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The effect of regional asset management on the quality of financial reports in the East Jakarta City government

Subjects
Accounting and Auditing

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ABSTRACT

Purpose: This study aims to determine whether Regional Asset Management influences the Quality of Government Financial Reports.

Methods: This study uses an associative strategy and analyzes data with simple linear regression using SPSS version 24. The focus of the study is regional asset management officials in East Jakarta City, with 67 respondents obtained through the census method. The data used are primary and collected through a quantitative questionnaire survey.

Findings: The study's results indicate that Regional Asset Management has a positive and significant influence on the Quality of Government Financial Reports. Properly carried out activities such as planning, budgeting, procurement, utilization, use, security, and maintenance will produce quality financial reports.

Practical Implications: This study shows effective management of Regional Assets is essential to improving the quality of government financial reports. By implementing each stage, from planning to maintenance, government agencies can ensure transparency and accountability of financial reports. Therefore, attention to this management must be a priority for related officials in order to achieve quality reports and gain positive recognition from audit institutions.

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Abstrak

Tujuan: Penelitian ini bertujuan untuk mengetahui ada tidaknya pengaruh Pengelolaan Barang Milik Daerah/Aset Daerah terhadap Kualitas Laporan Keuangan Pemerintah.

Metode: Penelitian ini menggunakan strategi asosiatif dan menganalisis data dengan regresi linier sederhana menggunakan SPSS versi 24. Fokus penelitian adalah pejabat pengelola barang milik daerah di Kota Jakarta Timur, dengan total responden sebanyak 67 orang yang diperoleh melalui metode sensus. Data yang digunakan bersifat primer dan dikumpulkan melalui survei kuesioner yang kuantitatif.

Hasil: Hasil penelitian menunjukkan bahwa Pengelolaan Barang Milik Daerah memiliki pengaruh positif dan signifikan terhadap Kualitas Laporan Keuangan Pemerintah. Serangkaian kegiatan seperti perencanaan, penganggaran, pengadaan, pemanfaatan, penggunaan, pengamanan, dan pemeliharaan yang dilaksanakan dengan baik akan menghasilkan laporan keuangan yang berkualitas.

Implikasi Praktis: Penelitian ini menunjukkan bahwa pentingnya manajemen yang efektif terhadap Barang Milik Daerah sangat diperlukan untuk meningkatkan kualitas laporan keuangan pemerintah. Dengan melaksanakan setiap tahap, dari perencanaan hingga pemeliharaan, instansi pemerintah dapat menjamin transparansi dan akuntabilitas laporan keuangan. Oleh karena itu, perhatian terhadap pengelolaan ini harus menjadi prioritas bagi pejabat terkait, demi mencapai laporan berkualitas dan mendapatkan pengakuan positif dari lembaga audit.

Kata Kunci: Pengelolaan Barang Milik Daerah, Kualitas Laporan Keuangan Pemerintah

1. Introduction

In the context of transparent and accountable governance, managing state and regional assets is critical. Law Number 17 of 2003 concerning State Finances emphasizes that state finances include all rights and obligations that have monetary value, including assets owned by the state. Current global issues show that sound financial management will affect operational efficiency and the government's image in the public's eyes. With the increasing need for accountability in public financial reports, it is crucial to understand how managing regional assets can affect the quality of government financial reports. The management of regional assets is a systematic process that involves the management of assets owned by the regional government. This definition shows that regional assets include physical assets and affect how financial reports are prepared. This is important because the quality of financial reports can indicate the government's transparency and accountability in using public resources. Lack of understanding or errors in managing regional assets can lead to serious problems in financial reporting and ultimately affect public trust in the government.

Research on managing regional assets and its impact on the quality of financial reports has been conducted previously. For example, Hardiyanti (2020) focused on the components of regional assets displayed in the balance sheet of financial statements. However, many studies still do not explore in depth how each aspect of management, such as planning and budgeting, can affect the quality of financial statements. Recent research suggests the need for a more detailed evaluation to understand the relationship between asset management and the quality of government reports, especially in an evolving context using more sophisticated methodologies.

Although previous studies provide valuable insights, many do not consider a holistic approach to regional asset management. Some studies only focus on qualitative aspects without comprehensively showing how these are measured quantitatively. In addition, researchers also tend to ignore the relationship between regional asset management and its impact on the opinion of the Supreme Audit Agency (BPK), which is an essential factor in validating the quality of financial statements. Therefore, further research is needed to combine various aspects and obtain more relevant and applicable results. This study aims to provide a clear picture of the influence of regional asset management on the quality of financial statements in the East Jakarta City Government. By using indicators such as planning, budgeting, and administration, this study is expected to significantly contribute to improving the practice of managing regional assets. The practical benefits of this study are that it will provide recommendations to local governments on improving asset management and the quality of financial reports. The results of this study are expected to help local governments achieve a reasonable opinion from the BPK, which will then build public trust in state financial management.

2. Theoretical Background

Definition of Assets

According to Dwitayanti and Zahara (2018), the advancement of technology affects the financial statements of every company, both private companies and government agencies. The problems faced by government agencies are also increasingly complex, especially in the presentation of financial statements.

Local Government Financial Statements

According to Mahmudi (2015), the preparation of government financial reports is a manifestation of public financial management accountability. Therefore, the information submitted must have the following characteristics: Relevant, Reliable, Comparable, and Understandable. Permendagri Number 77 of 2020, concerning technical guidelines for regional financial management, states in general provisions that the main pillar in the development of local government accounting lies in the formulation of accounting policies and the development of accounting systems.

Relationship between Research Variables

Regional assets include all wealth owned and/or controlled by the regional government, obtained through the APBN or other legitimate sources (Rizqi, 2017). Regional Assets/Regional Property is the initial element in the Regional Balance Sheet and greatly determines the quality of the Regional Government Financial Report. Therefore, although the number of assets in the regional balance sheet may vary, good management will produce quality financial reports. Permendagri Number 19 of 2016 defines Regional Property Management as a series of activities that include planning needs and budgeting, procurement, utilization, maintenance, and other administrative aspects. Mahmudi (2016) also emphasized that this management involves recording, classifying, and reporting financial transactions in the context of APBD implementation. Research by Poae et al. (2016) shows that components in regional asset management, such as planning, assessment, and supervision, significantly impact the quality of the Regional Government's financial reports. In addition, Sumardi and Muchlis (2017) also emphasized that managing Regional Assets is an essential aspect of regional financial management, where good practices reflect good economic governance, which is technically regulated in the Minister of Home Affairs Regulation Number

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19 of 2016. Based on the theoretical framework and previous research findings, the following hypotheses can be put forward:

H1: Management of Regional Assets positively affects the Quality of Regional Government Financial Reports.

3. Methods

samples and procedures

This study used an associative strategy to explore the relationship between variables, with a population consisting of 67 regional asset/property management officials in East Jakarta Administrative City, including 18 civil servants, 12 non-civil servants from the Regional Asset Management Agency, and 37 people from the local sub-district. Data were obtained through a census method, which took the entire population as a sample. Most respondents were aged 35–44 years (54%) and 25–34 years (36%), with 10% over 45 years; no respondents were aged 15–24. Regarding gender, 60% of respondents were female and 40% were male. Regarding work experience, 68% of respondents had more than 8 years of experience, 16% with 1–4 years of experience, 10% with 5–7 years of experience, and 6% with less than 1 year. The majority of respondents' positions were Asset Manager (54%), Assistant Asset Manager (24%), Executor (10%), and Expert Staff (6%), as well as one person each serving as DKI ASN Staff, PPSA JT Asset Staff, Technical JFU, and Technical Staff.

Analysis technique

The data analysis technique in this study was carried out using simple linear regression analysis with the help of SPSS statistical software version 24. This study also meets the classical assumption test, including normality, multicollinearity, heteroscedasticity, and autocorrelation tests. Furthermore, hypothesis testing is carried out using the t-test to measure the effect of the Regional Asset Management variable on the Quality of Government Financial Reports. In addition, the determination coefficient test is used to evaluate how significant the impact of the Regional Asset Management variable is on the Quality of Government Financial Reports compared to other variables not examined in this study. Thus, the linear regression analysis model in this study can be described as follows:

Quality of Government Financial Statements = $\alpha + \beta$ Regional Property Management + e

4. Results and Discussion

Data quality test results

Table 1 shows that all statement items for the Regional Asset Management variable in this study are valid, considering that each item has a correlation value above r-table (0.2404) and a significance value below 0.05. In addition, the same table also confirms the validity of all statement items for the Financial Report Quality variable, where all items also have correlation values above r-table (0.2404) and significance values less than 0.05. The Regional Asset Management variable shows a Cronbach Alpha value of 0.757, while the Financial Report Quality variable instrument records a value of 0.805

Table 1. quality test results

No	Item	r-count	r-table	Description
X1	Planning	0.609	0.2404	Valid
X2	Procurement	0.547	0.2404	Valid
X3	Utilization	0.635	0.2404	Valid
X4	Usage	0.613	0.2404	Valid
X5	Maintenance	0.377	0.2404	Valid
X6	Maintenance	0.672	0.2404	Valid
X7	Administration	0.759	0.2404	Valid
X8	Administration	0.619	0.2404	Valid
X9	Administration	0.505	0.2404	Valid
X10	Administration	0.453	0.2404	Valid
Y1	Financial Statement Quality (1)	0.699	0.2404	Valid
Y2	Financial Statement Quality (2)	0.862	0.2404	Valid
Y3	Financial Statement Quality (3)	0.758	0.2404	Valid
Y4	Financial Statement Quality (4)	0.699	0.2404	Valid
Y5	Financial Statement Quality (5)	0.728	0.2404	Valid
	Reliability of Variable (RPAM)	_	_	**α = 0.757 (Reliable)**
	Reliability of Variable (FSQ)	_	_	**α = 0.805 (Reliable)**

Thus, it can be concluded that all research instruments are reliable because the Cronbach Alpha values are each greater than 0.60. This indicates that each statement item can produce consistent data, and if the statement is resubmitted, it is likely that a comparable answer will be obtained as before.

Hypotheses test

Based on the data listed in Table 2, the regression equation is obtained

$Y = 9.105 + 0.306X + e$

which indicates that the constant value of 9.105 will remain (unchanged) even when the value of the Regional Asset Management variable is zero. The regression coefficient for this variable is

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0.306. It is positive, indicating that every 1 unit increase in the Regional Asset Management variable will increase the Quality of the East Jakarta City Government Financial Report by 0.306. Furthermore, the analysis results show that the R-value is 0.599 or 59.9%, which reflects a fairly strong relationship or correlation between the factors that influence the Quality of Financial Reports because the value is greater than 0.50.

Table 2. Hypotheses testing

Model	Variable	Unstandardized Coefficients	Standardized Coefficients		t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9,105	2,312	–	3,938	0.000
	Regional Property Management	0,306	0,051	0,599	6,029	0.000
	R= 0,599					
	Adjusted R Square= 0,349					

Meanwhile, the coefficient of determination (adjusted R-Square) value of 0.349 or 34.9% indicates that the Regional Asset Management variable can only explain 34.9% of the variation in the Quality of Financial Reports. In comparison, the remaining 65.1% is explained by other variables not included in this research model. Furthermore, based on the results of the partial test, the calculated t value of 6.029 is obtained, more significant than the t table value of 1.997, with a significance level of 0.000, which is smaller than 0.05, so it can be concluded that the Regional Asset Management variable has a significant and positive effect on the Quality of the East Jakarta City Government Financial Report.

Discussion

Management of Regional Property Affects the Quality of Government Financial Statements

Based on the statistical analysis in this study, the Management of Regional Property has a positive and significant effect on the Quality of Government Financial Statements. Statistical analysis shows that the regression coefficient value and t-statistic support the hypothesis that there is an important effect, while the significance value is below the 0.05 level. Thus, the hypothesis that Regional Property Management positively affects the Quality of Government Financial Statements is accepted. The results of this study also explain that in the East Jakarta City Government area, there are no problems in the Regional Property Management process that hurt the Quality of Financial Statements. The Coefficient of Determination test shows that this variable can only explain a certain proportion of the quality of the report. At the same time, processes such as Needs Planning, Budgeting, Procurement, Utilization, and Maintenance have been well implemented in the East Jakarta Mayor's Office. The maintenance system implemented through the SIERA digital platform shows that the management of goods is carried out appropriately according to the needs and priority scale. According to Simamora (2015), regional assets must be included in the regional balance sheet and managed properly to produce quality financial reports, which are expected to be able to obtain an Unqualified Opinion (WTP) from the Supreme Audit Agency. This research is also consistent with the findings of Poae et al. (2017), which confirm that all indicators in the management of regional property contribute to the quality of government financial statements.

5. Conclusion

This study proves that Regional Asset Management positively and significantly influences the Quality of Government Financial Reports at the East Jakarta Mayor's Office. Involving 67 respondents responsible for managing regional assets, this study shows that procedures such as planning, budgeting, procurement, utilization, and maintenance have been implemented effectively, which directly impacts the quality of the financial reports produced. With continuous improvement in these activities, there is the potential to create better economic reports in the future, making it easier for the DKI Jakarta Provincial Government to obtain an Unqualified Opinion (WTP) from the Audit Board. However, this study also experienced several limitations, especially the impact of the COVID-19 outbreak, which caused many activities to be carried out online, making it difficult for researchers to distribute questionnaires and find the right respondents. For future research, it is recommended that the sample used be broader and involve additional indicators relevant to managing regional assets. In addition, all parties involved are expected to be able to contribute to this management process actively, and users and authorized users of goods need to understand better accounting procedures and standards to produce quality financial reports.

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