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Research Article

Conceptual Framework (Based On Government Accounting Standards/SAP)

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Abstract

This article reviews the conceptual framework contained in the Government Accounting Standards (SAP) which has been prepared by the Government Accounting Standards Committee (KSAP). The conceptual framework is used as a reference in the development of accounting standards and solutions for various matters that have not been regulated in the applicable standards. However, if there are differences related to the conceptual framework with SAP, then a test of the provisions in SAP must be carried out with the elements contained in the related conceptual framework which is expected in the long term related to the problem can be solved by developing SAP in the future.

Keywords: Conceptual Framework, Government Accounting Standards (SAP), formulates

I. INTRODUCTION

In recent years accounting has been characterized by profound transformations involving the public sector across the board that can determine relevant changes in its working model and in the role it plays in society (Soverchia, 2012). Currently, many governments in all countries in the world have implemented accounting in their financial systems. However, the accounting practices that have been carried out by these entities have many differences, especially in the financial reporting process. This is because there may not be many governments in a country that publish accounting standards to regulate accounting practices for public sector organizations.

This phenomenon, together with many specific causes attached to a single context, determines the urgent need to restore the efficiency and effectiveness of public entities so as to monitor the ability to realize their institutional goals in a sustainable financial and economic condition. When viewed from the real social and economic background, this element is an important factor for the international competitiveness of countries, thanks to the important function performed by the public sector in the production and delivery of services that can influence and support the development and competitiveness of enterprises.The International Federation of Accountants (IFAC) has published International Public Sector Accounting Standards (IPSAS) for all public sector entities from the central government to local governments that can be used as a reference or

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basis for all countries. IPSASB (International Public Sector Accounting Standards Board) IFAC created most of the first IPSAS standards based on the IAS/IFRS (International Accounting Standards/International Financial Reporting Standards) standards designed for the business sector (Müller-Marqués Berger,2012). Later, the IPSASB issued standards specifically formulated for the public sector together with a conceptual framework (CF) (IPSASB,2014).

Accounting requires approximate assumptions that serve as the basis for reasoning. Fundamental concepts are in many cases assumptions or at least based on assumptions whose validity is difficult to test objectively but can be useful as a basis for selecting concepts or principles. The basic concept is generally an abstraction of the characteristics of the environment in which the financial statements are made. The accounting concept is the basis used as the basis for the preparation of accounting standards or principles (Yahya et al., 2018). Accounting is actually based on an environment that protects or recognizes private property rights so that accountability is very important. In Indonesia, government accounting has not developed much, its development began at the end of 2003 by issuing the legal basis for government accounting, namely Law No. 17 of 2003 concerning state finances which can be used as an important guideline for the development of government accounting in Indonesia. Before the Law no. 17 of 2003, state financial management is carried out with a single entry (single entry), using a cash basis but is considered to have several weaknesses such as being less informative because it only contains information about cash receipts, expenditures, and balances, and does not provide information about assets and liabilities. (Hasanah & Fauzi, 2017). In order to minimize these weaknesses and to meet the goal of making state finances more informative,

In the preparation and development of Government Accounting Standards (SAP) the first concept is needed which is formulated with a conceptual framework. This paper describes the conceptual framework of government accounting.

II. LITERATURE REVIEW

Government Accounting Standards (SAP) is a guideline to unite perceptions between compilers, users and auditors (Marlena, 2018). The issuance of the application of Government Accounting Standards (SAP) is believed to have an impact on the quality of financial reporting in both central and regional governments, which means that government financial information will be used as a basis for decision making and the realization of transparency and accountability within the government.

The Minister of Finance of the Republic of Indonesia has issued a Decree of the Minister of Finance No: 379/KMK.012/2002 dated June 13, 2002 regarding the Central and Regional Government Accounting Standards Committee (KSAP), but it has been amended several times and the last time the Minister of Finance of the Republic of Indonesia has issued a Decree of the Minister of Finance No. : 379/KMK.012/2004 dated August 6, 2004. Based on this decision, all committees work by involving many elements which are formally stated as elements of the Ministry of Finance, Ministry of Home Affairs and the Indonesian Institute of Accountants (IAI). This was done before the government established and implemented government accounting standards (SAP).

The conceptual framework is a constitution, a coherent system of and relationships between objectives and fundamentals that can promote consistent standards and that describes the nature, function, and limitations of accounting, finance and financial reporting. Objectives identify the goals and purposes of accounting (Belkaoui, 2004). Fundamental is the concept that underlies accounting where the concept here means that it provides guidance in selecting events to be recorded, measuring these events, summarizing and communicating interested parties and making them a form of report. The concept is something fundamental in the sense that the concept is needed in establishing, interpreting, and applying accounting and reporting standards (Kustono, 2010). The conceptual framework is intended to be a constitution in the standard-setting process which aims to provide a guide in solving problems that arise during the standard-setting process by narrowing the questions that arise whether the standard is in accordance with the conceptual framework or not. History has always taught that in practice sound accounting always begins and is based on a strong conceptual framework.

Based on Government Regulation no. 71 of 2010 the conceptual framework formulates the concepts that underlie the preparation and development of Government Accounting Standards (SAP) which aims as a reference for:

1. Setting standards in carrying out their duties
2. Preparation of financial statements in tackling accounting problems that have not been regulated in standards.
3. Auditors in providing an opinion on whether the financial statements are prepared in accordance with the standards,
4. The users of financial statements in interpreting the information presented in financial statements prepared in accordance with the standards.

III. METHODS

This study uses a qualitative approach to draw the application of SAP. The qualitative approach according to Sugiyono (2008) is an analytical method based on post-positivism philosophy, used to examine the condition of natural objects, where the researcher is the key instrument. The method used in this research is a case study on government accounting standards. Case study research is a research conducted intensively and in detail.

The type of data used by researchers in this study is qualitative data. Qualitative data is data in the form of words, not in the form of numbers. The data used in this study are the Budget Realization Report (LRA), Balance Sheet, Cash Flow Statement (LAK) and Notes to Financial Statements in SAP. The tools or instruments used by researchers to collect data for the preparation of this research in the form of existing documents and regulations related to local government financial reports are documentation, namely the technique of collecting the necessary data in the form of documents related to research obtained through previous research. The unit of analysis in this study is how the application of SAP to financial statements which includes procedures for recognition, measurement, definition of elements and items and presentation and disclosure in financial statements prepared by the government. The data analysis technique that was carried out qualitatively in this study was by comparing the data that had been obtained.

Data analysis techniques used in this study are:

1. Collecting the data needed to obtain an overview of how the application of Government Accounting Standards (SAP) in the preparation of Financial Statements at the relevant agency through a study of the relevant literature through a literature study which includes the application of accounting procedures for income, cash disbursements, asset accounting procedures and accounting procedures other than cash.
2. Draw conclusions on the results of the study in the form of whether or not the application of SAP in the process of preparing financial statements.

IV. RESULTS AND DISCUSSION

1. Definition of the conceptual framework of public sector accounting

According to Biduri (2018) the conceptual framework of public sector accounting formulates the concepts that underlie the preparation and implementation of the public sector accounting cycle. This concept includes planning, budgeting, budget realization, procurement of goods and services, reporting, auditing, and accountability of public sector organizations such as the central government, regional governments, political parties, foundations, non-governmental organizations, and religious institutions. The conceptual framework is used as a reference in the development of accounting standards and solutions for various matters that have not been regulated in the applicable standards.

2. The purpose and role of the conceptual framework

Based on Government Accounting Standards (SAP), the Conceptual Framework formulates the concepts that underlie the preparation and development of Government Accounting Standards, hereinafter referred to as standards. Its purpose is to serve as a reference for:

a. standard setters in carrying out their duties;

b. preparers of financial statements in tackling accounting problems that have not been regulated in the standards;

c. auditors in providing an opinion on whether the financial statements are prepared in accordance with the standards; and

d. users of financial statements in interpreting the information presented in financial statements prepared in accordance with standards.

3. Scope of government accounting conceptual framework

The discussions contained in the SAP conceptual framework are (Hasanah & Fauzi, 2017: 30) including:

a. Government accounting environment;
b. Users and users' information needs;
c. Reporting entity;
d. The role and objectives of financial reporting, as well as the legal basis;
e. Basic assumptions; qualitative characteristics that find the benefits of information in financial statements, principles, and constraints of accounting information;
f. Definition, recognition, and measurement of the elements that make up financial statements.

To consider the characteristics that are important in the government environment in setting accounting and financial reporting objectives, it is emphasized by the SAP conceptual framework, which characteristics can be seen from the Government Accounting Standards prepared by the SAP Committee which from 2016 until now SAP is still which is divided into 2 parts, namely the main characteristics and financial characteristics:

a. Key features of the government structure and services provided:

1) General form of government and separation of powers

In the form of the Unitary State of the Republic of Indonesia which is based on Pancasila, power is in the hands of the people and delegates power to public officials through the election process. In line with the delegation of power, there is a separation of powers between the executive, legislature, and judiciary and other state administrators to supervise and maintain a balance rather than the abuse of power among these public officials. For example, in the financial environment in government, the budget is prepared by the executive and gets approval or not from the legislature, if approved, the executive can carry out and be responsible for the budget within the limits of the appropriation.

2) **Autonomous government system and intergovernmental revenue transfer**
Based on the three spheres of government in the government system of the Republic of Indonesia, namely the central government, provincial governments, and district/city governments, a government with a wider scope of context will provide direction to a government with a narrower scope, for example, a government that has large tax or non-tax revenues will be carried out. profit sharing system, general allocation, grants, or subsidies between government entities.

3) **The influence of the political process**
To improve the welfare of all the people of the territory of the Republic of Indonesia, the government must strive to achieve a fiscal balance by being able to maintain stable state finances to fulfill the wishes of its citizens. This can be done with the need for a political process to harmonize the various interests that exist in society.

4) **The relationship between tax payments and government services**

The service provided by the government to the community is to collect taxes as income from the government. Taxes collected and services provided by the government contain certain characteristics that must be considered in developing financial statements, including:

a. Tax payments are not a voluntary source of income;
b. The amount of tax paid is determined by the tax base as determined by laws and regulations, for example income earned;
c. The efficiency of services provided by the government compared to the fees used for services is often difficult to measure due to the monopoly of services by the government, but opportunities are given to other parties to make measuring efficiency easier, such as education and health services;
d. Measuring the quality and quantity of various services provided by the government is relatively difficult.

b. Characteristics of government finances that are important for control

1) **Budget as a Public Policy Statement, Fiscal Target, and Control Tool**
The budget coordinates the spending activities of the government and provides the basis for revenue and financing efforts by the government for a certain period which usually includes an annual period. However, it is possible to prepare a budget for a period of more or less than one year. So that the budget function in the government environment has an important influence on accounting and financial reporting because the budget is a public policy statement, the budget is a fiscal target, the budget becomes the basis of control that has legal consequences, the budget provides the basis for evaluating government performance, and the results of budget implementation will later be made in form of government financial statements as a statement of government accountability to the public.

2) **Investing In Assets That Do Not Generate Direct Income**
The government invests large funds in assets that do not directly generate revenue for the government, such as office buildings, bridges, roads, parks, and reservation areas, most of which assets have a long useful life by causing the government's commitment to maintain them in the future so that they do not generate income. direct revenue to the government.

3) **Possible Use of Funds Accounting for Control Purposes**
Fund accounting that separates groups of funds according to their purpose, so that each is an accounting entity that is able to show a balance between expenditure and income or transfers received. Can be applied for the purpose of controlling each group of funds other than the general fund group, so it is necessary considered in the development of government financial reporting.
4) **Pdepreciation of asset value as an economic resource because it is used in government operational activities.**

4. Reporting Entities and users of financial statements

Reporting Entity is a government unit consisting of one or more units in the government that manages budgets, assets, and obligations that carries out accounting and presents financial reports on the basis of accounting that is carried out which, according to the provisions of laws and regulations, is required to present an accountability report, in the form of financial statements that general purpose, which consists of:

a. Central government;
b. Local government;
c. Each state ministry/institution within the central government;
d. Organizational units within the central/regional government or other organizations, if according to the laws and regulations, the said organizational units are required to present financial reports.

Government financial reports are prepared to meet information needs
from all user groups that are not limited to:

a. Public;
b. People's representatives, supervisory agencies, and inspection agencies;
c. Parties who give or play a role in the process of donations, investments, and loans; and
d. Government.

5. The Role and Purpose of Financial Statements

Rolefinancial statements to provide relevant information about the financial position and all transactions carried out by a reporting entity during a reporting period and to determine the value of economic resources used to carry out government operations, assess financial condition, evaluate the effectiveness and efficiency of a reporting entity, and help determine compliance with applicable laws and regulations for the sake of accountability, management, transparency and balance between generations.

The purpose of government financial reporting is to provide information that is useful for users in assessing accountability and making economic, social and political decisions by providing information about:

a. Source, allocation and use of financial resources;
b. Sufficient revenue for the current period to cover all expenses;
c. The amount of economic resources used in the activities of the reporting entity and the results that have been achieved;
d. How the reporting entity finances all of its activities and meets its cash needs;
e. The financial position and condition of the reporting entity in relation to its sources of revenue, both short-term and long-term, including those from tax collections and loans;

f. Changes in the financial position of the reporting entity, whether it increases or decreases, as a result of activities carried out during the reporting period.

To fulfill this, the financial statements provide information regarding the sources and use of financial/economic resources, transfers, financing, remaining more/less budget execution, excess budget balance, surplus/deficit-Operational Report (LO), assets, liabilities, equity, and cash flows. a reporting entity.

6. Components and Characteristics of Financial Statements

The components of the main government accounting financial statements consist of:

a. Budget Realization Report (LRA);
b. Report on Changes in Budget Balance (Report on Changes in SAL);
c. balance sheet;
d. Operational Report (LO);
e. Cash Flow Statement (LAK);
f. Statement of Changes in Equity (LPE);
g. Notes to Financial Statements (CaLK).

The qualitative characteristics of financial statements are normative measures that need to be realized in accounting information so that it can meet its objectives to be able to meet the desired quality, which has 4 characteristics, namely:

a. Relevant: which if the information has the benefit of feedback, predictive benefit, timely and complete that can influence user decisions;
b. Reliable: whose information is not misleading, honest, verifiable, neutral and free from material error;
c. Can be compared with the financial statements of the previous period or with the financial statements of other reporting entities; and
d. Understandable.

7. Basic Assumptions

The basic assumptions in financial reporting in the government environment are assumptions that can be accepted as truth without the need to be tested and proven first so that accounting standards can be applied, which consist of:

1. Assumption of entity independence
   The assumption of entity independence is that each organizational unit is considered as an independent unit and has an obligation to present financial statements so that there is no confusion between units of government agencies in financial reporting. One indication of the fulfillment of this assumption is the entity's authority to prepare a budget and implement it with full responsibility.
2. Assumption of Entity Continuity
   Assumption of Entity Continuity is that financial statements are prepared with the assumption that the reporting entity will continue its existence with no intention of going into liquidation in the short term.
3. Assumption of Measurement in Money Units (Monetary Measurement)

The assumption of measurability in units of money is that the financial statements prepared are assumed to be valued in units of money in order to allow analysis and measurement in accounting.

8. Principles of Accounting and Financial Reporting

There are eight principles used in government financial accounting and reporting as provisions that must be understood and adhered to in preparing standards, accounting and financial reporting providers, namely as follows:

a. **Accounting base** used in the government's financial statements is the accrual basis for recognition of revenue-LO, expenses, assets, liabilities and equity while in terms of budget (LRA) is prepared on a cash basis.
b. **Historical Value**more reliable than others because it is more objective and verifiable. In the absence of historical value, the fair value of the related asset or liability may be used.
c. **Realization**
d. **The Principle of Substance Over Formal Form** all transaction information or other events need to be recorded and presented not only in terms of formality, but if the substance of transactions or other events is inconsistent/different from the formality aspect, this must be clearly disclosed in the Notes to Financial Statements.
e. **Periodicity Principle** The main one used is yearly but monthly, quarterly, and semi-annual periods can also be used.
f. **Consistency Principle** The accounting treatment from period to period by a reporting entity is applied equally and consistently but changes may still be made if it is able to provide better information and the changes must be mentioned in the CALK.
g. **Full Disclosure Principle** Financial statements must be presented in full which contains information for users which can be placed on the front sheet (on the face) of financial statements or notes to financial statements.
h. **Fair Presentation Principle** In the context of fair presentation, a factor of sound judgment is required for the preparers of financial statements when facing the uncertainty of certain events and circumstances that contain an element of prudence when making forecasts in conditions of uncertainty so that assets or income are not overstated and liabilities are not understated.

V. CONCLUSION

Accounting practices that have been carried out by government entities throughout the country have many differences, especially in the financial reporting process. This is because there may not be many governments in a country that publish accounting standards to regulate accounting practices for public sector organizations. The International Federation of Accountants (IFAC) has published International Public Sector Accounting Standards (IPSAS) for all public sector entities from the central government to local governments that can be used as a reference or basis for all countries. In Indonesia, government accounting has not developed much, its development began at the end of 2003 by issuing the legal basis for government accounting, namely Law No. 17 of 2003 concerning state finances which can be used as an important guideline for the development of government accounting in Indonesia. The issuance of the application of Government Accounting Standards (SAP) is believed to have an impact on the quality of financial reporting in both central and regional governments.

The conceptual framework of public sector accounting formulates the concepts that underlie the preparation and implementation of the public sector accounting cycle. Based on the

Government Accounting Standards compiled by the SAP Committee issued in 2021, the conceptual framework is used as a reference in developing accounting standards and solutions for various matters that have not been regulated in the applicable standards. The SAP conceptual framework emphasizes the characteristics that are important in the government environment in setting financial accounting and reporting objectives which are divided into 2 parts, namely the main characteristics and financial characteristics. The role of financial statements is to provide relevant information about the financial position and all transactions carried out by a reporting entity during a reporting period. Components of government accounting financial statements consist of LRA, Report on changes in SAL, balance sheet, LO, LAK, LPE, and CALK. There are 4 characteristics of government accounting financial statements, namely relevant, reliable, comparable and understandable. Meanwhile, there are 3 basic assumptions in financial reporting, namely: the assumption of entity independence, the assumption of entity continuity, and the assumption of measurability in units of money. There are 8 government accounting principles, namely: accounting basis, historical value, realization, substance over formal form, periodicity, consistency, complete disclosure, and fair presentation. and the assumption of measurability in units of money. There are 8 government accounting principles, namely: accounting basis, historical value, realization, substance over formal form, periodicity, consistency, complete disclosure, and fair presentation. and the assumption of measurability in units of money. There are 8 government accounting principles, namely: accounting basis, historical value, realization, substance over formal form, periodicity, consistency, complete disclosure, and fair presentation.

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