

Implementation of the Government Accounting System in Drafting Financial Statements of the Ministry of Marine Affairs and Fisheries

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Abstract—Government Regulation Number 71 of 2010 concerning Government Accounting Standards has become a new paradigm in the preparation of government financial reports, in the preparation of financial reports, the Ministry of Marine Affairs and Fisheries is expected to be able to provide useful information for report users in particular, as a means to increase accountability / accountability and transparency. State financial management, in addition, is also intended to provide information to management in making decisions in an effort to realize good governance (Good governance). In this study using a qualitative method with virtual / online interviews with reviewers / auditors, Head of Finance, Head of Sub Finance, SAIBA Operators and SIMAK BMN at the Ministry of Marine Fisheries. The analytical method used is descriptive analysis. The results of research on the Implementation of the Government Accounting System in preparing the Financial Statements show that the Government Accounting System has supported the preparation of Financial Statements properly. However, as a suggestion in this study to produce quality financial reports requires leadership commitment in overseeing the preparation of financial reports, the need to increase the capacity of human resources in financial report compilers, especially in technical disclosures on financial reports, the need for support from a technical team from the ministry of finance with regard to updating supporting applications in preparation financial statements.

Keywords—government accounting systems, financial statements

I. INTRODUCTION

The issuance of Government Regulation No.71 of 2010 concerning Government Accounting Standards provides a new nuance on the Preparation of financial statements, Financial Statements have the role of providing relevant information regarding the financial position and all transactions carried out by a reporting entity during a reporting period, apart from that financial statements It is also used to determine economic resources that are used to carry out government operational activities, assess financial conditions, evaluate the

effectiveness and efficiency of a reporting entity, and help determine compliance with laws and regulations. Financial reports of government agencies, both central and regional, must be subject to examination by the Audit Board as mandated in the 1945 Constitution of the Republic of Indonesia mandating the BPK to carry out an audit of the performance of state financial management. with the aim of identifying things that need the attention of representative institutions. As for the government, performance checks are intended so that activities financed by state / regional finances are carried out economically and efficiently, and meet their targets effectively.

Referring to the 2017 Financial Report of the Ministry of Marine Affairs and Fisheries, it gets an opinion not to express an opinion (TMP) or a disclaimer from the Supreme Audit Agency. and this is the second time this has happened in a row, namely the 2016 Financial Statements with the same opinion.

Based on the Audit Report Resume on Internal Control of the BPK found non-compliance in testing compliance with statutory regulations at the Ministry of Marine Affairs and Fisheries in 2017, the main findings of non-compliance with statutory regulations include the realization of goods expenditures not believed to be fair, realization of payments. Honorarium in the task force to eradicate illegal arrests cannot be believed to be reasonable, there is realization of KKP expenditure that is not supported by complete evidence and its validity is doubtful, indicated to be unreal, uses the maximum budget ceiling, and evidence of accountability cannot be traced. Control over procurement activities is also deemed inadequate. Payment for the procurement of capital expenditures is based on the estimated physical progress of the work regardless of components that have not been installed

The BPK also noted that inventories in the form of vessels resulting from the procurement were recorded as not in accordance with the physical realization of the work and there were no details on the unit price of ship components at the KKP. Based on the background that we have described above, in this study we take the theme "Implementation of the Government Accounting System in the preparation of the

Ministry of Marine Affairs and Fisheries Financial Statements" with the hope of obtaining information on things that become obstacles in its application, getting input for improvements in the report preparation process. Finance has also become the academic literature in research on similar themes.

II. THEORETICAL REVIEW

A. *Financial Statement Theory*

As described in the Government Accounting Standards in accordance with the Government Regulation of the Republic of Indonesia Number 71 of 2010 [1]; that the conceptual framework in SAP formulates the concepts that underlie the preparation and development of SAP which hereinafter can be called standards, the objectives are as follows:

- Drafting standards in carrying out their duties.
- Compilers of financial reports in overcoming accounting problems that have not been regulated in standards.
- Examination in providing opinions regarding whether the financial statements are prepared in a standard manner; and
- The users of financial statements in interpreting the information presented in LK are prepared according to standards.

Government Accounting Standards (SAP) are accounting principles applied in preparing and presenting Government Financial Reports consisting of Central Government Financial Statements (LKPP) and Regional Government Financial Reports (LKPD).

The main financial statements according to SAP consist of:

- Budget Realization Report (LRA);
- Reports on Changes in Excess Budget Balance (SAL Change Reports);
- Balance sheet;
- Operational Report (LO);
- Cash Flow Statement (LAK);
- Statement of Changes in Equity (LPE)
- Notes to Financial Statements (CaLK).

There are several main groups of users of government financial reports but are not limited to:

- Society.
- People's representatives, auditing institutions and supervisory bodies.

- Parties that give or play a role in the donation, investment and loan process.
- Government.

The characteristics of financial reports are normative measures that need to be embodied in accounting information so that it can fulfill its objectives, there are four characteristics that are normative prerequisites needed so that government financial reports can meet the desired quality, among others.

1) *Relevant*

Financial reports can be said to be relevant if the information contained in them can influence users' decisions by helping them evaluate past or present events, and predict the results of their evaluations in the past. Thus, the relevant financial statement information can be linked to the user's intent. Reliable information must meet the following characteristics:

- **Has Benefits Financial Statements (Feedback Value)** Information allows users to confirm or correct their expectations in the past.
- **Has Predictive Value** Information can help users predict the future based on past results and present events.
- **Timelines** Information is presented on time so that it can be influential and useful in decision making.
- **Complete.** Government financial accounting information is presented as completely as possible, including all accounting information that can influence decision making with due regard to existing constraints. The information behind each main item of information contained in the financial statements is clearly disclosed so that mistakes in using the information can be prevented.

2) *Reliable (Reliability)*

- **Representational faithfulness**, describing information honestly on transactions and other events that should be presented or that can reasonably be expected to be presented.
- **Can be verified (verifiability)**, presenting in the financial statements can be tested, and if the test is carried out more than once by different parties, the results still show the same conclusion.
- **Neutrality**, information directed at general needs and not in favor of the needs of certain parties.

3) *Comparable*

The information contained in the financial statements if they can be compared with the financial statements of the previous period or the financial statements of other reporting entities in general. Comparisons can be made internally and

externally. Internal comparisons can be made when an entity applies the same accounting policies from year to year. An external comparison may be made when the entities being compared apply the same accounting policies. If a government entity adopts an accounting policy that is better than the current accounting policy, the change is disclosed in the period in which the change occurs. The financial statements must be comparable between the financial statements presented for the period with the financial statements for the period.

4) *Can be understood*

The information presented in the financial statements can be understood by users and is stated in terms and forms that are adjusted to the user's understanding. For this reason, users are assumed to have adequate knowledge of the reporting entity's activities and operating environment, as well as the user's willingness to learn the information in question.

B. *Materiality Theory*

The concept of materiality has been practiced in many ways in financial audits. The results of the Financial Audit reveal the fairness opinion of a financial report against the applicable accounting standards in all material respects. The results of the examination in the form of an opinion are obtained from a "reasonable assurance" that the financial statements are free from material misstatement.

Thus, materiality is one of the important and fundamental concepts in the Financial Audit. This is because the determination of materiality affects the provision of an opinion on the fairness of a financial report [2].

Materiality is the amount of accounting information which in the event of omission or misstatement, judging from the circumstances surrounding it, may change or influence the judgment of the party placing confidence in the information. The interested parties, among others.

- The People's Representative Council (DPR) or the Regional People's Representative Council (DPRD) uses the Government Financial Report to assess the performance of Government financial management in relation to the amount of budget that will be approved by DPR / DPRD; and
- The Ministry of Finance also has an interest in the Government Financial Report relating to the disbursement of the agency's budget. The determination of materiality limits includes both quantitative and qualitative considerations.

III. RESEARCH METHODS

The method used in this research is a qualitative method with a descriptive approach. In this study, the author only describes the social symptoms and phenomena that occur during the study. The reason the author uses the descriptive

research method, is because during this research period it coincided with the COVID-19 pandemic period so that the data obtained were in the form of information or words from virtual / online interviews, as well as primary document studies and not numbers.

According to Sugiyono in his book "Understanding Qualitative Research" [3] about qualitative research methods: "Qualitative research is a research method used to examine the conditions of natural objects (as opposed to experiments) where the researcher is the key instrument, data collection techniques. conducted in triangulation (combined), the data analysis is inductive and the results of qualitative research emphasize the meaning more than generalization.

Data collection techniques, the following data collected in this study are:

- Virtual / online interview, where the writer prepares written questions and sends them to each respondent via electronic information media, with the same questions, the answers from the respondents become the researchers' notes for further analysis.
- Participatory observation, in which the author participates by being involved in the preparation of financial statements, as well as a review of financial reports.
- Documents, namely data in a ready-made form, including the source data for the preparation of financial reports, reports and information issued by institutions.

The research process was carried out at the Inspectorate General and several other Echelon I within the KKP which was located at Jalan Medan Merdeka Timur No.16, Central Jakarta. In qualitative research, the statements and behavior of the interviewed or observed parties are the main data sources, while additional data sources come from documents, and so on. Data collection techniques are carried out by reviewing related documents, interviews, and observations.

IV. CONCLUSION

From the research description above, we try to conclude that:

- Implementation of the Government Accounting System in preparing financial reports at the Ministry of Marine and Fisheries has been well implemented and is very useful.
- There are still obstacles in terms of disclosure / differences in perceptions of the results of using the SAIBA and SIMAK BMN and Inventory application tools.
- It is necessary to support comprehensive Human Resources from the Management Level to Operators in preparing financial reports.

As suggestions/input to support the preparation of quality financial reports for the Ministry of Marine Affairs and Fisheries, as follows:

- The need for commitment / support from the leadership at all levels of reporting entities in overseeing the preparation of financial statements.
- The need to increase the capacity of human resources in preparing financial statements, especially in technical disclosures in financial statements.

- The need for support from a technical team from the ministry of finance with regard to updating supporting applications in preparing financial reports.

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