THE EFFECT OF GOVERNMENT ACCOUNTING STANDARD APPLICATION ON THE QUALITY OF FINANCIAL STATEMENTS (STUDY ON REGIONAL APPARATUS ORGANIZATIONS OF KARANGANYAR REGENCY)

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ABSTRACT

This research aims to analyze the effect of the implementation of the government accounting standard (*Standar Akuntansi Pemerintahan*/SAP) on the quality of the financial statements through the study of perceptions of the financial management staff and to analyze the extent to which the government's internal control system (*Sistem Pengendalian Intern Pemerintah*/SPIP) strengthens the relationship between government accounting standard implementation and the quality of the financial statements. The samples were taken using the saturated sampling technique. A total of 171 respondents from 57 regional apparatus organizations (*Organisasi Perangkat Daerah*/OPD) in Karanganyar Regency were invited to participate in this study, with 117 data used for analysis. The data were analyzed using a simple regression test and interaction test. The results of the study show that the implementation of government accounting standards gives a positive effect on the quality of financial statements.
Keywords: government accounting standard; government internal control system; quality of financial statements

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INTRODUCTION

Regional financial management has advanced rapidly during the reform era, with positive implications for the transformation of the national development paradigm. This development is realized through the transfer of authority from the central government to the local governments, which is known as decentralization of regional autonomy, as stipulated in Law Number 32 of 2004 on local governments. The main goal of implementing regional autonomy in all local governments in Indonesia is to improve people's welfare. However, this goal has not been met, resulting in the demand for accountability from local and central governments. According to Mardiasmo (2009), accountability is demonstrated to trusted officials by fulfilling responsibilities, as well as presenting and disclosing all responsibilities to parties with rights and authorities.

According to Article 23 of Law Number 17 of 2003, accountability in the implementation of the revenue and expenditure budget for central government (*Anggaran Pendapatan dan Belanja Negara*/APBN)/ the revenue and expenditure budget for local government (*Anggaran Pendapatan dan Belanja Daerah*/APBD) regarding the form and financial statements must be prepared following SAP. The standard was developed by the government accounting standard committee (*Komite SAP*/KSAP), which developed an accrual-based government accounting standard (Government Regulation Number 71 of 2010), which replaced Government Regulation Number 24 of 2005. According to Mardiasmo (2009), accountability is the most important factor in producing financial statements in the public sector. A financial statement is said to have advantages if it has a qualitative character.

A government financial statement is considered to be of high quality based on the principle of annual assessment by the supreme audit agency (*Badan Pemeriksa Keuangan*/BPK), which is a government agency mandated to audit management and finance by providing an opinion for consideration. The opinions are divided into four: unqualified (*wajar tanpa pengecualian*/WTP), unqualified with explanatory paragraph (*wajar tanpa pengecualian dengan paragraf penjelas*/WTP-DPP), qualified (*wajar dengan pengecualian*/WDP), and adverse (*tidak wajar*/TW). The benchmarks for the unqualified (WTP) opinion are alignment with SAP, financial statement disclosure density, compliance with statutory constitutions; and Internal Control System (*Sistem Pengendalian Intern*/SPI) effectiveness.

The Karanganyar Regency government's financial management has been well-executed and of high quality. This suggests that the local government, as the principal, has met its function to disclose financial statements as part of its accountability for financial management. The financial statements presented by the Karanganyar Regency government are of high quality, as evidenced by the qualified (WDP) opinion in 2013, followed by the unqualified (WTP) opinion for four years in a row (2014-2017).

The qualified (WDP) opinion in 2013 was attributed to the inadequate control and management of fixed assets on the former village treasury land, as well as the availability of fixed assets, equipment, and machinery, which could not be proven for their fairness due to inadequate control over these assets. The unqualified opinion was obtained because of the achievements of the provincial government (46% increase from 49% in 2013 to 97% in 2017), regency governments (46% increase from 26% in 2014 to 72% in 2017), and city governments (48% increase from 38% in 2013 to 86% in 2017). The improvement was followed by a decline experienced by 1 out of 34 provinces, 117 out of 415 regencies, and 13 out of 90 cities.

Worse opinion in the financial statements is attributed to non-compliance with the SAP. The non-compliance stems from the presentation of each financial statement account that is not following the SAP. BPK details the aspects of non-compliance occurring in regional governments, which include current assets (70), fixed assets (109), other assets (30), long-term investments (12), short-term liabilities (14), income (19), operating expenditures (47), capital expenditures (48), and operating

expenditures-OR (40). Based on the above description, the use of government accounting standards affects the quality of financial statements.

The financial statement quality is measured with the qualitative characteristics significantly related to economic decision-making. The qualitative characteristics are operational qualitative characteristics, such as relevance, reliability, readability, comparability, and timeliness (Beest et al., 2009). According to Barth et al. (2008), companies that apply international accounting standards (IAS) are proven to have higher accounting quality than companies that do not apply IAS.

The government's internal control system (*SPI Pemerintah*/SPIP) may have an impact on the relationship between government accounting standard application and the financial statement quality of local governments. This internal control system refers to the mechanism and action of superiors and all employees in long-term activities to ensure that the responsibility for financial management is following the five elements, namely the control environment, risk assessment, control activities, information and communication, and internal control monitoring.

Control is required when putting government accounting standards into practice. The government's internal control system should be able to create a conducive government organizational environment for producing quality financial statements. According to Udiyanti et al. (2014), the competence of accounting staff, the use of SAP, and the SPIP have an impact on the quality of financial statements. Regional autonomy and government affairs should be fulfilled in an absolute, concurrent, and general manner by adhering to and implementing policies in the administration of regional finances.

Financial management is carried out by central and regional governments through the management staff. The activities of financial management staff are challenging, ranging from financial management to the preparation of financial statements.

Significant issues arise as a result of differences in perceptions among financial management employees regarding the application of SAP for each component of the financial statements. A poor internal control system causes different perceptions of the financial statement preparation guidelines that follow the SAP.

The state civil apparatus (*Aparatur Sipil Negara*/ASN) is required to prepare the SAP-based financial statements. Unqualified (WTP) opinion increases while qualified (WDP) opinion decreases. This happens due to the presentation and description of accounts that are not following the SAP. External auditors discover issues in the accounting and reporting control systems, flaws in the control system for implementing the revenue and expenditure budgets, and irregularities in the internal control structure (CPC, 2018).

According to Skaife et al. (2007), there are differences in the effectiveness of internal control that have a significant impact on accrual quality. Companies that initially struggle to recover from control issues can see a significant increase in accrual quality with the presence of SOX internal control.

The present study belongs to quantitative research. This research builds on previous studies that investigated the quality of financial statements. HR competence, IT utilization (Nugraheni & Subaweh, 2008); legal framework (Nkundabanyaga et al., 2013); regional financial accounting system (Wati et al., 2014); regulatory factors and administrative systems (Haliah & Nirwana, 2019); legal system, law enforcement environment, and company size (Beest et al., 2009); understanding of the accrual basis (Kiranayanti & Erawati, 2016), internal control systems (Chodijah & Hidayah, 2018); internal control system (Dewi et al., 2019); audit opinion (Nor et al., 2019); SOX internal control (Skaife et al.,2007); politics (Nagendrakumar et al., 2015), conceptual framework (Jones, 1992); and application of SAP (Nugraheni & Subaweh, 2008), (Beest et al., 2009) (Adhi & Suhardjo, 2013)

(Nkundabanyaga et al., 2013) (Inapty & Martiningsih, 2016) are the aspects that influence the quality of financial statements.

The SAP application is the aspect analyzed in this research. The studies by Nugraheni & Subaweh (2008), Beest et al. (2009), Adhi & Suhardjo (2013), Nkundabanyaga et al. (2013), and Wati et al. (2014) reported that the application of the government accounting standards (SAP) gives a positive effect on the quality of financial statements. However, Inapty & Martiningsih (2016) reported the opposite result. The different results of previous studies triggered the researchers to perform reevaluation and add a new variable, the SPIP, as moderating variable.

Evaluation of financial statement quality is based on the opinion provided by the BPK. The opinion (unqualified (WTP), unqualified with explanatory paragraph (WTP-DPP), qualified (WDP), or adverse (TW)) is a form of appreciation for the government's performance in preparing an accountable financial statement and free from corruption. The opinion is given based the compliance with the SAP, compliance with laws and regulations, and the effectiveness of the internal control system in the Financial and Development Supervisory Agency (*Badan Pengawasan Keuangan dan Pembangunan*/BPKP) of Central Java (Gutomo, n.d.).

Therefore, reevaluation is required because the government accounting standards SAP application is one of the indicators used by the BPK in providing opinions. The SAP can indirectly affect the quality of financial statements, and BPK's opinion reflects the quality of the financial statements produced. The SPIP variable is added as a moderating variable because it is thought to strengthen the relationship between the application of SAP and the quality of financial statements. The contribution of SAP application to the quality of financial statements will be strengthened if the SPIP is implemented following Government Regulation Number 60 of 2008, with the achievement of the five elements (control environment, risk assessment, control activities, information and communication, and monitoring).

Hypothesis Development

Transparency and accountability are two practices that promote good governance. The government accounting standards (SAP) are the accounting foundations for preparing and presenting government financial statements. The committee started preparing the SAP with the exposure draft and then set it in Government Regulation Number 24 of 2005. After five years, the regulation was replaced with Government Regulation Number 71 of 2010. Within the year, cash-based SAP shifted to accrual-based SAP. The transition took place for four years until the later standard was completely put into practice by the government.

The elements of SAP/government accounting standards statements (*Pernyataan SAP*/PSAP) start from the presentation of financial statements, budget realization reports, cash flow statements, notes to financial statements; inventory accounting, investment accounting, fixed asset accounting, construction in progress accounting, liability accounting, error correction, and consolidated financial statements. The preparation of financial statements not following the elements of SAP/PSAP will result in a worse opinion. Previous studies by Nugraheni & Subaweh (2008), Beest et al. (2009), Adhi & Suhardjo (2013), Nkundabanyaga et al. (2013), and Wati et al. (2014) concluded that the results of SAP contribute positively to the quality of the financial statements.

H1: The implementation of government accounting standards (SAP) has a positive effect on the quality of financial statements.

The scope of internal control includes supervisory environment, risk measurement, control measures, information and communication, and internal control observation. Internal control that has not been fulfilled affects the financial statement presentation. The SPIP confirms the completion of the SAP application for the government. According to the Regulation of the Minister of State Apparatus

Empowerment and Bureaucratic Reform of the Republic of Indonesia (PERMENPANRB) Number PER/03.1/M.PAN/3/2007, supervision over central and regional government administration is carried out through inherent supervision (internal control), internal government functional supervision, and community control based on public complaints.

The results of studies by Wahyudin & Fitriana (2017) and Suliyantini & Kusmuriyanto (2017) suggest that the SPIP can moderate HR skills and the implementation of accrual SAP to the quality of the financial statements.

H2: Government's internal control system (SPIP) moderates the effect of government accounting standard (SAP) implementation on the quality of financial statements.

RESEARCH METHOD

This research belongs to a quantitative study by interpreting the respondents' responses into numbers or scores. This study aims to verify and examine the effects of SAP application on the quality of financial statements, as well as measure and analyze the SPIP, whether it strengthens or weakens the impact of SAP on the quality of the financial statements. The research population includes 57 personnel of the OPDs of Karanganyar Regency sampled using the saturated sampling technique, which is taking all populations as samples (Sugiyono, 2012: 85). This research uses primary data gathered by distributing questionnaires to financial management staff in each OPD. A total of 171 respondents (3 financial management staff from each OPD were invited to participate in this study. The independent variable of SAP application (X1), moderating variable of SPIP (X2), and the dependent variable of financial statement quality (Y).

The independent variable of SAP application is the extent to which the government applies the SAP. Instrument variables were measured using a four-point Likert-type ordinal scale, with 1 = Disagree, 2 = Somewhat Disagree, 3 = Neutral, and 4 = Agree. The PSAP includes the parameters that indicate the implementation of SAP, using 11 instruments with developmental statements proposed by Sudiarianti, et al. (2015). The dimensions include instrument 1 (financial report presentation); instrument 2 (budget realization report); instrument 3 (cash flow statement); instrument 4 (notes to financial statement); instrument 5 (inventory accounting), instrument 6 (investment accounting), instrument 7 (accounting for fixed assets), instrument 8 (construction in work accounting), instrument 9 (liability accounting), instrument 10 (correction of errors), and instrument 11 (consolidated financial statement).

The moderating variable of the SPIP is the supervision to control the implementation of government affairs. The instrument variable was measured using a four-point Likert-type ordinal scale, namely 1 = Disagree, 2 = Somewhat Disagree, 3 = Neutral, and 4 = Agree. The supervision was applied using several parameters: control environment, risk assessment, control activities, information and communication, and monitoring. Parameters were reviewed with 14 developmental instruments from Soimah (2014). The dimensions include instruments 1, 2, 3, and 4 (control environment); instruments 5 and 6 (risk assessment); instruments 7, 8, 9, 10, and 11 (control activity); instruments 12 and 13 (information and communication); and instrument 14 (monitoring).

The dependent variable of the financial statement quality symbolizes the success of transparency and accountability in regional financial management. Measurement of instrument variables was performed with a four-point Likert-type ordinal scale, including 1 = Disagree, 2 = Less Disagree, 3 = Neutral, and 4 = Agree. The parameters of quality assessment include relevant, reliable, comparable, and understandable, measured using instruments of developmental statements from Sudiarianti, et al. (2015). The dimensions are instruments 1 and 2 (relevant); instruments 3 and 4 (reliable); instruments 5 and 6 (comparable); and instruments 7 and 8 (understandable).

Statistical tests were carried out through data quality tests (validity and reliability). The data statistical tests include a descriptive analysis of respondents (gender, age, learning history, and work period) and a descriptive statistical analysis of classical assumptions for the fulfillment of regression analysis (normality, multicollinearity, and heteroscedasticity). The hypothesis test uses two alternatives, simple regression and interaction, by paying attention to the R^2 test, F test, and t-test. The test was facilitated with SPSS 25.

RESULTS AND DISCUSSION
Descriptive Analysis

The descriptive objects of the research were 57 regional apparatus organizations (OPDs) with 3 financial management staff for each OPD as respondents. The total number was 171, but only 117 questionnaires were processed statistically. Descriptive data include the specific distribution of respondents' gender, age, learning history, and working period, each of which is explained below.

Table 1. Gender of respondents

Gender	Total	Percentage
Women	72	61.54%
Men	45	38.46%
Total	117	100%

Table 1 presents that most of the financial management staff respondents were women (72 out of 117), reaching 61.54%, compared to men (38.46%).

Table 2. Age of respondents

Age	Total	Percentage
25 - 35 years old	40	34.2%
36 - 45 years old	36	30.8%
46 – 55 years old	33	28.2%
>55 years old	8	6.8%
Total	117	100%

Table 2 shows that the majority of respondents (40 out of 117) were 25-35 years old (34.2%). On the other hand, the least respondents were >55 years old (6.8%).

Table 3. Learning history of respondents

Education	Total	Percentage
Diploma	32	27.35%
Undergraduate degree (S-1)	60	51.28%
Master's degree (S-2)	25	21.37%
Total	117	100%

Table 3 details that most financial management staff were graduates with an undergraduate degree (51.28%), while the least were master's degree graduates (21.37%).

Table 4. Working period of respondents

Working Period	Total	Percentage
5 – 15 years	59	50.4%
16 – 25 years	35	30%
26 – 35 years	23	19.6%
Total	117	100%

As presented in Table 4, the majority of the respondents, 59 (50.4%), had a working period of 5-15 years. On the contrary, the least respondents, 23 (19.6%), worked for 26-35 years.

The descriptive statistics of the three variables were completed by considering the maximum, minimum, and mean values as well as the standard deviation.

Table 5. Results of descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
KLKPD	117	28	32	30.68	1.272
PSAP	117	37	44	40.92	2.206
SPIP	117	42	56	50.19	4.208
Valid N (listwise)	117				

Notes: KLKPD (the Quality of Regional Government's Financial Statement)

Table 5 presents that the total sample (N) was 117 and the mean value was close to the highest score, 44. This signifies that the majority of staff are willing to manage the finance following the SAP. The basic principle of the SPIP is important to ensure the implementation of activities of each OPD to create a good working environment and achieve its vision and mission. This is supported by the results that the majority of employees are following this, as evidenced by the mean score of 56, which approaches the maximum score.

The summary of the quality of financial statements shows that the majority of employees agreed to perform their duties by presenting quality financial statements as a form of their responsibilities, as supported by the mean score of 32.

Validity Test

The aspects to be considered were comparing the value of the r_{table} and r_{count} and identifying the significance level of the probability value of 0.05. Ghozali (2009) explained that the test ensures that the questionnaire can be met.

Table 6. Validity test

Variable	Item	R-count	R-table	Sig. level	Description
	PSAP 01	0.572	0.1816	0.000	Valid
	PSAP 02	0.657	0.1816	0.000	Valid
	PSAP 03	0.567	0.1816	0.000	Valid
	PSAP 04	0.268	0.1816	0.003	Valid
Application	PSAP 05	0.503	0.1816	0.000	Valid
SAP (X1)	PSAP 06	0.313	0.1816	0.001	Valid
	PSAP 07	0.438	0.1816	0.000	Valid
	PSAP 08	0.446	0.1816	0.000	Valid

Variable	Item	R-count	R-table	Sig. level	Description
	PSAP 09	0.252	0.1816	0.006	Valid
	PSAP 10	0.627	0.1816	0.000	Valid
	PSAP 11	0.415	0.1816	0.000	Valid
	SPIP 01	0.544	0.1816	0.000	Valid
	SPIP 02	0.592	0.1816	0.000	Valid
	SPIP 03	0.507	0.1816	0.000	Valid
	SPIP 04	0.667	0.1816	0.000	Valid
	SPIP 05	0.644	0.1816	0.000	Valid
	SPIP 06	0.597	0.1816	0.000	Valid
SPIP (X2)	SPIP 07	0.673	0.1816	0.000	Valid
	SPIP 08	0.548	0.1816	0.000	Valid
	SPIP 09	0.537	0.1816	0.000	Valid
	SPIP 10	0.678	0.1816	0.000	Valid
	SPIP 11	0.611	0.1816	0.000	Valid
	SPIP 12	0.639	0.1816	0.000	Valid
	SPIP 13	0.540	0.1816	0.000	Valid
	SPIP 14	0.701	0.1816	0.000	Valid
	KLKPD 01	0.575	0.1816	0.000	Valid
	KLKPD 02	0.822	0.1816	0.000	Valid
	KLKPD 03	0.807	0.1816	0.000	Valid
KLKPD	KLKPD 04	0.257	0.1816	0.005	Valid
	KLKPD 05	0.277	0.1816	0.003	Valid
	KLKPD 06	0.257	0.1816	0.005	Valid
	KLKPD 07	0.277	0.1816	0.003	Valid
	KLKPD 08	0.279	0.1816	0.002	Valid

The distribution of the three variables, as demonstrated in Table 6, shows that the value of $r_{count} > r_{table}$ of 0.1816 and a significance <0.05 were said to be valid. Thus, the questionnaire with these three variables could be used and further testing could be carried out.

Reliability Test

Ghozali (2009) explained that a reliability test is a test that provides a means of assessing the index of a questionnaire variable. The assessment basis is Cronbach's Alpha value, in which a variable is said to be reliable if it has a value of more than 0.60.

Table 7. Reliability test

Variable	Cronbach's Alpha	Description
PSAP (X1)	.602	Reliable
SPIP (X2)	.865	Reliable
KLKPD (Y)	.623	Reliable

Normality Test

The normality test was performed to ensure that the questionnaires used are evenly distributed. The normality test used was a non-parametric Kolmogorov-Smirnov (K-S) statistical test with a standard significance of more than 0.05.

Table 8. Normality test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		117
Normal Parameters a, b	Mean	.0000000
	Std. Deviation	.84286634
Most Extreme Differences	Absolute	.080
	Positive	.080
	Negative	-.072
Test Statistic		.080
Asymp. Sig. (2-tailed)		.063c
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

The questionnaire instrument used was evenly or normally distributed based on a significant value of 0.063 (Table 8). The test results were said to be normal so the test could be continued on other tests.

Heteroscedasticity Test

The Glejser test was applied to this test. Heteroscedasticity is tested to identify the regression variance for the uniformity of the variance observation of the residual (Ghozali, 2016). The size parameter that is declared not heteroscedastic is seen from a significant value > 0.05.

Table 9. Heteroscedasticity test

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	3.399	.877		3.878	.000
	PSAP	-.040	.026	-.166	-1.506	.135
	SPIP	-.022	.014	-.177	-1.609	.110
a. Dependent Variable: ABSRESISS						

Multicollinearity Test

Multicollinearity is detected by taking into account the tolerance value of <0.10 and variance inflation factor (VIF) of > 10 to determine the correlation of the regression variance between variables (Ghozali, 2009).

Table 10. Multicollinearity test

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients				Collinearity Statistics Tolerance	
		B	Std. Error	Beta		t	Sig.	e	VIF
1	(Constant)	13.714	1.544			8.881	.000		
	PSAP	.377	.047	.653		8.096	.000	.654	1.530
	SPIP	.031	.024	.102		1.269	.207	.654	1.530
a.	Dependent	Variable:	KLKPD						

Table 10 shows the variables used in the study and explains that the tolerance and VIF values are in line with the criteria. In this study, no multicollinearity effect was found.

Simple Regression Test Analysis

The coefficient of determination (R^2), the F-test, and the t-test are all important factors to consider. A simple regression test was used to assess the first hypothesis, resulting in the equation of $Y=a+bx$.

Coefficient of determination (R^2) before interaction

This assessment was used to determine the level of contribution of an independent variable to the dependent variable.

Table 11. Coefficient of determination (R^2) before interaction

Model Summary

Model	R	R-Squared	Adjusted R-Squared	Std. Error of the Estimate
1	.713a	.509	.504	.895

a. Predictors: (Constant), PSAP

The results presented in Table 11 indicate that the application of SAP contributed 50.9% to the quality of financial statements.

F-test before interaction

The F-test was conducted to identify the simultaneous effect of independent variables. The result of this test measurement was less than 5%, which indicates a simultaneous effect.

Table 12. F-test before interaction

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	95.444	1	95.444	119.028	.000b
	Residual	92.214	115	.802		
	Total	187.658	116			

a. Dependent Variable: KLKPD

b. Predictors: (Constant), PSAP

Sourced from the data presented in Table 12, the significance was less than 0.005 and the F_{count} (119.028) is > F_{table} (3.80). The variables of the SAP application had a simultaneous effect on the quality of financial statements.

T-test before interaction

This test was carried out to fulfill the structure of the equation Y=a+bx.

Table 13. T-test before interaction

Coefficient a

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	13.845	1.545		8.962	.000
	PSAP	.411	.038	.713	10.910	.000
a. Dependent variable: KLKPD						

Table 13 shows the equation of KLKPD = 13.845+0.411PSAP. The increase in the value of 0 in the application of SAP was equalized by an increase in the value of 13.845 in the quality of financial statements.

Interaction Test

In the test, there was a correlation between variables and a multivariate model of many variables. Twice testing was needed to confirm the role of moderating variables (strengthening/weakening). Sugiono (2004) explained that the ability of variables is statistically seen from the significance of the correlation coefficient, individual test, and the value of b3 that is not equal to 0. The decision is perceived from the aspect of the coefficient of determination (R^2), F-test, and t-test (Liana, 2009). The equation was Y=a+b1x1+b2x2+b3x1.x2+e.

Coefficient of determination (R^2) test after interaction

This test indicates the overall effect of one or more variables on the dependent variable.

Table 14. Coefficient of determination after interaction

Model Summary

Model	R	R-Squared	Adjusted R-Squared	Std. Error of the Estimate
1	.749a	.561	.549	.854
a. Predictors: (Constant),		MODERATING, PSAP, SPIP		

Table 14 shows the change in the value of R-squared before interaction (50.9) interaction and after an interaction, which increased by 56.1. This result has proven an interaction, in which SPIP can strengthen the relationship between the application of SAP and the quality of financial reports because the value of R-Squared has increased.

F-test after interaction
This test was to follow up on the effect of unity between variables. A significance of less than 5% indicated a unity effect between variables.

Table 15. F-test after interaction

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	105.249	3	35.083	48.106	.000b
	Residual	82.409	113	.729		
	Total	187.658	116			
a. Dependent variable: KLKPD						
b. Predictors: (Constant), MODERATING, PSAP, SPIP						

The results presented in Table 15 indicated a simultaneous effect between variables, as indicated by a significance level of <5%. This signifies that SPIP as a moderating variable can strengthen the relationship between the SAP application and the quality of financial statements because, after the interaction test, the significance level remained below the standard (5%).

T-test after interaction
The test was performed to follow up on the effect of interaction between PSAP and SPIP. The significance was less than 5% indicating that after the interaction, the effect was less significant.

Table 16. T-test after interaction

Coefficient a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	77.930	18.846		4.135	.000
	PSAP	-1.188	.460	-2.060	-2.583	.011
	SPIP	-1.270	.381	-4.202	-3.330	.001
	MODERATING	.032	.009	6.299	3.418	.001
a. Dependent variable: KLKPD						

Table 16 demonstrates that the interaction test was carried out twice to identify differences of significance between before and after the SPIP variable was included. The first equation (Table 13) was KLKPD= 13.845+0.411PSAP and the second equation (Table 16) was KLKPD= 77.930 – 1.188PSAP – 1.270SPIP+ 0.032 PSAPxSPIP.

Discussion
Based on the results of a simple regression test using SPSS 25, it appears that the implementation of SAP has a positive impact on the quality of financial statements. The positive results presented in Table 13 on the t-test before interaction show t_{count} (10.190) > r_{table} (1.98009) and a significance level of <0.05. The results support the acceptance of H1.

One aspect of the financial statement quality is the application of SAP. If the preparation of financial elements has followed the application of SAP, the financial statement may receive an unqualified (WTP) opinion from BPK, which suggests that the quality can be guaranteed. Overall, the majority of financial management employees agree that the application of SAP is a fundamental requirement for quality financial statements. This is supported by previous research by Pujanira (2017), Susanti (2017), and Rahmawati, et al. (2018) that the application of government accounting standards has a positive influence on the quality of financial statements.

The results of the interaction regression test using SPSS 25 show the quality increase, with an Adjusted R-Squared value of 50.4 (Table 11) to 54.9 (Table 14). The t-test demonstrates a significance level below 0.05. The comparison of the equations before and after the interaction is as follows:

1. KLKPD= 13.845+0.411PSAP
2. KLKPD= 77.930 – 1.188PSAP – 1.270SPIP+ 0.032PSAP.SPIP

PSAP.SPIP coefficient shows a positive result of 0.032. The addition of one SPIP unit has an impact on the addition of the SAP application unit. This confirms the contribution of SPIP as a moderating variable that can strengthen the effect of SAP application on the quality of financial statements, suggesting that it supports H2.

Karanganyar Regency government has fulfilled the SPIP elements in each OPD by distributing tasks that are in line with the skills of each staff and intensively supervising the management and preparation of financial statements. The division of tasks facilitates the responsibilities of each employee related to the mastery of basic finance and supporting standards. This is supported by the results of the BPK evaluation in semester 1 of 2018, where regional heads are advised to assign staff in charge of making financial statements following the regulations.

CONCLUSION

This study concludes that the management staff's awareness of the importance of implementing SAP in financial statement preparation and presentation has a positive impact on the quality of financial statements, namely obtaining an unqualified opinion from BPK. Second, SPIP strengthens the impact of SAP implementation on the quality of government financial statements. The main key to internal control success is regularity in creating a good working climate so that SAP can be properly implemented.

The first limitation of this study is its population scope, which is limited to the OPD of Karanganyar Regency Government (which cannot be generalized). Second, only one independent variable is used. Third, this study is quantitative in nature. It is suggested that further research be carried out by broadening the samples so that the research results can be generalized, adding independent variables, and conducting qualitative research with data collection techniques such as interviews.

The results of this study are expected to provide an overview of the application of SAP affecting the quality of financial statements. In addition, the government's internal control system can strengthen the application of SAP to the quality of financial statements. Each OPD is expected to maintain or improve its control in all aspects so that the financial statement presentation can meet the standards.

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