Determinants Factors and Consequences of Accrual-Based Government Accounting System Implementation in Denpasar City Government

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Abstract: This study examines the determinants factors and consequences Accrual-Based Government Accounting System implementation of Local Apparatus Work Unit (LAWU) government in Denpasar City. Determinants of Accrual-Based Government Accounting System implementation are human resources competence, technology implementation, and organizational commitment. The consequences of Accrual-Based Government Accounting System implementation are higher quality of government financial statements. This research is held in Denpasar. The respondents are 34 employees who are responsible for financial reporting on every Local Area Work Unit (LAWU) of Denpasar Government. The research instrument was a questionnaire. Data analysis used is partial least square (PLS). The results of this study demonstrate that Accrual-Based Government Accounting System implementation is very helpful in to improve the quality of financial reports generated by each LAWU of Denpasar government. The competence of human resources and organizational commitment does not affect on Accrual-Based Government Accounting System implementation.

Keywords: Accrual-Based Government Accounting System, financial reporting quality, human resource competencies, local governments.

INTRODUCTION

Indonesian government has made various efforts to improve the performance, transparency, and accountability. The Efforts was published in three packets of Act in field of state finances, namely Law No. 17 year 2003 on State Finance, Law 1 year 2004 on State Treasurer and Law 15 Year 2004 on Financial Responsibility and State Management.

Law No. 17 year 2003 on State Finance Article 36 paragraph (1) confirms that accrual implementation for recognition and measurement of revenue and expenditure on any central government agencies and local government not more than 5 years. During the recognition and measurement of revenue and expenditure the accrual basis has not been implemented. It was implemented through Regulation No. 24 Year 2005, then government issued Regulation No. 71 year 2010 which requires governments to implement the Government Accounting Standards (GAS) fully in accrual later than four years after published, namely 2015.

The accrual accounting implementation needs to be prepared by government to ensure its success. The preparations include a conducive conditions to successful implementation of Accrual-Based Government Accounting System (Ichsan, 2014). Public sector committee of IFAC mention factors affecting the nature and speed of accrual system implementation, ability of existing information systems, capacity and skills of employees and organization responsible to implement the change (Tickel, 2010). Irawan (2014) mentions several factors affecting the implementation of accrual-based GAS as a clear mandate, political commitment, commitment of government and key officials, adequate resources, management structure effective change, adequate support capacity of information technology and information systems and legislative support. Fadlan (2013) states several factors to consider for successful implementation of accrual accounting, namely human resources, organizational factors, and situational factors.

One study conducted by IFAC Public Sector Committee (2002) states that accrual-based reporting is useful to evaluate the relevant performance of government services cost, efficiency, and goals achievement. With accrual-based reporting, user can identify government financial position and changes, how government fund activities in accordance with its funding capabilities to make government capacity can be measured. Accrual-based accounting also allows the government to identify future opportunities to use resources and to realize proper management of these resources. This means accrual-based accounting should improve the quality of financial reports that can be generated by work units (LAWU).

This study was conducted to investigate the determinants factors and consequences of Accrual-Based Government Accounting System implementation at LAWU in Denpasar Government. This research was done for several reasons. First, Accrual-Based Government Accounting System implementation is a necessity according to PP 71 year 2010. Secondly, implementation of accrual accounting concept in government financial statements is still relatively new and require an adjustment in its implementation. Third, study results related to implementation of accrual accounting in some areas has found some obstacles in the implementation of accrual based accounting. The implementation of accrual accounting was disturbed by human resources quality in East Java (Opay, 2014) and Central Kalimantan (Sukarno, 2015). The implementation of accrual-based GAS in Semarang and Lampung city were constraints by human resources and technology.

This research was conducted in the Denpasar City. Based on Government Regulation No. 71 year 2010, Denpasar Government as one reporting entity must apply accrual-based accounting in fiscal year 2015. Denpasar government must prepare the supporting conditions for successful implementation of accrual-based GAS. The conditions examined in this study are the competence of human resources, quality of local financial information systems, and organizational commitment. These three conditions are alleged affect on successful implementation of accrual-based GAS. The implementation of accrual-based GAS will improve the quality of financial reports produced by Denpasar City.

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STUDY THEORY

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Accounting Basis Used in Government Sector

State Financial Reform marked by the birth of State Finance Regulation in packages year 2003 and 2004 to mandate the importance of financial governance (good governance), among others is based on transparency and accountability principles, and following the international best practices adapted to Indonesia conditions. Financial reforms include reforms in state accounting and government financial reporting. It is characterized by obligation to report state financial accountability as government financial reports that at least consists of Actual Budget Report, Balance Sheet, Cash Flow Statement, and Notes to Financial Report attached with financial statements of other state and company. Currently, government has developed report towards a Cash Basis Accrual up to transition of accrual-based accounting as prescribed by State financial Regulation package applied in Indonesia.

CTA Accounting Basis

The development of government accounting in Indonesia before reformation was not encouraging. At that time, government accounting has not served as a tool to increase the accountability of government bureaucracy performance in providing public services to society. In that period, output produced by accounting Indonesia is often inaccurate, late and not informative, so unreliable in decision making. One part building to be formed in government accounting reformation is a change from cash accounting basis to become accrual basis. The background is the accrual basis will increase transparency and accountability in financial management and following international best practices adapted to Indonesia conditions. Law No. 17 year 2003 in Article 36 paragraph (1) explains that provisions on recognition and expenditure measurement accrual basis as referred to Article 1 point 13, 14, 15, and 16 of this law were implemented not later than five years. During the recognition and measurement of revenue and expenditure the accrual has not been implemented for cash based recognition and measurements.

Mandate of State Finance Act makes the government implement Regulation No. 24 on Government Accounting Standards (GAS). GAS is an administration standard in the transition from the cash basis to accrual basis fully enacted for accountability preparation of State Budgeting / Local Budgeting for fiscal year 2005. Based on the regulation, government accounting usage is changed from cash basis toward accrual basis. It means that cash basis is used for recognition of revenue, expenditure, and financing in realization report of budget and recognition of assets, liabilities, and equity in Balance Sheet. Regulation No. 24 year 2005 was replaced by Regulation No. 71 year 2010, which includes the accrual-based GAS and cash-based GAS toward accrual. Accrual-based GAS contained was implemented since the transition for entity that still not ready to implement accrual-based GAS until four year after 2010 budgeting, namely 2014. Implementation of cash-based GAS still allowed but the government should implement accrual-based GAS soon.

Financial Statements Quality

The financial statements quality is qualitative characteristics of financial reporting (Regulation No. 24 year 2005 on GAS). The four characteristics were a requirement of quality, that relevant, reliable, can be compared,

and can be understood. Relevant means that information presented can effect decisions by helping them to evaluate the past or present events, and predict the future events and confirms or corrects the evaluation results in the past. Relevant information are: (1) having feedback benefit, information allows the user to confirm or correcting their expectation in the past, (2) having predictive benefit, the information can help users to predict the future based on past results and historical precedents now, (3) the right time, the information is presented to affect a timely and useful in decision-making, (4) complete, the information is presented as complete as possible, including all accounting information that can effect decision making by concerning the constraints.

Reliable means the information in financial reporting free from misleading notion and material errors, presenting any facts in an honest and verifiable manner. The reliable information meets the characteristics of (1) honest presentation, the information describe transactions honestly and other events should be presented or may reasonably be expected to be presented, (2) can be verified, information presented in the financial statements can be tested, and if testing is done more than once by different parties, the results still indicate consistent conclusions and and (3) Neutral.

Can be compared means the information presentation can be compared with prior year financial statements or other reporting entity's of financial statements in general. The comparison can be done when an entity applies the same accounting policy in one year. External comparison is done when many entities apply the same accounting policies (between entities).

Can be understood means the information presentation can be understood by users and stated in the form and terms that are tailored to users understanding.

HYPOTHESIS FORMULATION

Effect of Human Resource Competency on Accrual-Based Government Accounting System

Implementation the public policy needs adequate human resources capacity in terms of number and skills (competence, experience, as well as adequate information) in addition to capacity development of organization (Insani, 2010). Nazier (2009) explained that 76.77% of financial management units in central and local government environment were filled by incompetent employees without the accounting basic educational background in financial management. In addition, local officials still have difficulties to report financial statements in transparent and accountable manner, on time, and prepared based on GAS. This is mainly due the lack of staff with expertise to implement budgeting responsibility, particularly expertise in accounting (Zetra 2009). Stamatiadis, *et al.* (2009) shows a positive and significant relationship between education levels and staff compliance to accrual accounting. Ouda (2008) also shows that staffs with higher education are expected to appreciate the benefits and usage of new accounting techniques and also to promote the implementation in government organizations. According to Windels and Christiaens (2006), the general education levels of executives and staff have a positive impact to reformation adoption level. Based on above discussion, the researchers will examine the relation of the two variables and propose following hypothesis:

H1: Education level of financial staffs have positive effect on Accrual-Based Government Accounting System

Effect of Information Technology Usage on Accrual-Based Government Accounting System

Consistent with information technology usage and model change of accounting management, surveys in the private sector reported that inefficiency in technology usage and and data limitations, such as the inability of existing information technology to provide reliable data, accurate, effective and up-to-date, become the main obstacle to implementation and usage of management accounting system (Krumwiede, 1998; McGowan and Klammer, 1997; Kwon and Zmud, 1987; Shields and Young, (1989). Krumwiede (1998) shows that organizations with more advanced information technology may implement a new management accounting system better than organizations with less sophisticated information systems because of processing cost and lower measurement.

Enterprise Resource Planning (ERP) is generally introduced as an information technology platform with good quality. Reeve (1995) and Anderson (1995) explains that organizations with ERP systems can integrate business processes across functional areas and collect operational data required for resource and activity analysis from a various sources into one data base center. It can streamline processes, reduce processing time, and improve controls within the organization. Field study and surveys of public sector report showed similar results (Jones, 1995; Ouda, 2008; Arnaboldi and Lapsley, 2003; Guthrie, 1998; Hepworth, 2003; Scapens and Jazayeris, 2003). Stamatiadis, et al. (2009) shows a positive and significant relationship between quality of information technology with accrual compliance level. Accounting study shows that information technology is used to facilitate and support the introduction of accrual accounting in the public sector, so the information systems quality should be considered as an essential prerequisite to guarantee the success implementation of accrual based accounting. This argument leads to following hypothesis formulation:

H2: Technology information usage has positive effect on Accrual-Based Government Accounting System.

Effect of Organizational Commitment on Accrual-Based Government Accounting System

Organizational commitment and leadership style with decision-making authority come from the organization's leadership (Robbins, 2009: 310). Simanjuntak (2010) and Yogantara (2012) state that strong support of leadership and cooperation with employees is key success of a change. Ritonga (2010) states there must be commitment and political support from decision makers in government, because the accrual-based accounting standard implementation requires substantial funds and time. Simanjuntak (2010) said that strong support of leadership become key success of a change. One cause Financial Statements weakness in some ministries / institutions is low leader commitment at LAWU as receiver of de-concentration / supporting tasks. This argument leads to following hypothesis formulation:

H3: Organizational commitment has positive effect on Accrual-Based Government Accounting System.

Effect of Accrual-Based Government Accounting System on Financial Statements Quality

The aim of accrual accounting implementation is to increase accountability and improve the quality of decision making in a government environment (Harun, 2009). The implementation of accrual accounting in government entities can measure the cost of government services as well as the efficiency and performance.

Government contingent liabilities are reported in the commitment or the right or duty of government contingent liabilities and expenses, especially for future budget that exceed one year.

Several previous studies have shown the effect of GAS implementation on financial statements quality. Nugraheni and Subaweh (2008) found GAS affect on the financial statements quality. The similar result was reported by Kusumah (2012). This argument leads to following hypothesis formulation:

H4: Accrual-Based Government Accounting System affect on the financial reporting quality

RESEARCH METHODS

Research Location and Time

This research was done to employees with functions of accounting / finance administration at LAWU environmental in Denpasar City Government. The research was conducted when government was finalized the financial statements in 2015.

Population and Sample

Population is a generalization region consisting of object / subject that has certain qualities and characteristics defined by researchers and then drawn a conclusion (Sugiyono, 2009: 115). This study population is all civil servants relating to preparation of financial statements at 34 LAWU in Denpasar City Government.

The analysis unit is individuals, namely civil servants at LAWU in Denpasar government. Samples were selected with respect to financial reporting process of LAWU and respondents are chosen by by purposive sampling method. The respondents criteria are : (1) Employees who exercise the functions of accounting / finance administration at LAWU, (2) Respondents is assigned cluster sampling of one respondent. Total samples are 34 people. Data was collected by interviews and questionnaire given to respondents to obtain primary data.

Research variable

The variables analyzed are independent, intervening and dependent variables. The independent variables are human resources quality (KSDM), organizational commitment (KO), and information technology usage (PT). The intervening variable is implementation of accrual-based government accounting system (ACCRUAL). The dependent is financial report quality (Y).

Human resource competency is the ability and characteristics possessed by employees in the form of knowledge, skills, and attitudes of behavior to make these employees can the job with professional, efficient, and effective. The questionnaire was developed with refer to Andini and Yusyrawati (2015). This variable is measured by six statements. Each statement was answered with a 5-point Likert scale (1 = strongly disagree to 5 = strongly agree).

Organizational Commitment is the employees willingness to do better in accordance with duties and functions. Indicators to measure organizational commitment are (1) ownership, (2) the responsibility of job, and (3) the belief in management and technology usage (PT). This variable is measured by statements. Each statement was answered with a 5-point Likert scale (1 = strongly disagree to 5 = strongly agree).

Information technology usage is the availability of adequate information technology, integrated and easy to use. It is also able to process and provide accurate and current data in relation to implementation of accrual accounting system. This variable is measured by statements. Each statement was answered with a 5-point Likert scale (1 = strongly disagree to 5 = strongly agree).

Accrual-based government accounting system should refer to applicable government regulation, in this case the Government Regulation No. 71 year 2010 on Governmental Accounting Standards as amendment of Government Regulation No. 24 year 2005 on the Government Accounting Standards. This variable is measured by eight statements. Each statement was answered with a 5-point Likert scale (1 = strongly disagree to 5 = strongly agree).

The financial statements quality refers to Regulation No. 71 Year 2010. The financial statements quality has qualitative characteristics of financial statements, that relevant, reliable, comparable, and what understandable. This variable is measured by statements. Each statement was answered with a 5-point Likert scale (1 = strongly disagree to 5 = strongly agree).

Data analysis

Structural Equation Modeling - Partial Least Square (PLS-SEM) is inductive statistical analysis is used to draw conclusions based research objectives. It is used to test the research hypothesis and draw conclusions from hypothesis testing results. The advantages of this analysis is the data is not should have multivariate normal distribution and sample should not large. Reasons for using PLS are (1) common method for estimating Path models using latent variables with multiple indicators, (2) an analysis method for causal predictive analysis in situations of high complexity and having low theory support, (3) handling formative reflective models, even construct with single indicator (Ghozali, 2011).

RESULTS AND DISCUSSION

PLS Analysis Results

The PLS analysis results include analysis of measurement model and structural model analysis. Measurement model analysis includes analysis of validity and reliability of each of variables. Structural model analysis includes the model validity analysis and path coefficient.

Model analysis includes the measurement of instrument reliability and validity (Hartono, 2011). The validity test is to know instruments ability to measure what should be measured (Cooper and Schindler, 2006). Reliability test aim is to measure the consistency of instrument or respondent to answer items statements or research instruments (Hartono, 2011).

Construct validity indicates the suitability of a measurement in accordance with theories used to define the construct (Hartono, 2011). Construct validity test includes convergent and discriminate validity.

Convergent validity relates to principle that every construct measurement should have correlation. Convergent validity is measured with loading factor (correlation between the scores of components with a score CONSTRUCTS). PLS measures the convergent validity with a score of outer loading and average variance extracted (AVE). Rule of thumb used for convergent validity is loading of outer score should greater than 0.7 and average variance extracted (AVE) should greater than 0.5 (Chin, 1995). Convergent validity testing results are shown in table 1 and 2 below.

Table 1
Convergent Validity Testing Results with Outer Loading

Konstruk	KO	Y	KSDM	PT	ACCRUAL
ACCRUAL 1					0,83
ACCRUAL 2					0,93
ACCRUAL 3					0,96
ACCRUAL 4					0,83
ACCRUAL 5					0,92
KO 1	0,84				
KO 2	0,92				
KO 3	0,76				
KO 4	0,92				
KSDM 1			0,86		
KSDM 2			0,81		
KSDM 4			0,88		
KSDM 5			0,75		
KSDM 6			0,82		
PT 1				0,86	
PT 3				0,75	
PT 6				0,95	
PT 7				0,71	
Y 1		0,75			
Y 2		0,91			
Y 3		0,86			
Y 4		0,77			
Y5		0,73			

Sources: Primary data processed

Table 2
Convergent Validity Testing Results with AVE

Variables	AVE	Description
Y	0,62	Valid
ACCRUAL	0,81	Valid
KO	0,74	Valid
KSDM	0,68	Valid
PT	0,60	Valid

Sources: Primary data processed

Different constructs measurements should not have correlation. PLS test for discrimination validity uses Cross loading. Rule of thumb is a cross score in one variable loading should greater than 0.7 (Chin, 1995). Validity testing results is shown in table 3 below.

Table 3
Discriminant Validity Testing Results with Cross Loading

Konstruk	KO	KLK	KSDM	PT	ACCRUAL
ACCRUAL 1	0,42	0,55	0,58	0,75	0,83
ACCRUAL 2	0,63	0,44	0,67	0,75	0,93
ACCRUAL 3	0,64	0,47	0,70	0,84	0,96
ACCRUAL 4	0,58	0,43	0,55	0,67	0,83
ACCRUAL 5	0,66	0,43	0,71	0,70	0,92
KO 1	0,84	0,45	0,71	0,49	0,57
KO 2	0,92	0,48	0,65	0,63	0,56
KO 3	0,76	0,25	0,31	0,51	0,49
KO 4	0,92	0,48	0,62	0,66	0,61
KSDM 1	0,64	0,25	0,86	0,75	0,44
KSDM 2	0,44	0,48	0,81	0,66	0,64
KSDM 4	0,59	0,45	0,88	0,75	0,72
KSDM 5	0,50	0,26	0,75	0,54	0,56
KSDM 6	0,64	0,39	0,82	0,52	0,51
PT 1	0,43	0,34	0,70	0,86	0,73
PT 3	0,63	0,47	0,54	0,86	0,52
PT 6	0,56	0,43	0,63	0,75	0,52
PT 7	0,37	0,28	0,39	0,95	0,76
Y 1	0,11	0,75	0,15	0,21	0,54
Y 2	0,41	0,91	0,37	0,44	0,16
Y 3	0,58	0,86	0,45	0,46	0,43
Y 4	0,31	0,77	0,43	0,24	0,51
Y5	0,41	0,73	0,42	0,52	0,42

Sources: Primary data processed

Test reliability in the PLS uses two methods, Cronbach's alpha and composite reliability. Cronbach's alpha is used to measure the lower limit of reliability values of construct, while the composite reliability is used to measure the true reliability value of construct (Chin, 1995). Value of Cronbach's alpha and composite reliability should 0.7 or above (Hair *et al.,* 2010).

Table 4
Convergent Validity Testing Results with AVE

Variables	Cronbach's Alpha	Composite Reliability	Description
Y	0,85	0,89	Reliable
ACCRUAL	0,94	0,95	Reliable
KO	0,88	0,92	Reliable
KSDM	0,88	0,91	Reliable
PT	0,77	0,86	Reliable

Sources: Primary data processed

Structural model in PLS is evaluated by coefficient of determination (R^2) for dependent construct, path coefficient value or the value of t statistics for each path. The model validity is measured by coefficient of determination total (R^2m). Coefficient of determination total (R^2 total) of research model is 0.80, it means that 80% information in the data can be explained by model to analyze the relationship between variables, while the rest 20% is explained by other factors outside this study.

Path coefficient value or inner models shows the significance level of hypothesis testing. The results of path coefficient analysis are presented in Table 5 below.

Table 5
Path Coefficient Test Results

Path	Path Coefficient	Statistict	P Value	Description
KSDM → ACCRUAL	0,15	1,00	0,32	Insignificant
PT → ACCRUAL	0,62	3,75	0,00	Significant
KO → ACCRUAL	0,16	1,05	0,30	Insignificant
ACCRUAL → Y	0,52	4,11	0,00	Significant

Sources: Primary data is processed

DISCUSSION

Effect of education level of financial staff on Accrual-Based Government Accounting System

Testing result of research hypothesis (H1) that Education level of financial staff has a positive effect on Accrual-Based Government Accounting System is rejected. This study does not support the hypothesis (H1). These results do not support the Insani (2010) which states that implementation of public policies in practice need adequate human resources capacity in terms of number and skills (competence, experience, as well as adequate information), in addition to development of organizational capacity.

Inconsistency of this study result due to educational background of financial management at LAWU in Denpasar that from other disciplines than economy. This study proves the Nazier (2009) that 76.77% of financial management units in central and local government environment are filled by employees who do not have the educational background in in financial accounting management. This research found 20.6% of employees financial operators have no economics background, such as agriculture, social and political science, computers, tourism, and law. Two employees of financial managers have high school education background. This finding was confirmed by results of respondents' answers related to fields of science, as many as 21.57% of respondents strongly disagree and disagree with statement of education respondents were accounting and taxation. Although it has the educational background of economy, respondents very understand their basic tasks, able to apply the system, and get technical guidance. Routine technical guidance will improve employees ability to run the system related to financial reporting in accordance with the duties. This study results different from the findings of Zetra (2009) who found that local officials still difficult to presents government financial reports in transparent and accountable manner, on time, and prepared based on GAS. This is mainly due lack of staff with expertise in implementing budgetary accountability, in particular expertise in the field of accounting. The findings of this study do not support the research of Stamatiadis, *et al.* (2009), Ouda (2008), and Chistiansens (2006), which proved a positive

and significant relationship between education levels and level of staff compliance to accrual-based accounting.

Effect of Information Technology Utilization on Accrual-Based Government Accounting System in Denpasar

The research hypothesis (H2) that Technology information usage has positive effect on Accrual-Based Government Accounting System is accepted. This study supports the hypothesis (H2)these results are consistent with previous research of Krumwiede (1998), McGowan and Klammer (1997), Kwon and Zmud (1987), as well as Shields and Young (1989). Technology information usage is very important in the implementation of Accrual-Based Government Accounting System. Technology information usage simplifies the reporting process in Accrual-Based Government Accounting System that more complicated than cash accounting and accrual basis of accounting. Technology information usage can streamline the processes, reduce processing time, and improve controls within the organization (Jones, 1995; Ouda, 2008; Arnaboldi and Lapsley 2003; Guthrie, 1998; Hepworth, 2003; Scapens and Jazayeris, 2003). This research results supports Stamatiadis, *et al.* (2009) which shows a positive and significant relationship between the quality of information technology and a compliance level of accrual accounting. This study shows that information technology will be required to facilitate and support the introduction of accrual accounting in the public sector. As a result, existing high quality of organization's information system should be considered as an essential prerequisite for successful implementation of Accrual-Based Government Accounting System.

Effect of Organizational Commitment on Accrual-Based Government Accounting System in Denpasar

The research hypothesis (H3) that Organizational commitment has positive effect on implementation level of accrual accounting is rejected. This study does not support the hypothesis (H3). This result does not support the idea of Simanjuntak (2010) and Yogantara, 2012 which states that strong leadership support and cooperation with employees are key success of a change, and argument of Ritonga (2010) which states that there must be commitment and support from political leader government decision making, because the Accrual-Based Government Accounting System implementation need substantial funds and time.

This study found the survey respondents generally have a high commitment to implementation of Accrual-Based Government Accounting System. However, it is not enough. High commitment must be followed by information technology implementation for successful implementation of Accrual-Based Government Accounting System.

Effect of Accrual-Based Government Accounting System on Financial Statements Quality

The research hypothesis (H4) states that Accrual-Based Government Accounting System affects on the financial reporting quality are accepted. This study supports the hypothesis (H4). These results support the findings of Harun (2009) that implementation of accrual accounting aim is to increase accountability and improve the quality of decision making in a government environment. Empirical research that supports these findings are Nugraheni and Subaweh (2008) who found that GAS affect on financial statements quality. The results of a similar study was reported by Kusumah (2012).

CONCLUSIONS AND SUGGESTIONS

Conclusion

This study examines the determinants and consequences of implementation level of Accrual-Based Government Accounting System at LAWU in Denpasar government. Determining factors are implementation level of accrual accounting, organizational commitment, human resources quality, and technology implementation. The financial statements quality is a consequence of implementation of Accrual-Based Government Accounting System. The research found that organizational commitment and human resources quality do not affect on implementation level of accrual accounting of Local Government of Denpasar City. Human resources quality do not affect on implementation level of Accrual-Based Government Accounting System at Local Government Unit in Denpasar. Technology implementation affects on implementation Accrual-Based Government Accounting System at Local Government Unit in Denpasar. The higher technology implementation in the financial reporting process can increase higher the implementation level of Accrual-Based Government Accounting System. The implementation level of Accrual-Based Government Accounting System affects on of financial reporting quality. Higher implementation of Accrual-Based Government Accounting System improve financial reporting quality.

Suggestion

Based on results and discussion, it can be proposed some suggestions. First, leaderships of LAWU in Denpasar are expected to increase the sense of belonging of financial officer to organization. It is necessary to motivate employees in the implementation of various organization programs, particularly with regard to accrual-based financial statements. Secondly, education aspect need to be considered by leaders in the placement of LAWU financial officer in Denpasar. Some of them are not derived from the accounting, so that employee does not have sufficient basic knowledge in the implementation of Accrual-Based Government Accounting System. Third, implementation of information technology is very important in the implementation of Accrual-Based Government Accounting System, so that leadership LAWU at Denpasar City is expected to increase the technology implementation in the process of preparation of Accrual-Based Government Accounting System. Fourth, LAWU Chief in Denpasar City is expected to increase the implementation level of Accrual-Based Government Accounting System in each LAWU to improve financial statements quality.

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