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**The Influence of the Impementation Government Accounting Standards (Gas) Based on Accrual through the Financial Statement Quality (Survey on the Depok City Work Unit)****Luckman Ibrahim\***, Hari Setiyawati

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**Abstract:** The objectives of the study were to find out The Influence of The Implementation Government Accounting Standard based on Accrual through the Financial Report Quality (Survey on the Depok City work unit). Quantitative study was used in constructing the research with the Regional Device Work Unit in Depok City Region as respondent. SPSS 24 was used in analyzing the data. Survey method with collecting questioner was used in constructing the data. The survey was conducted in local government Depok for a month, 28<sup>th</sup> March 2018 – 28<sup>th</sup> April 2018. The result of the study and analyzing the data using simple linear regression. Based on the study, it can be concluded that The Implementation of Standard Accounting based on Accrual had a big influence signifikan the financial report.

**Keywords:** The Government Accounting Standard based on Accrual, The financial statement quality.

**INTRODUCTION**

Over the last decade public sector organizations are required to continue to make improvements in the management of public resources. Good governance or good governance is a commitment of the Government of Indonesia in realizing a clean, effective and efficient bureaucracy. The World Bank defines good governance as a solid and responsible management of development that is consistent with democratic and efficient market principles, avoidance of investment fund allocations, and the prevention of corruption both politically and administratively, runs the budget discipline and the creation of legal and political framework for the growth of business activities [1].

Public sector organizations around the world have been involved in institutional, organizational and managerial change strategies in order to meet the growing need for financial, efficient and effective accountability. The change made the traditional public sector Management Standards that initially seemed bureaucratic, rigid that led to public sector management more flexible and more orderly.

Implementation Accrual-based accounting standards implemented starting this year have not run optimally [2]. Minister of Home Affairs [2] said there are some obstacles faced by the regions in implementing the new accounting standards. Constraints faced include the quantity of human resources financial manager, competence, and commitment of regional heads in encouraging the optimization of the implementation of accrual basis financial statements in the region.

The objective of this GAS accrual-based is to improve the quality of financial reporting information,

provide a complete picture of the government's financial position, and present the actual information on the rights and obligations of the government. In addition, this GAS accrual has benefits in evaluating government performance related to service costs, efficiency, and goal achievement.

The implementation of GAS accrual-based, local government must prepare three things, "said Ipoeng, among others, institutional arrangement of organizational structures and work procedures related to the tasks and functions of accounting in regional device work unit to support the implementation of GAS accrual-based on regional device work unit. Then the regulations, namely the adjustment of local government regulations in the field of regional financial management and the issuance of regional head regulations on accounting policies and local government accounting standards. Finally, human resources, namely the increased competence of accounting personnel who handle local financial management, as well as increased commitment of local

government officials in the application of GAS accrual-based.

For the 2015 report to be checked in 2016, so we see if it is ready, for the GAS accrual-based implementation, we take sampling in Depok, for trying to escort an awarded city with Unqualified predicate (WTP) from BPK, " said Head of Auditoriat Jabar III as well as technical controller, Ipoeng A. Wasita. Meanwhile, the Mayor of Depok, Nur Mahmudi Ismail asked each OPD to make a financial report in accordance with accrual-based SAP. "Depok City Government will prepare the implementation of accrual-based SAP in the preparation of LKPD, because the implementation of GAS-based accruals, impact on the opinion of LKPD," he said.

The Supreme Audit Agency (BPK) has returned a fair opinion with an exception (WDP) to the Central Government Financial Report (LKPP) in 2015 or the same as LKPP's opinion in 2014. Finance Minister Sri Mulyani said that the 2015 government's financial report can not be perfect because in 2015 it is the first time governments have implemented accrual-based government accounting standards DDTC News.

Based on these problems, this study is conducted with the aim to determine the effect of applying the implementation of accounting standards based on accrual government financial reporting quality.

## **LITERATURE REVIEW AND HYPOTHESES**

### **Grand Theory**

Grand Theory is the theoretical foundation which is the guide to get the right direction in carrying out a scientific research, so that in reviewing the existing literature and literature will get strong theoretical and empirical base to arrange hypothesis and development of research model desired by researcher.

The underlying Grand Theory is part of the agency theory of stewardship theory [3], which describes a situation in which management is not motivated by individual goals but rather aimed at their primary outcome goal for the benefit of the organization. In realizing the welfare of the people and accountable for the management of state assets, the role of accounting is needed. In principle, accounting is a tool of self-control and a means of reporting the activities of managers on the management of human and financial resources Suranyi-Unger [4] as quoted Sari [5]. According to Golberg [6] in Sari [5] suggests that management (agent) as a steward will act in accordance with the interests of principal, in this case can be interpreted local government with the people. 12 Stewardship Theory assumes that the interests of the people can be maximized by the sharing of authority, rights and obligations between the roles of inspectors and management, so that in Stewardship Theory states

that executives tend to be increasingly motivated to act in the interests of the corporation compared to their own interests [7]. Thus if the principal and the agent choose a stewardship relationship, the result is a truly important relationship designed to maximize the potential of group work, as well as the principal choosing to create a stewardship-oriented situation of empowerment and delegation of authority that tends to resulting in better performance [3].

## **LITERATURE REVIEW**

### **The Implementation of Accrual Based Accounting Standards**

Government Accounting Standards (GAS) is the implementation of Law Number 17 Year 2003 on State Finance article 32 paragraph (2) stating that government accounting standards are prepared by an independent standard committee and stipulated by the PP after first obtaining consideration from the Supreme Audit Board (CPC). GAS is the legal basis for central and local government apparatuses in managing transparent, efficient, and accountable revenue and use of funds so that the objectives of achieving transparency and accountability can be achieved.

UU no. 17 of 2003 on State Finance and Law no. 1 of 2004 on the State Treasury mandates the task of drafting such standards to an independent standards committee established by a presidential decree on the Government Accounting Standards Committee (GASC). According to the mandate of the Act, the President stipulates Presidential Decree No. 84 of 2004 on KSAP dated October 5, 2004 and lastly amended by Presidential Decree No. 2/2005 on the amendment to Presidential Decree No. 84 of 2004 on GASC. The Presidential Decree reaffirms the position of the KSAP with the Decree of the Minister of Finance No. 308 / KMK.012 / 20s02 on the Central and Regional Government Accounting Standards Committee dated June 13, 2002. GASC consists of the Consultative Committee on Governance Accounting Standards and the Government Accounting Standards Working Committee (Komnas Akuntansi Akuntansi Pemerintahan) Working Committee). The Consultative Committee is tasked with providing consultation and / or opinion in the framework of drafting the Government Regulation Draft on SAP. The working committee is in charge of preparing, formulating and drafting the draft Government Regulation on GAS [8].

Minister of Home Affairs Regulation no. 64 Year 2013 Article 1 paragraph (10) explains that the accrual basis is an accounting basis that acknowledges the effect of transactions and events at the time the transactions and events occur, regardless of when cash or cash equivalents are received or paid. Halim & Kusufi [9] concludes that the accrual basis is capable of meeting the reporting objectives that the cash basis can not meet, the purpose of which is the managerial objectives and supervision.

The results of accrual basis in accounting measurement are based on substance and occurrence, not when cash is received or paid, besides it also increases relevance, neutrality, timelines, completeness, comparability [10]. The accrual method records income and expenses in one accounting period whereby taking into account when acquired and occurs [11].

Government Regulation Number 71 Year 2010 article 1 paragraph (8) states that:

Accrual-based government accounting standards are government accounting standards that recognize revenue, expenses, assets, debt, and equity in accrual basis financial reporting, and recognize revenues, expenditures, and financing in the reporting of budget execution on the basis set forth in APBN / APBD.

The accrual basis according to PSAP 01 is "Accounting basis that recognizes the effect of transactions and other events at the time the transactions and events occur, regardless of when cash or cash equivalents are received or paid". Pat [12] adoption of accruals in the public sector positively improves the efficiency, effectiveness, accountability and financing of better programs and services provided by the government.

Accrual basis by International Public Sector Accounting Standards (IPSAS I page 32) is: "Accrual basis means basis of accounting under which transactions and other events are recognized when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions and events are recorded in the accounting records and recognized in the financial statement of the periods to which they relate. The elements recognized under accrual accounting are assets, liabilities, net assets/equity, revenue and expenses."

According to Skousen *et al.*, [13] "Accrual accounting recognizes revenues as they are earned, not necessarily when cash is received. Expenses are recognized and recorded when they are incurred, not necessarily when cash is paid. Accrual accounting provides for a better matching of revenues and expenses during an accounting period and generally results in financial statements that more accurately reflect a company's financial position and results of operations."

From the above revenue the authors conclude that the accrual basis is an accounting basis that acknowledges transactions and events at the time the transactions and events occur, regardless of when cash or cash equivalents are received or paid.

Zulkifli [14] states that in general transactions can be interpreted as economic / financial events involving at least 2 (two) parties (someone with someone or some other person) who exchange each

other, involve themselves in business unions, the basis of both likes and on the basis of a provision of law or sharia that apply. Skousen [15] states that transactions are the exchange of goods and services between (individuals, companies and other organizations) other events that have economic influence over business.

Tudor [16] says that the accrual accounting method of measuring income is now more accurate than the cash method. Accrual based accounting is one of the supporting tools currently required by the government in the context of government transparency and accountability.

Accrual Based Government Accounting Standards (PP No. 71 of 2010) are Government Accounting Standards (SAP) that recognize revenue, expenses, assets, debt and equity in accrual basis financial reporting, and recognize revenues, expenditures and financing in the reporting of budget execution based on the basis set out in the APBN / APBD.

From the above understanding the authors conclude Accrual-based government accounting standards are government accounting standards that recognize income, expenses, assets, debt, and equity in financial reporting based on established rules.

### **The Quality of Financial Statements**

The definition of quality according to Mulyana [17] is: "Quality is defined as compliance with standards, measured on the basis of non-conformity, and achieved through examination". According to Kashmir [18] in the simple sense states: The financial statements are reports that indicate the financial condition of the company at this time or in a certain period. The purpose of the financial statements that indicate the company's current financial condition is the current condition. The current state of the company is the company's financial condition on a certain date (for balance sheet) and a certain period (for profit and loss). The financial statements describe the company's financial items obtained in a period.

To prepare a qualified financial report, the use of management information system is needed to reduce the ineligibility and error rate in the preparation of the report. The financial statements are used to determine the value of economic resources utilized to carry out the company's operational activities, assess the financial condition, evaluate the effectiveness and efficiency of an entity reporting, and helping to determine its compliance with laws and regulations.

Keyso [19] argued that the quality of financial reporting refers to the quality of accounting information that is qualitative characteristics of accounting information. Zaenal [20] argued that the quality of financial statements is a representation of the accuracy

of the overall performance of the market embodied in the form of return.

Agoes [21] Examination of financial statements will produce quality financial reports that generate opinions from professional statements examiners about the fairness of information from financial statements. Heizer & Render [22] Quality is the totality of features and characteristic of a product or service that bears on it's ability to satisfy stated or implied need.

Robinson *et al.*, [23] financial reporting quality pertains to the quality of the information contained in financial report. High quality financial reports provide decision useful information that faithfully represent the economic reality of the company.

Wongsim *et al.*, [24] exploring information quality in accounting information system adoption information quality dimensions have a positive relationship which accounting information system adoption processes.

The quality of an information depends on 3 things, namely accurate, timely, and relevance [25]. According to Bastian [26] the quality of financial reporting can be measured by the characteristics of which are: 1) understandable, 2) relevant, 3) materiality, 4) reliability / reliability, 5) honest presentation, 6) substance of form, 7) neutrality, 8) healthy considerations, 9) completeness, and 10) can be compared. Star and Reynolds [27] an accounting information system quality is common, flexible, efficient, accessible, and timely.

Hilton [28]: "Three characteristics of information determine its usefulness for decision making: 1) relevance, information is relevant if it is pertinent to a problem, 2) accuracy, information that is pertinent to a decision problem must also be accurate. 3) timeliness, relevant and accurate data are valuable only if they are timely, that is, available in time for a decision."

Huang [29]: "Quality of information that are grouped into four classes: 1) the intrinsic quality: accuracy, objectivity, believability, and reputation, 2) the quality of accessibility: access, and security, 3) contextual quality: relevance, value added, timeliness, completeness and amount of data, and 4) the quality of representation: interpretation, ease of understanding, the representation concise, and consistent representation."

Susanto [30]: "A quality information must have the following characteristics: 1) accurate means the information should reflect the actual situation, 2) timely means that information must be available or present at the time the information is required, 3) relevant means the information provided must be in

accordance with the required, 4) complete can be interpreted information must be given in full".

## **HYPOTHESIS**

Based on the explanation, it can be formulated hypothesis:

H0: The Implementation of Accrual Based Government Accounting Standards Has No Effect on Report Quality.

H2: Implementation of Accrual Based Government Accounting Standards Affects the Quality of Reports.

Rukmi Juwita [31] *Trikonomica Journal* Volume 12, No. 2, December Edition. The Effect of Implementation of Government Accounting Standards and Accounting Information Standards on Quality of Financial Statements. The hypothesis that the government accounting standards affect the quality of financial statements has been proven through testing. In other words, it can be concluded that there is a significant influence of government accounting standard on the quality of financial statements.

The same research also conducted by Adhi & Suhardjo [32] result shows that the application of government accounting standard has a significant effect on Quality of Financial Report. In line with the research, Ningtyas and Widyawati [33] examined the effectiveness of the Application of Government Accounting Standards on Quality of Local Government Financial Statements, the result is that the application of government accounting standards in the Regional Government Work Unit can improve the quality of local government financial statements.

Dianne Natalia Christanti [34] the Influence of Accrual Based Accounting And Internal Control Standards To The Quality Of Financial Statements. Internal control standards have a significant influence on the quality of financial statements, both simultaneously and partially. This indicates that when the provincial government of western Java to apply the standard of internal Engendalian well and implemented optimally then the financial report of West Java provincial government will be more qualified.

## **DESIGN AND RESEARCH METHODS**

In this study, the authors use quantitative research where the process of extracting information is manifested in the form of numbers as a tool to find information about what is known. Quantitative research further emphasizes objective phenomena, and the maximization of objectivity, the design of this study is done by using numbers, statistical processing, structure and controlled experiments. Quantitative research includes every kind of research based on percentage, average, and other calculations. This study uses the calculation of numbers or quantities. Form of research used in this research is causality research. According to

Sekaran and Bougie [35], causality research is a study that describes the characteristics of causality between two or more variables.

**Population and Sample**

Population in this research is all Unit Working Device Area in Depok city area. In this research, the sampling technique using purposive sampling technique is done by taking the subject not based on strata, random or area but based on the existence of certain purpose and also the member of population have equal chance to be chosen to be sample. So that researchers determine the samples of all units of Working Devices in the area of Depok city of 36 people who are considered a representative sample (representative) of the population.

The data were collected through a questionnaire given at the end of March until the end of April. Data processing is done with SPSS which is used to explain the presence or absence of influence between variables.

**RESULTS AND DISCUSSION**

**Description of Research Objects**

The general profile of respondents is male 16 People (44.44%) while women 20 People (55,56%). From the education level of the majority of graduate staff S1, which is as many as 26 people (72.22%). While based on years of service, respondents who have worked <5 years and working period of 5-10 years have equal percentage 11,11% or 4 responder respectively. Respondents 10 - 20 years have the largest percentage of 44.44% or 16 respondents, and respondents who have a working period > 20 years have a percentage of 33.33% or 12 respondents. This indicates that almost all of the respondents who studied already have enough experience because they have joined in SKPD of Depok City so that respondents have know well the working procedure in finance.

**Descriptive Analysis**

**Description of Variable of the Implementation of Accrual Based Government Accounting Standards**

The variables of accrual-based government accounting standard application consist of three dimensions, namely recognition, recording, and measurement, so that each dimension of accountancy standard accounting practice can be based on accrual

**Table-1: Description of Variable of the Implementation of Accrual Based Government Accounting Standards**

No.	Dimension	Score
1	Recognition	3,93
2	Recording	4,01
3	Measurement	4,00
Total		11,94
Mean		3,98

Source: Processed primary data

From table-1 above shows that the variable application of accrual-based government accounting standards consisting of 3 research dimensions that have an average score of 3.98 it can be interpreted that the implementation of accounting standards of government-based accruals in regional device work unit in the city of Depok is good.

**Description of the Financial Statement Quality Variable**

Variables Variable quality of financial statements have 4 dimensions that is, relevant, reliable, comparable and understandable. Each dimension has an indicator ie the relevant dimension has 4 indicators, the dimension reliably has 3 indicators, the dimensions can be compared has 3 indicators and the dimensions can be understood to have 2 indicators. Based on the range of values and categorization, then each indicator and dimension of variable financial reporting quality can be presented in table-2 below:

**Table-2: Description of the Financial Statement Quality Variable**

No	Dimension	Score
1	Relevance	3,97
2	Reliability	3,94
3	Comparability	3,89
4	Understandibility	3,93
Total		15,73
Mean		3,93

Source: Processed primary data

From table-2 above it can be explained that the variable of research quality of financial report at regional device work unit in Depok City with average score 3,93. Based on these results, it can be interpreted that regional device work unit in the city of Depok produce quality financial reports are good.

**The Validity Test**

Based on the results of validity test can be concluded that almost all variables consisting of the application of accounting standards based on government accruals and the quality of financial statements in the category of valid or can be

maintained. Based on the results of the above loading factor it can be concluded that the construct has valid validity convergent (Table-3).

**The Reliability Test**

Reliability testing is performed to test the reliability of the measuring instrument. The construct reliability test is measured by composite reliability and cronbach's alpha from the indicator block that measures the construct. The following is the result of composite reliability test and cronbach's alpha test from SPSS 24 (Table-4).

**Table-3: The Validity Test Results**

Variable	Dimension	Indicator	Loading Factor	Explanation
The Implementation of Accrual Based Government Accounting Standards	Recognition	Asset Recognition	0,812	Valid
		Liabilities Recognition	0,827	Valid
		Revenue Recognition	0,806	Valid
	Recording	Asset Recording	0,815	Valid
		Liabilities Recording	0,811	Valid
	Measurement	Assets Recorded as Expenditure	0,811	Valid
Liabilities Recorded as Fair value		0,814	Valid	
The Financial Statement Quality	Relevance	Feedback Value	0,754	Valid
		Productive Value	0,773	Valid
		Timeliness	0,754	Valid
		Completeness	0,802	Valid
	Reliability	Faithfulness Representation	0,794	Valid
		Verifiability	0,767	Valid
		Neutral	0,790	Valid
	Comparability	Previous reports comparability	0,774	Valid
		Internal comparabiity	0,732	Valid
		Exsternal comparability	0,820	Valid
Understandibilty	Financial Statement Presented Based on GAS	0,834	Valid	
	Decision usefullness	0,762	Valid	

Source: Statistical Output

**Table-4: Composite Rreliability & Cronbach's Alpha**

Construct	Cronbach's Alpha	Critical Value
The Implementation of Accrual Based Government Accounting Standards	0,914	0,70
The Financial Statement Quality	0,941	0,70

Source: Statistical Output

The construct is considered reliable if it has a composite reliability value above 0.70 and cronbach's alpha above 0.60. From the above data all constructs have composite reliability values above 0.70 and and cronbach's alpha above 0.60. So it can be concluded that the construct has good reliabilitas.

**The Simple Regression Analysis**

Simple Linear Regression Analysis is a linear relationship between one independent variable (X) and the dependent variable (Y). This analysis to know the direction of the relationship between variables (Table-5).

**Table-5: Coefficients Results**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.185	.169		1.093	.282
	X_The Implementation of Accrual Based Government Accounting Standards	.944	.042	.968	22.543	.000
a. Dependent Variable: Y_ The Financial Statement Quality						
Source : Statistical Output						

From the above calculation t value obtained arithmetic as follows:

**Table-6: Significance test results**

Variable	t <sub>hitung</sub>	: t <sub>tabel</sub>	Prob. Sig		Explanation
The Implementation of Accrual Based Government Accounting Standards	22,543	1,691	0,000	0,05	Significant influence

Source: Statistical Output

From table-5 above can be explained that, then obtained the regression equation as follows:  $Y = 0.185 + 0.944 X$ . By looking at the linear regression equation above, it can be explained that the value of the coefficient of Implementation of Accounting Standards Based on Accrual. of 0.944. This implies that each increment of elements of the Accrual-Based Accounting Standards Application, the Financial Statement Quality variable will rise by 0.944 with the assumption that the other independent variables of the regression are fixed.

**t-Test**

Statistical Test t is conducted to find out whether the variable Implementation of Accounting Standards Accrual-Based Governmental Accounting partially affect the Quality of Financial Statements. The following is a summary of test results t (Table-6).

Hypothesis: there is a significant influence between the variables of Accounting Principles of Accounting Based on Accrual to Quality of Financial Statements at Perokkat Work Unit of Depok City.

**Testing Steps**

Ho: The Implementation of Accrual Based Government Accounting Standards Has No Effect on Report Quality.

Ha: Implementation of Accrual Based Government Accounting Standards Affects the Quality of Reports.

Testing Criteria 1) Conventionally found that at the error level  $\alpha = 0.050$  (two-sided test) with known t table = 1.691 and t arithmetic = 22.543. Because t arithmetic > t table, then the variable Implementation of Accounting Standards Based on Accrual Government (X) has a significant effect on the Quality of Financial Statements (X) means H0 rejected, Ha accepted. Criteria testing 2) SPSS is by looking at the probability significance (P-value) = 0.000 or 0% smaller than 5% then H0 rejected, Ha accepted so it can be said that the

variable Implementation of Accounting Standards Based on Accrual (X) Financial Report (Y) at the Depok City Device Work Unit, thus the proposed hypothesis is proven.

**F Test**

This test is intended to find out the proposed hypothesis, namely: there is a significant influence between the variables of the Implementation of Accrual-Based Government Accounting Standards simultaneously to the Quality of Financial Statements at the Depok City Device Work Unit, proven or not by using the F test test. This test is performed to test the effect of X on Y (Table-7).

**Testing Steps**

Ho: The Implementation of Accrual Based Government Accounting Standards Has No Effect on Report Quality.

Ha: Implementation of Accrual Based Government Accounting Standards Affects the Quality of Reports.

Testing Criteria 1) Conventional on the real level  $\alpha = 0.05$  with known Ftable = 4.130 and F arithmetic = 508.205. Because F arithmetic > F Table, then H0 is rejected, and Ha accepted so that variable Application of Accounting Standards Based on Accrual Government significantly influence to Quality of Financial Statement, 2) SPSS is by looking at probability significance (P-value) = 0.000 or 0% from 5% then H0 rejected, Ha accepted so that it can be said that the variable Implementation of Accounting Standards Based on Accrual (X) has significant effect on Quality of Financial Report (Y) at Depok City Device Work Unit, thus the proposed hypothesis is proven.

**Determination Coefficient Test**

The coefficient of determination shows the ability of all independent variables in explaining the

dependent variable. The coefficient of determination is calculated by squaring the correlation coefficient (R) (Table-8).

In table Summary Model is known value R = 0.968, meaning Influence Application of Accounting

Standards Accrual Based on Quality of Financial Statement of 96.80%. While the rest, 3.20% is influenced by other factors not included in this research model.

**Table-7: F Test Results**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.583	1	16.583	508.205	.000 <sup>b</sup>
	Residual	1.109	34	.033		
	Total	17.693	35			
a. Dependent Variable: The Financial Statement Quality						
b. Predictors: (Constant), The Implementation of Accrual Based Government Accounting Standards						

Source: Statistical Output

**Table-8: Determination Coefficient Test Results**

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.968 <sup>a</sup>	.937	.935	.181	1.908
a. Predictors: (Constant), X_ The Implementation of Accrual Based Government Accounting Standards					
b. Dependent Variable: Y_ The Financial Statement Quality					

Source: Statistical Output

**CONCLUSION**

Based on the formulation of the problem, the statistical test and discussion presented in previous chapters, it can be concluded that: The implementation of accrual-based government accounting standards is strongly affect the quality of financial statements. It can be concluded that regional device work unit in the city of Depok has applied accrual-based government accounting standards well it can be seen with good financial reporting quality. Applying good government accounting standards based on good accruals plays a role in producing good financial statements.

The quality of financial reporting will be better, accurate and accurate if Accrual Based Government Accounting Standards are actually applied in the implementation of accounting transactions flow in each regional device work unit, Application of Accrual Based Government Accounting Standards affect the Quality of Financial Statement. Issuance of Government Regulation No. 71 of 2017 on Government Accounting Standards, Government through the Minister of Home Affairs of the Republic of Indonesia No. 64 Year 2013 requires each regional device work unit to apply Accrual Based Local Financial Statement with reference to its standard. The city of Depok which initiated the adoption of Accrual Government Accounting Standards for the 2015 report shows the results of research that is strongly influential. This means that the Implementation of Government Accounting Standards is very closely related to the quality of Local Government Financial Statements in general in Indonesia.

**IMPLICATIONS**

Implementation of Accounting Standards Based on Good Accrual Government can affect the Quality of Financial Statements. regional device work unit that implements Accrual Based Accounting Principles of Accounting High certainly has better Quality of Financial Statement from regional device work unit which Application of Accountancy Standards Based on Accrual Based Government. It is expected that each Head of regional device work unit can conduct supervision on the Implementation of Accrual Based Government Accounting Standards for the creation of quality Financial Statements.

**LIMITATIONS**

This research has been done optimally by researchers but researchers realize that there are many limitations, among others:

- The variables affecting the quality of financial statements consist of only 1 variable that is the application of accrual based government accounting standard and target sample also less than 100 samples. For the following research it is desirable for the researcher to include more variables and larger sample quantities.
- The existence of research limitation by using primary data that is answer given by respondent not necessarily show the real situation.

**SUGGESTIONS**

Based on the results of the discussion and the conclusion above, the researcher can give suggestions as follows: regional device work unit leadership especially in Tangerang city area is expected to



continuously improve the implementation of accrual based government accounting standards to improve the quality of financial statements.

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