

Analysis of the Application of PP No. 71 of 2010 concerning Accrual-Based Government Accounting Standards in the Presentation of Financial Statements at the Kalidoni Sub-District Office, Palembang City

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Abstract

This study aims to describe and analyze the presentation of financial statements at the Kalidoni Subdistrict Office of Palembang whether or not it is by the application of PP No. 71 of 2010 concerning Accrual-Based Government Accounting Standards. Data collection techniques used in this study were observation, literature study, interviews, documentation. The data sources were primary and secondary. The results show that the presentation of financial statements at the Kalidoni Sub-district Office of Palembang is by Government Regulation Number 71 of 2010 concerning Accrual-Based Government Accounting Standards. The results of this study are expected to provide benefits for the Kalidoni sub-district office of Palembang.

Keywords: government regulation no. 71 of 2010, government accounting standards, financial report

1. Introduction

As a form of accountability, especially in the financial sector, local governments are responsible for publishing financial reports to stakeholders. According to Government Regulation Number 71 of 2010 concerning Government Accounting Standards, government financial reports can be said to be of good quality if the reports are (1) relevant, (2) reliable, (3) comparable, and (4) understandable. Therefore, there is a need for system changes in the financial sector to support good government financial governance.

Along with changes in the system in the field of state finance, there have been significant changes, one of which is changes in the field of government accounting. Changes in government accounting are marked by changes in Financial Accounting Standards (SAK). Prior to SAK, financial statements were prepared on a cash basis. Along with the hope of being able to apply the accrual basis to the government sector as mandated in Law Number 17 of 2003, a standard for governance has been created by issuing Government Regulation Number 24 of 2005 which already uses a cash basis for accruals. Implementation of SAP Cash Based Toward Accruals is carried out in accordance with the time period as listed in Appendix II. Then, every reporting entity, both at the central government and regional governments, is required to implement Accrual-Based SAP. Although reporting entities are temporarily still permitted to apply Cash-Based Towards Accruals, reporting entities are expected to immediately apply Accrual-Based SAP because it is important for executors of government financial reports to use the right accounting basis to produce quality financial reports. This is due to a part of the form of responsibility to society.

The application of the accrual-based accounting system in government provides new

challenges, for this reason it is necessary to make a guideline that can explain the process of developing this accrual-based government accounting system more specifically, so that the implementation process can run well. This is confirmed in PP No. 71 of 2010 in article 6, where paragraph (2) states that the Central Government is regulated by a Minister of Finance Regulation which refers to general guidelines for the Government Accounting System and paragraph (3) states that Regional Governments are regulated by Governor/Regent/Mayor Regulations referring to general guidelines Government Accounting System. Accrual-based accounting is accounting that recognizes and records financial transactions or events when they occur or at the time of acquisition. The application of Accrual-Based SAP is intended to produce financial reports that can provide benefits to stakeholders, from the perspective of users and examiners of government financial reports, compared to the costs incurred. This is in line with one of the accounting principles, namely that the costs incurred are proportional to the benefits obtained.

In accrual-based accounting, recording time is in accordance with when resource flows occur, so as to provide comprehensive information because all resource flows are recorded. The effect of accrual treatment in cash-based accounting towards accruals has been accommodated in many financial reports, especially balance sheets prepared in accordance with Government Regulation No. 24 of 2005 concerning Government Accounting Standards. The existence of accounts receivable, fixed assets, and payables is evidence of a bookkeeping process that is influenced by the accrual principle. When accruals are fully applied to describe ongoing transactions or events, the advantage gained from applying accruals is that information on operations or activities is described.

Government Regulation Number 71 of 2010 concerning Government Accounting Standards that fully adhere to the accrual basis, was issued to replace the Government Accounting Standards based on cash to accruals according to Government Regulation Number 24 of 2005 which began in 2015. With the stipulation of Government Regulation Number 71 of 2010 then the application of the government accounting system in the preparation of accrual-based financial reports already has a legal basis. Therefore, the government has an obligation to be able to immediately apply the new SAP which in preparing financial reports uses an accrual basis. This is in accordance with Article 32 of Law Number 17 of 2003 which mandates that the form and content of accountability reports on the implementation of the APBN/APBD are prepared and presented in accordance with the Government Accounting System (SAP). At this time the preparation and transition period is for Government Agencies to make changes to the use of the accounting basis in recording and reporting finances in accordance with the provisions of the State Finance Law.

Changes in government accounting treatment towards an accrual basis will have an impact, no matter how small. Change towards a better direction does not mean present without problems. Pros and cons questions regarding the readiness of local governments to implement accrual-based SAP will continue to arise. Financial management in local government is inseparable from the role of employees who carry out financial reporting. In addition, by utilizing advances in information technology, work will be easier. The classic problem found in the management of state finances is inadequate human resources. This includes human resources who are not experts in their field and tend to be resistant to change. An indication of a similar problem was found in the Kalidoni Sub-district Office, Palembang City, namely the lack of Human Resources (HR), namely the role of apparatus/apparatus that was inadequate to carry out reporting matters. finance with Government Accounting Standards (SAP). In terms of

technology utilization, the Kalidoni District Office has used the Network System-Based SIMDA Application Program (Regional Management Information System) to perform financial data entry. Problems were also found in operating the network-based financial application system, namely the frequent failure to enter the financial system application program.

2. Method

The scope of the research was carried out with a limited focus or only on certain objects, namely the Office of the Kalidoni District Head, Palembang City. The limitation of the problem in this study only includes information about financial reports for the period 2017-2019. The purpose of this study was to describe and analyze the presentation of financial reports at the Kalidoni Sub-District Office, Palembang City, whether or not they comply with the implementation of Government Regulation Number 71 of 2010 concerning Accrual-Based Government Accounting Standards. The object of this study is the financial statements in the Application of PP No. 71 of 2010 concerning Accrual-Based Government Accounting Standards.

The data sources used by the authors in this study are primary and secondary data sources. Where the primary data source is data obtained directly collected through direct surveys to the Kalidoni Sub-District Office of Palembang City through interviews with the finance department as well as related parties and the data obtained from the results of these interviews is regarding information about financial reports in the 2017 period -2019. Meanwhile, secondary data sources are data obtained indirectly or through other sources that were available before the authors conducted the research, namely through books related to this research.

3. Results and Discussions

3.1 Analysis of the process of presenting financial statements in the Implementation of PP No. 71 of 2010 concerning Accrual-Based Government Accounting Standards

Based on the research results obtained from the results of interviews that the author conducted with Plt. Sub-District Head Mr. M. Rama Cahya Putra, S.STP, MM on December 7, 2020: Regarding the process of presenting financial reports at the Kalidoni Sub-district Office, Palembang City in the Application of Government Regulation Number 71 of 2010 concerning Accrual-Based Government Accounting Standards. From a process perspective, a government program is said to be successful if its implementation is in accordance with the guidelines and implementation provisions made by the program maker which includes, among other things, the method of implementation, implementing agents, target groups and program benefits.

From the interview results, we can find out how it was implemented, the report maker and the users of the report results. This means that in Kalidoni District, Palembang City, the process is in accordance with PP No. 71 of 2010 concerning Accrual-Based Government Accounting Standards. This is related to the theory that explains the Government Accounting Standards which are accounting principles that are implemented in preparing and presenting also improving government financial reports.

Even though the implementation of PP Number 71 of 2010 is appropriate, the process of presenting financial statements is very long compared to the previous regulations, namely PP Number 24 of 2005. This is because PP Number 71 of 2010 has displayed a burden on operational reports so that the data entry process obviously takes a long time.

In this study, there is a relationship with the grand theory used, namely agency theory explaining that as (agent) the Kalidoni District Office of Palembang City has carried out its

obligations to provide information related to the proper presentation of financial reports to the public as (principal) according to applicable standards. The results of this study are in line with research conducted by (Lasabuda et al., 2020) which states that the application of the accrual basis at BPKAD of North Sulawesi Province in presenting financial statements is in accordance with SAP No. 71 of 2010. The impact caused by the accrual-based accounting system is that these financial reports are easier, faster and integrated and can provide information about budgets issued and can be monitored directly by management to decision makers.

3.2 Analysis of the Implementation of PP No. 71 of 2010 concerning Accrual-Based Government Accounting Standards at the Kalidoni Sub-district Office, Palembang City

Based on the results of the research obtained from the results of the interviews that the authors conducted with Sub. Division of General Affairs and Personnel Mrs. Meylinda Pusrianita Sari F, S.Si on December 7 2020: Regarding the Application of Government Regulation Number 71 of 2010 concerning Accrual-Based Government Accounting Standards at the Kalidoni Sub-District Office, Palembang City. It was conveyed that at the beginning of implementation it took time to adapt to changes in regulations in this government accounting standard, because there were several obstacles faced. These obstacles are in terms of HR (Human Resources) and in terms of technology, these two things are important factors in implementing PP No. 71 of 2010 concerning Accrual-Based Government Accounting Standards. Kalidoni District Office continues to make efforts to improve the quality of HR (Human Resources) and also understanding of technology. So that it can be seen from the financial report data from the Kalidoni District Office, Palembang City, that the presentation is good enough in implementing PP No. 71 of 2010.

This relates to the theory of the Implementation of Accrual-based Government Accounting Standards which explains that human resources who master accounting knowledge and concepts in sufficient quantities are also very much needed considering they are the spearhead of implementation. In this study, there is a relationship with the grand theory used, namely agency theory explaining that as (agent) the Kalidoni District Office of Palembang City has carried out its obligations to provide information related to the proper presentation of financial reports to the public as (principal) according to applicable standards. The results of this study are also in line with research conducted by (Armaini, 2017) which states that Human Resources (HR) and information technology simultaneously have a positive and significant effect on the successful application of accrual-based accounting.

4. Conclusion

Based on the analysis and discussion in the previous chapters, it can be concluded as follows:

Based on the results of the research and discussion, it can be concluded as a whole that the Financial Statements of the Kalidoni District Office, Palembang City, are in accordance with Government Regulation Number 71 of 2010 concerning Accrual-Based Government Accounting Standards. Where the process of presenting financial statements at the Kalidoni Sub-District Office, Palembang City, has presented financial posts as follows: Budget Realization Report (LRA), Balance Sheet, Operational Report (LO), Cash Flow Report (LAK), Report on Changes in Equity (LPE), and Notes to Financial Statements (CaLK). However, in the process of presenting the Financial Report of the Kalidoni Sub-District Office, Palembang City, it is often late in the submission process due to the unfamiliarity of HR (Human Resources) who make Budget Realization Report (LRA) posts, Balance Sheet, Operational Report (LO), Cash Flow Report (LAK), Statement of Changes in Equity (LPE), and Notes to

Financial Statements (CaLK). This happens because HR (Human Resources) does not have sufficient educational background in the field dealing with finance. The Kalidoni Sub-District Office of Palembang City fully implements Government Regulation Number 71 of 2010 starting in the 2018 period.

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