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Implementation of PSAP 01 in Indonesia

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Abstract

The obligation to prepare financial statements to meet the demands of transparency and accountability towards society. In accordance with Government Regulation Number 24 of 2005 dated June 13 2005 concerning Government Accounting Standards (PP SAP) and PP No. 71 of 2010 concerning Government Accounting Standards as a substitute for PP No. 24 of 2005 Every Report Local Government Finance (LKPD) must be prepared and presented in accordance with the Standard Government Accounting (SAP). Financial Statements and Government Accounting

Standards (SAP) stated in the statement of Government Accounting Standards (PSAP) No. 1. About Report Government Finance. PSAP No. 1 contains the principles regarding Financial Statements. The objective of the Government Accounting Standards establishes the basis for the presentation of Financial Statements for the government in order to meet the objectives of accountability as determined by legislation. This study aims to determine the application of PSAP 01 qualitative description taken from the relevant literature.

Keywords: Government Accounting, Cash-Based Government Accounting, Budget Realization Report (LRA)

1. Introduction

The development of reforms in Indonesia today has opened a new perspective regarding the authority to manage government finances, both at the government level central and regional. Separate financial management systems and multiple divisions the new territory makes the government systematic also undergoes changes, especially in the financial management and the large number of new regional expansions make it systematic The government also underwent changes, especially in the management of regional finances. This matter become a major concern for government decision makers ((Nordriawan *et al.*, 2007)^[6].

The financial report is basically a management report or accountability report company managers, because financial statements are a financial description of transactions and events that occur. Financial statements are a source of information, good for the government to make policies and decisions, as well as information for outsider's governments such as companies, banks, investors, and potential investors. User interest different financial statements, according to their respective interests. Financial statements compiled and presented at least once a year (Effendy *et al.*, 2015)^[3].

Government Accounting Standards are used to provide convenience to government in the preparation of financial statements. Therefore, the preparation must be refers to the Statement of Government Accounting Standards (PSAP). Application of Statement Government Accounting Standards (PSAP) must be implemented so that there is a common accounting in all regional governments of Indonesia, both the central government and local governments (BUMD). Each Regional Government Financial Report (LKPD) must be prepared and presented in accordance with Government Accounting Standards (SAP). Financial Reports and Standards Government Accounting (SAP) is stated in the statement of Government Accounting Standards (PSAP) No. 1. Regarding Government Financial Statements. PSAP No. 1 contains the principles regarding Financial Statements. The objective of the Government Accounting Standards establishes the basics presentation of Financial Statements for the government in order to meet the objectives of accountability as determined by the laws and regulations.

2. Literature Review

2.1 Definition of Government Accounting

Government financial accounting as referred to above is used for: prepare financial reports of the Central / Regional Government in accordance with accounting standards government. In the implementation of accounting, the Minister of Finance has issued regulations The Minister of Finance of the Republic of Indonesia Number 59/PMK.06.2005 concerning the Accounting System and Central Government Financial Reporting (SAPP), which consists of the Central Accounting System (SAP), at the center (Directorate General of Treasury), and Agency Accounting System (SAI), carried out in each State Ministry / Institution. Every State Ministry/Agency is obliged to implement an Accounting System Agency (SAI) to produce financial reports in the

form of Budget Realization Reports (LRA) and the Balance Sheet of the relevant State Ministries/Institutions. Annual finance report referred to is attached with the Financial Report of the Public Service Agency (which is below) supervision) and the Accountability Report (LPJ) on the use of Budget funds Financing and Calculations are sent to the Minister of Finance cq the Directorate General Treasury (Ikhsan san Misri :2012) ^[4].

2.2 Government Accounting Standards (SAP)

Government Accounting Standards (SAP) are accounting principles that are applied in compiling and presenting government financial reports (Article 1 PP No 2010) that in order to implement the provisions of Article 32 Paragraph (2), Law Number 17 2003 concerning State Finances and Article 184 Paragraph (3) of Law Number 32 Year 2004 concerning Regional Government, it is necessary to stipulate a Government Regulation on Standards Government Accounting, it has been decided by the Government by stipulating: regulations government on Government Accounting Standards, in the form of Government Regulations Republic of Indonesia Number 71 of 2010 concerning Government Accounting Standards.

2.3 Cash-Based Government Accounting Standards to Accruals

In the implementing regulations the Government Accounting Standards Regulation (PSAP) according to the essence of the articles (PP Number 71 of 2010) among others (Articles 4-5-6 and 8) are mentioned as follows: "The government applies Government Accounting Standards (SAP) based on accruals. Accrual-Based SAP as referred to in paragraph (1) is stated in the form of: PSAP, equipped with Government Accounting Conceptual Framework (SAP Rules Article 4 verse (1-2-3-4))".

Cash-Based SAP Towards Accrual as referred to in Article 7 is stated in PSAP form, equipped with Government Accounting Conceptual Framework Article 8 paragraph (1-2-3). Government Regulation No. 71 of 2010 has two attachments. Appendix I is an accrual-based accounting standard that will be implemented no later than 2014, while Appendix II is a cash-based Government Accounting Standard towards accruals which are only valid until 2014. Attachment I Government Regulation No 71 of 2010 consists of.

1. Government accounting conceptual framework
2. PSAP 01: Presentation of Financial Statements
3. PSAP 02: Cash-Based Budget Realization Report
4. PSAP 03: Statement of Cash Flows
5. PSAP 04: Notes to financial statements
6. PSAP 05: Accounting Inventory
7. PSAP 06: Investment Accounting
8. PSAP 07: Fixed Assets Accounting
9. PSAP 08: Construction Accounting in Work
10. PSAP 09: Liability Accounting
11. PSAP 10: Correction of Errors, Changes in Accounting Policies, and Discontinued Operations
12. PSAP 11: Consolidated Financial Statements
13. PSAP 12: Operational Reports.

3. Method

This research method is a descriptive approach with a collection of literature previously about the application of PSAP 01. This study will provide an overview theory general application of PSAP 01. The purpose of this study is to bring together several aspects regarding PSAP 01 that can enable readers to understand the importance of government

accounting, especially in the application of PSAP 01 and for shows a view of PSAP on an accrual basis. A number of articles that published have also been examined for the views of these researchers.

4. Discussion

4.1 Statement of Accrual-Based Government Accounting Standards No. 01 about Presentation of Financial Statements

Based on Government Regulation (PP) No. 71 concerning Government Accounting Standards (SAP) dated October 22, 2010 contained in Appendix I.02, Standard Statement Government Accounting (PSAP) No. 01 concerning the Presentation of Financial Statements regulates the presentation of financial statements for general purposes in order to improve comparability financial reports both against the budget, between periods, and between entities. Report General Purpose financial statements are reports intended to meet needs with most users of the report. Users of government financial statements are community, including the People's Representative Council/Regional People's Representative Council (DPR/DPRD) as the legislative body, the Supreme Audit Agency (BPK) as the auditor (investigators), supervisory agencies, parties who give or play a role in the donation process, investment, and loans, as well as the central/regional government. Therefore, the financial statements government is not designed to meet the specific needs of each group user.

While in PSAP No. 01 version of Appendix I.02, accounting basis used in government financial statements is the accrual basis. Therefore, the reporting entity carry out accounting and presentation of financial statements using the accrual basis both in the recognition of income and expenses, as well as in the recognition of assets, liabilities and equity. In addition, in PSAP No. 01 version of Appendix I.02 stated that the Realization Report the budget (LRA) is presented on the basis set out in the laws and regulations. An invitation regarding the budget where until now the budget is still based on the basis cash. However, this standard paragraph is intended in the event of a change in the budget basis then the presentation of the LRA is carried out on the basis of the applicable budget.

4.2 Purpose of Financial Statements

According to Bastian (2006) ^[1], financial statements are a structured representation of the position of financial results of the transactions carried out. Financial statements are prepared to provide relevant information regarding the financial position and all transactions carried out by a reporting entity during one reporting period (Darise, 2008) ^[2]. Therefore, the report financial statements are mainly used to compare the realization of revenues, expenditures, transfers, and financing with a predetermined budget, assessing financial condition, evaluating effectiveness and efficiency of a reporting entity, and helps determine its compliance to the laws and regulations.

The general purpose of government financial reports is to provide information for decision making and evaluating decisions regarding the allocation of resources to stakeholder's user. In addition, the general purpose of government financial reports is to demonstrate the reporting entity's accountability for the resources entrusted to it, by.

1. provides information on the position of economic resources, obligations, and equity
2. provide information on changes in the position of economic resources, liabilities and government equity;
3. provide information on the source, allocation and use of

- resources economy;
4. provide information regarding compliance with the realization of the budget;
 5. provide information about how the reporting entity finances its activities and
 6. provide information on the government's potential to finance administration of government activities
 7. Provide information that is useful for evaluating the entity's capabilities reporting in financing its activities.

Government financial reports have predictive and prospective aspects in money usage. Predict the quality and variety of resources required for operations sustainability and the resources resulting from sustainable operations will affect various risks and associated uncertainties.

4.3 Components of Financial Statements

The components contained in a set of financial statements consist of budget implementation reports and financial reports, so that all components become as follows:

1. Budget Realization Report
2. Report on Changes in Budget Balance Over
3. Balance
4. Operational Report
5. Cash Flow Statement
6. Equity Change Report
7. Notes to Financial Statements

The components of the financial statements are presented by each reporting entity, except.

1. Cash Flow Statement which is only presented by entities that have 6 functions general treasury.
2. Report on Changes in Over Budget Balance which is only presented by 8 Treasurers General Countries and reporting entities that prepare financial statements its consolidation.

4.4 Structure and content

This Standard Statement requires certain disclosures on the cover sheet financial statements, requires the Government Accounting Standards Committee PSAP No disclosure of other items in the cover sheet of the financial statements or in the notes to Financial Statements, and recommends this standard illustration format that can be followed by a reporting entity according to their respective circumstances. This Standard Statement uses the term disclosure in the broadest sense. In breadth, including items that are presented in each face sheet of financial statements as well as in the Notes to the Financial Statements. Disclosures required in the Statement Other Government Accounting Standards are presented in accordance with the provisions in the standard that. Unless a standard provides otherwise, such disclosure is made on the face sheet of the relevant financial statements or in the Notes to Financial Statements.

4.5 Identification of Financial Statements

Financial statements are clearly identified and distinguished from other information in same issue of document. The Statement of Governmental Accounting Standards applies only to financial statements and not for other information presented in an annual report or other documents. Therefore, it is important for users to be able to distinguish information presented according to Government Accounting Standards from other information, however is not the subject of this Standard Statement. Each report component must be clearly identified.

In addition, the following information should be stated clearly and repeated at each report pages where necessary to obtain an adequate understanding of the information served.

1. The name of the reporting entity or other means of identification;
2. The scope of the financial statements, whether a single entity or a consolidation of multiple reporting entities;
3. Reporting date or period covered by the financial statements, as appropriate with the components of financial statements;
4. Reporting currency; and
5. The level of accuracy used in presenting the figures in the report finance.

The following is an explanation for each component of government financial statements according to: PSAP No. 01 version of Appendix I.02.

1. Budget realization report

Budget Realization Report (LRA) is a report that presents an overview of sources, allocation and use of economic resources managed by the central/regional government in one reporting period. The elements of the Budget Realization Report include income- LRA, spending, transfers, surplus/deficit-LRA, financing, and remaining over/under financing budget (SiLPA/SiKPA). The purpose of reporting budget realization is to provide information on the reporting entity's realization and budget on a side-by-side basis.

2. Report on changes in budget over balance

Over Budget Balance is a backlog of balance that comes from accumulation SiLPA/SiKPA of the previous and current fiscal years as well as other adjustments allowed

3. Balance

The balance sheet describes the financial position of a reporting entity regarding assets, liabilities, and equity of the fund on a certain date. The elements covered by the balance sheet consist of its assets, liabilities, and equity, each reporting entity classifies its assets in terms of current assets and non-current assets and classify their liabilities into liabilities short-term and long-term on the balance sheet.

4. Assets

Assets are economic resources that are controlled or owned by the government as a result of past events and from which future economic or social benefits expected to be obtained, both by the government and the community, and can be measured in terms of units of money and includes non-financial resources needed for service availability for the general public and resources preserved for historical and culture.

5. Liabilities

Liabilities are debts that arise from past events, the settlement of which result in an outflow of government economic resources. Liability generally arises because of the consequences of carrying out duties or responsibilities to act in the past. In the context of government, obligations arise, among others, because of the use of financing sources loans from the public, financial institutions, other government entities, or institutions international. Government obligations also occur due to engagement with employees who work to the government, obligations to the wider community are obligations for benefits, compensation, compensation, overpayment of tax from taxpayers, allocation/reallocation of income to entities others, or obligations with other service providers.

6. Equity

Equity is the government's net worth which is the difference between assets and assets government obligations at the reporting date. The equity balance in the Balance Sheet comes from the equity balance end of the Statement of Changes in Equity. In Accrual-Based SAP, equity is not divided into current fund equity, investment fund equity and reserve fund equity as in SAP Based Cash towards Accrual. Information Presented in the Balance Sheet or in the Notes to Financial Statements "A reporting entity discloses, both in the Balance Sheet and in the Records on the Financial Statements, the subclassifications of the items presented, are classified in the following manner: in accordance with the operations of the entity concerned. An item is further subclassified, where necessary, according to.

7. Cash Flow Statement

Cash flow is the inflow and outflow of cash and cash equivalents at the General Treasurer Country/Region Cash Flow Statements provide information on the source, use, changes in cash and cash equivalents during an accounting period, and cash and cash equivalents balances reporting date. Cash inflows and outflows are classified based on operating activities, investment, funding, and transitory. Therefore, the Statement of Cash Flows provides information cash related to operating activities, investing in non-financial assets, financing, and non-budget transactions that represent opening balances, receipts, disbursements, and the final cash balance of the central/regional government for a certain period. PSAP No. 03 about Report Cash Flow further regulates the presentation and related disclosures with cash flow.

8. Operational Report

Financial report includes operational report which presents items as the following: LO-income from operational activities; Expenses from operational activities; Surplus/deficit from Non-Operational Activities, if any; Outstanding posts, if any; LO surplus/deficit (Standard Paragraph No. 92 PSAP No. 01 version of Appendix I.02). Addition Items, headings and subtotals other than the above can be presented in the Operational Report if SAP require it or where necessary to fairly present the operating results of an entity reporting.

9. Statement of Changes in Equity

Equity is the net worth of the government which is the difference between assets and assets the government's obligation at the reporting date of the Statement of Changes in Equity is a report that shows an increase or decrease in equity in the reporting year compared to the previous year previous. Based on the Regulation of the Minister of Home Affairs (Permendagri) No. 64 Year 2013 on the Application of Accrual-Based Government Accounting Standards to Local Governments Appendix II, this Statement of Changes in Equity will describe the movement of the entity's equity reporting. In Government Accounting Standards (SAP) Based on Cash towards Accruals, the term Equity is known as Equity Fund which is divided into Current Fund Equity, Fund Equity Investment and Reserve Fund Equity. In addition, the items presented in the Report Change in Equity version of SAP based on cash to accrual as stated in PSAP no. 01 Appendix II.02 version is different from Accrual-Based SAP in PSAP No. 01 Appendix version I.02. Therefore, based on PSAP No. 01 version of Appendix I.02, Statement of Changes in Equity present at least the following

items:

- a) Initial equity
- b) LO surplus/deficit in the period concerned;
- c) Corrections that directly increase/decrease equity,

10. Notes to Financial Statements

The notes to the financial statements are presented in a systematic manner. Every post in Report Budget Realization, Changes in Budget Balance Report, Balance Sheet, Operational Report, The Statement of Cash Flows, and the Statement of Changes in Equity must have cross-references with related information in the Notes to Financial Statements. Notes to Financial Statements include narrative explanations or lists of details or analysis of the number/value of an item listed in the Budget Realization Report, Report Changes in Budget Overbalance, Balance Sheet, Cash Flow Statement, Operational Report and Report Equity Change. Notes to the Financial Statements also include information on policies accounting information used by the reporting entity and other required information and recommended to be disclosed in Government Accounting Standards and the expressions needed to produce an accurate presentation of the financial statements reasonable, such as contingent liabilities and other commitments. The notes to the Financial Statements disclose the following.

- a) General information about Reporting Entities and Accounting Entities;
- b) Information on fiscal/financial policies, macroeconomics;
- c) Summary of achievement of financial targets during the reporting year along with constraints and obstacles faced in achieving the target;
- d) Information on the basis for preparing financial statements and accounting policies selected to apply to significant transactions and event sother;
- e) Details and explanation of each item presented on the cover sheet of the report finance; Information required by PSAP that has not been presented in the cover sheet of the report finance;
- f) Other information required for fair presentation, which is not presented in the cover sheet of the financial statements.

11. Regional Tax Receivables

At the end of the year there is a Tax Assessment Letter that has not been paid by the public. How does the accounting function of the PPKD or SKPD record it? Based on Permendagri No. 64 2013 Appendix II concerning Local Government Accounting System, if at the end of the year there is a tax assessment letter that has not been paid by the public, then the value is recognized as an addition to the LO-Tax Income account. Thus, the accounting function of PPKD/PPK-SKPD record "Regional Tax Receivables" on the debit and "Invited-LO income (according to the details of the object related)" in credit with journal

5. Conclusion

PSAP No. 01 concerning the Presentation of Financial Statements regulates the presentation of general purpose financial statements. General purpose financial statements are reports financial statements that contain information that can meet the information needs of all user group. Therefore, financial statements are not designed to meet the specific needs of each user group.

Based on PSAP No. 01 version of Appendix I.02 or SAP Accrual-Based, government Central and regional governments are required to present seven components of

financial statements, including Budget Realization, Changes in Budget Balance Report, Balance Sheet, Operational Report, Cash Flow Statement, Statement of Changes in Equity, and Notes to Financial Statements. This matter different from PSAP No. 01 version of Appendix II.02 or SAP Based Cash towards Accrual in where the components of the financial statements only include Budget Realization Reports, Balance Sheets, Reports Cash Flows, and Notes to Financial Statements. However, starting reporting accountability for Fiscal Year 2015 onwards, the applicable SAP is SAP Accrual based.

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