LIGHTHOUSE

The effect of revaluation and implementation of accounting management information system of state-owned assets on the quality of financial report

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ABSTRACT

The benefit that the state gets from the revaluation of SOA is to get the updated value of assets in the financial report in accordance with their fair value. In addition, quality spending is the creation of cost savings from maintenance expenditure efficiency because the inventory results produce updated SOA condition data. Then, decision-making in the management of SOA could be better and supports the asset function as a revenue center. The SOA revaluation is also useful to support state budget financing resources in the form of providing SOA as an underlying asset of issuance. This study to determine the effect of the revaluation and implementation of the Management Accounting Information System of State-Owned Assets (SOA) on the quality of the financial report. This research was conducted at The Office of State Asset and Auction Service (KPKNL) Bandar Lampung using primary data collected from the distribution of questionnaires and interviews. The population in this study was all KPKNL Bandar Lampung employees, there are 34 people, which the population was taken as research samples. The data analysis was made using Partial Least Square with revaluation and implementation of SIMAK as the independent variables and quality of the financial report as the dependent variable. The data analysis instrument was using Smart-PLS 3.3.9 version. The results of this study show that the revaluation of state-owned asses had no significant effect on the quality of the financial report and the implementation of accounting management information system for state-owned asset (SIMAK-SOA) had a significant effect on the quality of financial report. From this research, it can be obtained that there are evaluations and improvements that need to be made by SOA management and can be a source of knowledge about SOA for the community in order to help supervise SOA management. Furthermore, researchers are expected to be able to add to the types of variables that have been presented in this study and expand the research subject.

Introduction

The background of the government conducting the revaluation of State-Owned Asset (SOA) is one of the items. Which became an agreement between the Minister of Finance and Commission XI of the DPR RI in its working meeting on May 23, 2016. In principle, Commission XI of the House of Representatives of the Republic of Indonesia requested that the Minister of Finance reassess the assets of State Asset that will be reused for insurance underlying assets of State Sharia Securities (SBSN). Another benefit is to obtain the value of assets on an updated balance sheet at current fair value. As is known, the last SOA revaluation was carried out in 2007-2010, for SOA obtained before 2005.

The benefit that the state gets from the revaluation of SOA is to get the updated value of assets in the financial report in accordance with their fair value. In addition, quality spending is the creation of cost savings from maintenance expenditure efficiency because the inventory results produce updated SOA condition data. Then, decision-making in the management of SOA could be better and supports the asset function as a revenue center. The SOA revaluation is also useful to support state budget financing resources in the form of providing SOA as an underlying asset of issuance. SBSN and capital expenditure efficiency with alternatives needs from SOA Idle.

In the research conducted by (Handayani Amaliah, 2019) which explained that management does not have a significant effect on the quality of financial statements, while the application of SIMAK-SOA has a positive effect on the quality of financial statements as well as the management and application of SIMAK-SOA which stimulant positively affects the quality of financial statements. The same thing was done by (Fajri Abdul Malik, 2021; Yulpi Poae, 2017) which concluded the management and implementation of SIMAK for SOA both stimulant and partially positively

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affect the quality of the report. Meanwhile, according to research conducted by (Andiani, 2017) concluded that the Management and SIMAK-SOA had stimulant affect the quality of financial statements, Bookkeeping has a positive effect on the quality of financial statements, and inventory, reporting, and application of SIMAK-SOA has no effect on the quality of financial statements.

Base on the problems that have been explained, researcher want to know how the management of SOA by the Office of State Assets and Auctions Service, whether the revaluation and administration of SOA has been applied in accordance with the provisions and assisted by the use of the SIMAK-SOA application so that it has an influence on the quality of the financial reports produced later that will determine the audit opinion to be conducted by the BPK.

Literature Reviews
State-owned asset

Based on Government Regulation (PP) of the Republic of Indonesia No. 28 of 2020 on Changes to Government Regulation 27 of 2014 on The Management of State/Regional Asset defines state-owned assets as all assets purchased or obtained at the expense of the State Budget or derived from other legitimate acquisitions,which include:

a. Assets obtained from grants/donations or the like;
b. Assets obtained as an exercise of the agreement/contract;
c. Assets obtained under the provisions of the laws and regulations;
d. Assets acquired based on court rulings that have obtained permanent legal force; or
e. Assets recouped from divestment proceeds from the participation of local government capital.

Revaluation

Based on PMK No. 173 of 2020, valuation is an activation process to provide a value opinion on an object of revaluation at a certain moment. According to PMK No. 118 of 2017, revaluation is a revaluation process according to Government Accounting Standards whose assessment method is carried out according to Assessment Standards. The purpose of revaluation of BMN assets is to improve. accuracy of BMN value submitted in the financial statements. The central government, being the underlying asset as a basis. issued State Sharia Securities (SBSN), making the BMN data base which has not been good for the better, as well as inventorying and identifying. Unemployed BMN. In addition, it also aims to describe. the impact of changes in the value of assets due to. Changes in exchange rates and exchange rates due to inflation or deflation, so that financial statements can be comparable, understandable, reliable, and relevant (Yuniarto, 2020). There are three methods of measuring the fair value related to the revaluation of BMN fixed assets, including:

1. Observable market transactions for same kind of assets
2. Observable market transactions for similar assets
3. The use of valuation model

Accounting management information system

In the Regulation of the Minister of Finance of the Republic of Indonesia No.118/PMK.06/2017 on Guidelines for the Implementation of Valuation of State Assets explained that SIMAK for SOA is a subsystem of the Agency Accounting System which is a series of interconnected procedures for processing source documents to produce information for the preparation of balance sheets and statements of State Property. Based on of The Minister of Finance Regulation No.171/PMK.05/2007 which was revised into The Minister of Finance Regulation No.233/PMK.05/2011 on Central Government Financial Accounting and Reporting System in the fourth section mentions that SIMAK State-Owned Assets produces information as the basis for the preparation of the Balance Sheet of the Ministry of State / Institution and information for needs planning and budgeting, procurement, use, utilization, security and maintenance, valuation, removal, transfer, coaching, supervision, and control. SIMAK of State-Owned Assets is organized by units with the principles of obedience, consistency, incomparability, materiality, objective, and completeness.

Financial report

Statement of Government Accounting Standards Number 1 paragraph 9 as contained in PP No. 71 of 2010 on Government Accounting Standards states that financial statements are structured reports on financial position and transactions done by a reporting entity. According to (Hery, 2016) In general, financial statements aim to provide financial information of a company, both at a certain time and at a certain period. Reports can also be prepared suddenly according to company needs or periodically. Clearly, financial statements are able to provide financial

information to parties inside and outside the company who have an interest in the company. The normative prerequisites are necessary for financial statements to meet the desired quality, namely:

1. Relevant, the benefit of feedback, predictive benefits, on time, and longing;
2. Reliable, the presentation is honest, verifiable, and neutral;
3. Can be compared with previous period financial statements and/or entities implementing the same accounting policies
4. Understandably, the information presented and the terms used can be understood by the user.

Methods

The population in this study was all employees appointed as the state-owned assets accounting officers who worked at the Office of State Asset and Auction Service in Bandar Lampung obtained 34 respondents consisting of 5 division heads and 29 staff, the sampling technique used was a saturated sampling technique. The type of data in this study was primary data, through the distribution of questionnaires and interviews. The analysis instrument used is Smart-PLS 3.3.9 version and bootstrapping method was used for hypothesis analysis. The steps in performing data calculations are carried out by:

Outer model analysis

Specifies the relationship between latent variables and their indicators. Or it can be said that the outer model defines how each indicator relates to its latent variables.

1. Reliability of the Indicator
   Reliability aims to assess whether the measurement indicator of latent variables is reliable or not. This analysis conducted by evaluating the outer loading results of each indicator. A loading value above 0.7 indicates that the construct can explain more than 50% of the variance of its indicator(Wong K. K., 2013); (Sarstedt M., 2017)
2. Internal Consistency Reliability
   The tools used to assess this are composite reliability and Cronbach's alpha. Composite reliability values of 0.6 – 0.7 are considered to have good reliability (Sarstedt M., 2017) and Cronbach's expected alpha value is above 0.7 (Ghozali I., 2015)
3. Convergent validity
   Convergent validity is determined based on the principle that each construct should be highly correlated (Ghozali I., 2015). The convergent validity of a construct with reflective indicators is evaluated with Average Variance Extracted (AVE). The AVE value should be equal to 0.5 or more. An AVE value of 0.5 or more means that the construct can explain 50% or more of its item variance (Wong K. K., 2013), (Sarstedt M., 2017)
4. Discriminant validity
   Discriminant validity aims to determine whether a correct reflective indicators a good measure for its construct based on the principle that each indicator should be highly correlated to its construct only. Different construct measure should not be highly correlated (Ghozali I., 2015). Discriminant validity test using cross loadings, Fornell-Larcker Criterion, and Heterotrait-Monotrait (HTMT) values (Henseler J., 2015); (Wong K. K., 2013)

Inner model

The initial step of structural model erevaluation is to check the colinearity between constructs and the predictive capabilities of the model (Sarstedt M., 2017). Then continued by measuring the predictability of the model using four criteria, namely coefficient of determination (R2), cross-validated redundancy (Q2), and effect size (f 2) (Sarstedt M., 2017).

Hypothesis analysis

The bootstrapping procedure generates a t-statistical value for each relationship path used to test the hypothesis. Those t-statistical values will be compared with the t-table values. Research using a 95% confidence level so that the level of precision or inaccuracy limit (α) = 5% = 0.05, the value of the t-table value is 1.96. If the t-statistical value is smaller than the t-table value (t-statistic < 1.96), then Ho is accepted and Ha is rejected. If the t-statistical value is greater than or equal to the t-table (t-statistic > 1.96), then Ho is rejected and Ha is accepted (Ghozali I., 2015).

Results

Descriptive statistics analysis

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Table 1. Descriptive Statistics Result

Variables	N	Mean	Standard Deviation	Min	Max
Revaluation	34	4.82	0.47	3.00	5.00
SIMAK-SOA	34	4.81	0.47	3.00	5.00
Financial Report	34	4.77	0.55	3.00	5.00

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Source: Primary Data (Processed)

The descriptive statistics analysis of Revaluation, Implementation of SIMAK-SOA and Quality of Financial Report variables, from the table above it can be seen that the number of respondents who filled out the questionnaire was 34 people. The minimum value to all variables had minimum value of 3 which means that the lowest answer of 34 respondents is neutral and for the maximum value in this variable, the whole variables had maximum value of 5 which means that the highest answer of 34 respondents is strongly agreed. For standard deviation values, all of them have lower value than the mean value that means that the degree of data diversity or the degree of data distribution for all variables are low.

Based on the validity and reliability test, no statements should be omitted, all statements in the indicators on variable revaluation, the application of SOA-SIMAK, and the quality of financial statements are declared reliable because the loading factor values of all indicators are >0.70 and show Cronbach's Alpha and Composite Reliability is greater than 0.70. For the validity test of the AVE value, all variables show more than 0.50 and the loading factor of all indicator variables has a value of more than 0.70. The values indicated by the Discriminant Validity on Cross Loading, The Fornell-Larcker, and HTMT indicate that each indicator is highly correlated to its construct alone. In the inner model test results, the inner VIF in the variable revaluation and implementation of SOA-SIMAK has a value of less than 5 which means there is no multicollinearity. In this study has an R square value of 0.515 which means that the revaluation and implementation variables of SOA-SIMAK can explain by 51.5% of the variables of financial statement quality, Q square of this study has a value of more than 0 which indicates the model has predictive relevance.

Bootstrapping analysis

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Table 2. Bootstrapping Result

Variables	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
X1 -> Y	-0.067	-1.113	0.304	0.221	0.825
X2 -> Y	0.793	0.886	0.216	3.677	0.000

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Source: Primary Data (Processed)

Based on the table above, the revaluation variable (X1) has a statistical test that the value of the asset revaluation beta coefficient on the quality of financial statements is -0.067 and t-statistics is 0.221. From these results it was declared negative and t-statistically insignificant because it <1.96 with a p-value of 0.825 (>0.05) so the first hypothesis was rejected. For the Implementation of SIMAK State-Owned Asset variable (X2) has a statistical test that the beta coefficient value of the SOA-SIMAK Implementation on the Quality of Financial Statements is 0.793 and the t-statistics are 3.677. From these results it is stated that the t-statistic is significant because it >1.96 with a p-value of 0.000 (<0.05) so the second hypothesis is accepted.

Discussion

The effect of revaluation of state-owned assets on the quality of financial reports

The results of the analysis that has been carried out show that the revaluation of state-owned assets has a negative and statistically insignificant effect on the quality of financial statements. It is based on the results of statistical testing that the value of the beta coefficient of Assets Revaluation to the Quality of Financial Report is -0.067 and the t-statistic is 0.221. From this result it was declared to have a negative effect and the t-statistic was insignificant because it <1.96 with a p-value of 0.825 (>0.05) so the first hypothesis was rejected.

This study argues that findings that are contrary to the hypothesis can be explained through several problems related to the SOA revaluation process at the State Wealth Service Office and Bandar Lampung Auction, which has an impact on reducing the quality of financial statements. First, the lack of human resources who have competence in terms of SOA revaluation which is not proportional to the amount of SOA that must be revaluation. This hampers the

revaluation process and causes there are still many SOA values that have not been adjusted to their fair values. The results of this study do not support the first hypothesis that has been formulated that the revaluation of state-owned assets has a significant influence on the quality of financial statements. In addition, the large amount of SOA is not proportional to the availability of competent human resources in the field of SOA valuation.

This result is different from the research (Yulpi Poae, 2017) and (Anshari, 2016) which stated that the revaluation has a positive and significant effect on the quality of financial statements. In contrast to the results of the research by (Hidayati, 2016) the results of his research showed that the implementation of BMD, one of the factors of which was the revaluation of BMD, was not proven to have a significant effect on the quality of financial reports.

The effect of implementation of simak-soa on the quality of financial reports

The results of the Implementation of SOA-SIMAK had a statistically significant positive effect on the quality of financial statements. This is based on the results of statistical testing that the value of the beta coefficient of Implementation SOA-SIMAK against the Quality of Financial Report is 0.793 and the t-statistic is 3.677. From this result it is stated that t-statistics are significant because >1.96 with a p-value of 0.000 (<0.05) so that the second hypothesis is accepted.

The implementation of SIMAK for SOA is hoped that it can speed up the process of conveying SOA data. This can also affect the improvement of the quality of financial statements because they are considered to have met the relevant aspects because they can help the preparation of financial statements in a timely manner. In addition, the data generated has first received verification from the person in charge of SOA so that the value of SOA in financial statements becomes reliable because with the use of SIMAK it has presented asset / assets information that can be used to predict the needs of assets in the future can also be used in decision making and revaluation for SOA management. Although problems are still found such as errors in codification and system updates that make users need time to adjust to the system, with the application of SOA-SIMAK to record, the process of matching data from asset users to asset managers can be easily processed, matched, and corrected by asset managers, namely KPKNL Bandar Lampung.

The results of this study support the third hypothesis that has been formulated that the Implementation of SOA-SIMAK has a significant influence on the quality of financial statements. The results of this study do not support the results of the study (Andiani, 2017) which states that the partial application of SOA-SIMAK does not have a significant influence on the quality of financial statements but is in accordance with (Handayani Amaliah, 2019) and (Fitriawati, 2021) which shows that there is a significant influence of the application of SOA-SIMAK on the quality of financial reports.

Conclusion

Base on the results of the research, the revaluation of state-owned assets has no statistically significant effect on the quality of financial reports. It means that the revaluation carried out do not affect the quality of the financial reports. However, it has an important role for asset management in order to create better asset management. In contrast, the implementation of SIMAK for State-Owned Assets has a positive and statistically significant effect on the quality of the financial reports. It is interpreted that the implementation of SIMAK in the management of state-owned assets could improve the quality of financial reports.

The implications of this study can be an evaluation to improve the revaluation and implementation of the use of SIMAK to be able to improve the quality of values and data that presented in financial reports. For the society, this research can be used as reference in knowledge about the revaluation and implementation of SIMAK for State-Owned Assets in order to help supervise State-Owned Assets managed by government agencies.

The object of this study is only limited to the work unit in The Office of State Assets and Auction Service in Bandar Lampung as the assets manager and has less thorough information because it is only based on assets under its management. The focuses of this research are on three independent variables, namely Revaluation and Implementation of SIMAK for State-Owned Assets application, and one dependent variable, namely the Quality of Financial Reports which are still had others variable that has not been explained in this study. Advice that might be given to the further researchers are able to expand of research object and time in order to get more accurate results, should be able to go deeper into the technicalities of related variables by further improving literacy and experience in the field of asset management and would be better if it could add variations of other variables than this study in order to provide variations in the research.

Acknowledgments

Funding

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