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PSAP: 12 operational reports: Government accounting research seminar

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Abstract

Operational activities are activities that directly affect the cash flow in and out of the organization which will determine the amount of net profit. Operational reports are regulated in SAP number 12, prior to the ratification of PP No. 71 of 2010, operational reports are optional reports with the name financial performance reports. In the context of government, where government agencies are non-profit institutions, government operational activities can be defined as the main activities of a government agency that directly affect cash

inflows and outflows which will determine the amount of the remaining budget over/under.

These operational activities in accrual-based accounting standards that have begun to be implemented must be reported for accountability through Operational Reports. This study aims to determine whether the presentation of existing financial statements is appropriate or not in accordance with PSAP No. 12 About Operational Report.

Keywords: Operational Report, Government Accounting Standard Statement

1. Introduction

Government accounting is one of the accounting fields related to government institutions. Government accounting has special characteristics including more emphasis on recording the implementation of the state budget and reporting its realization (Riyanto and Agus, 2015: 3) ^[2]. With the enactment of PP No. 71 of 2010 concerning Government Accounting Standards, PP No. 24 of 2005 is declared no longer valid. However, even though it has been declared invalid, substantially PP No. 24 of 2005 is still being implemented in the context of the transition process of preparing cash-based financial statements towards accruals (cash toward accruals) to the preparation of full accrual-based financial statements (full accruals).

Based on PP No. 71 of 2010, every reporting unit in government agencies is required to present operational reports as part of the government's financial statements. The operational report provides information on all financial operational activities of the reporting entity which is reflected in LO-income, expenses, and operational surplus/deficit of a reporting entity whose presentation is juxtaposed with the previous period (PSAP No. 12 of 2010 Paragraph 5). Although government agencies do not have the potential to generate profits, government agencies must provide information about activities in government and the development of government activities as outlined in operational reports. Operational reports are prepared to complement the reporting of the accrual-based accounting cycle (full accrual accounting cycle) so that the preparation of operational reports, reports on changes in equity, and balance sheets has a link between the reports (PSAP No. 12 of 2010 Paragraph 17). Thus the Government Accounting Standards (SAP). The recording and acknowledgment of government performance in operational reports is carried out on an accrual basis (full accrual) so that it can present more accountable data according to actual conditions.

2. Literature review

Statement of Governmental Accounting Standards (PSAP) No. 12 This standard includes the definition of operational reports and the objectives of operational reports. The purpose of the standard statement of the operational report is to establish the basis for the presentation of the operational report to the government in order to meet the accountability objectives as stipulated by the laws and regulations (PSAP No. 12 of 2010 Paragraph 1). Meanwhile, the objective of operating reporting is to provide information on financial operational activities which are reflected in LO-income, expenses, and operational surplus/deficit of a reporting entity (PSAP No. 12 of 2010 Paragraph 2). This standard statement is applied in the presentation of operational reports and applies for each reporting entity and accounting entity, both central and local governments, (Fahira amelia, Indahwati Rini, 2020) ^[9].

2.1 Definition of Operational Report

Conceptual Framework of Government Regulation Number 71 of 2010 Paragraphs 78-79 explains that the operational report presents an overview of economic resources that increase equity and their use which is managed by the central/regional government for government administration activities within a reporting period. Elements that are directly included in the operating report consist of LO-income, expenses, transfers, and extraordinary items.

2.2 Benefits of operational report information

The operational report provides the entire financial operational activities of the reporting entity as reflected in LO income, expenses, and operational surplus/deficit of a reporting entity and its presentation is juxtaposed with the previous period (PSAP 12 of 2010 Paragraph 5).

2.3 Operational Report Structure

The Operational Report presents various elements: LO-income, expenses, surplus/deficit from non-operating activities, surplus/deficit before extraordinary items, extraordinary items, and LO-surplus/deficit, which are required for a fair presentation on a comparative basis. The operational reports are further explained in the notes to the financial statements which contain matters relating to financial activities for one year such as fiscal and monetary policies, as well as lists that further detail the figures that are deemed necessary to be explained (PSAP 12 No. 12 of 2010 Paragraph 11).

2.4 Income Accounting-LO

Income-LO according to PSAP No. 3 of 2010 Paragraph 8 is the right of the government which is recognized as the relevant reporting. Meanwhile, according to the Ministry of Home Affairs No. 64 of 2013, LO income is the right of the local government which is recognized as an increase in equity in the period of the fiscal year concerned and does not need to be paid back. Erlina & Rasdianto (2015: 110) ^[4], states that LO income is income that is the responsibility and authority of government entities, both generated by operational and non-operational transactions, and extraordinary items that can increase the equity of government entities.

2.5 Expense Accounting

According to PSAP No.1 of 2010 Paragraph 8 states that expenses are a decrease in economic benefits or service potential in the reporting period that reduces equity, which can be in the form of expenditure or consumption of assets or the incurrence of liabilities. Meanwhile, according to Erlina & Rasdianto (2015: 154) ^[4], expenses can be recognized even though there is no cash outflow. Expenses may occur due to the use of assets for the entity's operational activities, for example depreciation expense on fixed assets.

3. Research methods

The object of this research is through the collection of previous literature on operational reports. Based on what is explained by the literature review, this study tries to find out how the Operational Report is based on PP 71 of 2010. The purpose of this paper is to show the reader what an Operational Report is from the perspective of Government Accounting. The previous literature that was researched to complete this paper were journals published around 2019-2020.

3.1 Data

Sources of data used in this study are: a. Primary data is data obtained directly from the research site such as data from interviews with the Accounting section. B. Secondary data is data that has been processed and given to data collectors.

3.2 Data analysis technique

The data analysis technique in this study used a comparative method. According to Sugiyono (2017:36) ^[8] the comparative method is a study that compares the existence of one or more variables in two different samples.

4. Results and Discussion

As a regional apparatus organization (OPD) financial reports consist of: Budget Realization Report, Balance Sheet, Operational Report, Equity Change Report, and Notes to Financial Statements. The financial statements are prepared based on Government Accounting Standards.

The operational reports presented include elements of LO-income, expenses, surplus/deficit from operational activities, surplus/deficit from non-operational activities, surplus/deficit before extraordinary items, extraordinary items and surplus/deficit-LO. In the presentation of operational reports, revenues and expenses are recognized on an accrual basis, namely when rights to assets and liabilities arise, regardless of when cash or cash equivalents are received or issued by and from the regional treasury.

4.1 Operational Report Structure

The structure of the operational report must be clearly identified as the following information report:

- a. The name of the reporting entity or other means of identification;
- b. Scope of reporting entities;
- c. Period covered;
- d. Reporting currency;
- e. The numeric unit used.

The operational report presents the following items:

- a. Income-LO
- b. Load
- c. Surplus/deficit from operations
- d. Non-operational activities
- e. Surplus/deficit before extraordinary items

4.2 Recording transactions

Record revenues and expenses based on the initial recognition of these revenues and expenses. LO-income is recognized when the right to income or income is realized, ie there is an inflow of economic resources (realized). Meanwhile, expenses are recognized when liabilities arise, when assets are consumed and there is a decrease in economic benefits or service potential. The Jayapura district inspectorate only has employee expenses, goods and services expenses, and depreciation expenses. For example, on 05/8/2019 the expense treasurer receives SP2D for the payment of a salary of Rp. 142,893,000 following details: Basic salary Rp. 120,000,000 Family Allowance Rp.14,000,000 Position Allowance Rp. 8.900,000 Functional Allowance Rp. 3,760,000 Rice Allowance Rp. 9.800,000 Income Tax Allowance Rp. 3,370,000 with a deduction: compulsory civil servant fee of Rp. 12,862. 000 Employee Savings Rp. 625,000 Income Tax Article 21 Rp. 3,450,000, based on the SP2D evidence above, the journal entries are as

follows:

Cash in the Expenditure Treasurer	142.893 million
RK PPKD	142.893 million
Employee Expenses	142.893 million
Cash in the Expenditure Treasurer	142.893 million

As for the recording of LO-income and expenses as regulated in PP No. 71 of 2010 Paragraph 85 explains that recognition in accounting is the process of determining the fulfillment of the criteria for recording an event in the accounting records that complete the elements of assets, liabilities, equity, income-LRA, expenditure, financing, LO-income and expenses as will be contained in the financial statements of the reporting entity concerned.

4.3 Recognition

Revenue recognition-LO According to regulation no. 36 of 2015 concerning government accounting policies, expenses are recognized when;

- a. When the obligation arises, it means that the burden is recognized at the time of the transfer of rights from other parties to the regional government without being followed by the outflow of cash from the regional general treasury.
- b. When there is a decline in economic benefits and service potential. An example is depreciation or amortization, according to PSAP No. 12 of 2010 Paragraph 19 income-LO is recognized when income arises, namely an inflow of economic resources. Meanwhile, in paragraph 32, expenses are recognized when there is a decrease in economic benefits or service potential.

4.4 Measurement

Measurement of Income-LO According to PSAP No.12 Year 2010 Paragraphs 26-27, accounting for income-LO is carried out based on the gross principle, namely recording gross income, and not recording the net amount (after being compensated with expenses). In this case, the amount of the deduction is variable to LO-income and cannot be estimated beforehand, so the gross principle is excluded. Based on the Conceptual Framework of PP No.71 of 2010 Paragraphs 98-99 explains that the measurement of items in the financial statements uses historical cost. The measurement of financial statement items uses the rupiah currency. Transactions using foreign currencies must be recorded in Rupiah. The foreign currency is recorded by translating it into rupiah based on the middle rate of the central bank on the transaction date.

4.5 Presentation and Expression

The Operational Report is further explained in the Notes to Financial Statements (CaLK), which contains matters related to financial activities during the year such as fiscal and monetary policies. According to PSAP No. 12 of 2010 Paragraph 9, operational reports are presented at least once a year. If the date of an entity's report changes and the annual operating report is presented with a shorter period, the entity must disclose the following information:

- a. The reason for using the reporting period is not one year
- b. The fact that the comparative amounts in the Operational Report and related records cannot be compared.

5. Conclusion

Based on this research, the operational report provides information about all financial operational activities,

reporting entities which are reflected in operating report income, expenses, and operational surplus or deficit of a reporting entity. The operational activities of a reporting entity can be analyzed according to economic classification or functional classification to achieve the stated objectives. Operational reports are analyzed based on an economic classification, expenses are grouped by economic classification.

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