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## **Analysis through Implementation of Government Accounting Standards on Accrual Base**

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### **Abstract**

This research aims to determine the application of accrual-based Government Accounting Standards in the presentation of financial reports at the North Labuhanbatu Regency Central Statistics Agency and to determine the suitability of the presentation of the North Labuhanbatu Regency Central Statistics Agency's financial reports with Government Regulation Number 71 of 2010. This research method uses qualitative methods with interviews and documentation. The subjects of this research are employees of the accounting and finance department at BPS Kab. North Labuhanbatu. The results of the first research: Application of Government Accounting Standards in the Presentation of Financial Reports of the North Labuhanbatu Regency Central Statistics Agency refers to Government Regulation Number 71 of 2010, BPS Labura Financial Reports have been prepared and presented on an accrual basis, but accrual basis accounting is still not fully implemented because it still exists. the financial report component that uses the cash basis is the Budget Realization Report. The results of the second research state that the presentation of the financial reports of the North Labuhanbatu Regency Central Statistics Agency is not 100% in accordance with Government Regulation Number 71 of 2010. This is because there are still several posts that are not implemented, namely transfer posts and financing posts in the Budget Realization Report

**Keywords:** Government Accounting Standards, Accrual Basis, Financial Reports, PP No. 71 of 2010, Central Statistics Agency

### **Introduction**

Government Accounting Standards (SAP) are "Accounting principles applied in preparing and presenting government financial reports". So, SAP is directly a requirement that has legal force in efforts to improve and improve the quality of government financial reports.

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Because regional government financial reports are a form of regional government accountability in managing regional finances starting from planning, budgeting, implementation, administration, accountability and reporting (Elsye, 2019).

As the manager of people's finances, the government is required to manage finances in a transparent and accountable manner. In Indonesia, public accountability began during the state financial reform period with the issuance of Law Number 22 of 1999 which regulates Regional Government, Law Number 25 of 1999 which regulates the balance of central government finances with regional government finances, Government Regulation Number 105 of 2005 regulates Management and regional financial responsibility (Maryati, 2015).

The government applies an accrual basis to government accounting in the hope of improving overall government performance, both in terms of budget preparation and budget realization. Then various regulations were issued that regulate the use of the accrual basis in government accounting, both in the form of laws and in the form of government regulations (Muhtar, et. al., 2020).

According to Government Regulation Number 71 of 2010 concerning Government Accounting Standards, accrual-based government accounting standards are government accounting standards that recognize income, expenses, assets, debt and equity in accrual-based financial reporting and recognize income, expenditure and financing in reporting the implementation of the basic budget. stipulated in the State Revenue and Expenditure Budget (APBN) (Septariani, 2019).

The enactment of government regulation number 71 of 2010 concerning accrual-based SAP brought major changes to the financial reporting system in Indonesia, namely the change from a cash basis to accruals to a full accrual basis in recognizing government financial transactions. Apart from being mandated by the state financial law package, this change in basis is also expected to be able to provide a complete picture of the financial position, present actual information regarding rights and obligations, and be useful in evaluating performance. Accrual-based accounting is an accounting basis in which economic transactions and other events are recognized, recorded and presented in financial reports at the time the transaction occurs, without regard to the time cash or cash equivalents are received or paid (Wahyuni, 2022).

In accrual-based accounting, recording time corresponds to when resource flows occur, so it can provide the most comprehensive information because all resource flows are recorded. The influence of accrual treatment in cash-based accounting towards accruals has been widely accommodated in financial reports, especially balance sheets prepared in accordance with PP number 24 of 2005 concerning government accounting standards. The existence of receivables, fixed assets and payables is evidence of a bookkeeping process that is influenced by the accrual principle.

The North Labuhanbatu Regency Central Statistics Agency, where the researcher conducted the research, is a Vertical Agency of the Central Statistics Agency which is under and responsible to the head of the Provincial Central Statistics Agency. As a budget user of the North Labuhanbatu Regency Central Statistics Agency, you must record financial reports in

accordance with Minister of Home Affairs Regulation Number 21 of 2011 concerning Guidelines for Regional Financial Management and Government Regulation Number 24 of 2005 concerning Government Accounting Standards which have been revised by Government Regulation Number 71 of 2010 concerning Government Accounting Standards. Based on the results of the author's brief interview with the North Labuhanbatu BPS Accounting Staff regarding what standards are used to prepare financial reports in Government Agencies, the results of the interview are that the North Labuhanbatu Regency Central Statistics Agency has implemented Accrual-Based Government Accounting Standards, but there are still financial records which uses a cash basis so that the accrual basis has not been fully implemented.

## **Literature Review**

The main purpose of accounting is to record, report and interpret economic data for use as a decision maker. There are many definitions and meanings of accounting written by experts and researchers who are experts in the field of accounting. However, accounting in general is a system for producing financial information that is used by its users in the business decision making process. The purpose of this information is to provide guidance in choosing the best actions to allocate scarce resources to business and economic activities (Halim, A. 2012). The Accounting process will produce Financial Report information which is very useful for users of financial information, both internal to the company and parties outside the company, including the government (Hermain, et. al., 2019).

According to Henryanto Wijaya (2008:313) "Government Accounting Standards are the first accounting standards in Indonesia that regulate Indonesian government accounting. "So with this standard, it is hoped that government financial reports which are the result of the accounting process can be used as a communication tool between the government and stakeholders so that transparent and accountable state financial management is achieved" (Rajab, 2020).

Meanwhile, Mahmudi (2016:29) states that Government Accounting Standards (SAP) are guidelines that regulate how financial reports should be presented. Government Accounting Standards regulate how a transaction is recognized/recorded, when it must be recognized and how to measure and report it. In relation to this accounting standard, the government in June 2005 issued PP No. 24 of 2005 which will be a guideline for central and regional governments in presenting financial reports.

According to Fakhurrazi (2010), the benefit that can be obtained from the existence of Government Accounting Standards is that the resulting financial reports can provide open, honest and comprehensive financial information to stakeholders. Then the next benefit is being able to provide information regarding all expenditures financed through adequate government revenues, one of which can also provide balance between generations and to find out whether future generations will also bear the burden of these expenditures. Financial reports are produced solely to achieve planned goals by accounting for the management and implementation of resource policies.

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Accrual-based accounting is a process of recording expenses and income as they occur, regardless of whether money is paid or not. This provides a more accurate picture of the costs of government activities and its financial performance (Shehadeh, 2022).

Accrual-Based SAP is SAP that recognizes income, expenses, assets, debt and equity in accrual-based financial reporting, as well as recognizing income, expenditure and financing in budget implementation reporting based on the basis specified in the APBN/APBD (Jusmani et. al., 2022).

According to Rasdianto (2013:10) an accrual-based accounting system is accounting that recognizes and records financial transactions or events when they occur or at the time of acquisition. The focus of this accounting system is on measuring economic resources and changes in resources in an entity. In accrual accounting, the information produced is much more complete and provides more detailed information regarding assets and liabilities (Supraja, 2019).

Financial Reports according to PP Number 71 of 2010 and PP Number 24 of 2005 are "structured reports regarding the financial position and transactions carried out by a reporting entity". Financial reports are the final product of the accounting process that has been carried out. The financial reports prepared must comply with the principles stated in Government Regulation Number 24 of 2005 (Erlina, 2008:18).

PSAP 13 states that BLU financial reports are a form of BLU accountability which are presented in the form of Budget Realization Reports, Changes in Budget Excess Reports, Balance Sheets, Operational Reports, Cash Flow Reports, Equity Change Reports, and Notes to Financial Reports.

PP Number 71 of 2010 concerning Government Accounting Standards replaces Government Regulation Number 24 of 2005. PP Number 24 of 2005 in its financial recording uses a cash to accrual recording basis, while PP Number 71 of 2010 in its financial recording uses a full accrual recording basis.

### **Research Method**

In this research the author used a descriptive research method with a qualitative research approach. Qualitative research is research that is used to investigate, discover, describe and explain research findings (Herwiyanti et al., 2017).

The interview techniques used in this research are interviews and documentation. This research was conducted at the North Labuhanbatu Regency Central Statistics Agency Office which is located at Jl. Major Muhammad Siddik No. 37A, Aek Kanopan District. Kualuh Hulu District. North Labuhanbatu, North Sumatra. This research was conducted from April until completion.

## **Result/Findings**

Based on the results of research conducted by researchers, BPS North LabuhanBatu Regency applies the accrual basis in the preparation and presentation of the Balance Sheet, Operational Report and Equity Changes Report as well as the cash basis for the preparation and presentation of the Budget Realization Report. The accrual basis is an accounting basis that recognizes the effect of transactions and other events when the transactions and events occur, without regard to when cash or cash equivalents are received or paid. Meanwhile, the cash basis is an accounting basis that recognizes the influence of transactions or other events when cash or cash equivalents are received or paid.

The North Labuhanbatu Regency Central Statistics Agency has presented Budget Realization Report items in the form of income and expenditure. The Central Statistics Agency's budget realization report is not yet in accordance with PP No. 71 of 2010 because there are still things that need to be completed, namely transfer posts and financing posts. The balance sheet of the North Labuhanbatu Regency Central Statistics Agency has presented balance sheet items in the form of cash and cash equivalents, inventories, fixed assets, short-term liabilities, long-term liabilities and equity. The items on the balance sheet of the Central Statistics Agency are in accordance with Government Regulation No. 71 of 2010. The operational report of the North Labuhanbatu Regency Central Statistics Agency presents operational reports with various elements, namely income, expenses and non-operational activities. The North Labuhanbatu Regency Operational Report items are in accordance with PP No. 71 of 2010. The North Labuhanbatu Regency Central Statistics Agency's equity change report presents initial equity items, surplus/deficit-LO in the relevant period, corrections that directly increase/reduce equity, and ending equity. The Equity Change Report items in North Labuhanbatu Regency are in accordance with PP No. 71 of 2010. Notes to the Financial Report of the North Labuhanbatu Regency Central Statistics Agency provide information regarding detailed explanations or lists or analysis of the value of an item presented in the Budget Realization Report, Balance Sheet, Operational Report, Report of Changes in Equity, present information required and recommended by government accounting standards as well as other disclosures required for a fair presentation of financial statements. Notes to the Financial Report are in accordance with PP Number 71 of 2010.

## **Conclusion**

The application of Government Accounting Standards at the Central Statistics Agency in presenting its Financial Reports refers to Government Regulation Number 71 of 2010 concerning Government Accounting Standards and the rules of sound financial management in Government. This financial report has been prepared and presented on an accrual basis, but accrual basis accounting is still not fully implemented because there are still components of the financial report that use the cash basis, namely the Budget Realization Report. The presentation of the Financial Report of the North Labuhanbatu Regency Central Statistics Agency apparently is not 100% in accordance with Government Regulation Number 71 of 2010. This

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is because there are still posts that must be completed, namely transfer posts and financing posts in the Budget Realization Report.

### **Declaration of conflicting interest**

For the preparation of financial reports in the future, fully implement Accrual-Based Government Accounting Standards and present financial reports so that they are more accurate and easier to carry out transactions for which payments are pending.

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