

TRANSITIONING FROM CASH BASIS TO FULL ACCRUAL BASIS OF INDONESIAN PUBLIC SECTOR: OBSTACLES AND RECENT PROGRESSES

Siti Rochmah Ika

Lecturer of Accounting Department Janabadra University, Yogyakarta

Ari Kuncara Widagdo

Lecturer of Accounting Department Sebelas Maret University, Solo

ABSTRAK

Artikel ini bertujuan memperkaya literatur yang membahas tentang penerapan akuntansi akrual pada sektor publik Indonesia. Hal yang dibahas dalam artikel ini adalah perkembangan pengenalan akuntansi akrual pada sektor publik, tindakan yang telah dilakukan oleh pemerintah Indonesia, dan hambatan penerapannya. Inisiatif dari lembaga donor, semangat demokratisasi, dan desentralisasi menjadi penggerak utama dari reformasi sektor publik. Tidak adanya lembaga pengatur standar yang independen pada akuntansi sektor publik di Indonesia sepertinya menunjukkan keengganan pemerintah pusat kehilangan kontrol atas pengelolaan keuangan pemerintah daerah sehingga kemudian banyak masalah yang timbul dalam pelaksanaan akuntansi akrual pada sektor publik di Indonesia. Oleh karena itu, perlu ada kajian yang komprehensif untuk mengevaluasi perkembangan penegenalan akuntansi akrual saat ini, termasuk manfaatnya.

Kata kunci: Akuntansi Akrual, sektor publik, negara berkembang, reformasi, dan penggerak reformasi

INTRODUCTION

Starting in late 1980s, there has been a wave to reform public sector accounting by applying accrual accounting. Transferring from private sector, government needs to replace the cash accounting system and to introduce accrual accounting. The aim of the introduction of accrual accounting in the public sector is to provide a more accurate measurement and communication of financial position and performance and improve accountability and transparency (Van der Hoek, 2005). Accrual accounting is considered as a tool that can increase efficiency and effectiveness of public administration and effective management of both assets and resources in government organizations

that contribute to improved performance (Cohen, *et al.*, 2007).

At present, the implementation of accrual accounting in public sector is advocated for governments around the world. IFAC through International Public Sector Accounting Standards Board (IPSASB) has set itself the task of developing a full set of accruals-based international public sector accounting standards and ensuring that these are adopted as widely as possible. IPSASB argues strongly that all governments should adopt the accrual basis. Other multi-lateral aid agencies (e.g. World Bank, European Union) also have been recommending the move to accrual accounting. In the beginning 1990s, New

Zealand and Australia are recognized as pioneer of the implementation of accrual accounting. At present, many governments in both developed and developing countries around the world have attempted to introduce accrual accounting in their organizations. Those countries use different approach and have different level of implementation (IFAC, 2008). In the early stage, government of some countries such as Ukraine, Mauritania, and Jamaica have already made decision that they would implement accrual accounting. Meanwhile, other countries are in the transition stage. For example, Indonesia has adopted "cash toward accrual" approach since 2005 and plan to adopt fully accrual basis in 2009. In more advance stage, Cayman Islands and Rumania have adopted accrual basis.

In the international literature, there are various empirical studies related to implementation of accounting reform in public sector. As noted by Christiaens and Rommel (2008), extant literatures on governmental accounting are mainly three types: (1) descriptive studies of the governmental accounting reforms, (2) theories explaining why governments choose to adopt accrual accounting (e.g. contingency theory), (3) empirical studies of the implementation of the accounting reform. In terms of accounting reform in public sector, in the beginning, most of papers discuss that adoption in developed countries which are recognized as pioneer such as New Zealand, Australia, and UK (e.g. Guthrie and Humphrey, 1996; Guthrie, 1998; Lye, *et al.* 2005). However, at present, in line with trend of wide adoption of accrual accounting in public sector, some papers attempt to present introduction of accrual accounting in other developed countries, such as Belgian (Christiaens, 2001), Canada (Lin, *et al.* 1993), Switzerland (Schedler, 2003), Dutch (e.g. van Helden

and Jansen, 2003; Van der Hoek, 2005), Sweden (e.g. Paulsson, 2006), and Greek (e.g. Cohen, *et al.*, 2007). Further, some papers also examine introduction of accrual accounting in certain government entities in developed countries, namely university (e.g. Tudor, *et al.*, 2007, Agasisti, *et al.*, 2008). It can be concluded that prior studies on accrual accounting adoption in developing country is rare.

To date, there are many significant developments of implementation accrual accounting in Indonesia. However, prior studies in the international literature that examine the introduction of accrual accounting in development countries, specifically Indonesia, are few. For example, Robinson and Harun (2004) explain introduction of accrual accounting in Indonesia from perspective of contingency model. They conclude that Indonesia economic crisis, pro-democratic movement and international pressure for the reform of Indonesian public stimulate the adoption of accrual accounting. Marwata and Alam (2006) investigate how various reform drivers with different interests and preferences compete and cooperate in the process of governmental accounting reform policy. They find that the process of governmental accounting reform in Indonesia is characterized by rivalries and alliances amongst reform drivers. This result confirms the political nature of the process in accounting policy formulation as found in the extant literature of accounting policy setting. In more recent study, Harun (2007) presents a review of public sector reform in Indonesia. He focuses on obstacles and its remedy until period 2005. Thus, this paper attempts to extend literature, particularly the Harun's paper (2007), by presenting more recent progresses of introduction of accrual accounting in Indonesia including obstacles and actions that have been done by Indonesia

to move to full accrual accounting. This paper deals with the adoption of the accrual accounting particularly for local government in Indonesia.

The remainder of paper proceeds as follows. The following section presents discuss introduction of accrual accounting in Indonesia, which are divided in two periods: before financial crisis and after financial crisis. This section also presents some initiatives that have been done by Indonesia including some obstacles in implementing accrual accounting. In the third section, some recent progresses of accrual accounting adoption will be presented. Last section, section 4 presents the conclusion and suggestions for further study.

1. Introduction of Accrual Accounting

According Handjari (2001), public sector accounting in Indonesia includes accounting system for the central government, accounting system for local government and accounting system for non-profit organizations such as schools and hospitals owned by government. This paper focuses on adoption accrual accounting for local government because Indonesian government has done much effort for that and it has been as main issue in Indonesian public sector. The following will discuss public sector accounting reform in Indonesia.

a. Public Sector Accounting Reform Before Financial Crisis

Indonesian effort to reform government accounting was initiated by Ministry of Finance with its plan called "Modernization of Government Accounting System" in the period 1979-1980 (Soegiyanto and Hoesada, 2005). At that time, government administration was done manually by applying single entry and cash basis accounting system based on *Indische Comptabiliteitswet*

(ICW). In 1982, with the financing from World Bank, the Modernization of Government Accounting System Program implemented. However, as expressed in Term of Reference, the project was only focused on development manual double entry system. In May 1986, the project was completed and some recommendations were proposed such as: (i) developing government accounting system and its chart of account, (2) establishing an unit under the Ministry of Finance which has responsibility for accounting and reporting. Further, Minister of Finance approved the implementation of accounting system related to budget allocation procedures, receipt and disbursement procedures through Kantor Pelayanan Perbendaharaan Negara (Regional Treasury office), journal and transactions list as base for preparing general ledger manually. In the period 1987/1988, simulation of the above system was carried out at the Ministry of Work, Ministry of Social Affair, and Ministry of Trade Affair in several cities, such as Jakarta, Medan, and Surabaya. At the same time, need for computerized accounting system was emerged. In 1989, proposed plan of computerized government accounting system was approved by The Ministry of Finance and World Bank and it implemented in The Government Accounting System Development Project Phase 1. However, functionality of this project was still based on the prior manual system, yet to the comprehensive process of producing financial statement. It means that government accounting still uses cash accounting basis without any integrated single account for government.

In 1992, as part of public accounting reform action, Indonesia government issued Presidential Decree 35/1992 with the objectives: (i) to develop a new

governmental accounting system; (ii) to develop new accounting standards and principles for the public sector, and (iii) to form the Accounting Development Board Center within the Ministry of Finance. This decree implied that accrual basis was to become the basis for the development of new central government accounting system (Harun, 2007). Then, as recommended in Modernization of Government Accounting System Program, accounting unit under Ministry of Finance was established. The name of this unit is Badan Akuntansi Keuangan Negara (BAKUN) or State Financial Accounting Agency which is assigned for effecting the public sector transition from cash based accounting to more informative system by using World Bank funding (Dewi 2001).

In 1992, BAKUN produced Sistem Akuntansi Pemerintah Pusat (SAPP) or Accounting System of Central Government that had some characteristics (Dewi, 2001) such as integrated system in recording transaction, double entry bookkeeping, cash basis for expenditure and revenue, and using standard account. This SAPP consists of two main integrated systems: (i) central accounting system held by BAKUN, and (ii) unit accounting system held by departments or agencies. Central accounting system consist of several sub systems that are enable for central government to record all transaction in both central and local governments. BAKUN has representative offices in all provinces that handle to record of transaction in its province. Meanwhile, unit accounting system records all transactions that exist in departments including its units. To consolidate all accounting data, BAKUN use computerized government accounting system that enable to produce integrated consolidated financial statements.

In 2000, to enforce the implementation of SAPP, Indonesia government issued Presidential Decree No. 17/2000 on Government Financial Accountability that required government institutions at central and local levels to submit not only realized budget reports but also balance sheets as part of their annual financial statements. These two reports are compulsory within an accrual regime, along with reports on cash flow, changes in government equity, and performance indicators (Harun, 2007).

However, until 2001, the implementation of SAPP remained slow. It can be seen that all departments did not fully implemented it (Dewi, 2001). Some reasons are given for this failed implementation (Ministry of Finance 2001a).

- 1) The lack of qualified accounting and information technology personnel at the Indonesian public sector. As result, the reform was not successfully implemented.
- 2) Most of senior government officials were familiar with the old accounting system.
- 3) Political support from the top was insufficient to advance the central accounting initiative within the public sector.
- 4) Since the government had yet officially to adopt a set of 'Generally Accepted Government Accounting Standards' for Indonesia, there was no instrument that could serve as a basis for the uniform treatment of economic transactions and standardization of government reporting

The continuing of application the single entry and cash basis accounting system based on the outdated *Indische Comptabiliteitswet (ICW)* for financial reporting of the public sector caused some weaknesses particularly related to

the budget (Nasution, 2008):

- 1) Spending is duplicated and public funds are diverted to unintended purposes.
- 2) Government agencies, including the military and the police, supplemented their formal budget with extra revenues from their own business ventures mainly consisting of rent seeking activities.
- 3) Government budget do not provide the true picture of financial transactions of the public sector due to the presence of the large extra-budget funds.
- 4) Not all government revenues and expenditures are reported in the formal budget.
- 5) A large amount of state funds was deposited under the names of individual government officials, including those who has long been passed away.
- 6) The losses of state-owned enterprises and state-owned banks and their clients, particularly those owned by politically well-connected groups, became contingent liabilities of the government. These future budget commitments were not recognized until cash payments had been made.
- 7) The audit process was very weak, audit findings were hardly followed up and corruption cases were rarely prosecuted.
- 8) As result, government budget do not provide the true picture of financial transactions of the public sector and it cannot be used as a tool for public resource management.

b. Public Sector Accounting Reform After Financial Crisis

During Asian financial crisis, Indonesia is much more severe than other crisis-hit countries. In 1998, the economic contraction was over minus 13

percent. The external value of domestic currency (rupiah) drop which was over 70 percent. The cost of bank capitalization was high amounted 50 percent of annual GDP. The recovery process also moved slow, because the crisis was extremely a complex problem that involve not only economic factor but also other factors, such as weak governance (corruption, nepotism, and collusion), armed conflict, terrorist attach several regions and a series natural disaster In short, all events have consumed a great deal of financial resources and energy

After the fall of Soeharto regime, Indonesia entered new reformation era that undergone major and wide-ranging reforms in its social, economic and political systems. In terms of decentralization, country's provincial and district-level governments have grown as a political force since the introduction of regional autonomy on January 1st, 2001. Regional autonomy is introduced to ease resentment of the central government's control of natural-resource revenue and its insensitivity to regional differences. At present, Indonesia has 33 provinces (including 2 Special Territories of Nanggroe Aceh Darussalam and Yogyakarta) and 1 Daerah Khusus Ibukota Jakarta (Special Capital Region of Jakarta). Under those provinces, there are 483 regions. Local government was granted more autonomy (decentralization) in macro-level planning, service delivery, public administration, economic institutions, human resource development, natural resource utilization and conservation (Harun, 2007). With the support of international donors, two laws related decentralization was passed by the parliament. First one is Law 22/1999 that regulates regional autonomy. Based on this law, local government holds wide-ranging powers for the supervision and

control of regional administration. This law also stipulates that the local level has responsibility for all governmental matters except in five areas: foreign affairs, defense and security, justice, monetary and fiscal affairs, religion and other matters. Second one is Law 25/1999 related to financial balance between central government and the regions. By this law, local governments have control over their finances. As further regulation, Indonesia government issued Government Regulation No. 105/2000 about financial responsibility of local governments that required local governments to present annual reports that comprised a budget realization, balance sheet and statement of cash flows (Harun, 2007). This government regulation was further detailed by Ministry of Home Affairs Decree No. 29/2002 about guidance on local government financial management.

In this era, as imposed by international donors, fiscal transparency and accountability are realized as key elements both in solving the problems and in implementing the social reforms (Rosser, 1999). Some international donors produce paper based on their review to the current condition of Indonesia (Robinson and Harun, 2004). In 1998, based on the studies and observations of advisers and mission team in Indonesia, IMF produced two papers, namely "Fiscal Management, Decentralization, and Organization of Ministry of Finance" and "Budget Management in the Short and Medium Term" (1998). Other international donors, World Bank (WB) produces paper, namely "Public Expenditure Reviews" (1998 and 1999), and Asian Development Bank (ADB) produces a paper on "Decentralization: Implication of Good Governance on Project Implementation". Indonesia agree with this critic, because this country need to restore investor confidence

in the economy and attract foreign aid (Rosser, 1999). Thus, with support of international donors, political reform and decentralization have been accompanied by moves to adopt a more sophisticated accounting approach in the public sector.

The agreement between Indonesian government and International donors related financial management reform was expressed in the Government of Indonesia's Letter of Intent (GOI's LoI) in August 2001. Based on this letter of intent, World Bank and ADB would take the lead on the development of sector policies. Further, the Indonesian government is urged to work closely with both institutions in pursuing structural reforms and departmental policies aimed at strengthening medium-term economic growth and delivering high case lending scenarios (Ministry of Finance, 2001a).

Further, ADB agree to provide Technical Assistant program for Indonesia in reforming public financial management and accounting reform. This program is designed for: (1) assisting in the forging of a robust political and technical consensus across concerned government institutions about the measures to be adopted and the related action plan for achieving the reforms; (2) preparing a human resource development plan for the Ministry of Finance and a new treasury organization to actually implement the reforms; (3) drafting the necessary implementing regulations and a blueprint of systems and procedures; and (4) recommending a uniform accounting system and public accounting standards to enable effective implementation of the State Finances laws (Ministry of Finance, 2001b).

Major reforms of public financial management and accountability are notified with the promulgation of the following three laws on state finance in 2003 and 2004:

- (1) Law No. 17/2003 on State Finance;
- (2) Law No. 1/2004 on State Treasury;
- (3) Law No. 15/2004 on Auditing the Management and Accountability of State Finance.

Law 17/2003 on State Finance stipulates to consolidate the budget that previously was split into routine and development budget and envisages performance-based evaluation of budgetary outcomes. More importantly, this law also stipulates the emergence of new public sector accounting standards that will be used by both central and local governments in preparing financial statements. This law mandates that implementation of accrual accounting as base for recording revenue and expenditure in all government units, at latest, must be done within next five years. Law No. 1/2004 also stipulates that implementation of accrual accounting, at latest, in 2009. Further, this Law stipulates development of new public sector accounting standard is held by Committee on Accounting Standards for Central and Local Governments.

Before the pass of Law No. 1/2004, Minister of Finance already established Komite Standar Akuntansi Pemerintahan Pusat dan Daerah (KSAP) or Central and Regional Accounting Standard Committee in 2002. The establishment of this committee by Minister of Finance is as follow up PP No. 105/2000. Thus, the issuing of Law No. 1/2004 strengthens the existence of this committee. This committee is further regulated by Presidential Decree No. 84/2004 which was amended by Presidential Decree No. 2/2005.

KSAP's main duty is to prepare the draft of Government Decree regarding government accounting standard as a principle base to prepare and present financial statement of central and local

government. This committee replaced the function of BAKUN eliminated from the Ministry of Finance organization in 2004.

KSAP consist of two committees: consultative committee and working committee. In performing its duties, KSAP should report its activities to The Ministry of Finance and to be accountable to The President through Ministry of Finance. Members of the committee are drawn from the Ministry of Finance, the Ministry of Home Affairs, Badan Pengawasan Keuangan dan Pembangunan (the Finance and Development Supervisory Agency), Ikatan Akuntan Indonesia (IAI) or the Indonesian Institute of Accountants, local government's representative, and university's representative.

In the process of standard formulation, arrangement, and development, KSAP follows international standard setting due process which has been modified in accordance to Indonesia's environment as follows.

- 1) Topic identification that will be developed as accounting standard draft
- 2) To consult this topic with committee of consultation
- 3) Doing limited research
- 4) Writing the draft of standard
- 5) Discussion of the draft among member of committee
- 6) Preparing draft of standard for publication
- 7) To consult this publication draft with committee of consultation
- 8) Sending the publication draft to the stakeholders
- 9) Public hearings
- 10) Discussion based on the comment from public hearing
- 11) Request consideration/input from Badan Pemeriksa Keuangan (BPK) or Audit Supreme Board

- 12) Discuss the input from BPK
- 13) To make consultation with working committee and consultation committee
- 14) Finalizing the draft
- 15) Proposing the draft as government regulation.

In preparing the exposure draft, KSAP is mainly oriented to International Public Sector Accounting Standards (IPSAS). Further, KSAP also attempts to harmonize the standard with financial accounting standard for private sector released by IAI. In the mid 2004, KSAP prepared a draft entitled ‘Standar Akuntansi Pemerintah Pusat dan Daerah’ (Accounting Standards for Central and Local Governments) that consisted of conceptual framework and 11 Public Sector Accounting Standard (PSAS). This draft has been developed through due process. However, in the finalizing stage, BPK requested President to establish membership of KSAP regulated based on Presidential decree (as replacement the Minister of Finance decree). After releasing of Presidential Decree No. 84/2004 amended by Presidential Decree No. 2/2005, KSAP worked to refining the draft. Finally, on June 13, 2005, the draft of standard was decided as government Accounting Standard and it was stipulated on Government Regulation No. 24/2005. The structure of government accounting standard is presented in Table 1 below.

As stipulated in Law No. 17 year 2003 that financial reporting must be accrual basis, KSAP decided to use strategy “cash toward accrual strategy”. Cash toward accrual strategy means that assets, liabilities, and equity use accrual basis, whereas revenue, expenditure, and costs use cash basis. In other words, balance sheet is prepared by using accrual basis, whereas budget realization report use cash basis. Technically, it seems that there are difficulties in recording. However, it

can be accomplished by using “Kolorari Journal” (Sinaga, 2005). In short, by this method, transactions related to account in balance sheet (except cash) and budget realization report are attempted to be recorded in the same time. It seems that this is the unique feature used by KSAP in introducing accrual accounting.

Table 1. Structure of Government Accounting Standard

Content	
	Conceptual framework
PSAS 01	Presentation of Financial Statements
PSAS 02	Statement of Budget Realization
PSAS 03	Statement of Cash Flow
PSAS 04	Notes to the Financial Statements
PSAS 05	Accounting for Inventory
PSAS 06	Accounting for Investment
PSAS 07	Accounting for Fixed Assets
PSAS 08	Accounting for Construction in Progress
PSAS 09	Accounting for Liabilities
PSAS 10	Correction of Errors, Change in Accounting Policy, and extraordinary events
PSAS 11	Consolidated Financial Statements

Sources: Indonesia Government Accounting Standards

Besides this standard, KSAP also releases Interpretasi Pernyataan Standard Akuntansi Permerintah (IPSAP) or Interpretation of Statement of Government Accounting Standard and Buletin Teknis (technical bulletin). IPSAP is as clarification and further explanation of PSAS, whereas technical bulletin provides guidelines to overcome the problem raised in implementation of the standard. As further guidance in implementation of PSAS, Indonesia government release more regulations such as Government Regulation No. 58/2005 about financial management of local government, and Ministry of Home Affairs Decree No. 13/2006 about guidance on financial management of local government. Even though, term of “government” in PSAS refers to central and local government, it seems that

Indonesia government tends to focus on implementation this standard for local government.

c. Some Obstacles

There are some obstacles toward the implementation of accrual basis in public sector in Indonesia

1) *Lack of Independent Standard Setter*

Although KSAP included members of the Indonesian Institute of Accountants and a number of academics, its work was backed and controlled by the president. It means that the government sets its own accounting standards for the public sector (Harun, 2007). This situation unlike the practice in Australia that accounting standards for the public sector are formulated and promulgated by the Australian Accounting Research Foundation (AARF) on behalf of the accounting profession. Dewi (2001) suggests that the government should allow an independent organization such as the Indonesian Institute of Accountants to develop and promulgate appropriate government accounting standards to achieve the objective of credible standards in the eyes of auditors, parliaments, taxpayers and citizens in general.

2) *Lack of Qualified Accountant*

The adoption of accrual accounting requires skilled and experienced staff. The majorities of government accounting staffs do not accounting education background, and they have experience only of the cash-based single-entry system inherited from the Dutch. Supomo (2008) illustrated that if there are 40 departments under one local government and each of them need 2 accountants, thus the demand of accountants for all local

governments in Indonesia will be 2 accountants x 484 local governments x 40 departments = 38720 accountants. This number is fantastic and it seems impossible for Indonesia to meet this demand even though within a decade preparation. Therefore, there are many local governments that are unable to implement accounting system as required by regulations. It can be seen from the results of audit that have done by BPK. For example, financial statement of central government during 2004-2007 received disclaimer opinion from BPK. Further, among 274 local governments that have been audited in 2007, there are 50 Financial Statement of Local Government receive adverse opinion.

3) *Inconsistent and Redundant Regulation*

There are two regulation relates to dilemma of the implementation of accrual accounting in Indonesia. First, Government Regulation No.24/2005 as a practical guidance of Law No. 17/2003 regarding government accounting standard, and second, Ministry of Home Affairs Decree No. 13/2006 as a practical guidance of Law No. 33/2004 regarding Public Financial Management of Local Government in which stipulates the application of activity based budgeting for local government. These two regulations (Government Regulation No.24/2005 and Ministry of Home Affairs Decree No.13/2006) require the same information; however, it should be presented in different format and different accounting basis.. Ministry of Home Affairs Decree No.13/2006 mandates reporting in the format of program and activity level, while Government Regulation No. 24/2005

mandates reporting in the format of organizational level. The difference also exists in the treatment of certain transaction, for example short term investment. According to Ministry of Home Affairs Decree No 13/2006, short term investment should be treated as budget transaction, whereas based on Government Regulation No 24/2005, it should be included in the balance sheet transactions. As a result, those kind of differences have created some difficulties for local government in preparing and presenting financial statement as required by The Ministry of Finance and The Ministry of Home Affairs. This situation implies that there is lack of coordination between regulators (on behalf of central government) to set regulation. This condition supports argument proposed by Marwata and Alam (2006) that the process of governmental accounting reform in Indonesia is characterized by rivalries reform drivers. In this context, it seems that the rivalry is between Ministry of Finance and Ministry of Home Affairs.

4) “Chance” for Consultant

Local government difficulties in implementing government accounting system expose a chance for NGOs (Non Government Organization) to provide service assistance or consultancy. Lack of human resource capabilities and information technology are some of the reasons why local government needs assistances. Many NGOs have been offering their selves to be the service provider for local government in regulation socialization, training, accounting system assistances, as well as hard ware and soft ware development. Consequently, local government should pay a high cost for their service. It seems nothing wrong with this condition. It becomes problem when the service providers (NGOs) do not really understand how to implement accrual accounting comprehensively, or they just understand information technology and their accounting systems does not support the application of the whole process of accrual accounting. Consequently, the local government

Table 2. Structure of the New Standard

	Fixed	Modified	New
Conceptual framework		V	
PSAS 01 Presentation of Financial Statements		V	
PSAS 02 Statement of Budget Realization		V	
PSAS 03 Statement of Cash Flow		V	
PSAS 04 Notes to the Financial Statements		V	
PSAS 05 Accounting for Inventory		V	
PSAS 06 Accounting for Investment		V	
PSAS 07 Accounting for Fixed Assets		V	
PSAS 08 Accounting for Construction in Progress	V		
PSAS 09 Accounting for Liabilities	V		
PSAS 10 Correction of Errors, Change in Accounting Policy, and extraordinary events		V	
PSAS 11 Consolidated Financial Statements	V		
PSAS 12 Operational reporting			V

Sources: KSAP-BPK consultative meeting (2009)

will bear the cost. Unfortunately, this kind of condition commonly happen in Indonesia until Ministry of Home Affair through Ministry of Home Affair Decree No. 13/2006 bans the local government to join any socialization of regulation programs or trainings except the ones conducted by Ministry of Home Affair. The ban aim is to avoid “cash cow” for the shake of local governments. On the other hand, this ban also create problems because human resources who expert in accounting in The Ministry of Home Affairs are inadequate to provide service for local governments in Indonesia (all 483 local governments). Further, class training is also insufficient. Due to the complexity nature of accrual accounting application, it seems need the continuous assistance until the local government itself is capable to implement. Therefore, strategic alliances between BPK, BPKP, KSAP, and local universities are needed to accelerate the implementation of accrual accounting in local governments.

2. Recent Progresses to Move Full Accrual

At present, KSAP has been preparing draft of government accounting standard for full accrual basis. This draft is in the stage on consultation with BPK. In developing the draft, this committee emphasizes on modifying or adjustment of the existing PSAS (cash basis). Some factors are considered by KSAP, such as IPSAS, current practice, government administration and human resources needed. As result, some PSASs need any adjustment, whereas other PSASs do not need. In this draft, KSAP also plan to release one new PSAS related to operational report that has not exist before

(Triharta, 2009). Thus, by this approach, KSAP want that user will be easier to understanding the standard. KSAP plan to implementation of full accrual accounting to all local governments could be started in 2013. The following tables present summary of the draft.

Table 3. Significant Differences of Reporting Composition

Cash towards Accrual	Accrual
1. Budget realization statement	1. Budget realization statement
2. Balance sheet	2. Statement of changes in surplus after budget financing
3. Cash flow statement	3. Balance sheet
4. Notes of financial statements	4. Operational report
	5. Cash flow statement
	6. Statement of changes in equity
	7. Notes of financial statements
(PSAS 01 Par 14)	(Draf PSAS 01 Par 14)

Sources: KSAP-BPK consultative meeting (2009)

3. Conclusion and Suggestions for Further Study

The effort of Indonesia government in reforming public sector accounting is initiated the beginning 1980s. The initiative of public sector accounting is mostly supported and guided by international donor (e.g Worldbank, ADB). This reform experience significant progress in the reformation era. The initiative of donors and spirit of democratization, and decentralization are become the major drivers. This facts support argument proposed by some scholars that accounting reformation in Indonesia is not solely because of technical concerns, however it is affected also by political aspect (e.g. Rosser, 1999; Robinson and Harun, 2004; Marwata and Alam, 2006).

As result of decentralization, in reforming public sector accounting, Indonesia government tends to emphasize on local government. The absence of an independent standard setting body for public sector accounting in Indonesia seems indication of reluctance of central government to loose its control over financial management of local governments.

There are many crucial problems in implementation of SAP. Thus, before moving to the full accrual accounting, it appears to have a comprehensive study to evaluate the current progress, including its benefit. As suggested by Whyne (2007), reform of public sector financial accounting might bring many benefits related to the quantity and the quality of services that are provided to the citizens, however, these reforms should be considered carefully. The introduction of accrual accounting that is intended to realize greater efficiency and effectiveness in the delivery of public sector services might not bring guarantee that a government will be any more accountable for its achievements and that provision of goods and services will be any better (Robinson and Harun, 2004). Meanwhile, in literature, the introduction of accrual accounting in public sector and its benefit remain a controversy (Groot and Budding, 2008).

There are many possibilities to extend this paper. Subsequent paper might examine users' perception towards useful of local government financial statement. Different auditor opinion among local government financial statements also provide a chance for further study to examine variables that associate with the financial statement quality

REFERENCES

- Agasisti, T., Arnaboldi, M and Catalano, G. (2008). Reforming Financial Accounting Accounts in the Public Sector: The Case of Universities. *The Irish Accounting Review*, 15(1), 1-29
- Christiaens, J. (2001). Converging New Public Management Reforms and Diverging Accounting Practices in Belgian Local Governments', *Financial Accountability & Management*, 17 (2), 153–170.
- and Rommel, J. (2008). Accrual Accounting Reforms: Only for Businesslike (Parts of) Governments. *Financial Accountability and Management*, 24(1), 59-75
- Cohen, S., Kaimenaki, E. and Zorgios, Y. (2007). Assessing IT as a Key Success factor for Accrual Accounting Implementation in Greek Municipalities. *Financial Accountability and Management*, 23(1), 91-111
- Dewi, Yusna (2001). Prospek dan Kendala Penerapan Sistem Akuntansi Pemerintah. *Majalah Pemeriksa*, 82, 28–31.
- Groot, T. and Budding, T. (2008) New Public Management's Current Issues and Future Prospects. *Financial Accountability & Management*, 24 (1), 1-11.
- Guthrie, J. and C. Humphrey (1996). Public Sector Financial Management Developments in Australia and Britain: Trends and Contradictions.

- Research in Governmental and Nonprofit Accounting*, 9, 283–302.
- (1998). Application of Accrual Accounting in the Australian Public Sector – Rhetoric or Reality? *Financial Accountability & Management*, 14 (1), 1–19.
- Handjari, J. (2001). *Permasalahan pokok dalam akuntansi sektor public di Indonesia (Main problems in implementing public sector accounting in Indonesia)*. paper presented at National Accounting Conference for the Public Sector, Semarang, Indonesia, April 21st 2001.
- Harun, (2007). Obstacles to Public Sector Accounting Reform in Indonesia. *Bulletin of Indonesian Economics Studies*, 43 (3), 365-375.
- IFAC (2008). *IPSAS Adoption by Governments*. http://web.ifac.org/download/IPSASB_Adoption_Governments.pdf
- Lin, Z.J. *et al.* (1993). Improving Government Financial Reporting in Canada: An Evaluation of Compliance with the PSAAC's Accounting and Reporting Standards for Governments. *Financial Accountability & Management*, 9 (4), 235–54.
- Lye, J. Perera, H. and Rahman, A. (2005). The Evolution of Accrual-Based Crown (government) Financial Statements in New Zealand. *Accounting, Auditing and Accountability Journal*, 18(6), 784-815
- Marwata and Alam, M. (2006). The Interaction amongst Reform Drivers in Governmental Accounting Changes: the Case of Indonesian Local Government. *Journal of Accounting & Organizational Change*, 2(2), 144-163
- Ministry of Finance (2001a). Accrual accounting and budgeting: Indonesian experience. in Robinson, P. and Harun (2004). Reforming the Indonesian Public Sector: The introduction of Accrual Accounting. Paper presented at the Fourth Asia Pacific Interdisciplinary Research in Accounting Conference, 2004, Singapore
- Ministry of Finance (2001b). *Reform of financial management system in Indonesia: principles and strategy*. in Robinson, P. and Harun (2004). Reforming the Indonesian Public Sector: The introduction of Accrual Accounting. Paper presented at the Fourth Asia Pacific Interdisciplinary Research in Accounting Conference, 2004, Singapore
- Nasution, A. (2008). *Homepage of BPK RI: Reform of Public Finance Auditing in Indonesia*. Accessed 10 march 2009. <http://www.bpk.go.id>
- Paulsson, G. (2006). Accrual Accounting in the Public Sector: Experiences from the Central Government in Sweden. *Financial Accountability and Management*, 22(1), 91-111

- Robinson, P. and Harun (2004). *Reforming the Indonesian Public Sector: The introduction of Accrual Accounting*. Paper presented at the Fourth Asia Pacific Interdisciplinary Research in Accounting Conference, 2004, Singapore
- Rosser, A. (1999). *Homepage of Asia Research Centre, Murdoch University: The political economy of accounting reform in developing countries: the case of Indonesia. (Working Paper No. 93)*. Accessed 15 March 2009. <http://www.arc.murdoch.edu.au>
- Schedler, K. (2003). Local and Regional Public Management Reforms in Switzerland. *Public Administration*, 81 (2), 325–344.
- Sinaga, J. (2005). *Homepage of KSAP: Jurnal Korolari dalam Penerapan Standard Akuntansi Pemerintahan*. Accessed 12 March 2009. <http://www.ksap.org>
- Soepomo P. (2008). *Kegalaun Pemerintah Daerah dalam Menerapkan Akuntansi Pemerintah*. Accessed 10 March 2009. <http://pomphy.blogspot.Com>
- Soegiyanto and Hoesada, J. (2005). *Menyambut Era Baru Akuntansi Pemerintahan. Harian Sinar Harapan*
- Tudor, T., Andriana and Blidisel, R. (2007). *Homepage of MPRA: Accrual Accounting Experience in Romanian Higher Education Sector (paper)*. Accessed 11 March 2009 <http://mpr.ub.uni-muenchen.de>
- Triharta (2009). *Draft SAP Berbasis AkruaI*. Paper on Public Sector Accounting Lecturer Forum, Gadjahmada University.
- Wyne, A (2007). Is the Move to Accrual Based Accounting a Real Priority for Public Sector Accounting? *Public Fund Digest*, Vol. VI (1), 25-38
- Van der Hoek, M.P. (2005). From Cash to Accrual Budgeting and Accounting in the Public Sector: The Dutch Experience. *Public Budgeting and Finance*, 25 (1), 32–45
- Van Helden, G.J. and E.P. Jansen (2003). *New Public Management in Dutch Local Government. Local Government Studies*, 29 (2), 68–88.

TRANSITIONING FROM CASH BASIS TO FULL ACCRUAL BASIS OF INDONESIAN PUBLIC SECTOR OBSTACLES AND RECENT PROGRESSES

by Leon Akbar

Submission date: 17-Apr-2020 06:24PM (UTC+0700)

Submission ID: 1299973854

File name: TRANSITIONING_FROM_CASH_BASIS_TO.pdf (93.73K)

Word count: 6244

Character count: 36505

TRANSITIONING FROM CASH BASIS TO FULL ACCRUAL BASIS OF INDONESIAN PUBLIC SECTOR: OBSTACLES AND RECENT PROGRESSES

31

Siti Rochmah Ika

Lecturer of Accounting Department Janabadra University, Yogyakarta

31

Ari Kuncara Widagdo

Lecturer of Accounting Department Sebelas Maret University, Solo

ABSTRAK

59

Artikel ini bertujuan memperkaya literatur yang membahas tentang penerapan akuntansi akrual pada sektor publik Indonesia. Hal yang dibahas dalam artikel ini adalah perkembangan pengenalan akuntansi akrual pada sektor publik, tindakan yang telah dilakukan oleh pemerintah Indonesia, dan hambatan penerapannya. Inisiatif dari lembaga donor, semangat demokratisasi, dan desentralisasi menjadi penggerak utama dari reformasi sektor publik. Tidak adanya lembaga pengatur standar yang independen pada akuntansi sektor publik di Indonesia sepertinya menunjukkan keengganan pemerintah pusat kehilangan kontrol atas pengelolaan keuangan pemerintah daerah sehingga kemudian banyak masalah yang timbul dalam pelaksanaan akuntansi akrual pada sektor publik di Indonesia. Oleh karena itu, perlu ada kajian yang komprehensif untuk mengevaluasi perkembangan penegenalan akuntansi akrual saat ini, termasuk manfaatnya.

Kata kunci: Akuntansi Akrual, sektor publik, negara berkembang, reformasi, dan penggerak reformasi

INTRODUCTION

Starting in late 1980s, there has been a wave to reform public sector accounting by applying accrual accounting. Transferring from private sector, government needs to replace the cash accounting system and to introduce accrual accounting. The aim of the introduction of accrual accounting in the public sector is to provide a more accurate measurement and communication of financial position and performance and improve accountability and transparency (Van der Hoek, 2005). Accrual accounting is considered as a tool that can increase efficiency and effectiveness of public administration and effective management of both assets and resources in government organizations

that contribute to improved performance (Cohen, *et al*, 2007).

At present, the implementation of accrual accounting in public sector is advocated for governments around the world. IFAC through International Public Sector Accounting Standards Board (IPSASB) has set itself the task of developing a full set of accruals-based international public sector accounting standards and ensuring that they are adopted as widely as possible. IPSASB argues strongly that all governments should adopt the accrual basis. Other multi-lateral aid agencies (e.g. World Bank, European Union) also have been recommending the move to accrual accounting. In the beginning 1990s, New

Zealand and Australia are recognized as pioneer of the implementation of accrual accounting. At present, many governments in both developed and developing countries around the world have attempted to introduce accrual accounting in their organizations. Those countries use different approach and have different level of implementation (IFAC, 2008). In the early stage, government of some countries such as Ukraine, Mauritania, and Jamaica have already made decision that they would implement accrual accounting. Meanwhile, other countries are in the transition stage. For example, Indonesia has adopted "cash toward accrual" approach since 2005 and plan to adopt fully accrual basis in 2009. In more advance stage, Cayman Islands and Rumania have adopted accrual basis.

In the international literature, there are various empirical studies related to implementation of accounting reform in public sector. As noted by Christiaens and Rommel (2008), extant literatures on governmental accounting are mainly three types: (1) descriptive studies of the governmental accounting reforms, (2) theories explaining why governments choose to adopt accrual accounting (e.g. contingency theory), (3) empirical studies of the implementation of the accounting reform. In terms of accounting reform in public sector, in the beginning, most of papers discuss that adoption in developed countries which are recognized as pioneer such as New Zealand, Australia, and UK (e.g. Guthrie and Humphrey, 1996; Guthrie, 1998; Lye, *et al.* 2005). However, at present, in line with trend of wide adoption of accrual accounting in public sector, some papers attempt to present introduction of accrual accounting in other developed countries, such as Belgian (Christiaens, 2001), Canada (Lin, *et al.* 1993), Switzerland (Schedler, 2003), Dutch (e.g. van Helden

and Jansen, 2003; Van der Hoek, 2005), Sweden (e.g. Paulsson, 2006), and Greek (e.g. Cohen, *et al.*, 2007). Further, some papers also examine introduction of accrual accounting in certain government entities in developed countries, namely university (e.g. Tudor, *et al.*, 2007, Agasisti, *et al.*, 2008). It can be concluded that prior studies on accrual accounting adoption in developing country is rare.

To date, there are many significant developments of implementation accrual accounting in Indonesia. However, prior studies in the international literature that examine the introduction of accrual accounting in development countries, specifically Indonesia, are few. For example, Robinson and Harun (2004) explain introduction of accrual accounting in Indonesia from perspective of contingency model. They conclude that Indonesia economic crisis, pro-democratic movement and international pressure for the reform of Indonesian public stimulate the adoption of accrual accounting. Arwata and Alam (2006) investigate how various reform drivers with different interests and preferences compete and cooperate in the process of governmental accounting reform policy. They find that the process of governmental accounting reform in Indonesia is characterized by rivalries and alliances amongst reform drivers. This result confirms the political nature of the process in accounting policy formulation as found in the extant literature of accounting policy setting. In more recent study, Harun (2007) presents a review of public sector reform in Indonesia. He focuses on obstacles and its remedy until period 2005. Thus, this paper attempts to extend literature, particularly the Harun's paper (2007), by presenting more recent progresses of introduction of accrual accounting in Indonesia including obstacles and actions that have been done by Indonesia

to move to full accrual accounting. This paper deals with the adoption of the accrual accounting particularly for local government in Indonesia.

The remainder of paper proceeds as follows. The following section presents discuss introduction of accrual accounting in Indonesia, which are divided in two periods: before financial crisis and after financial crisis. This section also presents some initiatives that have been done by Indonesia including some obstacles in implementing accrual accounting. In the third section, some recent progresses of accrual accounting adoption will be presented. Last section, section 4 presents the conclusion and suggestions for further study.

1. Introduction of Accrual Accounting

According Handjari (2001), public sector accounting in Indonesia includes accounting system for the central government, accounting system for local government and accounting system for non-profit organizations such as schools and hospitals owned by government. This paper focuses on adoption accrual accounting for local government because Indonesian government has done much effort for that and it has been as main issue in Indonesian public sector. The following will discuss public sector accounting reform in Indonesia.

a. Public Sector Accounting Reform Before Financial Crisis

Indonesian effort to reform government accounting was initiated by Ministry of Finance with its plan called "Modernization of Government Accounting System" in the period 1979-1980 (Soegiyanto and Hoesada, 2005). At that time, government administration was done manually by applying single entry and cash basis accounting system based on *Indische Comptabiliteitswet*

(ICW). In 1982, with the financing from World Bank, the Modernization of Government Accounting System Program implemented. However, as expressed in Term of Reference, the project was only focused on development manual double entry system. In May 1986, the project was completed and some recommendations were proposed such as: (i) developing government accounting system and its chart of account, (2) establishing an unit under the Ministry of Finance which has responsibility for accounting and reporting. Further, Minister of Finance approved the implementation of accounting system related to budget allocation procedures, receipt and disbursement procedures through Kantor Pelayanan Perbendaharaan Negara (Regional Treasury office), journal and transactions list as base for preparing general ledger manually. In the period 1987/1988, simulation of the above system was carried out at the Ministry of Work, Ministry of Social Affair, and Ministry of Trade Affair in several cities, such as Jakarta, Medan, and Surabaya. At the same time, need for computerized accounting system was emerged. In 1989, proposed plan of computerized government accounting system was approved by The Ministry of Finance and World Bank and it implemented in The Government Accounting System Development Project Phase 1. However, functionality of this project was still based on the prior manual system, yet to the comprehensive process of producing financial statement. It means that government accounting still uses cash accounting basis without any integrated single account for government.

In 1992, as part of public accounting reform action, Indonesia government issued Presidential Decree 35/1992 with the objectives: (i) to develop a new

governmental accounting system; (ii) to develop new accounting standards and principles for the public sector, and (iii) to form the Accounting Development Board Center within the Ministry of Finance. This decree implies that accrual basis was to become the basis for the development of new central government accounting system (Harun, 2007). Then, as recommended in Modernization of Government Accounting System Program, accounting unit under Ministry of Finance was established. The name of this unit is Badan Akuntansi Keuangan Negara (BAKUN) or State Financial Accounting Agency which is assigned for effecting the public sector transition from cash based accounting to more informative system by using World Bank funding (Dewi 2001).

In 1992, BAKUN produced Sistem Akuntansi Pemerintah Pusat (SAPP) or Accounting System of Central Government that had some characteristics (Dewi, 2001) such as integrated system in recording transaction, double entry bookkeeping, cash basis for expenditure and revenue, and using standard account. This SAPP consists of two main integrated systems: (i) central accounting system held by BAKUN, and (ii) unit accounting system held by departments or agencies. Central accounting system consist of several sub systems that are enable for central government to record all transaction in both central and local governments. BAKUN has representative offices in all provinces that handle to record of transaction in its province. Meanwhile, unit accounting system records all transactions that exist in departments including its units. To consolidate all accounting data, BAKUN use computerized government accounting system that enable to produce integrated consolidated financial statements.

In 2000, to enforce the implementation of SAPP, Indonesia government issued Presidential Decree No. 17/2000 on Government Financial Accountability that required government institutions at central and local levels to submit not only realized budget reports but also balance sheets as part of their annual financial statements. These two reports are compulsory within an accrual regime, along with reports on cash flow, changes in government equity, and performance indicators (Harun, 2007).

However, until 2001, the implementation of SAPP remained slow. It can be seen that all departments did not fully implemented it (Dewi, 2001). Some reasons are given for this failed implementation (Ministry of Finance 2001a).

- 1) The lack of qualified accounting and information technology personnel at the Indonesian public sector. As result, the reform was not successfully implemented.
- 2) Most of senior government officials were familiar with the old accounting system.
- 3) Political support from the top was insufficient to advance the central accounting initiative within the public sector.
- 4) Since the government had yet officially to adopt a set of 'Generally Accepted Government Accounting Standards' for Indonesia, there was no instrument that could serve as a basis for the uniform treatment of economic transactions and standardization of government reporting

The continuing of application the single entry and cash basis accounting system based on the outdated *Indische Comptabiliteitswet (ICW)* for financial reporting of the public sector caused some weaknesses particularly related to

the budget (Nasution, 2008):

- 1) Spending is duplicated and public funds are diverted to unintended purposes.
- 2) Government agencies, including the military and the police, supplemented their formal budget with extra revenues from their own business ventures mainly consisting of rent seeking activities.
- 3) Government budget do not provide the true picture of financial transactions of the public sector due to the presence of the large extra-budget funds.
- 4) Not all government revenues and expenditures are reported in the formal budget.
- 5) A large amount of state funds was deposited under the names of individual government officials, including those who has long been passed away.
- 6) The losses of state-owned enterprises and state-owned banks and their clients, particularly those owned by politically well-connected groups, became contingent liabilities of the government. These future budget commitments were not recognized until cash payments had been made.
- 7) The audit process was very weak, audit findings were hardly followed up and corruption cases were rarely prosecuted.
- 8) As result, government budget do not provide the true picture of financial transactions of the public sector and it cannot be used as a tool for public resource management.

b. Public Sector Accounting Reform After Financial Crisis

During Asian financial crisis, Indonesia is much more severe than other crisis-hit countries. In 1998, the economic contraction was over minus 13

percent. The external value of domestic currency (rupiah) drop which was over 70 percent. The cost of bank capitalization was high amounted 50 percent of annual GDP. The recovery process also moved slow, because the crisis was extremely a complex problem that involve not only economic factor but also other factors, such as weak governance (corruption, nepotism, and collusion), armed conflict, terrorist attack several regions and a series natural disaster. In short, all events have consumed a great deal of financial resources and energy.

After the fall of Soeharto regime, Indonesia entered new reformation era that undergone major and wide-ranging reforms in its social, economic and political systems. In terms of decentralization, country's provincial and district-level governments have grown as a political force since the introduction of regional autonomy on January 1st, 2001. Regional autonomy is introduced to ease resentment of the central government's control of natural-resource revenue and its insensitivity to regional differences. At present, Indonesia has 33 provinces (including 2 Special Territories of Nanggroe Aceh Darussalam and Yogyakarta) and 1 Daerah Khusus Ibukota Jakarta (Special Capital Region of Jakarta). Under those provinces, there are 483 regions. Local government was granted more autonomy (decentralization) in macro-level planning, service delivery, public administration, economic institutions, human resource development, natural resource utilization and conservation (Harun, 2007). With the support of international donors, two laws related decentralization was passed by the parliament. First one is Law 22/1999 that regulates regional autonomy. Based on this law, local government holds wide-ranging powers for the supervision and

control of regional administration. This law also stipulates that the local level has responsibility for all governmental matters except in five areas: foreign affairs, defense and security, justice, monetary and fiscal affairs, religion and other matters. Second is Law 25/1999 related to financial balance between central government and the regions. By this law, local governments have control over their finances. As further regulation, Indonesia government issued Government Regulation No. 105/2000 about financial responsibility of local governments that required local governments to present annual reports that comprised a budget realization, balance sheet and statement of cash flows (Harun, 2007). This government regulation was further detailed by Ministry of Home Affairs Decree No. 29/2002 about guidance on local government financial management.

In this era, imposed by international donors, fiscal transparency and accountability are realized as key elements both in solving the problems and in implementing the social reforms (Rosser, 1999). Some international donors produce paper based on their review to the current condition of Indonesia (Robinson and Harun, 2004). In 1998, based on the studies and observations of advisers and mission team in Indonesia, IMF produced two papers, namely "Fiscal Management, Decentralization, and Organization of Ministry of Finance" and "Budget Management in the Short and Medium Term" (1998). Other international donors, World Bank (WB) produces paper, namely "Public Expenditure Reviews" (1998 and 1999), and Asian Development Bank (ADB) produces a paper on "Decentralization: Implication of Good Governance on Project Implementation". Indonesia agree with this critic, because this country need to restore investor confidence

in the economy and attract foreign aid (Rosser, 1999). Thus, with support of international donors, political reform and decentralization have been accompanied by moves to adopt a more sophisticated accounting approach in the public sector.

The agreement between Indonesian government and International donors related financial management reform was expressed in the Government of Indonesia's Letter of Intent (GOI's LoI) in August 2001. Based on this letter of intent, World Bank and ADB would take the lead on the development of sector policies. Further, the Indonesian government is urged to work closely with both institutions in pursuing structural reforms and departmental policies aimed at strengthening medium-term economic growth and delivering high case lending scenarios (Ministry of Finance, 2001a).

Further, ADB agree to provide Technical Assistant program for Indonesia in reforming public financial management and accounting reform. This program is designed for: (1) assisting in the forging of a robust political and technical consensus across concerned government institutions about the measures to be adopted and the related action plan for achieving the reforms; (2) preparing a human resource development plan for the Ministry of Finance and a new treasury organization to actually implement the reforms; (3) drafting the necessary implementing regulations and a blueprint of systems and procedures; and (4) recommending a uniform accounting system and public accounting standards to enable effective implementation of the State Finances laws (Ministry of Finance, 2001b).

Major reforms of public financial management and accountability are notified with the promulgation of the following three laws on state finance in 2003 and 2004:

- 1) Law No. 17/2003 on State Finance;
- 2) Law No. 1/2004 on State Treasury;
- 3) Law No. 15/2004 on Auditing the Management and Accountability of State Finance.

62 Law 17/2003 on State Finance stipulates to consolidate the budget that previously was split into routine and development budget and envisages performance-based evaluation of budgetary outcomes. More importantly, this law also stipulates the emergence of new public sector accounting standards that will be used by both central and local governments in preparing financial statements. This law mandates that implementation of accrual accounting as base for recording revenue and expenditure in all government units, at latest, must be done within next five years. Law No. 1/2004 also stipulates that implementation of accrual accounting, at latest, in 2009. Further, this Law stipulates development of new public sector accounting standard is held by Committee on Accounting Standards for Central and Local Governments.

Before the pass of Law No. 1/2004, 53 nister of Finance already established Komite Standar Akuntansi Pemerintahan Pusat dan Daerah (KSAP) or Central and Regional Accounting Standard Committee in 2002. The establishment of this committee by Minister of Finance is as follow up PP No. 105/2000. Thus, the issuing of Law No. 1/2004 strengthens the existence of this committee. This committee is further regulated by 1) residential Decree No. 84/2004 which was amended by Presidential Decree No. 2/2005.

KSAP's main duty is to prepare the draft of Government Decree regarding government accounting standard as a principle base to prepare and present financial statement of central and local

government. This committee replaced the function of BAKUN eliminated from the Ministry of Finance organization in 2004.

KSAP consist of two committees: consultative committee and working committee. In performing its duties, KSAP should report its activities to The Ministry of Finance and to be accountable to The 9 resident through Ministry of Finance. Members of the committee are drawn from the Ministry of 37 ance, the Ministry of Home Affairs, Badan Pengawasan Keuangan dan Pembangunan (the Finance 42 Development Supervisory Agency), Ikatan Akuntan Indonesia (IAI) or the Indonesian Institute of Accountants, local government's representative, and university's representative.

In the process of standard formulation, arrangement, and development, KSAP follows international standard setting due process which has been modified in accordance to Indonesia's environment as follows.

- 1) Topic identification that will be developed as accounting standard draft
- 2) To consult this topic with committee of consultation
- 3) Doing limited research
- 4) Writing the draft of standard
- 5) Discussion of the draft among member of committee
- 6) Preparing draft of standard for publication
- 7) To consult this publication draft with committee of consultation
- 8) Sending the publication draft to the stakeholders
- 9) Public hearings
- 10) Discussion based on the comment from public hearing
- 11) 52 quest consideration/input from Badan Pemeriksa Keuangan (BPK) or Audit Supreme Board

- 12) Discuss the input from BPK
- 13) To make consultation with working committee and consultation committee
- 14) Finalizing the draft
- 15) Proposing the draft as government regulation.

In preparing the exposé draft, KSAP is mainly oriented to International Public Sector Accounting Standards (IPSAS). Further, KSAP also attempts to harmonize the standard with financial accounting standard for private sector released by IAI. In the mid 2004, KSAP prepared a draft entitled ‘Standar Akuntansi Pemerintah Pusat dan Daerah’ (Accounting Standards for Central and Local Governments) that consisted of conceptual framework and 11 Public Sector Accounting Standard (PSAS). This draft has been developed through due process. However, in the finalizing stage, BPK requested President to establish membership of KSAP regulated based on Presidential decree (as replacement the Minister of Finance decree). After releasing of Presidential Decree No. 84/2004 amended by Presidential Decree No. 2/2005, KSAP worked to refining the draft. Finally, on June 13, 2005, the draft of standard was decided as government Accounting Standard and it was stipulated on Government Regulation No. 24/2005. The structure of government accounting standard is presented in Table 1 below.

As stipulated in Law No. 17 year 2003 that financial reporting must be accrual basis, KSAP decided to use strategy “cash toward accrual strategy”. Cash toward accrual strategy means that assets, liabilities, and equity use accrual basis, whereas revenue, expenditure, and costs use cash basis. In other words, balance sheet is prepared by using accrual basis, whereas budget realization report use cash basis. Technically, it seems that there are difficulties in recording. However, it

can be accomplished by using “Kolorari Journal” (Sinaga, 2005). In short, by this method, transactions related to account in balance sheet (except cash) and budget realization report are attempted to be recorded in the same time. It seems that this is the unique feature used by KSAP in introducing accrual accounting.

Table 1. Structure of Government Accounting Standard

	Content
	Conceptual framework
PSAS 01	Presentation of Financial Statements
PSAS 02	Statement of Budget Realization
PSAS 03	Statement of Cash Flow
PSAS 04	Notes to the Financial Statements
PSAS 05	Accounting for Inventory
PSAS 06	Accounting for Investment
PSAS 07	Accounting for Fixed Assets
PSAS 08	Accounting for Construction in Progress
PSAS 09	Accounting for Liabilities
PSAS 10	Correction of Errors, Change in Accounting Policy, and extraordinary events
PSAS 11	Consolidated Financial Statements

Sources: Indonesia Government Accounting Standards

Besides this standard, KSAP also releases Interpretasi Pernyataan Standard Akuntansi Permerintah (IPSAP) or Interpretation of Statement of Government Accounting Standard and Buletin Teknis (technical bulletin). IPSAP is as clarification and further explanation of PSAS, whereas technical bulletin provides guidelines to overcome the problem raised in implementation of the standard. As further guidance in implementation of PSAS, Indonesia goverme⁵¹ release more regulations such as Government Regulation No. 58/2005 about financial management of local government, and Ministry of Home Affairs⁵⁰ cree No. 13/2006 about guidance on financial management of local government. Even though, term of “government” in PSAS refers to central and local government, it seems that

Indonesia government tends to focus on implementation this standard for local government.

c. Some Obstacles

There are some obstacles toward the implementation of accrual basis in public sector in Indonesia

- 1) *Lack of Independent Standard Setter*
Although KSAP included members of the Indonesian Institute of Accountants and a number of academics, its work was backed and controlled by the president. It means that the government sets its own accounting standards for the public sector (Harun, 2007). This situation unlike the practice in Australia that accounting standards for the public sector are formulated and promulgated by the Australian Accounting Research Foundation (AARF) on behalf of the accounting profession. Dewi (2001) suggests that the government should allow an independent organization such as the Indonesian Institute of Accountants to develop and promulgate appropriate government accounting standards to achieve the objective of credible standards in the eyes of auditors, parliaments, taxpayers and citizens in general.
- 2) *Lack of Qualified Accountant*
The adoption of accrual accounting requires skilled and experienced staff. The majorities of government accounting staffs do not accounting education background, and they have experience only of the cash-based single-entry system inherited from the Dutch. Supomo (2008) illustrated that if there are 40 departments under one local government and each of them need 2 accountants, thus the demand of accountants for all local

governments in Indonesia will be 2 accountants x 484 local governments x 40 departments = 38720 accountants. This number is fantastic and it seems impossible for Indonesia to meet this demand even though within a decade preparation. Therefore, there are many local governments that are unable to implement accounting system as required by regulations. It can be seen from the results of audit that have done by BPK. For example, financial statement of central government during 2004-2007 received disclaimer opinion from BPK. Further, among 274 local governments that have been audited in 2007, there are 50 Financial Statement of Local Government receive adverse opinion.

- 3) *Inconsistent and Redundant Regulation*
There are two regulation relates to dilemma of the implementation of accrual accounting in Indonesia. First, Government Regulation No.24/2005 as a practical guidance of Law No. 17/2003 regarding government accounting standard, and second, Ministry of Home Affair Decree No. 13/2006 as a practical guidance of Law No. 33/2004 regarding Public Financial Management of Local Government in which stipulates the application of activity based budgeting for local government. These two regulations (Government Regulation No.24/2005 and Ministry of Home Affair Decree No.13/2006) require the same information; however, it should be presented in different format and different accounting basis.. Ministry of Home Affair Decree No.13/2006 mandates reporting in the format of program and activity level, while Government Regulation No. 24/2005

mandates reporting in the format of organizational level. The difference also exists in the treatment of certain transaction, for example short term investment. According to Ministry of Home Affairs Decree No 13/2006, short term investment should be treated as budget transaction, whereas based on Government Regulation No 24/2005, it should be included in the balance sheet transactions. As a result, those kind of differences have created some difficulties for local government in preparing and presenting financial statement as required by The Ministry of Finance and The Ministry of Home Affairs. This situation implies that there is lack of coordination between regulators (on behalf of central government) to set regulation. This condition supports argument proposed by Marwata and Alam (2006) that the process of governmental accounting reform in Indonesia is characterized by rivalries reform drivers. In this context, it seems that the rivalry is between Ministry of Finance and Ministry of Home Affairs.

4) "Chance" for Consultant

Local government difficulties in implementing government accounting system expose a chance for NGOs (Non Government Organization) to provide service assistance or consultancy. Lack of human resource capabilities and information technology are some of the reasons why local government needs assistances. Many NGOs have been offering their selves to be the service provider for local government in regulation socialization, training, accounting system assistances, as well as hard ware and soft ware development. Consequently, local government should pay a high cost for their service. It seems nothing wrong with this condition. It becomes problem when the service providers (NGOs) do not really understand how to implement accrual accounting comprehensively, or they just understand information technology and their accounting systems does not support the application of the whole process of accrual accounting. Consequently, the local government

Table 2. Structure of the New Standard

	Fixed	Modified	New
Conceptual framework		V	
PSAS 01 Presentation of Financial Statements		V	
PSAS 02 Statement of Budget Realization		V	
PSAS 03 Statement of Cash Flow		V	
PSAS 04 Notes to the Financial Statements		V	
PSAS 05 Accounting for Inventory		V	
PSAS 06 Accounting for Investment		V	
PSAS 07 Accounting for Fixed Assets		V	
PSAS 08 Accounting for Construction in Progress	V		
PSAS 09 Accounting for Liabilities	V		
PSAS 10 Correction of Errors, Change in Accounting Policy, and extraordinary events		V	
PSAS 11 Consolidated Financial Statements	V		
PSAS 12 Operational reporting			V

Sources: KSAP-BPK consultative meeting (2009)

will bear the cost. Unfortunately, this kind of condition commonly happen in Indonesia until Ministry of Home Affair through Ministry of Home Affair Decree No. 13/2006 bans the local government to join any socialization of regulation programs or trainings except the ones conducted by Ministry of Home Affair. The ban aim is to avoid “cash cow” for the shake of local governments. On the other hand, this ban also create problems because human resources who expert in accounting in The Ministry of Home Affairs are inadequate to provide service for local governments in Indonesia (all 483 local governments). Further, class training is also insufficient. Due to the complexity nature of accrual accounting application, it seems need the continuous assistance until the local government itself is capable to implement. Therefore, strategic alliances between BPK, BPKP, KSAP, and local universities are needed to accelerate the implementation of accrual accounting in local governments.

2. Recent Progresses to Move Full Accrual

At present, KSAP has been preparing draft of government accounting standard for full accrual basis. This draft is in the stage on consultation with BPK. In developing the draft, this committee emphasizes on modifying or adjustment of the existing PSAS (cash basis). Some factors are considered by KSAP, such as IPSAS, current practice, government administration and human resources needed. As result, some PSASs need any adjustment, whereas other PSASs do not need. In this draft, KSAP also plan to release one new PSAS related to operational report that has not exist before

(Triharta, 2009). Thus, by this approach, KSAP want that user will be easier to understanding the standard. KSAP plan to implementation of full accrual accounting to all local governments could be started in 2013. The following tables present summary of the draft.

Table 3. Significant Differences of Reporting Composition

Cash towards Accrual	Accrual
1. Budget realization statement	1. Budget realization statement
2. Balance sheet	2. Statement of changes in surplus after budget financing
3. Cash flow statement	3. Balance sheet
4. Notes of financial statements	3.3 Operational report
	5. Cash flow statement
	6. Statement of changes in equity
	7. Notes of financial statements
(PSAS 01 Par 14)	(Draf PSAS 01 Par 14)

Sources: KSAP-BPK consultative meeting (2009)

3. Conclusion and Suggestions for Further Study

The effort of Indonesia government in reforming public sector accounting is initiated the beginning 1980s. The initiative of public sector accounting is mostly supported and guided by international donor (e.g Worldbank, ADB). This reform experience significant progress in the reformation era. The initiative of donors and spirit of democratization, and decentralization are become the major drivers. This facts support argument proposed by some scholars that accounting reformation in Indonesia is not solely because of technical concerns, however it is affected also by political aspect (e.g. Rosser, 1999; Robinson and Harun, 2004; Marwata and Alam, 2006).

As result of decentralization, in reforming public sector accounting, Indonesia government tends to emphasize on local government. The absence of an independent standard setting body for public sector accounting in Indonesia seems indication of reluctance of central government to loose its control over financial management of local governments.

There are many crucial problems in implementation of SAP. Thus, before moving to the full accrual accounting, it appears to have a comprehensive study to evaluate the current progress, including its benefit. As suggested by Whyne (2007), reform of public sector financial accounting might bring many benefits related to the quantity and the quality of services that are provided to the citizens, however, these reforms should be considered carefully. The introduction of accrual accounting that is intended to realize greater efficiency and effectiveness in the delivery of public sector services might not bring guarantee that a government will be any more accountable for its achievements and that provision of goods and services will be any better (Robinson and Hurn, 2004). Meanwhile, in literature, the introduction of accrual accounting in public sector and its benefit remain a controversy (Groot and Budding, 2008).

There are many possibilities to extend this paper. Subsequent paper might examine users' perception towards useful of local government financial statement. Different auditor opinion among local government financial statements also provide a chance for further study to examine variables that associate with the financial statement quality

REFERENCES

- 16 Agasisti, T., Arnaboldi, M and Catalano, G. (2008). Reforming Financial Accounting Accounts in the Public Sector: The Case of Universities. *The Irish Accounting Review*, 15(1), 1-29
- 18 Christiaens, J. (2001). Converging New Public Management Reforms and Diverging Accounting Practices in Belgian Local Governments', *Financial Accountability & Management*, 17 (2), 153-170.
- and Rommel, J. 11 (2008). Accrual Accounting Reforms: Only for Businesslike (Parts of) Governments. *Financial Accountability and Management*, 24(1), 59-75
- Cohen, S., Kaimenaki, E. and Zorgios, Y. (2007). Assessing IT as a Key Success factor for Accrual Accounting Implementation in Greek Municipalities. *Financial Accountability and Management*, 23(1), 91-111
- Dewi, Yusna (2001). Prospek dan Kendala Penerapan Sistem Akuntansi Pemerintah. *Majalah Pemeriksa*, 82, 28-31.
- 32 Groot, T. and Budding, T. (2008) New Public Management's Current Issues and Future Prospects. *Financial Accountability & Management*, 24 (1), 1-11.
- Guthrie, J. and C. Humphrey (1996). Public Sector Financial Management Developments in Australia and Britain: Trends and Contradictions.

- Research in Governmental and Nonprofit Accounting, 9, 283-302.
- (1998). Application of Accrual Accounting in the Australian Public Sector – Rhetoric or Reality? *Financial Accountability & Management*, 14 (1), 1-19.
- Handjari, J. (2001). *Permasalahan pokok dalam akuntansi sektor public di Indonesia (Main problems in implementing public sector accounting in Indonesia)*. paper presented at National Accounting Conference for the Public Sector, Semarang, Indonesia, April 21st 2001.
- Harun, (2007). Obstacles to Public Sector Accounting Reform in Indonesia. *Bulletin of Indonesian Economics Studies*, 43 (3), 365-375.
- IFAC (2008). *IPSAS Adoption by Governments*. [http://web.ifac.org/download/IPSASB Adoption Governments.pdf](http://web.ifac.org/download/IPSASB_Adoption_Governments.pdf)
- Lin, Z.J. et al. (1993). Improving Government Financial Reporting in Canada: An Evaluation of Compliance with the PSAAC's Accounting and Reporting Standards for Governments. *Financial Accountability & Management*, 9 (4), 235-54.
- Lye, J. Perera, H. and Rahman, A. (2005). The Evolution of Accrual-Based Crown (government) Financial Statements in New Zealand. *Accounting, Auditing and Accountability Journal*, 18(6), 784-815
- Marwata and Alam, M. (2006). The Interaction amongst Reform Drivers in Governmental Accounting Changes: the Case of Indonesian Local Government. *Journal of Accounting & Organizational Change*, 2(2), 144-163
- Ministry of Finance (2001a). *Accrual accounting and budgeting: Indonesian experience*. in Robinson, P. and Harun (2004). *Reforming the Indonesian Public Sector: The introduction of Accrual Accounting*. Paper presented at the Fourth Asia Pacific Interdisciplinary Research in Accounting Conference, 2004, Singapore
- Ministry of Finance (2001b). *Reform of financial management system in Indonesia: principles and strategy*. in Robinson, P. and Harun (2004). *Reforming the Indonesian Public Sector: The introduction of Accrual Accounting*. Paper presented at the Fourth Asia Pacific Interdisciplinary Research in Accounting Conference, 2004, Singapore
- Nasution, A. (2008). *Homepage of BPK RI: Reform of Public Finance Auditing in Indonesia*. Accessed 10 march 2009. <http://www.bpk.go.id>
- Paulsson, G. (2006). Accrual Accounting in the Public Sector: Experiences from the Central Government in Sweden. *Financial Accountability and Management*, 22(1), 91-111

- Robinson, P. and Harun (2004). *Reforming the Indonesian Public Sector: The introduction of Accrual Accounting*. Paper presented at the Fourth Asia Pacific Interdisciplinary Research in Accounting Conference, 2004, Singapore
- Rosser, A. (1999). *Homepage of Asia Research Centre, Murdoch University: The political economy of accounting reform in developing countries: the case of Indonesia. (Working Paper No. 93)*. Accessed 15 March 2009. <http://www.arc.murdoch.edu.au>
- Schedler, K. (2003). Local and Regional Public Management Reforms in Switzerland. *Public Administration*, 81 (2), 325–344.
- Sinaga, J. (2005). *Homepage of KSAP: Jurnal Korolari dalam Penerapan Standard Akuntansi Pemerintahan*. Accessed 12 March 2009. <http://www.ksap.org>
- Soepomo P. (2008). *Kegalaun Pemerintah Daerah dalam Menerapkan Akuntansi Pemerintah*. Accessed 10 March 2009. <http://pomphy.blogspot.Com>
- Soegiyanto and Hoesada, J. (2005). *Menyambut Era Baru Akuntansi Pemerintahan. Harian Sinar Harapan*
- Tudor, T., Andriana and Blidisel, R. (2007). *Homepage of MPRA: Accrual Accounting Experience in Romanian Higher Education Sector (paper)*. Accessed 11 March 2009 <http://mpra.ub.uni-muenchen.de>
- Triharto (2009). *Draft SAP Berbasis AkruaI*. Paper on Public Sector Accounting Lecturer Forum, Gadjahmada University.
- Wyne, A. (2007). Is the Move to Accrual Based Accounting a Real Priority for Public Sector Accounting? *Public Fund Digtist*, Vol. VI (1), 25-38
- Van der Hoek, M.P. (2005). From Cash to Accrual Budgeting and Accounting in the Public Sector: The Dutch Experience. *Public Budgeting and Finance*, 25 (1), 32–45
- Van Helden, G.J. and E.P. Jansen (2003). *New Public Management in Dutch Local Government. Local Government Studies*, 29 (2), 68–88.

TRANSITIONING FROM CASH BASIS TO FULL ACCRUAL BASIS OF INDONESIAN PUBLIC SECTOR OBSTACLES AND RECENT PROGRESSES

ORIGINALITY REPORT

19%

SIMILARITY INDEX

14%

INTERNET SOURCES

12%

PUBLICATIONS

11%

STUDENT PAPERS

PRIMARY SOURCES

1	eprints.usm.my Internet Source	1%
2	eprints.qut.edu.au Internet Source	1%
3	soc.kuleuven.be Internet Source	1%
4	www.iuj.ac.jp Internet Source	1%
5	Ken McPhail, Tengku Farrah Maimunah. "Regulating for rights and sustainability: biofuel in Malaysia", Sustainability Accounting, Management and Policy Journal, 2012 Publication	1%
6	media.wiley.com Internet Source	1%
7	Submitted to President University Student Paper	1%

8	Submitted to Univerza v Ljubljani Student Paper	1%
9	Ron Baker, Morina D Rennie. "The creation and acceptance of public sector accounting standards in Canada", Accounting History, 2018 Publication	<1%
10	www.icsb2012.org.nz Internet Source	<1%
11	dro.dur.ac.uk Internet Source	<1%
12	Huguette Blanco. "Annual Reporting and Accountability by Municipalities in Canada: An Empirical Investigation* : ANNUAL REPORTING AND ACCOUNTABILITY BY MUNICIPALITIES IN CANADA", Accounting Perspectives, 09/2011 Publication	<1%
13	www.science.gov Internet Source	<1%
14	ersj.eu Internet Source	<1%
15	dergipark.org.tr Internet Source	<1%
16	Tommaso Agasisti, Giuseppe Catalano, Piergiacomo Sibiano. "Can schools be	<1%

autonomous in a centralised educational system?", International Journal of Educational Management, 2013

Publication

17

www.ukessays.com

Internet Source

<1%

18

www.econjournals.com

Internet Source

<1%

19

pdsociety.or.kr

Internet Source

<1%

20

Submitted to Kolej Universiti Linton

Student Paper

<1%

21

academicpublishingplatforms.com

Internet Source

<1%

22

www.revistas.unal.edu.co

Internet Source

<1%

23

"The International Handbook of Public Financial Management", Springer Science and Business Media LLC, 2013

Publication

<1%

24

wps-feb.ugent.be

Internet Source

<1%

25

openknowledge.worldbank.org

Internet Source

<1%

26	openaccess.leidenuniv.nl Internet Source	<1%
27	Monir Mir, Harun Harun, Wahyu Sutyono. "Evaluating the Implementation of a Mandatory Dual Reporting System: The Case of Indonesian Local Government", Australian Accounting Review, 2019 Publication	<1%
28	nrl.northumbria.ac.uk Internet Source	<1%
29	academic.oup.com Internet Source	<1%
30	nahinibaru.blogspot.com Internet Source	<1%
31	Widagdo, Ari Kuncara, and Siti Rochmah Ika. "The Interest Prohibition and Financial Performance of Islamic Banks: Indonesian Evidence", International Business Research, 2009. Publication	<1%
32	ijbel.com Internet Source	<1%
33	www.wesfarmers.com.au Internet Source	<1%
34	journal.unpar.ac.id	

	Internet Source	<1%
35	docshare.tips Internet Source	<1%
36	www.rlmagazine.com Internet Source	<1%
37	www.iuwashplus.or.id Internet Source	<1%
38	www.oecd.org Internet Source	<1%
39	Submitted to Massey University Student Paper	<1%
40	afk.asu.lt Internet Source	<1%
41	Mudrajad Kuncoro, Tri Widodo, Ross H. McLeod. "Survey of recent developments", Bulletin of Indonesian Economic Studies, 2009 Publication	<1%
42	Journal of Islamic Accounting and Business Research, Volume 4, Issue 2 (2013-09-14) Publication	<1%
43	Submitted to University of New South Wales Student Paper	<1%
44	issuu.com	

Internet Source

<1%

45

link.springer.com

Internet Source

<1%

46

Submitted to University of Ghana

Student Paper

<1%

47

Andreea Cîrstea. "The Need for Public Sector Consolidated Financial Statements", Procedia Economics and Finance, 2014

Publication

<1%

48

lib.ugent.be

Internet Source

<1%

49

Submitted to Sunway College

Student Paper

<1%

50

Henk J. ter Bogt. "MANAGEMENT ACCOUNTING CHANGE AND NEW PUBLIC MANAGEMENT IN LOCAL GOVERNMENT: A REASSESSMENT OF AMBITIONS AND RESULTS - AN INSTITUTIONALIST APPROACH TO ACCOUNTING CHANGE IN THE DUTCH PUBLIC SECTOR", Financial Accountability & Management, 08/2008

Publication

<1%

51

Submitted to Universitas Brawijaya

Student Paper

<1%

52 Forest and land-use governance in a decentralized Indonesia A legal and policy review, 2015. <1 %
Publication

53 criskuntadi.blogspot.com <1 %
Internet Source

54 Submitted to Heriot-Watt University <1 %
Student Paper

55 www.worldbank.org <1 %
Internet Source

56 www.wto.org <1 %
Internet Source

57 paraplyen.nhh.no <1 %
Internet Source

58 Patrícia S. Gomes, Maria José Fernandes, João Baptista Da Costa Carvalho. "The International Harmonization Process of Public Sector Accounting in Portugal: The Perspective of Different Stakeholders", International Journal of Public Administration, 2015 <1 %
Publication

59 downloadily.com <1 %
Internet Source

60 Harun Harun, Karen Van Peurseem, Ian Eggleton. "Institutionalization of accrual <1 %

accounting in the Indonesian public sector",
Journal of Accounting & Organizational Change,
2012

Publication

61

Submitted to Universitas Diponegoro

Student Paper

<1%

62

Submitted to Erasmus University Rotterdam

Student Paper

<1%

63

International Comparative Issues in Government
Accounting, 2001.

Publication

<1%

64

Submitted to Manchester Metropolitan
University

Student Paper

<1%

65

Submitted to Midlands State University

Student Paper

<1%

Exclude quotes Off

Exclude matches Off

Exclude bibliography Off

LEMBAR
HASIL PENILAIAN SEJAWAT SEBIDANG ATAU PEER REVIEW
KARYA ILMIAH : JURNAL ILMIAH*

Judul Karya Ilmiah (artikel) : Transitioning From Cash Basic to Full Accrual Basis of Indonesian Public Sector: Obstacles and Recent Progresses

Jumlah Penulis : 2 Orang (Siti Rochmah Ika, **Ari Kuncara Widagdo**)

Status Pengusul : ~~Penulis pertama~~ / penulis ke 2 / ~~penulis korespondensi**~~

Identitas Jurnal Ilmiah :

a. Nama Jurnal : **EFEKTIF: Jurnal Bisnis dan Ekonomi**

b. Nomor ISSN : **P-ISSN: 2087-1872 E-ISSN: 2503-2968**

c. Volume, nomor, bulan, tahun : **Vol. 4, No. 1, Juni 2013 Hal: 48 - 61**

d. Penerbit : Fakultas Ekonomi Universitas Janabadra

e. DOL artikel (jika ada) :

f. Alamat web Jurnal : http://jurnalefektif.janabadra.ac.id/wp-content/uploads/2015/11/Efektif-Juni-2013_5.pdf

g. Terikdeks di Scimagojr/Thomson Reuter ISI knowledge atau di.....**

Kategori Publikasi Jurnal Ilmiah (beri * pada kategori yang tepat) :

Jurnal Ilmiah Internasional / Internasional bereputasi.**

Jurnal Ilmiah Nasional Terakreditasi

Jurnal Ilmiah Nasional/Nasional terindeks di DOAJ, CABI, COPERNICUS**

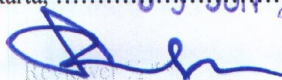
Hasil Penilaian Peer Review :

Komponen Yang Dinilai	Nilai Maksimal Jurnal Ilmiah 10			Nilai Akhir Yang Diperoleh
	Internasional/ Internasional bereputasi** <input type="checkbox"/>	Nasional Terakreditasi <input type="checkbox"/>	Nasional *** <input type="checkbox"/>	
a. Kelengkapan unsur isi artikel (10%)			1	1
b. Ruang lingkup dan kedalaman pembahasan (30%)			3	2.8
c. Kecukupan dan kemutakhiran data/informasi dan metodologi (30%)			3	2.7
d. Kelengkapan unsur dan kualitas terbitan/jurnal (30%)			3	2.6
Total = (100%)			10	9.1
Nilai Pengusul = 40% x 9.1 = 3.64 (Penulis Kedua)				

Catatan Penilaian artikel oleh Reviewer :

- a. Kelengkapan dan kesesuaian unsur isi artikel:
Artikel ini memiliki unsur yang lengkap dan sesuai. Penulis menyajikan pendahuluan, review literatur, diskusi, dan kesimpulan. Artikel ini merupakan artikel yang bersifat studi pustaka, sehingga didalamnya tidak ada peyajian hasil olah statistik.
- b. Ruang lingkup dan kedalaman pembahasan:
Penulis membahas secara mendalam isu utama penelitian, yaitu penerapan basis akrual pada sektor publik di Indonesia. Pembahasan diawali dengan reformasi sektor publik sampai dengan berbagai permasalahan yang dihadapi dalam penerapan basis akrual. Dibagian akhir artikel, penulis juga menyajikan saran untuk penelitian selanjutnya.
- c. Kecukupan dan pemutakhiran data/informasi dan metodologi:
Data dan metodologi artikel ini sudah cukup dan baik. Artikel ini merupakan studi pustaka, sehingga penulis menyajikan referensi yang berasal dari dalam maupun luar negeri dalam pembahasannya.
- d. Kelengkapan unsur dan kualitas terbitan:
Jurnal ini merupakan jurnal nasional yang baik.
- e. Indikasi Plagiat:
Hasil uji kemiripan adalah 18 persen, sehingga tidak ada indikasi plagiasi.
- f. Kesesuaian bidang ilmu:
Topik artikel ini, yaitu penerapan basis akrual di sektor publik, sangatlah sesuai dengan akuntansi.

Surakarta,03 JUN 2020.....



**Prof. Drs. Djoko Suhardjanto, M.Com.(Hons), Ph.D., Ak
NIP. 196302031989031006**

Jabatan : Guru Besar
Pangkat, Gol Ruang : Pembina Utama Muda/IVc
Unit Kerja : Fakultas Ekonomi dan Bisnis
Bidang Ilmu : Akuntansi

*Dinilai oleh dua Reviewer secara terpisah

**Coret yang tidak perlu

***Nasional/terindeks di DOAJ,CABI,Copernicus

LEMBAR
HASIL PENILAIAN SEJAWAT SEBIDANG ATAU PEER REVIEW
KARYA ILMIAH : JURNAL ILMIAH*

- Judul Karya Ilmiah (artikel) : Transitioning From Cash Basic to Full Accrual Basis of Indonesian Public Sector: Obstacles and Recent Progresses
- Jumlah Penulis : 2 Orang (Siti Rochmah Ika, **Ari Kuncara Widagdo**)
- Status Pengusul : ~~Penulis pertama~~ / penulis ke 2 / ~~penulis korespondensi**~~
- Identitas Jurnal Ilmiah :
- a. Nama Jurnal : **EFEKTIF: Jurnal Bisnis dan Ekonomi**
 - b. Nomor ISSN : **P-ISSN: 2087-1872 E-ISSN: 2503-2968**
 - c. Volume,nomor,bulan,tahun : **Vol. 4, No. 1, Juni 2013 Hal: 48 - 61**
 - d. Penerbit : **Fakultas Ekonomi Universitas Janabadra**
 - e. DOL artikel (jika ada) :
 - f. Alamat web Jurnal : http://jurnalefektif.janabadra.ac.id/wp-content/uploads/2015/11/Efektif-Juni-2013_5.pdf
 - g. Terikdeks di Scimagojr/Thomson Reuter ISI knowledge atau di.....**
- Kategori Publikasi Jurnal Ilmiah (beri ✓ pada kategori yang tepat)
- Jurnal Ilmiah Internasional / Internasional bereputasi.**
 - Jurnal Ilmiah Nasional Terakreditasi
 - Jurnal Ilmiah Nasional/Nasional terindeks di DOAJ, CABI, COPERNICUS**

Hasil Penilaian Peer Review :

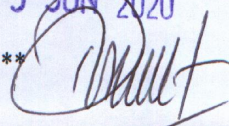
Komponen Yang Dinilai	Nilai Maksimal Jurnal Ilmiah 10			Nilai Akhir Yang Diperoleh
	Internasional/Internasional bereputasi** <input type="checkbox"/>	Nasional Terakreditasi <input type="checkbox"/>	Nasional *** <input checked="" type="checkbox"/>	
a. Kelengkapan unsur isi artikel (10%)			1	0.8..
b. Ruang lingkup dan kedalaman pembahasan (30%)			3	2.6..
c. Kecukupan dan kemutakhiran data/informasi dan metodologi (30%)			3	2.4
d. Kelengkapan unsur dan kualitas terbitan/jurnal (30%)			3	2.5..
Total = (100%)			10	8.3..
Nilai Pengusul = 40% x 8.3.. = 3.32 (Penulis Kedua)				

Catatan Penilaian artikel oleh Reviewer :

- a. Kelengkapan dan kesesuaian unsur isi artikel : Artikel ini mengaji transisi sistem akuntansi & sektor publik di Indonesia. Unsur artikel ini lengkap dan sesuai dengan mungkirkan pengetahuan, kondisi di Indonesia, perkembangan penerapan akuntansi akrual dan kesimpulan
- b. Ruang lingkup dan kedalaman pembahasan : Pembahasan artikel ini mempunyai ruang lingkup yang baik dan komprehensif, sehingga memberikan pemahaman yang baik mengenai proses transisi dari sistem kas ke sistem akrual & sektor publik
- c. Kecukupan dan pemutakhiran data/informasi dan metodologi : Artikel ini menggunakan sumber referensi yang komprehensif tentang perkembangan akuntansi berbasis akrual di sektor publik.
- d. Kelengkapan unsur dan kualitas terbitan :
Kualitas jurnal baik
- e. Indikasi Plagiat :
Artikel ini tidak terindikasi plagiaris. Hal ini dapat dilihat dari nilai similarity sebesar 18% dengan menggunakan software turnitin
- f. Kesesuaian bidang ilmu :
Artikel ini membahas tentang transisi sistem akuntansi & sektor publik dari basis kas ke basis akrual, sehingga artikel ini sesuai/linier dengan bidang ilmu akuntansi

Surakarta, 05 JUNI 2020

Reviewer 1/2 **



**Prof. Doddy Setiawan., SE.,MSi., Ph.D, Ak
NIP. 197502182000121001**

Jabatan : Guru Besar
Pangkat,Gol Ruang : Pembina Tingkat I / IV/b
Unit Kerja : Fakultas Ekonomi dan Bisnis
Bidang Ilmu : Akuntansi

*Dinilai oleh dua Reviewer secara terpisah