Have the Implementation of Financial Application System and Management of State Property Improved Financial Report Quality in Indonesia?

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Abstract

Objective – The objective of this study is to investigate the influence of the implementation of SIMAK system at agency level and management of state property on financial report quality of Indonesian Ministry of Finance work units.

Design/methodology – The study was carried out involving Finance Department of Republic of Indonesia Ministry for the period of 2017 until 2019. The samples selection of Department in Finance Ministry was based on certain criteria. The data was collected from questionnaires that were filled by staff and operator in the departments of Finance Ministry. In total, there were seventy respondents with 100% response rate. Multiple regression approach was used to analyze the survey results.

Results – This study demonstrates that implementation on SAKTI system and management of state property has an impact on financial report quality of department in Finance Ministry. This finding implies that the easier use of the fixed asset module in the application will make the process of preparing financial statements accurate and in accordance with the application of government accounting standards. Furthermore the better the role and function of BMN managers in administering assets will improve financial reports quality in the presentation of assets in a complete and reliable manner.

Research limitations/implications - This research is limited to the subject of the Ministry of Finance work units, in which the characteristics and activities of this research subject are specific. The analysis unit/respondents that are selected in this study were limited to work units that are represented only by staff and operators.

Keywords: Implementation of SAKTI system, Management of State Property, Financial Report Quality.

1. Introduction

The Government Financial Report obtains an annual evaluation from the government auditor, in this case the Supreme Audit Board (BPK) in the form of opinion. BPK can provide 4 types of opinions, namely: fair without exceptions (WTP) or unqualified opinion, fair with exceptions (WDP) or qualified opinion, unreasonable or adverse (TW) and statement of refusing to give an opinion or not giving an opinion (Disclaimer).

The increase in the number of WTP opinion from BPK on LK K/L/Pemda in 2008 - 2013 shows an increase in the quality of financial reporting accountability as it is shown in Figure 1.1 below. The increase in the quality of state financial reporting accountability is shown by the opinion of WTP, as it best occurs at the K/L level then at the provincial and district/city government levels. But there are still many LK that have not yet received WTP opinion. The BPK found several cases of weaknesses in the accounting and reporting control system, such as: (1) The recording was not/had not been done accurately; (2) The process of preparing the report is not in accordance with the provisions; (3) Overdue in submitting a report; (4) Accounting and reporting

information systems are inadequate and (5) Accounting and reporting information systems are not yet supported by adequate human resources.

Act Number 17 of 2003 concerning State Finances which outlines the forms of accountability in managing state finances in an orderly, efficient, economic, effective, transparent and responsible manner with due regard to a sense of justice and propriety. According to PMK Number 225/PMK.05/2016 the form of accountability for the management of state finances is outlined in the financial statements. Quality financial statements must meet the criteria that are adequate, relevant, reliable, can be assessed or compared, and can be understood. These four criteria are important for the creation of good quality financial reports as the evidence of accountability for the use of the government budget (Juwita, 2013).

In 2017, the BPK examined 537 LKPD out of 542 regional governments that were required to prepare LK in 2016. BPK gave WTP opinion on 375 LKPD (75%), WDP on 139 LKPD (26%) and TMP on 23 LKPD (4%), besides that there are five regional governments that are late in submitting financial reports in accordance with statutory provisions, namely the district government of Aceh Singkil, Southeast Aceh, Pidie, Pidie Jaya and the city government of Lhokseumawe.

BPK RI Inspection Report (LHP) for the first semester of 2017 shows that there are 136 regional governments that have problems with fixed assets that have not been recorded or recorded inaccurately and are unknown in the form of land, buildings, equipment and machinery, roads, irrigation and networks. Another problem is that there are presentations on financial statements that are not in accordance with Government Accounting Standards (SAP) including Fixed Assets (29%), Current Assets (19%) and Operational Expenditures (10%). This resulted in that there were 23 regional governments or 4% of the total 537 regional governments experienced a decline in opinion from WTP to WDP and 5 were not given an opinion for the LKPD of 2016.

In accordance with LHP No. 74 on May 25, 2015, the BPK has given WDP opinion on LKPP of 2014. The findings of BPK examination on LKPP of 2014 are that there are still problems in administering and securing assets which are also findings in 2012 and 2013. Recommendations on administration and security fixed assets issues and the weaknesses of control over the process of normalizing State Property data, namely monitoring the abnormal SIMAK BMN data, updating the SIMAK BMN application at each work unit, evaluating the depreciation calculation method on SIMAK BMN, and carrying out efforts to safeguard assets by curbing the use of third party state assets.

Based on BPK LHP from 2013 to 2017, the DKI Jakarta Provincial Government obtained a WDP opinion from BPK due to poor financial and asset management. BPK found significant problems in the financial management and assets of the DKI Jakarta Provincial Government related to fixed assets, tax receivables and other receivables which have an impact on the fairness on the presentation of financial reports. The DKI Jakarta Provincial Government has followed up on some of BPK recommendations including creating a Regional Asset Management Agency (BPAD) but it has not significantly improved the management of fixed assets.

Asset problems in DKI Jakarta Provincial Government that still need to be fixed in accordance with BPK LHP include asset information systems that do not support asset recording according to accounting standards, asset inventory has not been completed, Inventory Card data is not informative and invalid, asset depreciation is not supported by depreciation working paper, the same land assets is recorded in two or three different SKPD, land assets have not been recorded, recorded but without information of location and land certificates, equipment and machinery assets are not supported by detailed data, building assets as well as irrigation and network road assets are still valued at Rp0.00, Rp1.00, Rp1,000.00 and minus, and fixed assets in the Education Office are not supported by detailed data.

The research results of Mardiasmo, et al (2012) and Mardiasmo (2012) revealed that 3 (three) local governments in Indonesia which had the slow reform of government asset management is caused by: (1) the reforms are still in the initial

stages; (2) limited HR capabilities; (3) the slow completion of ownership documents; and (4) the low function of asset benefits. In another research by Hanis, et al (2011) in different local government, it was also noted that there were other factors which hindered the management of regional assets such as: (1) incomplete policy frameworks; (2) traditional perceptions that do not prioritize the potential use of public assets for regional income; (3) inefficiency; (4) data limitations; and (5) limited human resources.

Enhancing the study/research which is conducted by Mardiasmo (2011,2012), it is necessary to compare the facts that are presented by BPK to the management of regional assets in the Summary Report on the Results of Semester I and II in 2015 and Semester I in 2016. The several issues which are often emerges, namely: (1) the recording of assets has not been done or is inaccurate; (2) assets are not supported by reliable data; (3) the process of preparing the report is not in accordance with the provisions; (4) assets have not been optimized (underutilized); (5) standard operating procedure (SOP) has not been prepared; (6) assets in the form of uncertified land; (7) assets are controlled by other parties; (8) assets whose existence are unknown; and (9) the mechanism for deleting assets is not in accordance with the provisions.

According to the results of BPK research and examination, it is necessary to map the problem, to find out the issues that often arise so that the priority of the solution can be determined. Considering that the element of asset management cycle has been regulated in Government Regulation Number 27 of 2014 concerning "Management of State / Regional Property (BMN / D)" which is then followed up with Regulation of the Minister of Home Affairs Number 19 of 2016 concerning "Guidelines for Management of BMD". Then it can be identified as it is seen in the following table 1.

Table 1. Problem Identification on BMD Management Cycle Elements.

No	Asset Management Cycle	Problems
1	Use	Assets has not been optimized (*underutilized*) Inefficient assets
2	Utilization	Assets has not been optimized (*underutilized*) Inefficient assets Utilization of assets is not optimal for regional income The low function of asset benefits
3	Security and Maintenance	Assets in the form of uncertified land Assets are controlled by other parties Assets which the existence is unknown Slow completion of asset ownership documents
4	Deletion	Assets deleting mechanism is not in accordance with the provisions
5	Administration	Assets recording has not been done or is inaccurate Assets are not supported by reliable data Report preparation process is not in accordance with the provisions Assets which existence are unknown Data limitations
6	Guidance, supervision and control	Standard operating procedures (SOP) have not been prepared The policy framework is not comprehensive yet Data limitations HR limitations Asset management reform is still at an early stage

Source: BPK research and examination results (2017)

One of the ways to improve state financial management is through revaluation of State Property (Revaluation of BMN) which is conducted by the Directorate General of State Assets (DJKN) of the Ministry of Finance. This is in accordance with changes in the value of government equity based on the results of the revaluation BMN value. This revaluation also supports the achievement of WTP opinion on LKPP from BPK.

The value of assets which is managed according to LKPP 2016 (audited) is Rp2,421.82 trillion with a utilization value of 75.6% of fixed assets value.

Revaluation of State Property has been carried out in September 2017 - December 2018 to State Property in the form of land, buildings, roads, bridges, and water structures which are contained in 82 Ministries/Institutions (K/L) with a target of completion of 55 K/L in 2017 and 27 K/L completed in 2018. Revaluations that are carried out by the implementing team consisting of (1) elements of the work unit in the K/L that are responsible for carrying out an inventory, (2) elements at the Office of State Assets and Auction Services (KPKNL) as the DJKN vertical office that is responsible for conducting assessments. The BMN revaluation value is the basis for the work unit to make corrections to the BMN value through SIMAK BMN application.

In Act Number 1 of 2004 concerning the State Treasury, it is stated that State Property (BMN) is all goods purchased or obtained at the expense of State Budget (APBN) and other legitimate acquisitions. Based on Strategic Plan of Ministry of Finance in 2015 to 2019, the potential value of assets that are owned by the government is very large. It can be seen from the value of State Property in the form of fixed assets whose value continues to grow. The Inspectorate General has a fixed asset proportion of 66.05% of the total assets on the balance sheet as on December 31, 2015. This value increased to 97.35% at the end of 2018.

A very significant increase in the value of assets occurred in 2017, in which the Inspectorate General has a fixed asset value as of December 31, 2016 by 19,542,242,468 and the value increased to 94,435,719,543 as of December 31, 2017. This is because the government conducted a revaluation based on Presidential Regulation of the Republic of Indonesia Number 75 of 2017 concerning Reappraisal of State / Regional Property and Regulation of the Minister of Finance Number 118 / PMK.06 / 2017 concerning Guidelines for Reappraising State Property. Revaluation is carried out on fixed assets in the form of Land, Buildings, as well as Roads, Networks, and Irrigation in the form of Bridges and Water Buildings at the State Ministry / Institution in accordance with the BMN codefication which is obtained until December 31, 2015.

The next section will explain the concepts and theories regarding the implementation of SIMAK system and BMN management and the quality of financial reporting. The research methods section describes the research design that has been run to test hypotheses. Next, the results of the study and discussion before drawing conclusions.

2. Literature Review and Hypothesis Development
Stewardship Theory

Stewardship theory has psychological and sociological roots that are designed to explain situations in which managers are stewards and act in the interests of the owner (Donaldson & Davis, 1991). In the context of public sector organizations, accountability which is a broader concept of Stewardship is the obligation of the government as a steward to account for its activities to the people as the party to give the mandate (principal) who has the rights and obligations to request accountability (Mardiasmo, 2009: 20 -21). Government structures that empower services are directed at facilitating continued alignment of interests (Madison, 2014).

Financial Reports Quality

In PP No.71 of 2010 concerning Government Accounting Standards, it is explained that government financial reports are prepared to provide relevant information regarding financial position and all transactions that are carried out by a reporting entity during one reporting period. Financial reports are mainly used to compare the realization of revenue, expenditure, transfers, and financing with a predeter-

mined budget, assessing financial condition, evaluating the effectiveness and efficiency of a reporting entity, and determining compliance with laws and regulations.

The compiled government financial reports must meet qualitative characteristics. In PP No. 71 of 2010, qualitative characteristics are defined as normative measures that need to be realized in accounting information so that they can meet their objectives. There are four characteristics that are normative prerequisites needed so that government financial reports can be presented in accordance with the desired quality, namely: 1) Relevant, 2) Reliable, 3) Comparable and 4) Understandable.

Mahmudi (2015: 4) explained that the preparation of government financial reports is an embodiment of public financial management accountability.

In order for quality financial reports, it must provide quality information as well. According to Fransiska (2015) that information is valuable if it can reduce user uncertainty when in a certain decision situation. Qualitative definition is difficult to apply, because it is necessary to consider a quantitative approach, one of which is the information of economic approach. The information value is influenced by the information quality which inherents in the information that is relevant, accurate, timely, concise, clear, quantifiable and consistent. The criteria for usefulness/information quality consist of primary quality and secondary quality. Primary quality includes linkages/relevance (feedback values, predictive values, timeliness) and reliability (tested, symbolic accuracy). Whereas secondary quality includes comparability, consistency, and neutrality (FASB, 2010). The financial reports quality within the scope of the government to meet the accountability of the management of State Property is an attempt to meet the expectations of the report users.

*Implementation of Institutional Level Financial Application System (SAKTI)*

The Ministry of Finance has made a computer application to facilitate the preparation of BMN reports in the context of preparing financial reports of state ministries/institutions in 2004 under the name of the SAAT (Fixed Assets Accounting System) application. Several times of repairs and changes, BMN report preparation application was later named SIMAK BMN (State Property Accounting Management Information System) application. In addition to improving the reports quality of goods produced, changes to this application are also made to adjust to government accounting standards. SIMAK-BMN is a sub-system of Institution Accounting System in addition to Financial Accounting System (SAK). SIMAK-BMN and SAK must run simultaneously, thus checking and balance can be made between capital expenditures in the context of acquiring assets (cash flow) and goods flow from the procurement of capital expenditure.

At that time, there were two Echelon I ministries of Finance that distributed several applications to the Work unit. First, the Directorate General of Treasury which distributes applications into two major of groups namely Implementation (Application of SPM, Salary, and Cash Planning) and Reporting (Application of SAK, SIMAK BMN and Inventory). Second, Directorate General of Budget, which distributes DIPA RKAKL Applications. Each application stands alone and has a separate database, but the interaction of data both input and output are interrelated. In order to harmonize with SPAN (State Treasury and Budget System), integration is carried out on all applications and databases at the work unit level into SAKTI (Institutional Level Financial Application System) applications to reduce duplication of work and repeated data entry.

SAKTI is a website-based application (online) that has a centralized database (single database). This application adopts cloud computing and full electronic transactions where there is not any data is stored on the local computer, all data is processed on a central server. The process of sending data from the user to the server is done through data encryption which is kept confidential. In addition, users who have the right to access the system are also strictly regulated and directly managed by

Central Office Administrator according to the existing SOP. SAKTI application has applied accrual-based financial reports and can be obtained in real time.
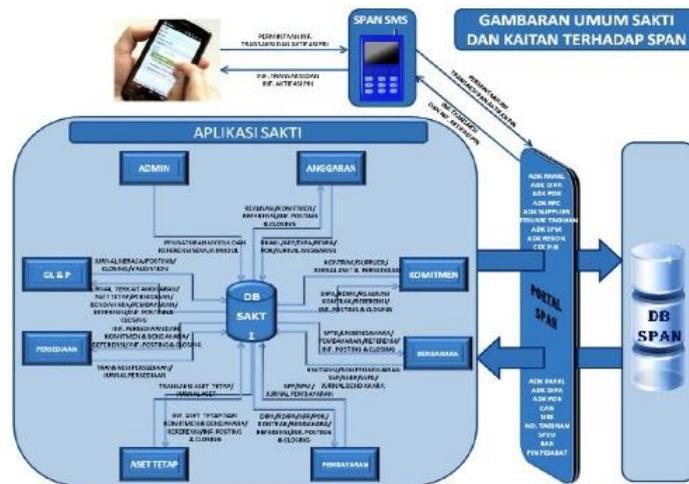
Source: SPAN (2017)

Figure 1. Overview of SAKTI

By using SAKTI applications that are already web-based no line and real time, financial reports quality should be better as it has been done by previous researchers

In managing State Property, DPR/House of Representative as the principal wants the management of State Property to be carried out properly so that it can be used to serve the people it represents. As a party that is given the trust of the finance minister and his staff must be responsible for the management of State Property to DPR with the disclosure of BMN reports quality. For certain, State Property Reports Quality are produced from good management and administration of State Property. Podrug (2011) states that stewardship theory is called management theory (stewardship) with several basic assumptions (fundamental assumptions of stewardship theory).

Management of State Property

Accounting Treatment in PP No. 71 of 2010 concerning Government Accounting Standards dividing State Property includes elements of current assets, fixed assets, other assets and historic assets. Current assets which is referred to in the definition of BMN are inventory. While fixed assets are in the form of land, buildings, equipment and machinery. According to Hall (2007: 407) that fixed assets are property, factories and equipment which are used in business operations. Items that are relatively permanent and often collectively reflect the biggest financial investment in a company or organization. In public sector, this means reflecting government investment in the form of permanent asset capital expenditure. According to Regulation of the Minister of Finance Number 120/PMK.06/2007 concerning Administration of State Property, Administration of State Property is a series of activities that includes accounting, inventory and reporting of State Property in accordance with applicable regulations. Bookkeeping of State Property is the activity of registering and recording State Property into the List of Goods according to classification and codefication. Inventory of State Property is the activity of collecting data, recording and reporting the results of data collection of State Property. Reporting is data collection, recording and reporting the results of data collection of State Property. Reporting is the activity of delivering data and information which is carried out by the implementing unit. Administration of State Property on goods users and property managers. The purpose of reporting is so that all data and information regarding State Property can be presented and conveyed to interested parties accurately to support the implementation of decision making in the framework of managing State Property and as material for preparing the Central Government Balance Sheet.

Figure 2. BMN
Administration
Flowchart
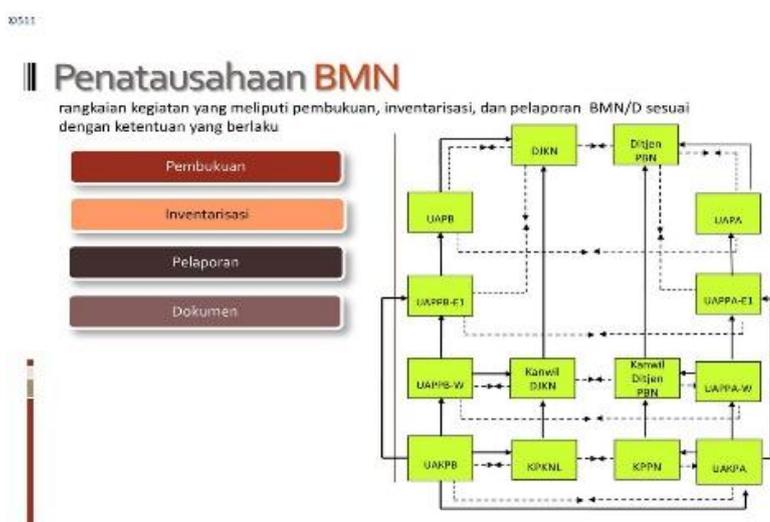
Source: PMK No.120/PMK.06/2007

Penatausahaan BMN	= Administration of BMN
Rangkaian kegiatan yang meliputi pembukuan, inventasisasi, dan pelaporan BMN/D sesuai dengan ketentuan yang berlaku	= The series of activities including accounting, inventory and reporting of BMN/D in accordance with applicable regulations
Pembukuan	= Bookkeeping
Inventarisasi	= Inventory
Pelaporan	= Reporting
Dokumen	= Document

Implementation of SAKTI system on Financial Reports Quality

The use of a website-based SAKTI system (online) with a centralized database (single database) and adopting cloud computing and full electronic transactions, there is not any data which is stored on the local computer, all data that are processed on the central server will facilitate the process of sending data from user to server. The ease of sending data quickly and precisely should produce higher quality financial reports. In accordance with previous research which is conducted by Syamsurizal and Effiyaldi (2017) states that the implementation of SIMAK-BMN application is supported by several factors, namely ease of use, leadership commitment, behavioral guidelines in the use, and utilization of information technology has a positive and significant effect on improving performance and task completion. The integration of SIMAK BMN into SAKTI application has been carried out since 2017. The fixed assets module in SAKTI application includes the recording, addition, change and deletion of BMN and construction in the works as well as calculating depreciation in order to carry out the management of fixed asset financial transactions.

Edy Nasrudin (2015) in his research stated that SIMAK implementation of State Property has run effectively (easy to use, useful and quality in consolidating State Property Report). Reports or information on State Property which is produced by SIMAK BMN application have been effective (this is progress according to the opinion which is given by BPK on the Ministry/Agency Financial Report). Management support and system development have a significant positive effect on the satisfaction of SIA users.

Management of BMN on Financial Reports Quality

Opinion which is given by BPK to the Ministry/Agency financial reports that the quality of BMN information which is generated by SIMAK BMN application has been

effective, so that management support and system development increases the satisfaction of SIA users. The same opinion was also mentioned by Ashari, Efrizal (2016) that BMD inventory and assessment, legal audit, control and supervision of goods had a positive and significant effect on financial reports quality. Furthermore Muhammad Rizky, Billy (2016) also stated that asset inventory, legal audit, asset valuation, as well as supervision and control of assets together influence assets optimization.

Based on the research results of Yulpi Poae, et al (2017), there are other factors that have an impact on BMN Management, namely Planning, Appraisal, Administration, Supervision and Control of BMD that have a positive and significant effect on the quality of Regional Government Financial Reports. The study results are also supported by Rusman (2017) who proves that there is a partially significant effect on the administration of state property on Aceh financial reports quality.

The research results of Bambang Pamungkas, et al (2011) prove that the procedure for recording fixed assets using SIMAK BMN application has helped accelerate accountability and transparency in government fixed asset management. The factors that influence the improvement of asset management using SIMAK BMN application are ease and intensity of use, technology utilization, superior policies and procedures for using SIMAK BMN in accordance with the research results of Syamsurizal, Effiyaldi (2017). This is supported by the research of Novira, et al (2017) who states that Bookkeeping, inventory, reporting and application of SIMAK BMN significantly influence financial reports quality.

The framework in this study can be illustrated through the following research model:
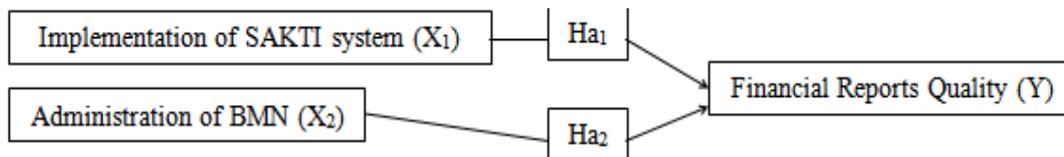

Figure 3. Conceptual Framework

Based on the above research model, the hypothesis is as follows:
Ha1 = SIMAK system implementation influences financial reports quality
Ha2 = Management of state property influences financial reports quality

3. Research Method
Population and Sample

The population in this study were all 224 people of BMN managers, SAKTI application operators and financial report compilers at the Republic of Indonesia Ministry of Finance work unit in Jakarta. This is based on data on 112 offices of work units in DKI Jakarta, either the head office, regional offices or service offices of. The sample size is calculated based on the formula from Slovin, namely:

$$n = \frac{N}{1 + Ne^2}$$

In which:
N = study population
N = sample which is taken from the population
E = significance/percentage of accuracy due to sampling errors that can still be tolerated

The number of samples that are taken based on the formula above with a significance level of 10% is as follows:

$$n = \frac{224}{1 + 224(0,1)^2}$$
$$n = 60$$

Based on the results of the sampling calculation above, it is known that the number of respondents from this study was 70 samples.

This research uses Explanatory Survey Method to test hypotheses that have been formulated previously. The purpose of this study was to examine the effect of SIMAK system implementation and BMN management on financial reports quality. Also, in this study, it will explain the relations between variables through hypothesis testing (Cooper and Shindler, 2001; Sekaran, 2003).

This survey method is intended to obtain facts, look for factual information and try to describe the symptoms of ongoing practice (Nazir, 2005: 65). Whereas Jogiyanto (2008: 3) states that the survey method is the collection of primary data by giving questions to respondents writtenly. The instrument is the form of a questionnaire which is given to 70 samples that have been determined by researchers.

Data Collection Technique
Data collection methods in this study are:
1) Library Research
   This research was conducted by collecting data that is related to the object of research, namely by reading, learning, and studying literature such as books, national and international accounting journals, as well as from various other supporting sites.
2) Questionnaire
   The data in this study are primary data, namely by distributing questionnaires to 70 respondents who have been determined by researchers such as staff and system operators in the Republic of Indonesia Ministry of Finance Work Unit.

Operationalization of Variables
To measure the variables in this study, researchers determine the indicators that are built based on the study of theory and previous research. The variable of SIMAK system implementation uses the Minister of Finance Regulation Number 171 of 2007 concerning the Accounting System and Financial Reporting of the Central Government, using indicators of improving BMN reports quality which is produced and conformity with Government Accounting Standards. The BMN management variable uses Regulation of the Minister of Finance Number 120 / PMK.06 / 2007 concerning Administration of State Property, using indicators of asset inventory, legal audit, asset valuation, supervision and control.

Meanwhile, for the variable financial reports quality which is measured by Government Regulation Number 71 of 2010 concerning Government Accounting Standards is relevant, reliable, comparable, and can be understood.

Table 3.
Operationalization of Research Variables

Variable	Dimension	Indicator	Scale
Variable X_1	IT ease of use	Improvement of BMN reports quality that is produced	Ordinal
SAKTI system Implementation	IT benefits of use	Conformity with government accounting standards	
	Source: 171/PMK/06/2017	Concerning central government accounting system and financial reports	
Variable X_2	Assets management to generate	Administration of BMN has fulfilled the stage of:	Ordinal
Administration of BMN	information about condition of BMN	Assets Inventory	
		Audit legal	
		Assets valuation	
	Source:	Monitoring and controlling	

	120/PMK/06/2017	Concerning administration of state property	
Variable Y Financial Report Quality	normative measures that needs to be realized in accounting information so that it can meet its objectives	financial reports must have information that: 1. relevant 2. reliable 3. comparable 4. understandable	Ordinal
	Source: 171/PMK/2010	Concerning government accounting standards	

Source: Processed primary data (2019)

4.   Result and Discussion

Research Data Description

This research was conducted at Republic of Indonesia Ministry of Finance work unit totaling 70 respondents as presented in the following table.

Work Unit/Echelon 1 Unit	Amount	Percentage
Secretariat General	6	9%
Directorate General of Budget	4	6%
Directorate General of Tax	8	11%
Directorate General of Customs	15	21%
Directorate General of Treasury	11	16%
Directorate General of State Wealth	6	9%
Directorate General of Financial Balance	1	1%
Directorate General of Risk Management and Financing	3	4%
Inspector General	12	17%
Fiscal Policy Agency	1	1%
Financial Education and Training Agency	3	4%
Total	70	100%

Table 4. Respondents' Profile

Source: Processed primary data (2019)

Based on the results of descriptive statistical tests as it is shown in table 5.

	N	Min	Max	Mean	Standard Deviation
SAKTI Implementation System (X_1)	70	30	45	4.232	0.636
BMN Management (X_2)	70	30	50	3.917	0.731
Financial Reports Quality (Y)	70	30	45	4.233	0.714

Table 5. Descriptive Statistics

Source: Processed primary data (2019)

Financial Reports Quality

Variable Data of financial reports quality is obtained from the distribution of questionnaires which there were 9 statements to 70 respondents, namely a mean score of 4.233, a standard deviation score of 0.714.

SAKTI system Implementation

Variable data of SAKTI system implementation is obtained from the distribution of questionnaires which there were 10 statements to 70 respondents, namely a mean score of 3,917, a standard deviation score of 0.731.

State Property Management
 Variable data of BMN management is obtained from questionnaires which there were 9 statements to 70 respondents, namely a mean score of 4.232, and a standard deviation score of 0.636.
 The reliability test results can be seen in the following table:

Table 6. Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of items
.852	.854	9
.897	.896	10
.664	.666	9

Determination Coefficient Test
 Adjusted R square shows the percentage of the effect of the dependent variable on the independent of 25.8% means that there is an influence of other variables that affect the quality of the financial report, which is not examined in this study that is equal to 74.2%. As shown in the following table:

Table 7. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.528a	.279	.258	.31300

a. Predictors: (Constant), avex2, avex1

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Table 8. Hypotheses testing

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.176	.408		5.333	.000
	avex1	.306	.099	.356	3.105	.003
	avex2	.193	.083	.267	2.325	.023

a. Dependent Variable: avey
Source: Output SPSS (2019)

 Based on Ha1 hypothesis testing, it is accepted that SAKTI system implementation influences financial reports quality. These results indicate that SAKTI system in the Fixed Asset Module which is developed by the Ministry of Finance can improve financial reports quality. The development of SIMAK BMN application can make it easier for SAKTI system operators in reporting process, starting from recording documents, forming transaction journals, posting to ledgers and then summarizing them in the financial reports.
 SAKTI fixed assets module have been made for management and accountability of state property, while in the management and accountability of state finances, there is a system named Financial Accounting System (SAK), the two systems are incorporated in a system namely Institutional Level Financial Accounting System (SAKTI). SAKTI is held with the aim of producing the information which is needed as a tool of accountability for the implementation of the National Budget (APBN) and the management / control of BMN which is controlled by an accounting unit of goods users (Pamungkas et al, 2011). SAKTI fixed assets module is an accounting information system that functions to carry out administrative control and security of

BMN. SAKTI makes a significant contribution in the financial reports, especially the report of financial position (balance sheet), which is related to inventory accounts, fixed assets and other assets. In addition to functions as administrative control and security, SAKTI also functions as BMN administration in terms of plans for procurement, development, maintenance and disposal.

The study results are in accordance with the research of Syamsurizal and Effiyaldi (2017), Edy Nasrudin (2015).

The Effect of BMN Management on Financial Reports Quality

Based on Ha2 testing, it accepted that BMN management influences financial reports quality. These results indicate that BMN management through asset inventory activities, legal audits, asset valuation and supervision, and control can improve financial reports quality.

Based on Government Regulation No. 27 of 2014, BMN Management is not only administrative but also increases efficiency, effectiveness and creates added value in managing assets/BMN. Therefore, the scope of BMN management includes the planning of needs and budgeting, procurement, use, utilization, security and maintenance, assessment, alienation, annihilation, elimination, administration, and guidance, supervision and control. With efficient and effective BMN management from planning to control, it is expected to avoid deviations from applicable regulations, especially if the work which is carried out goes according to a predetermined plan so as to produce a presentation of fixed assets in an accountable financial report. The study results are in line with the research of Bambang Pamungkas, et al (2011) proves that the procedure for recording fixed assets using SIMAK BMN application has helped to accelerate accountability and transparency in government fixed asset management. This conclusion is supported by the research of Novira, et al (2017) states that Bookkeeping, inventory, reporting and application of SIMAK BMN significantly influence financial reports quality.

The report which is highlighted regarding the accountability of a financial report is the Financial Position Report (Balance Sheet). The balance sheet is a report which is related to inventory items, fixed assets, and other assets. This report is going concern or continuous from one period to the next. Items from the balance sheet are the products of SIMAK-BMN that have been integrated into fixed assets module in SAKTI application. BMN administration and reporting activities with fixed SAKTI modules that have been set by the government are expected to be used as standards in determining the assets value of the state assets properly, correctly and can be accounted for (Isti'anah, 2011).

The Minister of Finance as the holder of fiscal power appoints the Directorate General of Treasury (DJPB) as the maker and the coach of Government Accounting System (SiAP). The manifestation of the task as the maker and builder of the system by the DJPB is the origin of various regulations and computer applications that are used by all government agencies at all levels, from the ministry level to the Work Unit (Satker) (Nasrun et al., 2012).
The formed regression equation is as follows:

$$Y = 2.176 + 0.308X_1 + 0.193X_2 + e$$

The coefficient of determination shows as above, which means that each increase of one unit X1 will add 0.308 units and 0.193 units X2 with a constant number of 2.176.

5. Conclusions, Limitations, and Suggestions

Based on the findings, as well as the discussions that have been described previously, the conclusions can be drawn as follows. SAKTI system implementation influences financial reports quality at the Ministry of Finance Work Unit. It means that the

easier use of the fixed asset module in SAKTI application will make the process of preparing financial statements accurate and in accordance with the application of government accounting standards. BMN management influences financial reports quality at Ministry of Finance Work Unit. It means that the better the role and function of BMN managers in administering assets will improve financial reports quality in the presentation of assets in a complete and reliable manner.

This research is limited to the subject of the Ministry of Finance work unit, in which the characteristics and activities of this research subject are specific. The analysis unit / respondents that are selected in this study were limited to work units that are represented only by staff and operators

Based on BPK LHP of 2017 related to inaccurate asset recording, an accountable and transparent asset management is needed to create financial reports quality at the Ministry of Finance work unit. The process of preparing financial reports are not in accordance with the provisions, so it is necessary to make continuous improvements in the use of information technology in the accounting system, namely the use of SAKTI at the Ministry of Finance work unit. Expand the research subject and not only within the Ministry of Finance, but can also be in other ministries / institutions at the Central Government level. For authors who wish to continue this research or conduct similar research, it is recommended to add other variables to financial reports quality, such as understanding Government Accounting Standards, internal control and human resource competencies.

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