

ACCRUAL-BASED ACCOUNTABILITY OF BUDGETING REALIZATION REPORT IN A GOVERNMENT INSTITUTION

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Abstract. Government agencies are the primary target for achieving this. Essentially, every aspiration, particularly those related to material or financial matters, will be crucial in the implementation of good governance. This research aims to understand its application related to the theory of new institutional analysis. Methods, Data collection techniques include interviews and observation methods. This interview is used as a data collection technique when the researcher wants to conduct a preliminary study to identify a problem that requires further investigation. The object of this research is the Megang Sakti District Office in Musi Rawas Regency. Result. Due to the insistence on legal products, it is encouraged to make changes in information technology. The phenomenon that occurs indicates the presence of special symptoms, namely coercive isomorphism and normative isomorphism. This can pose challenges such as the need for resources and technology systems, requiring changes to accounting systems, staff training, and investment in supporting accounting software. The complexity of Transaction Management requires significant changes in the process of recording transactions and making adjustment journals. Implementation. Implementation of accrual-based accountability and government institutions

Keywords: accrual-based; accountability; budgeting; report; government

I. INTRODUCTION

Government agencies are the primary target for achieving this. Essentially, every aspiration, particularly those related to material or financial matters, will be crucial in the implementation of good governance. Therefore, it is necessary to realize transparency and accountability, as well as managerial accountability, in implementing and realizing good governance. The government needs a system that can produce more accurate financial reports and other financial information, including details about the government's financial position, financial performance, and accountability. Since the 2000s, accounting has continued to evolve from cash to accrual, with the base accrual system being implemented simultaneously by local governments in Indonesia from 2005 until 2015. Government Accounting Standard Number 24 of 2005 (SAP), which contains guidelines for the transition from cash to accrual, was finally published in 2005. Furthermore, by the change, the presentation of financial statements is based on the accrual basis. This law is Government Regulation No. 71 of 2010. This is the beginning of the development in accounting. Where this NPM requires the public sector to emphasize transparency in providing information, which will later inform decisions that can be accounted for, considering that this NPM aims to change accounting or administration in the public sector so that it can be more informative. The Megang Sakti District Government still operates on a cash basis. With the shift in the

cash basis towards accrual, this requires organizations in the government sector to adapt. Therefore, it is interesting to consider whether this accounting change enables public organizations to adapt, particularly in terms of policy and decision-making. Based on this, the practice in the public sector, especially in Megang Sakti District, is in terms of organizational change.

Public Sector Accounting

The public sector refers to the activities of presenting finances implemented by a public entity, such as the central government, local governments, state institutions, or non-profit organizations, which public funds finance. with the aim of managing, recording, and reporting the use of public resources in a transparent and accountable manner. (Mardiasmo, 2002:2).

Objectives of Public Sector Accounting

The aims of public sector accounting are as follows:

- (a) Presenting information in sound financial management based on the government's allocation, which is related to control management.
- (b) Information that is useful for leadership is the basis for reporting and accounting for the implementation, based on its authority in carrying out programs and activities appropriately and effectively. This enables the public to be informed, which is the purpose of its accountability.

1. Cash Base or Cash Base

Income that can only be recognized at the time of cash receipt and also for expense accounts is only recognized when, at the time cash is paid, it is a purely accounting basis (Kieso,

et al, 2008).

2. Cash Toward Accrual

The result of modifying the cash base is a combination of the base cash and the base accrual. Where this base cash is used in bookkeeping of receipts and expenses in input or expenditure transactions (Halim, 2007, pp. 49-50).

3. Accrual Basis

Based on the explanation from the Government Accounting Standards Committee, it is not when the payment is made, but when it is received. the base accrual on revenue is earned (e.g., when goods are delivered or services are settled), and expenses are recognized when obligations occur (e.g., when goods or services are received), regardless of when payments are received or made (Sari & Putra, 2012, p. 4).

New Public Management is a concept that is part of the performance management of the public sector, where performance patterns are measured. In managing finances, especially in the government sector, adopting an approach from the private sector can help achieve the efficiency and effectiveness of the government's finances. This is why it will be necessary to measure performance and accountability in its accounting role to the presentation of financial statements. Thus, the change that occurs between the private concept and the public concept becomes a transformation of the NPM concept itself (BPKP, 2013).

NPM and Public Sector Accounting Reform: The NPM concept focuses on efficiency, which is attractive to the government to the point that it demands accountability for the public, especially in terms of resource utilization. Therefore, it makes a significant contribution to the NPM concept, which involves measuring performance and resources used by Bunea and Cosmina (2008:1). New Institutional Theory, which posits that the public sector responds to its public environment, suggests that the procedural and structural aspects of an organization can be viewed socially in terms of selecting the appropriate organizational association (Meyer & Rowan, 1977). Another thing also has its views in expressing an institutional theory that has attention. This theory focuses on its structuring or schemes, rules, norms, and routines, until social behavior is formed. 1) mimetic isomorphism, the imitation of a practice from another organization is a good example for the organization itself, and 2) normative isomorphism, in adopting the concept, this organization involves other parties for the realization of the ideals of the organization (DiMaggio & Powell, 1983). Organizational Change is an attitude that emerges during a transition process, becoming the following condition until the organization later needs to adopt a change attitude in its activities. This is because it needs to change in order to exist and succeed in the future (Utami, 2007).

II. RESEARCH METHODS

This visualization illustrates the research object's situation and the problems that arise during its development (Sekaran, 2009, p. 158). The object of this research is the Megang Sakti District Office in Musi Rawas Regency.

Types and Sources of data include primary data,

namely data that is directly provided through interviews with key informants and direct observation. While this secondary data provides information indirectly, it is regularly available, especially concerning government accounting standards and financial statements (Sugiyono, 2014, p. 62). In determining the key informants, data that has direct involvement in the presentation of reports on its finances are mainly in the public sector.

III. RESULTS AND DISCUSSION

Public sector accounting is a branch of government accounting that discusses transactions and the presentation of financial statements in the public sector, which does not aim to generate a profit. A recorded transaction is a process of acknowledgment, and it is used in the cash basis method of accounting. There are two bases for recognition: the cash basis and the accrual basis. Additionally, there are two bases for transition recognition: the modified cash base and the modified accrual basis. The form and content of the accountability report for the implementation of the State Budget (APBD) are prepared and presented by government accounting standards, which comply with the mandate of Law Number 17 of 2003 concerning state finance.

Public Sector Accounting Standards are a fundamental principle in the implementation, compilation, and presentation of public sector financial statements. This is likely related to the accounting basis used, specifically the accrual basis. Accrual-based public sector accounting is a standard that recognizes income, expenses, assets, liabilities, and capital or equity in financial statements that use the accrual basis. and recognize revenue, expenditure, and financing in reporting the use of the budget based on its application in using the Regional Revenue and Expenditure Budget.

In its management, accrual-based financial accounting is a management approach that prioritizes transparency, accountability, responsibility, integrity, and fairness. Public sector financial reporting that uses an accrual basis, which includes income, expenses, liabilities, assets, and equity. Meanwhile, the base accrual is the components contained in the balance sheet statement, such as assets, debts, and capital or equity, and this is recorded at the time of the transaction, regardless of when the cash is received or paid.

In carrying out transactions, public sector accounting that uses the accrual basis is more effective for reporters in improving the government's financial condition for further financing and providing a more tangible presentation of its financial statements to reflect the actual change in its financial position. The head of the finance sub-division of Megang Sakti District stated that; "It is hoped that with the implementation of accrual based accounting, Megang Sakti District will have a breakthrough in progress in the world of financial reporting and the realization of good governance and can analyze government finances as a form of comparison of the performance of apparatus capacity". in line with the central government, which requires all government agencies to make better developments in the presentation of financial statements so that effectiveness and efficiency as well as transparency and accountability are

realized.

This is following applicable regulations. Base accrual accounting can be confusing due to the limitations of the resources and technology used as obstacles to its implementation. Not only that, but there are also different bookkeeping methods and analysis times that require an extended grace period. At least the government itself explains that if an organization wants to change, it must adapt to something like this. This makes the slow development of a government in realizing good governance. The lack of quality and unadapted ASN is also an obstacle in this kind of case, so it is necessary to add new ASN with their expertise background. In encouraging organizational change, the Megang Sakti District Government is implementing good governance, particularly in its financial reporting, which aims to adopt base accrual accounting, procure expertise, and integrate technology in the presentation and reporting of government finances.

This technology is evident in the use of the SIPKD or SIPD application in the preparation and process of government financial budgeting. It requires updates to the application itself to apply the accrual basis. It is also necessary to conduct a structured socialization of the government on the success and application of base accruals in its financial statements, by Government Regulation No. 17 of 2010 concerning base accruals. This policy needs to be introduced technically in its preparation, especially for Megang Sakti District, where something that can educate civil servants involved in the preparation of accrual-based government financial statements is expected to be able to do it as well as possible. The obstacles faced and solving the problems are a good change when you want to have and realize a good government. Especially in realizing financial statements based on accruals by the Megang Sakti and Downstream District Government in the future, it is an expectation that can lead to the realization of accrual-based Financial Statements.

Realizing Base Accrual for Megang Sakti District,

The following explanation will outline the implementation of accrual-based accounting in the Megang Sakti District Government, as analyzed through New Institutional Theory. This can be achieved by understanding how institutions and norms influence changes within the organization, including the adoption of accrual-based accounting practices. Here are some steps that incorporate the principles of New Institutional Theory in the implementation of accrual-based financial statements: 1.) Regulatory Pressures, In the context of accrual-based financial statements, regulatory pressures occur when organizations must follow rules or regulations that force the application of accrual bases, such as government accounting standards (SAP) in the public sector or IFRS (International Financial Reporting Standards) reporting rules in the private sector. These steps can be achieved by implementing applicable accounting regulations, complying with national or international regulations that require the use of accrual-based accounting, establishing a reporting system by standards, utilizing accounting software and procedures that comply with relevant regulations, such as SAP implementation. 2.) Professional Pressure, i.e., Pressure from professional

associations and practice standards, also affects the adoption of accrual financial statements.

Organizations can respond to normative pressures by Providing training to accounting teams so that they understand and be able to apply base accruals under accounting professional standards, Professional certifications, Encourage accountants to obtain certifications such as Chartered Accountant (CA) or Certified Public Accountant (CPA), which typically require the use of accrual bases. 3.) I.E., when there is uncertainty or a desire to increase legitimacy, organizations tend to imitate practices that other organizations consider successful. In this case, by learning from organizations that have implemented accrual, observing and emulating the financial reporting practices of organizations that have successfully implemented accrual-based accounting, benchmarking, and comparing them with organizations that are more advanced in the application of accrual-based accounting, we can understand best practices and how to apply them. 4.) Legitimacy Search is one of the reasons organizations adopt an accrual basis to gain legitimacy from external environments, such as governments, the public, and investors. Some measures that can increase public trust and legitimacy in the eyes of stakeholders include: Financial statements that comply with international standards, using base accrual allows the organization's financial statements to be easier to understand globally, thereby improving the organization's reputation.

IV. CONCLUSION

The main benefits are Better Transparency and Accountability. Base accruals enable more transparent disclosure of liabilities and assets, providing a more accurate representation of the organization's financial condition. More Information-Driven Decision-Making: Because financial information better reflects current economic realities, management can make more informed strategic decisions. Comply with the Accrual Accounting Standards on a basis under the accounting standards. More Effective Budget Management. In the public sector, implementing an accrual basis facilitates more realistic budget planning, including the management of long-term debt and accounts receivable. This can pose challenges such as the need for resources and technology systems, requiring changes to accounting systems, staff training, and investment in supporting accounting software. The complexity of Transaction Management requires significant changes in the process of recording transactions and making adjustment journals.

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