

The Application of Government Accounting Standards in Social Service Financial Reports

Government
Accounting
Standards

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ABSTRACT

Good government is a government that is responsive, free from corruption, collusion and nepotism (Korupsi, Kolusi dan Nepotisme/KKN) and has good performance. Good governance can also be assessed from accountability, transparency and participation in every work result. Government Accounting Standards (Standar Akuntansi Pemerintahan/SAP) are a set of technical guidelines that regulate accounting principles, methods, procedures and practices that must be applied by government entities in preparing financial reports. Good financial reports have the following characteristics relevant, reliable, comparable, understandable. This research was conducted at the Suka Makmur social service, this research used descriptive qualitative methods. The location of the research was the Suka Makmur social service. The data used in this research is primary data obtained from interviews and observations. The data analysis technique used is the Miles Huberman model, namely data reduction, data presentation and drawing conclusions. The results of this research state that the implementation of government accounting standards in Suka Makmur social services makes the quality of financial reports better.

Keywords: Accounting, Government Accounting Standards, Social Service, Financial Reports

ABSTRAK

Pemerintahan yang baik yaitu pemerintahan yang responsif bebas dari Korupsi, Kolusi dan Nepotisme (KKN) dan mempunyai kinerja yang baik. Tata kelola yang baik juga dapat dinilai dari akuntabilitas, transparansi dan partisipasi tentunya dalam setiap hasil kerja. Standar Akuntansi Pemerintahan (SAP) adalah seperangkat pedoman teknis yang mengatur prinsip-prinsip, metode, prosedur, dan praktik akuntansi yang harus diterapkan oleh entitas pemerintah dalam penyusunan laporan keuangan. Laporan keuangan yang baik memiliki beberapa karakteristik, relevan, andal, dapat dibandingkan, dapat dipahami. Penelitian ini dilakukan pada dinas sosial Suka Makmur, penelitian ini menggunakan metode kualitatif deskriptif. Lokasi dilakukan penelitian di dinas sosial Suka Makmur. Data yang digunakan dalam penelitian ini data primer yang diperoleh dari wawancara dan observasi. Teknik analisis data yang digunakan adalah model dari Miles Huberman yaitu reduksi data, penyajian data dan penarikan kesimpulan. Hasil penelitian ini menyatakan bahwasanya penerapan standar akuntansi pemerintah pada dinas sosial Suka Makmur membuat kualitas laporan keuangan menjadi lebih baik.

Kata kunci: Akuntansi, Standar Akuntansi Pemerintahan, Pelayanan Sosial, Laporan Keuangan

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INTRODUCTION

Good government is a government that is responsive, free from corruption, collusion and nepotism (*Korupsi, Kolusi dan Nepotisme/KKN*) and has good performance (Herawaty, 2017). Good governance can also be assessed from accountability, transparency and of course participation in every work result. To realize transparency and accountability in managing financial reports, the Indonesian state issued Law Number 17 of 2003 which discusses state finances which requires the form and content of accountability reports for the implementation of the State Revenue and Expenditure Budget (*Anggaran Pendapatan dan Belanja Negara/APBN*) which must be prepared in accordance with government accounting standards. Government Accounting Standards (*Standar Akuntansi Pemerintahan/SAP*) are a set of technical guidelines that regulate accounting principles, methods, procedures and practices that must be applied by government entities in preparing financial reports (Sako & Lantowa, 2018). The implementation of government accounting standards in public sector entities, including the Suka Makmur Social Service, generally has a significant impact on the quality of financial reports. High quality financial reports will strengthen transparency, accountability and stakeholder trust in public financial management (Ikyarti & Aprila, 2019).

The implementation of Indonesian government accounting standards is based on Law Number 17 of 2003 concerning State Finances. This law regulates the basic principles of government accounting, which include the obligation of government entities to present accurate, transparent and trustworthy financial reports. Law Number 17 of 2003 provides the basis for the adoption of SAP prepared by the Financial Audit Agency (*Badan Pemeriksaan Keuangan/BPK*) and the Indonesian Accountants Association (*Ikatan Akuntan Indonesia/IAI*). SAP provides specific technical guidance in preparing government financial reports (Ningtyas & Widyawati, 2015). SAP covers aspects such as measuring, recording, reporting and disclosing financial transactions. However, even though there are laws and government accounting standards that regulate financial reporting in the public sector, there are still many government agencies that have not fully implemented SAP in their financial reporting. Recently, the BPK discovered 3 problems in the 2022 Aceh province financial report that needed to be followed up. According to the internal audit of the social services like prosperous some time ago there were several findings because the recording carried out was not in accordance with SAP, such as receivables that were uncollectible but had not been written off, this happened because the recording of financial reports was not in accordance with predetermined guidelines.

Good quality financial reports are a key element in maintaining the integrity and accountability of the public sector. Good quality government financial reports must be able to provide transparent and easy to understand information to citizens, government institutions and auditors. In preparing this report, compliance with applicable government accounting standards is a prerequisite that must be implemented. Quality government financial reports must of course be transparent, comply with government accounting standards, consistent in measurement, relevant in decision making, accurate, neutral, comprehensive, and produced by trusted parties. This report must also include notes on supporting reports, ensuring the integrity and accountability of public funds and supporting transparency in government actions.

Zuliyana et al. (2023) state the Bengkalis District Agriculture Service has prepared financial reports well, but there are still several components that do not comply with government accounting standards, such as budget realization reports and operational reports. Similar research was also conducted by Nugraheni & Subaweh (2011), the results of their research stated that government accounting standards had an influence on the preparation of financial reports at the inspectorate general of the department of national education. However, research conducted by Pratama (2020), stated that the Semadam sub-district office of Southeast Aceh Regency is still not optimal in implementing the regional financial accounting system because the quality of its human resources is still lacking in terms of knowledge and level of education. Based on the background explained

above, researchers feel it is necessary to analyze the quality of financial reports in implementing government accounting standards at the Suka Makmur social service.

LITERATURE REVIEW

Financial reports are a presentation of information regarding the financial condition of an entity, institution or company in a certain accounting period. Financial reports aim to describe the operational performance results of the entity, institution or company. Financial reports are information prepared systematically that contains financial conditions and various transactions carried out by an entity (Riana, 2014; Herawati & Nopianti, 2017). Financial reports can be said to be data and can also be said to be information. Financial reports are information that shows the company's financial condition at this time in the period. Good financial reports have several characteristics such as relevant, reliable, comparable and understandable (Husna et al., 2022). Referring to Government Regulation Number 71 of 2010, Government Accounting Standards (*Standar Akuntansi Pemerintahan/SAP*) are defined as accounting principles applied in the preparation and presentation of government financial reports. It can be concluded that SAP is a requirement that has legal force to improve the quality of government financial reports in Indonesia. SAP is the first accounting standard in Indonesia that specifically regulates accounting for the Indonesian government sector (Pujanira & Taman, 2017).

It can be concluded that SAP are accounting standards which consist of a series of policies, standards and procedures which aim to produce relevant, reliable and timely local government financial reports. These financial reports provide information that is useful for internal and external parties in regional government in making economic decisions. Government Accounting Standards (*Standar Akuntansi Pemerintahan/SAP*) are intended to ensure that regional government financial reports meet the quality required to support decision making. Public sector accounting plays an important role in preparing financial reports. These financial reports are a form of public sector accountability to society (Aprsiansyah et al., 2020; Arza et al., 2021). Accounting and financial reports play a role in collecting, processing and communicating information that is useful for decision making and assessing the performance of an organization (Avazzadehfath & Raiashekar, 2011). Public sector organizations are required to be able to prepare external financial reports which include formal financial reports such as surplus/deficit reports, budget realization reports, profit/loss reports, cash flow reports, balance sheets, and performance reports that use financial and non-financial measures (Teak, 2019). According to Government Regulation no. 71 of 2010 concerning Government Accounting Standards (*Standar Akuntansi Pemerintahan/SAP*), the quality of Financial Reports is measured based on normative standards/measures that need to be met so that accounting information can achieve its objectives.

There are 4 (four) characteristics which are normative prerequisites needed to determine the quality of financial reports. The information presented in the financial report must be relevant for evaluating local government financial performance and decision making by stakeholders (relevant). The data and information used in financial reports must be accurate and supported by adequate evidence. Significant errors must be avoided (accurate). Financial reports should enable stakeholders to compare the performance and financial position of local governments from one period to the next. Consistency in the measurement and presentation of information is very important to achieve good comparability. Information in financial reports must be able to be understood by users and presented using forms and terms that are appropriate to the user's understanding (Anggriawan & Yudianto, 2018). Therefore, it is assumed that the user has sufficient knowledge regarding the activities and operating environment of the reporting entity, and that there is a willingness on the part of the user to study the information presented (understandable). By understanding and complying with these four characteristics, local governments can ensure that their financial reports comply with accounting standards and provide high-quality information for greater transparency and accountability.

Therefore, Irfan et al. (2020) stated that the implementation of government accounting standards in improving the quality of financial reports cannot be said to be good because of the lack of human resources in terms of knowledge at the Semadam sub-district office. Research conducted by Langelo et al. (2015), in the Bitung City government stated that its financial reports had not fully implemented the PP. No.71 of 2010, this is also due to a lack of human resources in terms of education in the financial sector. Based on a theoretical review, the framework of thought can be described as follows:

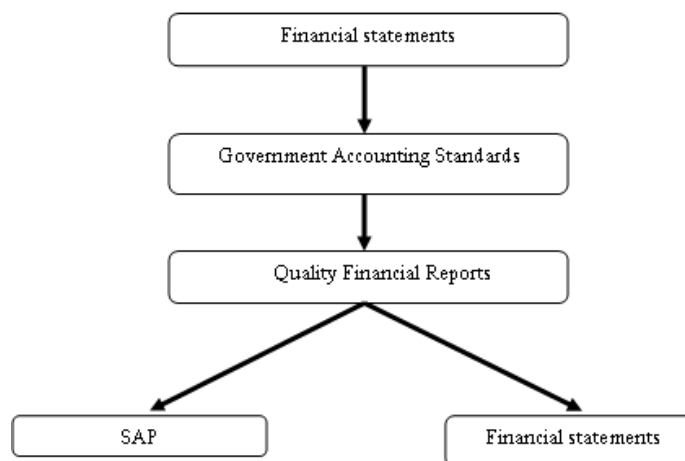


Figure 1. Framework

METHODS

This research uses a descriptive qualitative research approach to understand the phenomena that occur at the Suka Makmur Social Service. Primary data was obtained through interviews and observation. The data analysis method used refers to the Miles Huberman model, which includes data reduction. Interviews are used as the primary tool for collecting data, allowing the researcher to gain an in-depth understanding of the subject under study (Pratama, 2020). Observations were carried out to strengthen the data obtained from interviews. The data analysis process begins with reduction, where the data is simplified and organized to make it easier to understand. The data are presented in an appropriate form to facilitate interpretation and drawing conclusions. This approach allows researchers to gain rich and comprehensive insight into the issues studied at the Suka Makmur Social Service. This research has a strong approach to exploring and analyzing the complex and dynamic context in the context of social services.

RESULT

Government Accounting Standards (*Standar Akuntansi Pemerintahan/SAP*) are accounting principles applied in preparing and presenting government financial reports (Langelo et al., 2015; Muthaher, 2019; Sukmawati et al., 2022). Government financial reports must be in accordance with SAP, the resulting financial reports can meet the quality of information required both for internal managerial needs, as well as for external reporting and audits (Muhtar et al., 2020). The results of the interview with the finance department of the Suka Makmur social service, as the Head of the finance department at the Suka Makmur Social Service, stated that the accounting system currently implemented refers to and is in accordance with the SAP. In recording, recognizing, measuring, reporting and disclosing financial transactions, use SAP as a guide so that the resulting financial reports are of high quality and comply with standards.

Based on the results of the interview, we can see that the Suka Makmur social service has implemented an accounting system that is in accordance with government accounting standards, both in financial recording, measurement and disclosure of other transactions. All of this is done to produce quality financial reports. Government accounting standards must also be implemented properly to increase transparency and accountability of

financial reports (Prayogo & Setiany, 2020). As a result of an interview with the finance department of the Suka Makmur Social Service, he stated that he had implemented SAP in preparing financial reports. However, in terms of human resources, several weaknesses are still found that have the potential to cause human error in the implementation of SAP, such as an understanding of accounting standards and policies that is not yet fully adequate, limited competency in recording transactions, and technical education and training related to SAP that still needs to be improved.

The Suka Makmur Social Service has implemented government accounting standards quite well; however, the Suka Makmur social service is still hampered by inadequate human resources so that the implementation of government accounting standards is often hampered. According to Husna et al. (2022), apart from implementing good government accounting standards, there are several things that need to be considered so that the first quality financial reports are relevant. Ensure that financial reports are relevant by involving key stakeholders such as aid recipients and the communities served. Conduct surveys and interviews to find out the type of information they need to measure program effectiveness. The Suka Makmur Social Service involves several stakeholders to ensure that the financial reports they present are relevant. Akisik & Gal (2017) Financial reports must include information that is considered important by stakeholders, such as shareholders, lenders, or regulators. This information must be relevant to the decisions to be taken by these stakeholders. The Suka Makmur social service has a financial team that is careful in carrying out reconciliation, monitoring transactions and verifying data. Every transaction is verified and investigated for any discrepancies or discrepancies. The Suka Makmur Social Service conducted a review to check for errors that occurred. In the results of these interviews, organizations demonstrate their commitment to careful and organized financial management.

They explained that they have a finance team that is highly focused on three key aspects: reconciliation, transaction monitoring, and data verification. This finance team is responsible for ensuring that each transaction is reconciled correctly, monitored carefully, and related data is thoroughly verified, thereby creating reliable financial reports. In looking at the quality of financial reports, we have used the same accounting standards for many years, ensuring consistency in measurement and presentation of data. The Suka Makmur Social Service already has a format from year to year to present their financial reports. This format is included in the Regional Financial Management Agency (*Badan Pengelolaan Keuangan Daerah/BPKD*), Regional Management Information System (*Sistem Informasi Manajemen Daerah/SIMDA*) application so that financial reports can be compared from previous years (Nasution, 2021). This indicates that the Suka Makmur social service complies with the established financial reporting structure and maintains uniformity in the way data is presented. This can make it easier for stakeholders, such as shareholders or regulators, to compare financial data from year to year. For government financial reports to be of high quality, the Suka Makmur Social Service always tries to present reports in language that is easy to understand for all stakeholders and includes notes to the report that provide additional explanations.

Table 2. List of Interview Answers

Financial statements	Information
The government accounting system is implemented according to SAP.	It has been implemented well
Application of SAP in preparing financial reports.	It has been implemented well
Relevant	Financial reports are relevant
accurate	Financial reports are accurate
Comparability	Financial reports can be compared
Understandable	Financial reports are easy to understand

The financial reports of the Suka Makmur Social Service have been designed in such a way as to make it easier for information users to understand them. Easy to understand refers to the ability for users to understand information expressed in a format and

terminology appropriate to their level of understanding (Horton, 2008; Kuntadi et al., 2022). Based on all the interview results, it is known that the Suka Makmur social service has implemented government accounting standards in the presentation of its financial reports so that the financial reports presented by the Suka Makmur social service already have fairly good quality financial reports. These results are in line with research conducted by Jusmani et al. (2022), the Ogan Komering Ilir Regional Government has implemented government accounting standards so that financial reports are of higher quality.

CONCLUSION

The researchers concluded that the financial reports of the Suka Makmur Social Service were good and in accordance with government accounting standards. The financial report of the Suka Makmur Social Service meets the characteristics of a financial report, such as being relevant, accurate, comparable and easy to understand by the public. The advice given by researchers in this study is that there is a need to increase human resources who are more competent in the field of regional government accounting so that financial recording and reporting management is better. There is a need to improve the quality of outreach activities, technical guidance and education and training in developing the competency of the resources they have, so that staff can better understand government accounting standards. Because there are still staff whose graduations are outside of accounting.

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