards, presentation of regional financial statements, and accessibility of regional financial statements can explain the dependent variable, namely regional

financial management accountability of 66%, and the rest (100% - 66% = 34%) described by other variables outside the variables used in the study.

Table 4. F Test Result Anova^b

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	738.134	3	246.045	62.398	.000 ^a
Residual	362.772	92	3.943		
Total	1100.906	95			

a Predictors: (Constant), Accessibility of Financial Statements, Government Accounting Standards, Financial Reportings

B Dependent Variable: Accountability of Financial Management

Source: Treated Primary Data, 2018

Table 1.5. above shows that the Sig F value is 0.000 α 0.05. This explains that the independent variables namely government accounting standards, the presentation of regional financial statements, and the accessibility of financial statements that are able to collectively (simultaneously) affect the dependent variable, namely accountability in regional financial management. The t test is a test used to see whether each independent variable has a partial effect on the dependent variable.

Table 5. T Test Results Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	6.072	2.127		2.855	.005		
	GOVERNMENT ACCOUNTING STANDARDS	.308	.046	.562	6.685	.000	.507	1.973
	FINANCIAL REPORTINGS	.177	.082	.197	2.165	.033	.434	2.303
	ACCESSIBILITY OF FINANCIAL MANAGEMENT	.337	.150	.169	2.238	.028	.630	1.587

a Dependent Variable: ACCOUNTABILITY OF FINANCIAL MANAGEMENT
Source: Treated Primary Data, 2018

The variable of implementation of government accounting standards's t test show that the regression coefficient is positive at 0.308 and the value of sig t (0.000) α 0.05. The Variable of Financial Reportings's t test show that the regression coefficient is positive at 0.177 and the sig t (0.033) α 0.05. The variable accessibility of regional financial reports's t test show that the regression coefficient is positive at 0.337 and the sig t (0.028) α 0.05.

DISCUSSION (INTERPRETATION)

A. The Effect of Application of Government Accounting Standards on Regional Financial Management Accountability

District SKPD Kulonprogo has applied an accrual basis in recording financial statements, presenting them fairly, and reporting financial statements

according to the specified period, and presenting the information required by the user in whole. The implementation of the application will be useful for public management, as they will solve these problems: the comparability of the statements, the reduction of possible fraud and increased credibility of information, provision of a better decision making by the public administration (Diniz, 2015). Thus, the application of government accounting standards in the preparation of financial statements will provide assurance that the financial statements prepared have the qualifications of financial information that is useful for the users who need it. The results of this study are in line with Diniz's (2015) research, Abimbola et al (2017), and Mhaka (2014) which stated that government accounting standards have an effect on regional financial accountability.

B. The Effect of Presentation of Regional Financial Statements on Regional Financial Management Accountability

The results of testing the second hypothesis (H2) indicate that there is a positive influence on the presentation of regional financial statements on the accountability of regional financial management in Kulon Progo Regency. This is evidenced by the results of testing which shows the value of sig (0.033) <math>< \alpha 0.05</math>, and is positive. This means that Kulon Progo Regency's SKPDs have been able to present financial statements well, and that the SKPDs have been able to compile financial reports in full, timely completion of financial statements, honest information, as well as that the financial reports can be compared, SKPD's financial reports can be used as benchmarks in compiling the upcoming year's budget, financial information is free from material misrepresentations, and financial statement information is able to meet the needs of its users. Better execution of the presentation of financial statements will have implications for increasing accountability in the financial management of Kulon Progo Regency. The results of this study are in line with the results of Chinedu et al (2016), Chan (2010), Ohaka et al (2016), and Bello in Abimbola (2017). The three studies stated that the presentation of regional financial statements had a positive effect on the accountability of regional financial management.

C. The Effect of Accessibility to Regional Financial Reports on Regional Financial Management Accountability

The results of the testing of the third hypothesis (H3) indicate that there is a positive influence on the accessibility of regional financial reports to the accountability of regional financial management in Kulon Progo Regency. This is evidenced by the results of testing which shows the value of sig (0.028) <math>< \alpha 0.05</math>, and is positive. This means that the Government of Kulon Progo Regency has publicly published their financial reports, provided easy access for the public to obtain financial report information, and provision of the information on the internet. A step towards realizing accountability is by providing financial information to the public and other users, where the information is used to assess the government's accountability for all activities carried out, not only covering financial activities (Mardiasmo, 2009). The government is required to fulfill these public rights. Local government financial statements are public rights, which means that the government must make the information contained in the financial reports available to the public (community). Local governments must provide easy access for the public to obtain financial information.

The results of this study are in line with the results of research conducted by Fauziyah and Handayani (2017); Ichlas et al (2014); Sumiyati (2015); and Hehanussa (2015) which states that accessibility has a positive effect on accountability in regional financial management.

CONCLUSION

Based on the research conducted to examine the hypotheses, the following conclusions were obtained: (1) The application of government accounting standards (SAP) has a positive effect on accountability in regional financial management; (2) The presentation of regional financial statements has a positive effect on the accountability of regional financial management; and (3) Accessibility of regional financial reports has a positive effect on accountability in regional financial management.

Economic Impact: The existence of good financial management in accordance with the principle of accountability, where regional finance is managed responsibly, allows for available funds to be utilized in the best manners possible. **Social Impact:** This research is expected to be able to strengthen the relationship between the government and the community. **Environmental Impact:** Kulon Progo Regency Government is expected to continue to improve its regional financial accountability.

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