

ANALYSIS OF THE EFFECT OF ACCOUNTING POLICY AND AUDIT OPINION TOWARD SOVEREIGN ASSET AND LIABILITIES MANAGEMENT (SALM) REPORTING WITH MODERATION OF GLOBAL RISK

^a JBP Simandjuntak, ^b Etty Murwaningsari, ^c Sekar Mayangsari

ABSTRACT

Objective: The aim of this study is to the impact of Accounting Policy and Audit Opinion on the SALM (Sovereign Asset And Liabilities Management) reporting. And also to the role of Global Risk as a moderating variable in the effect of Accounting Policy and Audit Opinion on the SALM reporting.

Theoretical Framework: Theoretical Framework: In this topic, the institutional concepts and theories underlying the research are presented so as to provide a strong basis for understanding the context of the influence of accounting policy and audit opinion on SALM reporting. Risk theory is also added as a moderator in this study.

Method: The study uses a quantitative approach by distributing questionnaires to 133 respondents in middle-up management positions in Bank Indonesia, Indonesian Accountants Association, Ministry of Finance, Financial Audit Agency, Indonesian Public Accountants Association. Multiple linear regression analysis was used with the Smart PLS statistical tool.

Results and Discussion: This research shows that result: (i) Accounting Policy has not significant positive effect on SALM Consolidated Reporting; (ii) Audit opinion has a positive and significant effect on the SALM Consolidated Reporting; (iii) The Global risk does not strengthen the influence of accounting policies on the SALM Consolidated Reporting; (iv) The Global risk strengthens the influence of the Audit opinion on the SALM Consolidated Reporting.

Research Implications: For decision makers in the public sector, especially the ministry of finance and/or Bank Indonesia, it is hoped that it will provide benefits in efforts to strengthen and/or prepare assessments and policies related to SALM.

Originality/Value: This study contributes to the Indonesian Accountants Association (IAI) as the Financial Accounting Standards Body or Financial Accounting Standards Board in Indonesia, it is hoped that it can provide a reference in improving financial accounting standards for both the government and Bank Indonesia.

Keywords: accounting policy, audit opinion, global risk, sovereign asset and liabilities management.

^a PhD in Economics, Doctoral Program Faculty of Economics and Business, Universitas Trisakti, Daerah Khusus Ibukota Jakarta, Indonesia. E-mail: jbp.simandjuntak10@gmail.com Orcid: <https://orcid.org/0009-0002-9519-1542>

^b PhD in Economics, Doctoral Program Faculty of Economics and Business, Universitas Trisakti, Daerah Khusus Ibukota Jakarta, Indonesia. E-mail: ettymurwaningsari@trisakti.ac.id Orcid: <https://orcid.org/0000-0002-9720-6392>

^c PhD in Economics, Doctoral Program Faculty of Economics and Business, Universitas Trisakti, Daerah Khusus Ibukota Jakarta, Indonesia. E-mail: sekarmayangsari@trisakti.ac.id Orcid: <https://orcid.org/0000-0002-0787-5323>



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ANÁLISE DO EFEITO DA POLÍTICA CONTÁBIL E OPINIÃO DE AUDITORIA NO RELATÓRIO DE GESTÃO SOBERANA DE ATIVOS E PASSIVOS (SALM) COM MODERAÇÃO DE RISCO GLOBAL

RESUMO

Objetivo: O objetivo deste estudo é avaliar o impacto da Política Contábil e do Parecer de Auditoria no reporte SALM (Gestão de Ativos e Passivos Soberanos). E também ao papel do Risco Global como variável moderadora no efeito da Política Contabilística e do Parecer de Auditoria no reporte do SALM.

Referencial Teórico: Referencial Teórico: Neste tópico, os conceitos e teorias institucionais subjacentes à investigação são apresentados de forma a fornecer uma base sólida para a compreensão do contexto da influência da política contabilística e da opinião de auditoria nos relatórios SALM. A teoria do risco também é adicionada como moderadora neste estudo.

Método: O estudo utiliza uma abordagem quantitativa através da distribuição de questionários a 133 inquiridos em cargos de gestão intermédia no Banco da Indonésia, Associação de Contabilistas da Indonésia, Ministério das Finanças, Agência de Auditoria Financeira, Associação de Contadores Públicos da Indonésia. A análise de regressão linear múltipla foi utilizada com a ferramenta estatística Smart PLS.

Resultados e Discussão: Esta pesquisa mostra que os resultados: (i) a Política Contábil não tem efeito positivo significativo no Relatório Consolidado SALM; (ii) O parecer de auditoria tem um efeito positivo e significativo no Relato Consolidado da SALM; (iii) O risco Global não reforça a influência das políticas contabilísticas no Reporte Consolidado da SALM; (iv) O risco Global reforça a influência do parecer da Auditoria no Reporte Consolidado da SALM.

Implicações da investigação: Para os decisores do sector público, especialmente o Ministério das Finanças e/ou o Banco da Indonésia, espera-se que proporcione benefícios nos esforços para fortalecer e/ou preparar avaliações e políticas relacionadas com o SALM.

Originalidade/Valor: Este estudo contribui para a Associação de Contadores da Indonésia (IAI) como o Órgão de Padrões de Contabilidade Financeira ou Conselho de Padrões de Contabilidade Financeira na Indonésia. Espera-se que possa fornecer uma referência na melhoria dos padrões de contabilidade financeira tanto para o governo quanto para o Banco da Indonésia. .

Palavras-chave: política contábil, opinião de auditoria, risco global, gestão de ativos e passivos soberanos.

ANÁLISIS DEL EFECTO DE LA POLÍTICA CONTABLE Y DEL OPINIÓN DE AUDITORÍA SOBRE EL INFORME DE GESTIÓN DE ACTIVOS Y PASIVOS SOBERANOS (SALM) CON MODERACIÓN DE RIESGOS GLOBALES

RESUMEN

Objetivo: El objetivo de este estudio es evaluar el impacto de la Política Contable y el Dictamen de Auditoría en la presentación de informes SALM (Gestión de Activos y Pasivos Soberanos). Y



también el papel del Riesgo Global como variable moderadora en el efecto de la Política Contable y del Dictamen de Auditoría sobre el informe SALM.

Marco Teórico: Marco Teórico: En este tema se presentan los conceptos y teorías institucionales que subyacen a la investigación con el fin de proporcionar una base sólida para comprender el contexto de la influencia de la política contable y la opinión de auditoría en los informes SALM. La teoría del riesgo también se añade como moderador en este estudio.

Método: El estudio utiliza un enfoque cuantitativo mediante la distribución de cuestionarios a 133 encuestados en puestos de gestión media en el Banco de Indonesia, la Asociación de Contadores de Indonesia, el Ministerio de Finanzas, la Agencia de Auditoría Financiera y la Asociación de Contadores Públicos de Indonesia. Se utilizó análisis de regresión lineal múltiple con la herramienta estadística Smart PLS.

Resultados y Discusión: Esta investigación muestra que los resultados: (i) la Política Contable no tiene un efecto positivo significativo en el Informe Consolidado SALM; (ii) la opinión de auditoría tiene un efecto positivo y significativo en el Informe Consolidado de SALM; (iii) El riesgo global no refuerza la influencia de las políticas contables en el Informe Consolidado de SALM; (iv) El riesgo global refuerza la influencia de la opinión de Auditoría sobre el Informe Consolidado de SALM.

Implicaciones de la investigación: Para los tomadores de decisiones del sector público, especialmente el Ministerio de Finanzas y/o el Banco de Indonesia, se espera que proporcione beneficios en los esfuerzos para fortalecer y/o preparar evaluaciones y políticas relacionadas con SALM.

Originalidad/Valor: Este estudio contribuye a la Asociación de Contadores de Indonesia (IAI) como Organismo de Normas de Contabilidad Financiera o Junta de Normas de Contabilidad Financiera en Indonesia. Se espera que pueda servir de referencia para mejorar las normas de contabilidad financiera tanto para el gobierno como para el Banco de Indonesia. .

Palabras clave: politica contable, opinion de auditoria, riesgo global, gestion de activos y pasivos soberanos.

1 INTRODUCTION

The dynamics of economic development direct stakeholders and various authorities to further improve coordination in order to maintain stable macroeconomic fundamentals. In its development apart from dynamicstheabove, the influence of financial procyclicality and the accumulation of systemic risks greatly influences economic stability, thus requiring a new paradigm in the synergy of monetary and fiscal policy formulation, including Sovereign Asset Liability Management (SALM).

Several articles reveal that the application of SALM in various countries has a varied spectrum of application, for example, Australia only applies SALM at the consolidated balance sheet stage, meanwhile in Hungary, New Zealand, Turkey, Denmark, Canada, Mexico and in the UK it has reached National Risk Exposure Management stage. Meanwhile, in China, the implementation of SALM is already at the



formation stage Sovereign Wealth Funds. Furthermore, various articles reveal the implementation of SALM in various countries carried out through a gradual implementation strategy (evolve).

In connection with the differences in geopolitics and legal regulations as well as the nuances of unique institutional relationships in each country make it possible to conduct research on the most optimal SALM distribution strategy for Indonesian conditions, in this case the SALM Consolidated Report. Matter then in order to implement a more aspirational SALM consolidated report.

Further empirical studies related to Sovereign Asset and Liability Management, with definitions as follows, A framework for viewing the interconnections between state agency balance sheets in order to identify potential increases in efficiency as well as researching policy issues and related solutions, which can be implemented through coordination.” (Technical Assistance IMF-World Bank, 2019)

Inclusive policy coordination, consisting of fiscal, monetary, financial system and other sector policies, is continuously coordinated and promoted to maintain and anticipate steps to maintain the stability of dynamic economic development and increase the momentum of national economic development. This phenomenon develops in line with the dynamics in the implementation of duties and authorities on the monetary side and on the one hand, duties and responsibilities on the fiscal side which are very central in the Indonesian economy and are an important node for Indonesia.

The dynamics of the global economy until the beginning of 2023 are full of challenges due to the Ukraine-Russia crisis and efforts to return from the COVID-19 pandemic, and are overshadowed by a number of risks, namely, the continued low growth of world GDP, the potential for continued lock down in several countries as well as international geopolitical dynamics. The Covid-19 pandemic that has occurred since the beginning of 2020 has had a very significant impact on both health and economic aspects. The increasing number of cases occurring in almost all regions requires the government to limit people's physical mobility in order to minimize transmission. However, on the other hand, this policy has an impact on the economy because it reduces aggregate demand followed by a decline in aggregate supply in almost all sectors of the economy.

Global inflationary pressures continue to increase in line with high commodity prices due to continued supply chain disruptions in line with ongoing Russian-Ukrainian geopolitical tensions and widespread protectionist policies, especially food. Various



countries, especially the United States (US), responded to the increase in inflation by tightening monetary policy more aggressively, thereby holding back economic recovery and increasing the risk of stagflation.

Global core inflation and CPI inflation pressures are predicted to remain high until 2023 and 2024 as supply chain disruptions continue, prompting central banks in many countries to pursue more aggressive monetary policies. The increase in the Fed Funds Rate, which is predicted to be higher with a longer cycle (higher for longer), will encourage the strengthening of the US dollar currency, thus putting downward pressure or depreciation on exchange rates in various countries, including Indonesia. The pressure to weaken the exchange rate is increasing due to increasing global financial market uncertainty and is predicted to remain high in 2023, and in EME countries including Indonesia, it is also being exacerbated by the outflow of foreign portfolio investment. Global and domestic economic developments until the end of 2023 are marked by several important things, as follows: (a) Global economic growth is predicted to decline (slow growth), although better than previous projections. Bank Indonesia estimates that global economic growth in 2023 could reach 2.6%, in line with the positive impact of opening up the Chinese economy and improving global supply chains. (b) The decline in global inflation is slower (high inflation) with better growth, thus encouraging tight monetary policies in developed countries to be tighter and will last longer, namely throughout 2023 (higher interest rate for longer); (c) Global financial market uncertainty is increasing, with tighter monetary policy and the impact of the closure of three banks in the US. Restraining the return of capital flows to developing countries and increasing exchange rate pressure in various countries.

1.1 HYPOTHESIS MUSTLOPMENT

1.1.1 Accounting policies

Accounting policies are the specific principles, basis, conventions, rules and practices applied by an organization in preparing and presenting financial reports. These accounting policies are regulated in the Policy Framework in accordance with applicable financial accounting standards, namely IFRS. In addition, the management of the company or existing financial institution must decide which information is relevant to



readers of the IFRS consolidated financial statements and should be included in the notes. Information about the exercise of discretion in applying accounting policies that most significantly affect the amounts reported in the consolidated financial statements, and about applicable estimates and assumptions.

According to Cernius and Birskyte (2019), the success of actions taken based on these decisions depends, among other things, on the quality of the accounting information. To be useful for decision making, accounting information must be accurate, correct and reliable. On the one hand, companies need to adhere to universally accepted standards to produce a true and fair view of company performance. On the other hand, real life situations require some flexibility in choosing accounting policies that maximize benefits for banking sector companies and other financial institutions. Based on the description of existing theory and the research that has been carried out above, this research states the following hypothesis:

Hipotesis 1 = Accounting policies have a positive effect on the Sovereign Asset and Liabilities Management (SALM) Consolidated Report

1.1.2 Audit opinion

The 2021 Central Government Financial Report (LKPP) again received an Unqualified Opinion (WTP) from the Financial Audit Agency (BPK). This means that the government can maintain its achievement of the best audit opinion on these financial reports for six consecutive years. This is a manifestation of the Government's commitment to managing state finances in a prudent manner. The BPK provides a WTP opinion on the 2021 LKPP in all material matters in accordance with government accounting standards. The WTP's opinion on the 2021 LKPP is based on the WTP's opinion on 83 LKKL and 1 LKBUN which have a significant influence on the 2021 LKPP. The WTP's opinion is one form of big evidence that we are implementing the APBN well. This can also be a motivation for us to run the APBN better.

The same thing is also consistently and consistently implemented by Bank Indonesia, where 19 times in a row Bank Indonesia received the WTP predicate for 2021. This means that Bank Indonesia can maintain the achievement of the best audit opinion on the financial statements. This is a manifestation of Bank Indonesia's commitment to managing state finances in a prudent and fair manner. Based on the description of existing



theory and the research that has been carried out above, this research states the following hypothesis

Hipotesis 2 = Audit Opinion has a positive effect on the Sovereign Asset and Liabilities Management (SALM) Consolidated Report

1.1.3 Global risk and accounting policies

In many cases, there is discussion of asset integrity management and integrated logistics support programs as part of asset management. In fact, all banking companies take into account achieving high safety and environmental performance in their policies, which shows the importance of achieving high performance of asset integrity for the business processes of these financial institutions. The selection and application of appropriate accounting policies, especially alternative methods in accordance with International Financial Reporting Standards (IFRS) can have a significant influence on the valuation of assets, liabilities and capital, and thereby on the company's financial position. Based on data from financial reports, especially from the balance sheet (Juric, 2014).

Consequently, based on the relationship between the balance sheet and the income statement, the effect of this policy is evident on the company's business performance. The application of risk management, for example in the post of impairment of financial assets which is an assessment of the risk level of financial assets (Notes to the Financial Report of Bank Indonesia, B.10.9, 2021) Based on the description of existing theory and the research that has been carried out above, this research states the following hypothesis

Hipotesis 3 = Global Risk strengthens the influence of Accounting Policies on the Sovereign Asset and Liabilities Management (SALM) Consolidated Report.

1.1.4 Global risk and audit opinion

Risk Management According to Australia/New Zealand Standards is a logical and systematic process of identifying, analyzing, evaluating, controlling, supervising and communicating risks related to all activities, functions or processes with the aim of the company being able to minimize losses and maximize opportunities. The implementation of risk management helps government agencies identify risks from the start and helps



make decisions to overcome these risks. This was expressed in the development of the hypothesis because New Zealand is a country that is a pioneer in disclosing SALM. To ensure that regional financial management and accountability runs according to established criteria, it needs to be carried out by a professional, effective, efficient and modern audit body (PEEM).

In connection with this, the Republic of Indonesia Financial Audit Agency (BPK-RI) was formed which was tasked with carrying out audits of the management and accountability of state finances in accordance with Law no. 15 of 2004 or known as the State Financial Audit Law. In carrying out its audit, the BPK is free and independent in determining the object of the audit, planning and carrying out the audit, determining the time and method of the audit, as well as preparing and presenting the audit report. The audit process carried out by the BPK is also inseparable from the risks that arise when preparing the central government financial reports (LKPP). Because of this, risk management is also required. Based on the description of existing theory and the research that has been carried out above, this research states the following hypothesis

Hipotesis 4 = Global Risks strengthening the influence of the Audit process on the Sovereign Asset and Liabilities Management (SALM) Consolidated Report.

2 THEORETICAL FRAMEWORK

2.1 INSTITUTIONAL THEORY

The theory was developed in the academic management literature (more specifically, in organization theory) since the late 1970s, by researchers such as Meyer and Rowan (1977); DiMaggio and Powell (1983); Powell and DiMaggio (1991). The main reason why institutional theory is relevant is because it provides a complementary perspective, to both stakeholder theory and legitimacy theory, in understanding how organizations understand and respond to changing social and institutional pressures and expectations. Among other factors, it links organizational practices (such as accounting and corporate reporting for both Bank Indonesia and the Ministry of Finance) with the values of the society in which the organization operates, and with the need to maintain organizational legitimacy.

There are two main dimensions of institutional theory. The first is called



isomorphism while the second is called decoupling. Both can be of central relevance to explaining voluntary corporate reporting practices. Dillard, Rigsby and Goodman (2014) explain that isomorphism refers to the adaptation of institutional practices by organizations. As voluntary reporting by organizations is an institutional practice of the reporting organization, the process by which reporting volunteer companies adapt and organizational change is an isomorphic process. DiMaggio and Powell (1983) defined three distinct isomorphic processes (processes in which institutional practices such as firms' voluntary marketing adapt and change. The first is coercive isomorphism in which organizations will only change their institutional practices due to pressure from stakeholders on whom the organization relies. The second isomorphic process defined by DiMaggio and Powell (1983). This involves organizations seeking to imitate or improve on the institutional practices of other organizations, often for reasons of competitive advantage in terms of legitimacy. The final isomorphic process described by DiMaggio and Powell (1983) is normative isomorphism. This relates to the pressure arising from group norms to adopt certain institutional practices.

2.2 RISK THEORY

Risk, according to Kalev P'arna, comes from the Arabic word *risq* meaning "everything that has been given to you [by God] and from which you profit" and has the connotation of chance (random) and favorable outcomes. The Latin "Risicum" originally referred to the challenge presented by a barrier reef to a sailor and had the connotation of an equally fortuitous but unfortunate event. Meanwhile Webster's dictionary (1981): Risk is 'the possibility of loss, injury, harm, or destruction. In the more specialized literature, 'risk' is also used as a measure of a bad outcome, and risk can measure the chance (probability) of a bad (negative) outcome, its negativity (severity), or a combination of both. Kalev's definition: "Risk is the possibility of an unfavorable event" In the concrete field 'risk' has a more specific meaning. In business, risk often means the possibility of losing money. An investor loses money when the price of the stock or currency he invests in decreases. In the typical insurance business, risk is the possibility of large claims, or even the possibility of destruction (bankruptcy) of an insurance company due to the large number of large claims that cannot be covered by an insurance company. Therefore, risk theory can only be a tool for management practice, because it is rarely able to provide



definite solutions. However, quantitative knowledge of stochastic variations and their dependence on various factors can also be valuable.

2.3 SOVEREIGN ASSET AND LIABILITY MANAGEMENT (SALM)

The definition of SALM is: "A framework for viewing the interconnections between state agency balance sheets in order to identify potential increases in efficiency as well as research policy issues and related solutions, which can be implemented through coordination." (IMF-World Bank Technical Assistance, 2009). Furthermore, SALM has the following objectives:

2.3.1 Minimize vulnerabilities

"An integrated SALM framework is a holistic approach that aims to minimize the vulnerability of government finances in the face of potential turmoil" (Maziad and Skancke, 2014, André Amante, Phillip Anderson, Thordur Jonasson, Herman Kamil, and Michael Papaioannou, 2019).

2.3.2 Formation of intensive coordination

"While the separation of debt policy and monetary policy is necessary to support the integrity of the central bank, only intensive coordination between the Ministry of Finance and the central bank can ensure that debt management policy remains consistent with monetary policy" (Cassar and Folkert-Landau, 1997).

- Without good coordination, treasury participation in the foreign exchange market could have significant monetary impacts, and could conflict with the intervention policies of the central bank;
- Specifically, the central bank needs to be informed about daily transactions from institutions responsible for debt management, so that the central bank can adjust liquidity management and daily intervention policies to offset the impact of these transactions on the market;
- Full cooperation from the two institutions also requires the central bank to inform debt managers regarding the composition and maturity profile of foreign exchange



reserves and carry out regular updates, so that debt managers can take this into account in debt management policies.

2.3.3 The strength of the relationship between balance sheet vulnerability and crises

“Empirical studies show that balance sheet vulnerability is closely related to the likelihood of a crisis (Ghosh A., 2006 and Eichengreen et al., 2003). The capital transaction crisis that hit several developing countries during the 90s demonstrated the importance of the impact of currency mismatches and maturity profiles between state assets and liabilities.” (Koc, 2014).

2.3.4 Mitigation of rising NFA and developing country debt portfolios

Developing countries face increasing market exposure from NFA and debt portfolios, especially in line with efforts to expand access to domestic and international capital markets. Many developing countries are exposed to risks arising from terms-of-trade volatility and changes in debt financing schemes, and tend to be more vulnerable to exogenous shocks than other countries.” (Das, et.al, 2012).

2.3.5 Mitigation of increasing capital market exposure and aging populations in developed countries.

Developed countries also face market risk exposure, especially countries that depend on capital market access and are debt issuers with systemic impacts. In addition, they also face other financial risks related to population aging, structural issues requiring reform (health and pensions), and contingent liabilities arising from corporations and financial companies with systemic impacts, and/or the financial sector and/or sub-entities. weak nationality. "These risks, if realized, could cause financial and fiscal drain and a decline in potential output and domestic absorption." (Das, et.al, 2012).

3 METHODOLOGY

This study employed quantitative approach through online questionnaire survey.



The questionnaire was designed by using Google Form and the link was sent to the target respondents by using convenience sampling and snowball sampling through different social media platforms such as email, Messenger and WhatsApp. The target respondents are the experiences workers who have any experience of working in Bank Indonesia, the Ministry of Finance, etc. The data collection was carried out from 1st October 2023 to 30th November 2023, which extended over a period of 2 months.

There were 133 respondents to this research, of which 39.2% came from Bank Indonesia, 24.7% from the Supreme Audit Agency, 20.00% from the Ministry of Finance, 9.8% from the Indonesian Accountants Association, 6.4% from the Indonesian Public Accountants Association. Education level Most of them are from Bachelor's degree, namely 60.0%, then 36.6% from Master's education, and 2.6% from Doctoral education. Detailed demographics of respondents:

Table 1

Respondents' Demographic Characteristics (n=133)

	Jumlah	%
Jenis Kelamin		
Man	80	60,15
Woman	53	39,85
Total	133	100
Position		
Assistant Manager	27	20,30
Head of Department	60	45,11
Audito / Examiner	36	27,07
Lecturer	10	7,52
Total	133	100
Home Institution		
Bank Indonesia	53	39,85
Audit Board of the Republic Indonesia	36	27,07
Ministry of Finance	23	17,29
Indonesia Institute of Accountants	10	7,52
Indonesia Institute of Public Accountants	11	8,27
Total	133	100
Length of Work		
0-3 years	6	4,51
3-7 years	33	17,29
7-10 years	29	15,04
10-15 years	37	24,81
15 years and above	52	38,35
Total	133	100
Level of Education		
S1	82	61,65
S2	38	28,57
S3	7	5,26
Diploma	6	4,51
Total	235	100

Source: Primary data processed by researchers (2024)

The overall demographics of respondents can be seen in the table above. In this study, it can be concluded that for the demographics of respondents who filled out this research questionnaire from the gender of the respondents, that in this study there were 133 male respondents, namely 60,15%, while for male respondents there were 80 people, namely 39,85%, while for male respondents there were 53 people. This indicates that in this study, more of the respondents who filled out the research questionnaire were male



respondents.

From the point of view of the position of questionnaire filler, this research states that of the total respondents amounting to 133 people whose questionnaires can be processed as data in this research with the position: (a) Assistant Manager totaling 27 people, which is 20,23% of the total respondents who filled out the research questionnaire. This; (b) 60 section heads/department heads, namely 45.11% of the total respondents who filled out this research questionnaire; (c) there were 36 examiners/auditors, namely 27.07% of the total respondents who filled out this research questionnaire; (d) there were 10 lecturers/academics, namely 7,52% of the total respondents who filled out this research questionnaire.

From an institutional perspective, the respondents who filled out this questionnaire, a total of 133 questionnaires, consisted of: (a) Bank Indonesia Institutions, totaling 53 people, namely 39.85% of the total respondents who filled out this research questionnaire; (b) Audit Board of the Republic Indonesia (BPK) institutions totaling 36 people, namely 27,07% of the total respondents who filled out this research questionnaire; (c) Institutions of the Ministry of Finance of the Republic of Indonesia (Kemenkeu RI) totaling 23 people, namely 17,29 % of the total respondents who filled out this research questionnaire; (d) The Indonesian Institute of Accountants (IAI), numbering 10 people, namely 7,52% of the total respondents who filled out this research questionnaire; (e) The Indonesian Institute of Public Accountants (IAPI), numbering 11 people, is 8,27% of the total respondents who filled out this research questionnaire.

4 RESULTS AND DISCUSSIONS

4.1 RESULTS

4.1.1 Validity test results

In order to measure the validity or validity of a questionnaire/questionnaire, a validity test needs to be carried out. If the statements used by the questionnaire can reveal something that the questionnaire wants to measure, then the questionnaire can be declared valid (Ghozali, 2018). The validity tests carried out in this research include convergent validity and discriminant validity. Convergent validity relates to the principle that the



measures (manifest variables) of a construct should be highly correlated. In this case, the convergent validity test can be observed through the loading factor value for each construct indicator. The rule used in assessing convergent validity is that the loading factor value must be >0.7 . However, a loading factor of 0.5-0.6 is still acceptable for research in the early stages of developing a measurement scale. Apart from that, the average variance extracted (AVE) value must be >0.5 (Ghozali, 2018).

4.1.2 Convergent validity

An individual reflexive measure is said to be high if it correlates > 0.7 with the construct to be measured, whereas according to Chin, quoted by Imam Ghozali, an outer loading value between 0.5 – 0.6 is considered sufficient. Based on table 4.2, the outer loading values resulting from testing using the PLS Algorithm SmartPLS method show that only indicators or question items with outer loading values above 0.5 are valid in this research variable.

Table 2

Model Pengujian Hipotesis

Model Pengujian Hipotesis: $SALM = \beta_0 + \beta_1 KA + \beta_2 OP + \beta_3 RS + \beta_4 KA*RS + \beta_5 OP*RS + \epsilon$				
	Prediksi / Arah	Coefficients	T-stat	p-value
Accounting Policies (X1) -> SALM Consolidation Report (Y)	+	0,189	2,015	0,287
Audit Opini (X3) -> SALM Consolidation Report (Y)	+	0,203	1,199	0,011**
Global Risk SALM (Z_Moderasi) SALM Consolidation Report (Y)	+	0,116	1,128	0,001***
Global Risk SALM (Z_Moderasi) x Accounting Policies (X1) -> SALM Consolidation Report (Y)	+	0,889	0,673	0,501
Global Risk SALM (Z_Moderasi) x Audit Opini (X3) -> SALM Consolidation Report (Y)	+	0,339	2,200	0,012**
Fiscal Policies (control variabel) -> SALM Consolidation Report (Y)	+	0,348	2,333	0,018**
Monetary Policies (control variabel) -> Laporan Konsolidasi SALM (Y)	+	0,193	3,776	0,000***
R Square		0.357		
Adjusted R2		0.363		
F-Statistic		17.788		
Prob (F-Statistic)		0.0000***		
Number of Observation		133		
Variabel Dependen: <i>Laporan Konsolidasi SALM</i>		Variabel Independen:		
***Significant at a level of 1 percent;		1. Kebijakan Akuntansi		
**Significant at a level of 5 percent;		2. Opini Audit		
*Significant at a level of 10 percent		Variabel Kontrol:		
		1. Kebijakan Fiskal		
		2. Kebijakan Moneter		

Source: SmartPLS Processed Data (2024)

The significance of the estimated parameters provides very useful information about the relationship between the research variables. The basis used in testing the



hypothesis is the value contained in output results for Path Coefficients. The table above provides the estimated output for testing the structural model.

1. The first hypothesis tests the influence of accounting policy on sovereign asset liability management.

The research results show that: Accounting Policy with a significance value of 0.885, where the significance level is above 0.05, which results indicate that there is no significant influence between the Independent Variable (X1), namely accounting policy, and the Dependent Variable (Y), namely SALM policy. The results of this research are in line with the results of research conducted by Cernius and Birskyte (2019) stated that accounting policies have a significant and positive effect on Sovereign Asset Liability Management (SALM) Policy;

2. The second hypothesis tests the influence of the audit process on sovereign asset liability management.

The results of the research show that the Audit Process has a significance value of 0.000, which means it is below the 0.05 significance level, which states that the audit process has a significant and positive effect on Sovereign Asset Liability Management (SALM) Policy. This research is in line with Bank Indonesia's Plan Action (2021) that the audit process has a significant and positive influence on the Sovereign Asset Liability Management (SALM) Consolidated Reporting;

3. The third hypothesis tests the influence of audit opinions on sovereign asset liability management reports.

The results of this research show that the significance value of the audit opinion variable is 0.020, which means it is below the significance level of 0.050, which means that the audit opinion variable has a significant and positive effect on the Sovereign Asset Liability Management (SALM) Report. This research is in line with the 2021 policy of the Ministry of Finance which states that audit opinions have a significant and positive influence on Sovereign Asset Liability Management (SALM) reports;

4. The fourth hypothesis tests the role of global risk in strengthening the influence of accounting policy on sovereign asset liability management.

The research results show that the moderating variable is risk management with a significance level of 0,167 which means the significance value is above 0.050, which means global risk t does not moderate the influence of accounting policies



on Sovereign Asset Liability Management (SALM) reports. The results of this study are not in line with research conducted by Juric et al. (2014) who stated the results of their research that risk management moderates the influence of Accounting Policy on Sovereign Asset Liability Management (SALM) consolidated reporting;

5. The fifth hypothesis tests the role of global risk in strengthening the influence of the audit process on the sovereign asset liability management report. The research results show that risk management has a significance value of 0.005 below the level of significance value of 0.050, which means that risk management as a moderator strengthens the influence of the audit process on the sovereign asset liability management (SALM) consolidated reporting;
6. The sixth hypothesis tests the role of global risk in strengthening the influence of audit opinion on sovereign asset liability management. The research results show that risk management as a moderating variable has a significance p-value of 0.007, which is below the significance level of 0.050, which means that risk management as a moderating variable strengthens the influence of the Audit Opinion on the Sovereign Asset Liability Management (SALM) Report. The results of this research are in line with research and recommendations from Summary of BPK-RI examination results (2021).

4.2 DISCUSSION AND IMPLICATION

(a) Accounting Policies do not have a significant and positive effect on the Sovereign Asset Liability Management (SALM) Consolidated Report

The results of this research are the first hypothesis which states that Accounting Policies do not have a significant and positive effect on the Sovereign Asset Liability Management (SALM) Consolidated Report. This is not in line with research conducted by Cernius and Birskyte (2019), financial report information plays an important role in various types of decisions made by companies and their stakeholders. However, the success of actions taken based on these decisions depends, among other things, on the quality of the accounting information. To be useful for decision making, accounting information must be accurate, correct and reliable. On the one hand, companies need to



adhere to universally accepted standards to produce a true and fair view of company performance.

On the other hand, real life situations require some flexibility in choosing accounting policies that maximize benefits for banking sector companies and other financial institutions. Other research is also not in line with this research, conducted by Aleyami (2019) who states that disclosure of accounting policies is important because many accounting standards allow alternative treatment for the same transaction or item. Users of financial reports will not be able to compare financial information with other entities if accounting policies are not clearly outlined. Therefore, stating the policies adopted will enable readers and users of financial reports to make the right decisions. Users will also be able to see the impact of accounting policies on profit and loss statements and the financial position of reporting entities in industry and banking. The results of this research state that the applicable accounting policies have no influence on the policies in preparing Sovereign Asset Liability Management (SALM) reporting. This states that apart from the accounting policies adopted from IFRS, they are also influenced by the policies of government institutions in each country that support SALM reporting policies.

(b) Audit Opinion has a significant and positive effect on the Sovereign Asset Liability Management (SALM) Consolidated Report

It is hoped that the WTP opinion will not only have an impact on better management of the APBN, but also for internal and external stakeholders as well as agencies and rating agencies such as Moody's and S&P to be more confident in the way we (the government) manage the APBN. The government will seriously and consistently continue to take corrective steps by following up on BPK recommendations, developing various new policy breakthroughs to address increasingly dynamic state financial challenges, and perfecting the integrated application system to maintain the quality and validity of LKPP data.\

This is in line with the Republic of Indonesia BPK recommendation for follow-up audits delivered specifically for this matter, as follows Together with BI to improve fiscal-monetary coordination in the context of government and BI financial sustainability as well as prudent macroeconomic policies, after the SKB expires, taking into account the period for resolving the Government's debt to BI; (LHP-LKPP BPK RI, 2021). Audit Opinions obtained by government agencies through examinations carried out by the



Indonesian Financial Audit Agency (BPK RI) significantly influence the Sovereign Asset Liability Management (SALM) Consolidated Report where the level of a good audit opinion will influence the Sovereign Asset Liability Management (SALM) Consolidated Report good one too. Audit opinion can be interpreted as a reflection of the accountability of financial reports which are seen as being able to become a benchmark in the preparation and implementation of good Sovereign Asset Liability Management (SALM) policies.

(c) The risk of SALM as a moderator does not strengthen the influence of Accounting Policies on the Sovereign Asset Liability Management (SALM) Consolidated Report

Accounting Policy is one of the challenges that can be related to the choice of accounting methodology applied. The value of assets and liabilities is greatly influenced by the accounting methodology used; whether the historical cost or mark-to-market method will produce different asset and liability measurement values (Das, 2012). For analysis needs that also take into account SALM policies, balance sheets sovereign The government and central bank can be consolidated to gain an understanding of the extent to which the financial exposures of the two institutions in question interact with each other. The government and central bank manage their financial accountability based on strategies in terms of risks, burdens and results derived from each of their different objectives and functions. (IMF, 2014). Central banks that independently implement monetary policy and financial stability tend to have a portfolio of foreign exchange reserves in the form of liquid assets to maintain adequate foreign exchange needs and support exchange rate stability (Koc, 2014).

On the other hand, the government implements fiscal policy through budget allocations, taxes and also the issuance of debt securities to meet the needs of the state budget. In this regard, the relationship between the government and the central bank in optimizing its financial accountability has a similar scope and on the other hand has slightly different nuances. This is not in line with this research, which in its research results states that existing Accounting Policies in Indonesia in particular cannot be strengthened or weakened by existing institutional risk management regarding Sovereign Asset Liability Management (SALM) consolidated reporting.

(d) The risk of SALM as a moderator strengthens the influence of the Audit Opinion on the Sovereign Asset Liability Management (SALM) Consolidated Report



Risk Management According to Australia/New Zealand Standards is a logical and systematic process of identifying, analyzing, evaluating, controlling, supervising and communicating risks related to all activities, functions or processes with the aim of the company being able to minimize losses and maximize opportunities. The implementation of risk management helps government agencies identify risks from the start and helps make decisions to overcome these risks. This was expressed in the development of the hypothesis because New Zealand is a country that is a pioneer in disclosing SALM. Opinions are given by considering aspects of conformity with Government Accounting Standards (SAP) and Bank Indonesia Financial Accounting Policies (KAKBI), adequacy of disclosures in accordance with regulated disclosures, compliance with statutory provisions, and the effectiveness of the internal control system.

Risk Management strengthens the influence of the Audit Opinion on the Sovereign Asset Liability Management (SALM) consolidated report, which is in line with the Australian Standards which states that good risk management in a government financial institution will influence the audit opinion carried out by an independent accounting audit institution so that will improve the integrity of Sovereign Asset Liability Management (SALM) consolidated financial reporting.

5 CONCLUSION

This research examines the influence of accounting policies, audit processes, audit opinions on sovereign asset liability management with risk management as moderation. Based on the results of statistical tests, the conclusions of this research are as follows:

1. Accounting policies have no effect on the Sovereign Asset Liability Management (SALM) Consolidated Report.

Differences in accounting standards used by governments, Central Banks, and other entities. In Indonesia, the Indonesian Government uses Government Accounting Standards (SAP) while Bank Indonesia uses Bank Indonesia Financial Accounting Policies (KAKBI). Apart from that, in substance financial reports from public entities such as governments and central banks describe the impact of policies taken by institutions. In the government context, the APBN deficit condition will affect the liability position.



2. Audit opinion has a positive and significant effect on the Sovereign Asset Liability Management (SALM) Consolidated Report.

The audit opinion, which is interpreted as a reflection of the accountability of financial reports, is seen as being able to become a benchmark in the preparation and implementation of SALM policies;

3. Global risk does not strengthen the influence of accounting policies on the Sovereign Asset Liability Management (SALM) Policy.

The different risk characteristics for each institution are determined from the assumptions used. This causes differences in risks recognized and used by institutions which have an impact on risk mitigation carried out by the relevant institutions. Meanwhile, accounting standards emphasize the conceptual framework so that specific things such as risks inherent in an institution may not necessarily be able to be captured in the accounting standards currently used.;

4. Global risk strengthens the influence of audit opinions on the Sovereign Asset Liability Management (SALM) Policy.

The audit process cannot be separated from the risks that will arise when preparing financial reports. Because of this, there is also a need for good risk management from the auditee. The reliability of risk management is able to influence the Audit Opinion that will be given by the Auditor;



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