

Planning, Implementation, and Control of Management Accounting in the Public Sector

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Abstract—Based on the results of examinations conducted by Badan Pengawas Keuangan (BPK), the problem of the public sector in Indonesia lies in the application of public sector management accounting, which is located on the weaknesses of the Internal Control System and the budgeting system. This study aims to analyze the application of management accounting in the public sector in the Government of Garut Regency. The variables studied include three dimensions of public sector management accounting, namely planning, implementation, and control. This research was conducted at three government institutions in Garut Regency, namely: Badan Perencanaan Daerah (BAPPEDA), Badan Pengelolaan Keuangan dan Aset Daerah (BPKAD), and Inspektorat Daerah. The method used in this research is a descriptive qualitative method. Data collection techniques carried out by documentation, questionnaire distribution, and interviews. Data processing uses scoring and triangulation scales. The results of this study indicate that the application of public sector management accounting in the Garut Regency Government is included in both criteria. The planning and implementation dimensions are reflected in very good criteria, while the control dimensions are included in the criteria good.

Keywords: *management accounting in the public sector, planning, implementation, control*

I. INTRODUCTION

The public sector has very important responsibilities in meeting the needs and rights of the community. Among those responsibilities are providing public services in a transparent and accountable manner, as well as providing space for the public to participate [1]. This can be fulfilled by the government with good governance, to create *good public and corporate governance*. The success of the realization of *good public and corporate governance* can be supported by the institutional reforms and reform of public management [2].

Financial system reform and renewal through the application of public sector accounting consist of three parts, namely public sector financial accounting, public sector management accounting, and public sector *auditing* [3]. These reforms concerning the activities of the public sector in presenting the financial statements following the financial accounting system, manage existing resources to achieve

compliance with the standards and evaluate and assess the extent to which both are running correctly and then do repairs [4].

The problem of the public sector in Indonesia based on the results of examinations carried out by The Badan Pemeriksa Keuangan (BPK) lies in the application of public sector management accounting, which is located on the weaknesses of The Sistem Pengendalian Internal (SPI) and the budgeting system which generally occurs among others due to less optimal guidance in accounting understanding and reporting, not yet optimal in conducting supervision and control, the budget preparation team is not careful in planning and reviewing the budget so that it is not following the provisions of the revenue and expenditure budget.

Based on the results of previous research conducted by Luminita Ionescu which states that the application of public sector management accounting is needed as a support in the process of improving public sector governance [2]. The weakness of the control system above is a serious problem because both involve the principle of public sector budgeting based on three elements, namely effective, efficient, and economic [5,6].

The purpose of this study was to analyze the application of public sector management accounting as a planning and management control tool with the Government of Garut Regency.

A. Definition of Public Sector Management Accounting

From various literature, it can be interpreted that management accounting is a special field of accounting that processes financial data to the preparation of financial statements and other reports that will be used by the leadership or management of the company in making decisions, both short, medium and long term decisions [7-10].

If there is a question, which financial accounting is wider than management accounting? Of course, the answer is management accounting because it involves many matters of information required by management accounting. When considering from the point of examination, financial accounting audits are general (general) because the purpose of

the audit is to assess the reasonableness of the presentation of financial statements that can be matched or acted on (matched) with generally accepted financial accounting standards. While the examination of management accounting is done in terms of management audit which is very more detailed compared to the examination of financial statements and the purpose of the audit is to measure performance, in this case, the efficiency and effectiveness of each company unit. Therefore, a management audit is often referred to as a performance audit (performance audit). Besides, in management accounting, every leader must understand the techniques of preparing financial statements as an output of the financial accounting process, whereas management accounting is not limited to the preparation of financial statements and more importantly is to the analysis and influence (impact) of the results of the analysis of financial statements to users (user) which is called the outcome.

The definition of management accounting put forward by the Institute of Management Accountants is the process of identifying, measuring, accumulating, analyzing, preparing, interpreting, and communicating financial information that is useful for the planning, evaluation and management functions of management and to guarantee transparency and accountability. Mussari suggested that management accounting is a useful tool for finding and correcting 'deviations' from the value of benchmarks [7]. Fung which emphasizes the practice of public financial management, argues that public financial management is the collection of adequate resources in an appropriate way accompanied by the allocation of these resources efficiently and effectively. These practices include making resources, allocating resources, and spending and utilizing resources. There are several components of financial management and include financial planning and control, financial analysis, accounting information, management accounting (prices and costs), capital budgeting and working capital management [4].

From the various descriptions above, the main role of public sector management accounting is to provide accounting information that will be used by public managers in carrying out organizational planning and control functions, in this case, the central, provincial and district/mayor government organizations. Public accountability is one of the characteristics of public sector accounting whose main business is to fight corruption, collusion, and nepotism, especially corruption which is one of the political crimes that seriously impedes the welfare of a just society.

The emergence of Law number 28 of 1999 which emphasizes that the whole community has the right to obtain information about the government which of course includes information about finance. The main objective of this Law is for public institutions or public officials or who are the actors of public organizations to avoid public financial governance that can harm society.

B. The Role of Public Sector Management Accounting

According to Mardiasmo the main role of management accounting in the public sector, among others: (1) At the planning stage, management accounting is needed to determine

program costs and activity costs, so based on the accounting information the manager can determine the budget adjusted to available resources so that it can meet the principle of *value for money*, which is effective, efficient, and economical; (2) Management accounting functions to identify and estimate the costs that may arise in the program or activity planned in the planning process; provide cost information that can be used by internal parties or external parties of public sector organizations in planning, controlling and evaluating; and classifying the costs referred to earlier into several groups; (3) Management accounting plays a role in assessing the feasibility of investment economically and financially which includes several factors, including the discount rate, the inflation rate, the level of risk and uncertainty, and sources of funding; (4) Management accounting plays a role in budgeting, which basically functions of budgeting as a planning and control tool; (5) Management accounting, in this case, is used to determine how much it costs to conduct a public service and how much it will cost the community for these services, including the calculation of subsidies provided; and In this case, management accounting plays a role in determining key indicators of performance appraisal with their respective measurement units to determine the level of effectiveness and efficiency of the organization in achieving organizational goals [11].

C. Management Accounting as a Planning and Control Tool

Public sector management accounting activities are inseparable from planning and control activities. Planning and controlling activities are the most important activities carried out because planning without control is certainly things that have been determined in planning may not be achieved properly, likewise, control activities are carried out because there are corporate objectives to be achieved as outlined in the activities the planning.

The planning and control process can be seen in the form of a picture as follows: (a) Planning basic goals and objectives; (b) Operational planning; (c) Budgeting; (d) Control and measurement; and (e) Reporting analysis and feedback.

The sequence of steps in the planning and control process shows that the beginning of public sector management activities is the setting of goals and objectives in planning. The next step is operational planning, which is the activities that will be carried out including what things are carried out in an urgent situation to meet public needs and things that are done in stages. The next step is to prepare a budget that will be used to achieve these goals by considering the availability of funds owned. During the implementation of the activities carried out control, both directly and indirectly. Direct control is by direct observation on the spot or the object being worked on or built (development budget). Indirect control is carried out through reports prepared and submitted by the executor following the stages of implementation until the completion of the work. The last stage is to analyze the implementation of activities by comparing the results of activities with the goals or targets set in the planning. The results of the analysis are to assess performance and provide feedback to provide input or suggestions for improvement of all subsequent planning.

II. METHODS

The research approach that I use in this research is a qualitative descriptive approach, expressing holistically in the form of words and language, in a special natural context and by utilizing various natural methods. The selection of this method is based on the consideration that in the discussion of this study will provide an overview of the application of public sector management accounting in the Government of Garut Regency. The nature of descriptive research that provides a verbal description is considered following the objectives of this study.

This research variable Implementation of Public Sector Management Accounting will analyze several dimensions, namely: planning, implementation, and control. Planning indicators consist of: (1) Basic goals and objectives; (2) Programs and activities; and (3) Budget. Implementation indicators consist of: (1) Realization of programs and activities; (2) Budget Realization; and (3) Reporting. Whereas the control indicators consist of: (1) Comparison of Plans and Implementation of Programs and Activities; (2) Comparison of Plans and Budget Implementation; and (3) Performance appraisal.

A. Data Collection

Data collection techniques in this study include: documentation, interviews and questionnaires. Respondents in this study amounted to 65 people, consisting of 14 people from the Badan Perencanaan Pembangunan Daerah (BAPPEDA) in Garut Regency, 7 people in the Budget Sector, 8 people in the Accounting and Reporting Sector, 14 people in the Treasury in the Regional Financial Management Agency and the Asset Garut Regency, and 4 Bidang Perbendaharaan Badan Pengelola Keuangan dan Aset Daerah (BPKAD) Garut Regency, 4 Intermediate Auditors, 5 Young Auditors, 4 Intermediate P2UPD, and 5 P2UPD Youth of Inspektorat Daerah of Garut Regency.

The statements in the questionnaire totaled 59 statements, including 25 statements for the planning dimension, 13 statements for the implementation dimension, and 21 statements for the control dimension.

B. Data Processing and Analysis

The data processing techniques used are as follows.

1) *Rating Scale*: This study uses a questionnaire data collection technique that is measured using a rating scale. The following questionnaire criteria based on the rating scale are presented in table 1.

TABLE I. CRITERIA QUESTIONNAIRE BASED ON *RATING SCALE*

No	Score	Criteria
1	15.104-19.175	Very Good
2	11.505-15.103	Good
3	7.670-11.504	Poor
4	3,835-7,669	Very Poor

From these results, the assessment criteria are then based on the percentage per item statement as follows.

TABLE II. ASSESSMENT CRITERIA BASED ON PERCENTAGE PER ITEM STATEMENT

No	Percentage (%)	Assessment criteria
1	25% - 43.74%	Very Poor
2	43.75% - 62.49%	Poor
3	62.50% - 81.24%	Good
4	81.25% - 100%	Very Good

2) *Triangulation*: This study uses the selection of informants as a source of information for checking data that has been obtained previously through documentation, questionnaires, and interviews. The researcher chose a person from BAPPEDA of the Garut Regency as an informant because BAPPEDA is a body that is the center of regional development planning in Garut Regency.

III. RESULTS AND DISCUSSION

A. Rating Scale Results

The evaluation criteria for the variable implementation of public sector management accounting consisting of three dimensions, including dimensions of planning, implementation, and control can be seen in table 3 following:

TABLE III. ASSESSMENT CRITERIA FOR VARIABLE APPLICATION OF PUBLIC SECTOR MANAGEMENT ACCOUNTING

No	Dimension	Total Score	%	Criteria
1	Planning	221.20	85.08	Very Good
2	Implementation	226.36	87.06	Very Good
3	Control	206.86	79.56	Good
Total		654.42	251.70	Very
Total Average		218.14	83.90	Good

Source: 2019 questionnaire results

Based on the results of data processing that has been done (table 3.), it is known that the dimension that obtains the lowest cumulative score is the control dimension, which obtains an average cumulative score of 206.86 and a percentage of 79.56% with good criteria. While the dimension that obtains the highest cumulative score is the planning dimension, which obtains an average cumulative score of 227.33 and a percentage of 85.08% with very good criteria. The average cumulative score obtained from all statements that make up the variable in the application of public sector management accounting is 218.14 with a percentage value obtained of 83.90% and is included in very good criteria. Respondents' answers indicate that the application of public sector management accounting in the Garut Regency Government is categorized as very good.

B. Triangulation Test Results

This study uses the selection of informants as a source of information for checking data that has been obtained previously through documentation, questionnaires, and

interviews. The researcher chose a person from BAPPEDA of Garut Regency as an informant on the grounds that BAPPEDA is an agency that is the center of regional development planning in Garut Regency.

C. Discussion

1) *Planning*: The first indicator that forms the planning dimension is the basic goal and target indicator which gets an average cumulative score of 223.72 and a percentage of 86.04% with very good criteria. Basic indicators of goals and objectives with 7 statement items that form them and are supported by the results of interviews that have been carried out starting from the formulation to the process of declining into the program where this indicator is used as the basis for the preparation of programs and activities. This can be seen from the planning of basic goals and objectives that have been prepared following the theory put forward by Bastian that basic goals and objectives are structured as an achievement strategy to be achieved by an organization which is then relegated to the program [12]. Besides, the basic target and objective indicators have fulfilled the strategy formulation component proposed by Olsen and Eadie [13], namely:

- The mission statement and general goals of the organization are formulated by the organization's executive management and provide a development framework and targets to be achieved.
- Analysis or environmental scanning, i.e. by measuring and identifying external factors that are happening and conditions as a consideration for the formulation of strategies.
- Internal profile and resource audit, evaluation of organizational weaknesses and weaknesses as consideration of the formulation of organizational strategy.
- Formulation, evaluation, and selection of strategies. The formulation and selection of strategies are carried out through analysis to be able to suit the needs.

The second indicator that forms the planning dimension is the program and activity indicator which gets an average cumulative score of 212.56 and a percentage of 81.75% with very good criteria. Program and activity indicators with 9 items of statements that form them and are supported by the results of interviews have fulfilled several key effectiveness of programming and activities proposed by Bastian (2000), namely: Full and active support from the executive, effective communication, involvement of employees or members organization, the overall organizational program and competitive analysis, and perceived broad needs of the program.

Program planning and activities have also met the principles of good program [12], which is comprehensive with various analyzes conducted; efficient, ie completed on time; informative can be seen with the results of planning that is well communicated through various media; integrated between

programs and activities compiled with short-term goals in the form of RKPD and SKPD Work Plans, synergize with each other and support the achievement of long-term goals in the form of Strategic Plans and RPJMD; logically it can be seen that the preparation of the program is carried out with consideration of program sustainability; and transparent means that all levels of *stakeholders* are aware of the results of program planning. A *planning review* was also carried out at the outset of the Drafting of the SKPD Work Plan conducted by BAPPEDA.

The third indicator that forms the planning dimension is the budget indicator which gets an average cumulative score of 227.33 and a percentage of 87.44% with very good criteria. Budget indicators with 9 statement items that form them and are supported by the results of interviews have met the budget principles proposed by Bastian, namely: Based on the program and as a planning and control tool [12].

Budget planning has also fulfilled the characteristics of the public sector budget, among others, expressed in monetary and non-monetary units, covering a certain period ie one budget period, containing commitments to achieve organizational goals that are based on programs that have been prepared as a reduction in strategy, budget proposals have been examined and authorized by the authorities, and can be changed under certain conditions. These changes usually occur at the beginning of March to June due to the decrease in the Provincial Assistance Fund.

The Regional Government Budget Team consists of several bodies, namely the Assistant, BAPPEDA, BPKAD, the Development Control Agency, the Legal Department, and the Regent and Deputy Regent who are known by the Garut District Regional Secretariat. The competency of TAPD members is measured through work experience based on job analysis through basic tasks and functions, not measured through educational qualifications.

2) *Implementation*: Based on respondents' responses to the questionnaire, the implementation dimension was formed by three indicators, including indicators for program and activity realization, budget realization indicators, and reporting on average received a cumulative score of 226.36 and a percentage of 87.06% with very good criteria.

The first indicator that forms the implementation dimension is the indicator of the realization of programs and activities that get an average cumulative score of 219.67 and a percentage of 84.49% with very good criteria. Indicators of program and activity realization with 3 statement items that shape it and are supported by the results of the interviews that have met the principles of efficient and effective. It is said so because programs and activities are carried out following the RKPD which is revealed in the SKPD Work Plan and its implementation involves members of the organization following their functions and duties and is known by the leadership. However, the success of a program and activity is measured using its achievements. Changes in program implementation occur due to regulations that emerge in the form of government policies or government regulations that

cause systemic changes in program realization. Besides, for some activities that are urgent or unpredictable in nature and mitigation is still possible the existence of programs or spending that is not following the RKPD so that it falls into an unexpected expenditure group.

The second indicator that forms the implementation dimension is the budget realization indicator which gets an average cumulative score of 236.25 and a percentage of 90.87% with very good criteria. Budget realization indicators with 4 items of statements that form them and are supported by the results of interviews have met the principles of effective and efficient, following the principle of budget realization stated by Bastian [12]. It is said to be effective because the revenue and expenditure sides have met the applicable regulatory procedures and refer to the DPA that has been prepared since the beginning, namely in Garut Regency has used a budget realization system that is integrated with planning. It is said to be efficient because the realization of the budget is based on a program that is realized and even always leads to more budget remaining.

The third indicator that forms the implementation dimension is the reporting indicator which gets an average cumulative score of 223.17 and a percentage of 85.83% with very good criteria. Reporting indicators with 6 items of statements that form them and are supported by the results of interviews following Government Accounting Standards because in Garut currently has used a reporting system. Completeness of the reporting was said to be good starting from the Budget Realization Report, Operational Report, Balance Sheet, Equity Change Report, CALK, and the local government consolidation report, namely the Cash Flow Report and the Budget Over Balance Report. In addition to the seven public sector financial statements including important subsidiary ledgers made in government, namely the subsidiary cash ledgers, accounts receivable subsidiary ledgers and surplus deficit ledgers [12]. The subsidiary ledgers made are the Cash Assist Ledgers in each of the Assistant Spending Treasurers, and the Debt Assistance Ledgers, which contain BPJS debts and third party debts resulting from a program whose settlement is suspended. However, the SKPD reports financial reports to BPKAD with varying timeframes, some are on time and some are still late. This is caused by human resources who are less competent in the field of accounting, so the mistakes that occur during reporting, namely the discrepancy in the classification of accounts and the preparation of incomplete Accountability Reports, resulting in reporting delays because they have to complete and revise the errors first. Besides, there is still evidence of incomplete transactions such as memorial evidence.

3) *Control*: Based on respondents' responses to the questionnaire, the dimensions of control are formed by three indicators, including comparative indicators between plans with program and activity activities, comparative indicators between plans and budgeting, and performance appraisal averaged a cumulative score of 206.86 and a percentage of 79.56% with good criteria

The first indicator that forms the dimension of control is a comparison indicator between plans and program and activity supplementation which gets an average cumulative score of 212.8 and a percentage of 81.85% with very good criteria. Indicator of comparison between plan and program and activity implementation with 5 items of statements that form it and supported by the results of the interview has met the criteria of effective and efficient. The authority to evaluate program control is in the Research and Development Sector, which is quarterly and semiannual. The Satuan Kerja Perangkat Daerah (SKPD) must send through the agency regarding the realization of the program quarterly to evaluate the absorption of the budget and also the achievement targets listed in Rencana kerja, Rencana strategis, Rencana Pembangunan Jangka Menengah Daerah (RPJMD) as a percentage. This is outlined in Laporan Akuntabilitas Kinerja Instansi Pemerintahan (LAKIP) in which there is an SKPD achievement value.

The second indicator that forms the dimension of control is the indicator of comparison between plans and budgeting that gets an average cumulative score of 221.78 and a percentage of 85.30% with very good criteria. Indicator of comparison between plans and budgetary supplementation with 9 items of statements that make it up and supported by the results of the interview met the effective and efficient criteria. This is consistent with the theory put forward by Mardiasmo that in its realization, the budget must meet the principles of effective and efficient [13]. This is caused by the existence of an information system that is used in the Garut Regency for the budget realization that is integrated with planning. The realized budget is following the specified program so that it still always raises more budget which is then allocated to the next year's program or returned to the State treasury. There are no targets for achieving the budget realization, only following the achievement of the program realization. In its implementation, the SKPD has complied with the specified Shopping Analysis Standards. Evaluation of budget realization has also been carried out by each SKPD and financial analysis is carried out by Badan Pengelolaan Keuangan dan Aset Daerah (BPAKD). Each SKPD verifies by making regular reports that are reported and *reviewed* by the Regional Inspectorate.

The third indicator that forms the control dimension is the performance appraisal indicator which gets an average cumulative score of 186 and a percentage of 71.54% with quite good criteria. Performance appraisal indicators with 7 statement items are sufficient to meet the performance appraisal principles proposed by Mardiasmo, namely the application of *punishment* and *reward* mechanisms, as well as the assessment of detected and undetected risks [13]. Related to performance evaluation, it has been done even though the mechanism of *reward* and *punishment* has not been maximized. SKPD maturity exists in each subordinate and has been aligned between the main tasks and functions in the SKPD with their implementation. Risk assessment is also carried out based on employee performance goals.

IV. CONCLUSION

Based on the results and discussion that has been explained, it can be concluded that the application of public sector management accounting in the Garut Regency Government is included in both criteria. This is supported by:

- The application of public sector management accounting in the Garut Regency Government in the planning side can be categorized as very good. Planning basic goals and objectives, programs and activities, and the budget is effective and efficient.
- The implementation of public sector management accounting in the Government of Garut Regency in terms of implementation can be categorized as very good. Implementation of programs and activities, budgets, to reporting has been effective and efficient.
- The application of public sector management accounting in the Garut Regency Government in terms of control can be categorized good. Comparison of plans and implementation of programs and activities, comparison of plans and implementation of budgets, and performance appraisal can be categorized good.

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