



Implementation of Public Sector Accounting in a Government Agency

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it can simplify and improve the quality of financial reporting.

Keywords: Public Sector Accounting, Implementation, Government Agencies

Abstract: Government Agencies are all government institutions with the function of carrying out tasks or functions of government administration in the operational environment, from those at the center to those in the regions, including commissions, agencies and councils that receive funding from the APBN or APBD. The demand for public transparency requires a system to create maximum good performance and accountability to make a government accessible from fraudulent acts detrimental to the state. Public sector accounting is an accounting system used by government institutions or public service institutions as a method or tool for accountability to the general public. This research aims to discover and understand the importance of implementing Public Sector Accounting in a government agency. This research uses a qualitative descriptive method. This research indicates that every government agency must implement public sector accounting because

Introduction

Its implementation requires careful preparation that is carefully prepared and designed. In addition, implementation usually occurs after correctly interpreting the plan and looking for the best. Additional supporting elements are needed for the plan to be fully implemented. In essence, the mandate is contained in Article 4 of the Preamble of the 1945 Constitution, which includes the basis for the government's authority in organizing government affairs, both central and regional (Haedab, 2020).

Government agencies are tools designed to carry out the mission set by the government and manage government affairs. In addition, government agencies are a means that fully determine the implementation of missions and plans so that the ideals of the state are well realized. The results obtained from the activities of administrative tools in organizing government affairs according to their fields of authority can be known from the performance responsibility information of each administrative tool. The government needs information about the work accountability of government agencies. Based on this information, the government has a material basis for making decisions to make administrative improvements to coordinate better government operations and interests (LAN, 2019).

In its development, public sector accounting is called public fund accounting, an accounting method and evaluation mechanism established in the management of public funds. Public money refers to money that belongs to the public and not to individuals. These funds are usually administered or implemented by public-sector organizations or public-private relationships. Public sector accounting plays a crucial role in state and local financial management, especially in efforts to realize transparency and accountability. The role of public sector accounting is aimed at providing public services in order to meet public needs. One of the successes in public service can be measured by access to public services (Karlina, 2023). Public sector accounting uses accounting data intended to provide information about the economic and financial conditions of the public sector to the executive, legislative, and judicial branches of government, as well as the public (Bastian, 2019).

Public Sector Accounting is defined as an accounting system used by public organizations as a means of reporting to the public. In Indonesia, implementing public sector accounting has undergone various changes and adjustments in line with government policy developments and public demands for better financial management. The flow of information and technology has also brought changes and developments to public sector accounting. The expected impact of technological advancements on public sector accounting is the ease and speed of carrying out various accounting processes and the increased accuracy of the information produced by these processes (Hamidah, 2022). There is an increasing focus on accounting practices in public organizations, including public sector auditors and public NGOs. The public expects accreditation bodies to be transparent and easy to understand. Public sector accounting standards ultimately provide a framework for every stage of the public sector accounting cycle. This cycle includes all operations from preparation, estimation, budget execution, delivery of goods and services, reporting, auditing, and public accountability. The accounting standards used in Indonesia are Financial Accounting Standards (SAK), Public Accountant Professional Standards (SPAP), Government Accounting Standards (SAP), and State Financial Inspection Standards (SPKN). These standards are recognized references established by accreditation bodies in the relevant fields (Ali, 2021).

Government agencies are registered with government bodies tasked with carrying out government functions or interests within and around the central and local government environments. This includes commissions, councils, and institutions that receive funds from the state budget (APBN) or local budget (APBD). A government free from misconduct that harms the nation and society (integrity, openness, transparency), transparency, and accountability to its people requires an open, well-functioning, and accountable governance system. These transparency requirements are often directed at both central and local governments. The fiscal balance between the central and local governments operates within the framework of a single state, including the distribution of funds between the central and local governments and the balance between professionalism, democracy, social justice, and transparency. Of course, local circumstances, conditions, and needs are also considered. Compliance with the division of duties and authorities and the procedures for implementing these authorities, including financial supervision and control (Kadji, 2019).

Local governments function as autonomous regions and naturally have their policies regarding local financial management. However, they must still comply with existing government laws and regulations. In public financial management, local governments are accountable to the authorities and stakeholders involved in local fiscal matters to conduct internal or external audits on enforcing local fiscal policies. In addition to monitoring cash and monetary affairs, internal audits of local financial implementation also assess the effectiveness of government plans, activities, and management and the health and performance impact of local government finances. Local finances can be seen through the calculation of four financial performance reports to determine the level and effectiveness of the region in implementing regional programs. This monitoring can be carried out by authorities in their respective areas of expertise to obtain transparent and accurate budget implementation reports. This study aims to understand the importance of applying public accountants to government agencies.

Research Method

The method used in this research is a descriptive-analytical method with a qualitative approach. The study utilizes qualitative data processed, examined, and analyzed to conclude. According to Sugiyono, the descriptive method is used to explain, verify, and study the research results without aiming to make broad generalizations. Furthermore, Sugiyono states that the qualitative approach is a research method based on post-naturalism philosophy, where the researcher serves as the main element. Data collection is done through triangulation, followed by analysis to assess the conditions of a subject. Most data is inductive, meaning qualitative and quantitative findings prioritize meaning over-generalization.

Based on the above, this research will employ a qualitative descriptive method to reveal facts, events, conditions, incidents, and outcomes that occur during the research process. This research will describe and present what happens. Data collection is conducted through literature study activities. The collected data is then analyzed through data reduction, presentation, and analysis to conclude.

Result and Discussion

Public Sector Accounting Standards

This accounting theory is closely related to financial accounting, particularly financial reporting to third parties. Regarding public sector accounting theory, the question remains whether a true public sector accounting theory exists. According to some experts, even the private sector, where accounting has developed rapidly, still questions whether accounting theory always exists. Various research must support a theory, including hypotheses tested with facts (Santoso, 2021).

The study of accounting theory has three main objectives: to understand current accounting practices, to analyze the strengths and weaknesses of current practices, and to improve accounting practices in the future. Further development of public sector theory will enhance current practices. In this context, efforts are also being made to improve the quality of financial reports, which present relevant and reliable financial information. Public sector accountants face many challenges in preparing adequate and reliable public sector financial reports. These challenges include objectivity, consistency, comparability, timeliness, reporting economy, and materiality (Pratono, 2019).

Public Sector Financial Reporting: Purpose and Function

Public sector financial reporting is a key element of public accountability. The increasing demands for public accountability mean that public sector managers must provide information, including accounting information, to the public in the form of financial reports. However, financial reporting is not the ultimate goal of public-sector accounting. Financial information serves as the basis for decision-making. Accounting information is a means to ensure proper accountability in the public sector and to determine the public sector's ultimate objectives. Moreover, accounting only identifies financial responsibility for performance. The threat faced by public sector auditors is their ability to provide information that can be used to monitor management accountability, political accountability, and public accountability (Bastian, 2019).

The primary role of public sector accounting is to provide financial reporting as a form of public accountability. Accounting and financial reporting gather, process, and discuss facts to assist in decision-making and evaluate organizational performance. In the public sector, the need for facts is more diverse, so facts are not limited to financial facts and the identified accounting system of the organization. Non-financial information, such as service outcome measurements, should also be considered when making decisions (Darwanis, 2022).

Public sector organization financial reporting is based on the objectives and functions of public sector financial reporting: compliance and control. Financial reports reassure users of financial reports and authorities that applicable laws and regulations conduct resource management. Financial reports are used as a form of public accountability, monitoring performance, and providing proper control. This provides the ability to monitor trends over time, achieve set objectives, and, if necessary, compare performance with similar organizations. This financial reporting also allows third parties to obtain information about funds obtained for goods and services and to interpret the efficiency and effectiveness of resource use in organizations based on information about plans and authorizations. Financial reports form the basis for future process and activity planning. Financial reports convey additional information regarding the legitimacy of fund use and the development of the organization's life (Mandasari, 2019).

Financial reports help readers determine whether an organization or business can continue providing goods and services in the future. The function of financial reports is to enable organizations to present performance reports to employees and other interested

parties in the community. These financial reports serve as communication tools for the public and other stakeholders regarding data sources and metrics. Financial reports are intended to provide information to various stakeholders who want to learn more about an organization.

Users of Public Sector Financial Reports: Their Role and Importance

Financial reports can be prepared to provide accurate and relevant information regarding the reporting company's financial position and all transactions during a specific reporting period. Financial reporting compares the performance of acquisitions, expenditures, transfers, and expenses with predetermined financial plans, estimates financial positions, analyzes the effectiveness and efficiency of the company, prepares reports, and helps ensure compliance with regulations. All reporting companies must systematically present the efforts and results achieved in carrying out activities for specific purposes during the reporting period (Sakti, 2019).

Accountability is the management of resources and executing decisions conveyed to the reporting body to achieve routinely set goals. These guidelines will help users analyze the performance of the reporting entity's activities during the reporting period and facilitate the preparation, management, and monitoring of the function of all public assets, liabilities, and equity for the benefit of society. The management of entrusted resources and compliance with laws and regulations, intergenerational equity, and ensuring that users guarantee the integrity of government revenue during the reference period to fund all decentralized loans and future costs help assess whether the allocation can bear these burdens (Ridzal, 2020).

Benefits of Implementing Public Sector Accounting in Government Agencies

The benefits of public sector accounting include providing higher levels of quality and reliability for financial reports related to public sector organizations or government departments. Financial reports must be highly quality and regularly issued because they involve accountability to the central government and the public. This public accounting process is necessary to provide data and reports that the public can easily understand.

Improving Financial Performance and Economy

Public sector organizations must prepare good financial reports to improve financial performance at both local and national levels. Good financial reports also encourage transparency, enabling a better understanding of the economy. Introducing the Public Sector Financial Accounting System (SAKSP) will make government financial accounting and management systems more comprehensive, allowing for more transparent and reliable financial reports.

Government Focuses on Its Core Functions

The state and its bureaucracy must clarify the fields of work the public can handle. By freeing these domains, government organizations and institutions should focus on managing areas essential to many people's needs.

Empowering the Public

The government should not only serve the people but also empower them. When financial situations become transparent, the public is more willing to solve their problems than rely on the government.

Enhancing Competitiveness

In the modern era, the government must help make society more competitive. Public sector accounting requires employees to produce financial reports aligned with their accounting systems to remain competitive across sectors. Public sector organizations must support, create regulations, and prepare products that meet societal needs.

Conclusion

Public sector accountants face many challenges in obtaining accurate and proper public sector financial reports. These challenges include objectivity, consistency, comparability, timeliness, reporting economy, and materiality. Public sector financial reporting is a key element in building accountability in the public sector. Financial reports of public sector organizations are prepared for specific purposes and functions. Generally, the purposes and functions of public sector financial reporting are compliance and management. Financial reporting is used to assure financial report users that resource management has complied with applicable laws and regulations.

Financial reports are used as a form of public accountability. They are prepared to adequately reflect the financial situation and all transactions carried out by the reporting entity during the reporting period. Financial reports are primarily used to compare the performance of income, expenditures, transfers, and financing according to predetermined rules and uses, assess financial positions, evaluate the reporting entity's effectiveness and efficiency, and ensure legal compliance. Each reporting unit must systematically and structurally report the results achieved from implementing methods and activities for specific purposes during the reporting period.

The advantage of public sector accounting is that it provides financial reporting using standardized account classifications, procedures, and recording processes that align with the business operations of public sector organizations, such as budgeting, financial reporting, and accounting reports, which are highly important. The benefits of public sector accounting include providing high-quality financial reports that enhance financial and economic performance, allowing the government to focus more on its sectors, and increasing community self-reliance and competitiveness.

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