

PRO AND CONTROL ON APPLICATION OF PP NO 71 OF 2010 IN PRESENTATION OF ACCRUAL BASED ON FINANCIAL STATEMENTS (CASE STUDY: GRESIK DISTRICT)

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ABSTRACT

This present study aimed to comprehend the Pros and Cons of the implementation of accrual-based Government Accounting Standard in Gresik Regency by new institutionalism perspective theory. A theory was used to analyze and comprehend the application of accrual-based Government Accounting Standard in Management of Regional Revenue, Finance, and Assets Offices by applying interpretive paradigm to understand the real condition happened subjectively. To describe the Pros and Cons happened, since the Government Regulation Number 71, the Year 2010 was established until its implementation; processual analysis was utilized. Some researcher could formulate three significant periods involved (tolerance period, trial period, and transition period). The study resulted in: first of all, at the first stage the Government Regulation Number 71 the Year 2010 was established intolerance period. There were only a few indicators which revealed optimal efforts to implement accrual-based Government Accounting Standard by the county government of Gresik Regency. Second, the commitment regarding the implementation of accrual-based Government Accounting Standard in Gresik Regency government seemed from the Regency government published Regency Government Regulation Number 24 the Year 2014 about Accrual Based Accounting Policy, Accrual Based Accounting System, and Government Standard Account Scheme. Third, at the transition period in Gresik Regency government, the accrual-based government accounting standard still not optically worked; this was due to the lack of the competency of the human resources who work as finance report administrator toward the accrual principles. Therefore, the implementation of the accrual-based Government Accounting Standard yet could not be embodied maximally.

Keywords: Based Accrual, New Institutionalism theory, Processual Analysis

INTRODUCTION

Application of SAP with a cash towards accrual basis in the Government of Gresik Regency has been running for eight years. SAP implementation, despite facing many obstacles has shown an increase. This was partly reflected in the opinion given by the Supreme Audit Agency (BPK) on the Gresik Regency Government Financial Report.

Cash basis and accruals are two endpoints of a spectrum of accounting and budget bases to be applied (Harun and Robinson, 2010). The cash base was initially used traditionally in various countries for public sector activities. Accrual-based financial reports and budgets were first applied in New Zealand in the early 1990s. In its development, there have been significant changes in the use of the accounting base from the cash base to the accrual basis in member countries of the OECD (Organization for Economic Co-operation and Development), although there are still differences in the accrual degrees among these countries (Mulyana, 2004).

Accrual basis implementation presents a considerable challenge, both in terms of the readiness of technical implementation regulations, the structure and infrastructure of government organizations, culture, systems, and procedures, to the availability of human resources. All these elements need to be updated so that the accrual basis can be implemented as well as possible. Although it looks good, the concept of accrual accounting itself is still debated by several parties. Carlin (2005) said;

"Debates on the adoption of accrual accounting and public sector financial reporting techniques have been so extensive over the past decade, without the risk of inaccuracies. The question is whether accrual-based methods must be adopted by public sector entities mostly in disadvantaged areas, where they have penetrated every layer of the public sector over the past decade."

The concept of accrual accounting is still debated because many think that the public sector and the private sector must have different systems because they have different characteristics. Other critics say that accrual accounting is an attempt to make the public sector a neoliberal institution, expressed by Ellwood and Newberry (2006: 1). Also, the argument is accrual accounting can provide better accountability also faces challenges from some experts who state that not all public sectors are compatible with accrual accounting and precisely accrual accounting itself which obscures accountability information. Beechy (2007: 1) provided that arguments related to financial statement accountability presented using accrual-based accounting as follows "The argument of this paper is that the use of full accrual accounting obscures operating accountability and transparency in some types of organizations."

Djamhuri (2009) examined that government accounting and budget reform in one of the Regional Governments in Indonesia. The finding is only succeeded in institutionalizing a system ceremonially and a new system. It is loosely coupled with the socio-cultural reality of an existing civil service has made reformation not yet successful in instilling values of accountability in the daily operations of the Regional Government. This was also due to insufficient quantity and expertise of local accounting staff, bureaucratic culture, and Javanese cultural influences such as "Pingree Praja" and "Pamong Praja."

In its implementation, PP 71 of 2010 has its obstacles for the Regional Government. Harun and Robinson (2010) found that the Indonesian public sector failed to implement accrual accounting. A success of applying the accrual basis is strongly influenced by the quality of human resources such as the ability to understand and apply these government regulations. As stated by Pratama (2012) and Adawiyah (2013) that PP 24 of 2005 was not successfully implemented in Indonesia due to inadequate human resources.

Previous research in several countries, regarding the adoption of accrual-based accounting systems in public sector organizations, stated that the application of accrual-based accounting systems is often accompanied by a large number of weaknesses and problems (accounting problems, human resources, organization and finance) that hinder or delay adoption rates. So, the transition from a cash based on accounting system to the accrual basis will not occur quickly and thoroughly (Kusuma & Fuad, 2013). Harun and Kamase (2012) conducted a study on the application of accrual accounting to provincial-level regional governments in Indonesia. It is conclude from an economic perspective, the policy to adopt accrual accounting systems at the provincial government level in Indonesia . It was showed a similar pattern with other countries aimed at strengthening more efficient, accountable, and transparent government.

This research was conducted at the Revenue, Financial, and Asset Management Office of the Gresik Regency. A location of the study was chosen based on several considerations; First, Gresik is known as one of the leading industrial areas in East Java. There are eight regencies/cities that get WTP (Unqualified) opinion, Gresik Regency is one of the regencies/cities in the period (in 2014, before the accrual basis is required) that gets the WTP opinion by the BPK on its financial statements. Because the Gresik Regency Financial Report has been presented relatively for all material matters by Government Accounting Standards. Second, DPPKAD as the leading sector in regional financial management that doubles as PPKD (Regional Financial Management Officer) and OPD (Regional Device Organization), and an authority to supervise the Financial Statements of all OPD in Gresik Regency Government.

The explanation above has shown the reason for determining the object of the researchers related to the implementation of PP No. 71 of 2010 on the financial statements of the Gresik Regency Government. The researcher identifies the location to see the relevant information or data related to the implementation of PP No. 71 of 2010 that supports existing government programs. However, the reality in the field is the pros and cons regarding the application of accrual bases in the government sector, especially in Gresik Regency.

One example does not support the application of an accrual basis is that the accrual basis is new to them. So, it requires knowledge of the accrual basis whereas their pro-reason is lacks transparency and accountability, according to the purpose of applying the accrual basis. From, this phenomenon researchers are interested in researching Gresik Regency to clarify how the pros and cons of implementing accrual basis accounting, to understand the development of accrual accounting, and to the emergence and application background in the public sector.

METHODOLOGY

The approach used in this study is a case study. Case studies are one of the superior methods to bring us to understand complex problems (Dooley, 2005: 335). Based on this understanding, researchers understand that case studies are one of the best approaches to understanding problems in a complicated way. Another definition of a case study was put forward by Yin (2004) that a case study is an empirical study that investigates the conditions that occur in the present in the reality of life that is real. This view is in line with what Ball, S (2004) said that an analysis of single units in depth is holistic and exhaustive, which relies on essential characteristics of real events.

Researchers understand that case study research is one of the research methods used in social science studies. It is also understood that case studies are very suitable for contemporary phenomena or contemporary phenomena an exist in everyday life. If it is associated with research, this case study can answer the complex problems being studied and undoubtedly able to describe the dynamics that occur in Gresik related to the implementation of accrual-based SAP.

Data collection techniques used include observation. This method is used with the intention to observe and record the symptoms. The object of research when a situation is natural or actual is taking place, including what preparations are made by the Gresik District Government in the framework of accrual-based SAP implementation. The strategies are used to obtain maximum results in the implementation of the SAP, as well as how organizational changes occurred in the Gresik Regency Government. A observation activities carried out in this study are one example by directly observing activities of the compilers of the Regional Government financial statements in the Field of Accountancy and Accountability of the Regional Revenue, Management, Finance, and Assets Service of Gresik Regency. This is intended to obtain data and closer to truth by comparing the results of interviews with the actual situation.

The second data collection technique was in-depth interviews in the form of semi-structured interviews. Semi-structured interviews are conducted by interviewing directly and deeply with the prepared questions and spontaneous questions. It was developed based on the answers given by the informant or site in the field to the parties involved and directly related to getting a more in-depth explanation of the conditions and the real situation. In order to obtain an adequate understanding of the pros and cons of implementing the accrual basis of SAP, the strategy implemented by the Gresik Regency Government to achieve maximum results and maintain WTP opinions when the SAP accrual basis is applied, researchers need informants who understand the data, information and facts in around the problem/case under study. The researcher interviewed with the Head of Accounting and Financial Accountability (Drs.AM); Sub. Program Preparation and Reporting Section (A.HF).

The next data collection technique is documentation. A study of this document is a complement to the use of observation methods and interviews. In this study the materials are include legislation such as Government Regulation Number 71 of 2010 and Permendagri Number 64 of 2013, Regional Regulations on Regional Financial Management, policy strategies for obtaining WTP opinions, organizational structure of work procedures of the Gresik Regency government, reports Bimtek activities and socialization related to the implementation of PP 71 of 2010, and the BPK Audit Result Report (LHP).

The analytical method is used processual analysis, which means describe a case dynamically to get the real story. While, holding on to validity and reliability of the data. Van de Ven (1992: 169) argued that a process is often used in three ways 1) used to explain causal relationships in the theory of variance; 2) as a conceptual category that refers to individual or organizational activities; and 3) as a sequence of events that explain how things can change (Pettigrew, 1997). It was only the third approach directly observes for many process in action. So, the form of application of accrual accounting in the public sector rationally.

This research is influenced by the procedural approach. In this study, the researcher are presents information contextually. Based on the reality that occurs in the PPKAD Service in Gresik Regency by taking into account the time and events. Humans are seen as active, creative creatures in the face of their environment, this approach does not look linearly, but sees what changes and does not change, as well as the mechanisms and processes that take place related to changes or no change. Winarto (1999) stated that are continuously interrelated with each other.

RESULTS

Pros and Cons of Implementation of Government Regulation Number 71 of 2010

To analyze an events in DPPKAD, the researcher uses longitudinal processual analysis, so the researcher can conclude 3 (three) necessary periods, such as the tolerance period (2010 to 2014), the trial period (2014), and the transition period (2015). First Tolerance, this period is one part of regulatory adjustments mandated for the object (Regional Government). With the presence of PP 71 of 2010, the efforts of the Regional Government to prepare human resources by conducting socialization, technical guidance related to the readiness of financial management human resources in this implementation. Second, Trial period, fourth year (2014) after the enactment of PP 71 of 2010, the Gresik Regional Government was only able to implement accruals of financial statements, even then it was only a trial phase based on Permendagri Number 64 of 2013. Third, transition period (2015), after testing with various kinds of efforts that have been carried out both from the preparation and trial stages, in this transition period the Regional Government has conducted socialization related to the implementation of accrual-based SAP based on Regional Regulation number 24 of 2014. Researchers are conducted informant selection to confirm the application related to Accrual-based SAP.

In confirming the stages of implementation of PP No. 71 of 2010, researchers interviewed Mr. Drs.AM as Head of Accounting and Accountability. He has been in the Gresik Regency Government for a long time for approximately 20 years. I asked him with the question, "Have you been in this Service for a long time?" He answered; "I have been here for a long time, but I have only been in this period (2016) as Head of Accounting and Accountability, approximately 3 (three) years."

From these answers, researchers can conclude that Drs.AM through three times that researchers have found above.

Furthermore, the researcher asked about the implementation of PP 71 of 2010 in the Gresik Regency Government; he said "I have gone through that period, even I often become a speaker about the socialization of the PP in the Gresik Regency OPD forum." Also, the researcher confirmed to the Sub-Section. Program Preparation and Reporting Section Mr. A.FF, he here provides a lot of evidence regarding the accrual-based SAP implementation that occurred during that period. To better understand the application of PP, the researcher conducted a more in-depth interview with the informant about the three periods, as described below.

Period of Tolerance

Government Regulation Number 71 was promulgated on October 22, 2010; the PP came into force on the date of promulgation about the application of accrual-based Government Accounting Standards. The transition from SAP Base Cash Towards Accruals received a tolerance period of four years (2010 to 2014). During this period, there was prepared by the Gresik District Government both in terms of commitments, regulations, policies, human resources, and technology that would support this implementation.

Gresik Regency Government has shown a high commitment to welcome new regulations from the central government regarding the implementation of accrual-based accounting. However, commitment is not fully supported by qualified Human Resources and by their fields between accounting and technology. Therefore, based on the results of the BPK audit, it explained that:

"The readiness of the accrual-based SAP implementation in Gresik Regency has not shown an adequate commitment from the parties involved, as the results of the BPK Representative Audit of East Java Province regarding the readiness for the implementation of accrual-based accounting."

Likewise about the readiness of the Regency Government of Gresik, commitment is indeed inadequate when viewed from the perspective of human resources, because there are only a few people who understand related to SAP accruals.

A researcher questioned what the accounting staff's responses related to the implementation of the SAP accrual basis at the beginning of the enactment of PP 71 in 2010. Because, the government of Gresik Regency had not been able to issue financial reports directly. According to SAP as mandated by the Government Regulation, as described by Mr. Drs.AM that; "When the PP came down (in 2010), we could not immediately implement it because we in the Local Government were waiting for the Permendagri (Regulation of the Interior Minister) to regulate the actualization."

What is said by Drs.AM about PP Number 71 article 7 paragraph (3) further provisions regarding the implementation of SAP Accrual Based in stages as referred to in paragraph (1) in the regional government regulated by the Minister of Home Affairs Regulation. Then, in article 6 paragraph (3), such as the Regional Government Accounting System controlled by the regulations of the Governor/Regent/Mayor, which refers to the general guidelines of the Government Accounting system. Drs.AM was continued his explanation regarding to the preparations for what to do when the initial PP period was promulgated; he said "There are several things we must prepare, namely Commitments (commitments from the Regent, Council, Head of the OPD and the main implementing staff)."

A commitment is willingness of the principals to implement with the readiness of all segments that must be fulfilled, in terms of understanding to be able to achieve the accrual basis. In fact, many commitments encountered by the perpetrators in the first year of PP 71 were still not uniform (there are always pros and cons), such as the atmosphere felt by Mr. HF and Mrs. FZ in the official office (PPKAD), at that time (Bu FZ) "yes "What is said by Pak HF. "In 2010, we still could not do anything. This change takes a little time, because we have to learn again to understand it. Many friends have to understand it, especially those who are not accounting graduates. "

Two months after the issuance of PP 71, there has been no change in terms of financial statements, nor the commitment of the perpetrators, due to the lack of readiness in terms of engagement, regulation, and human resources owned by the Gresik Regency Government. At that time, an existing reporting was still running like the previous year, such as the Cash Towards Accrual Base.

An absence for readiness in terms of implementation is because the Gresik Regency Government has never held a forum correctly explaining in detail to all OPD heads over the accrual-based SAP implementation plan. This condition is caused the leaders of OPD not to get a complete understanding of changes that occur in daily financial management activities in each OPD.

A head of the OPD has not yet set a specific plan and strategy for the implementation of accrual-based accounting in each OPD. OPD only relies on the SIPKD application in carrying out its financial management and recording activities. So, the Head of the OPD feels no need for further planning in dealing with constraints in accrual-based SAP implementation. A limitation faced by Gresik Regency Government were the lack of understanding of the accrual-based SAP implementation planning in financial management HR. So, it was difficult to expect a commitment from the OPD Head to be responsible for accrual-based implementation within their respective OPDs.

Trial Period

After passing the tolerance period, where the period raises a commitment and planning of Gresik Regency Government towards the accrual-based SAP implementation. Then, enter the trial period, which is by a mandate of the legislation implementation of accrual-based accounting for the Regional Government at the latest implemented in the Fiscal Year 2015. So, when application before that year (2015) researchers called it a trial period.

In this trial period, a success of accounting basis changes requires readiness and support from all elements in the Gresik Regency Government are include commitment from the legislator (in this case the DPRD) and policymakers (in this case the Gresik Regent, the Head of the OPD and key personnel involved in management regional finance). This commitment can be demonstrated by adequate planning supported by the DPRD and the realization of plan.

In recording, an existing regional financial statements before the actualization was implemented, the Pemkab Gresik used two records, such as manual recording and using the system (Regional Financial Management Information System-SIPKD). As said by Mr. AM:

"We still keep recording manually, even though we use the system, its function is for control. We use SIPKD Version 4 (Cash Towards Accrual basis), then the system is updated to SIPKD version 6, which has adopted an accrual basis. We collaborate with PT. Us. "

The application currently used is the SIPKD version R-6. PT. Us has upgraded the application from version R-4 to version R-6, which is intended to accommodate policy changes from SAP cash-based, to accruals into SAP accrual-based, and implementation which must be implemented starting in 2015. A development of the application is part of collaboration between the Director General Regional Finance Ministry of Home Affairs with PT. Inaction Luhur Pertiwi Join Venture and PT. Us on October 19, 2010. In the contract, it is known that the development of application is still maintenance period from October 20, 2010, to October 19, 2015.

The Gresik Regency Government was used information technology in the form of SIPKD applications that are used for budgeting, managing transactions carried out by treasurers in each OPD until the regional financial reporting process. The SIPKD application is web-based, so it can be accessed through the Internet Explorer (IE) browser and the SIPKD server placed on the 3rd-floor DPPKAD office. Information Technology Data Processing (PDTI) has built a Wide Area Network (WAN) using Fiber Optic technology and Wireless networks/Tower that connects all of the Gresik District Government OPDs. So, all OPDs can access the SIPKD application through the local OPD computer.

For the implementation of SIPKD in Gresik District, PT.Us commissioned a consultant for the Implementation of SIPKD to carry out a mentoring work on application of SIPKD in Gresik Regency. In the framework of SIPKD, the Regional Financial Information System Implementation and Improvement activities form a Software and Hardware Maintenance Team whose task is to periodically and incidentally maintain hardware, software, and SIPKD networks. Establishment of the Software and Hardware Maintenance Team to accommodate complaints about SIPKD applications and systems.

Gresik District Government has implemented preparatory steps for the implementation of accrual-based SAP during the 2014 and 2015 Fiscal Year, including the preparation of Regents Regulations on Accrual-Based Accounting Standards. It can update Regional Financial Management Information Systems as well as functional accrual-based SAP related socialization and training by the Gresik Regency Government and those carried out by outsiders. The Gresik Regency Government has established the preparatory steps needed to implement accrual-based SAP.

Steps taken are making some preparations such as drafting Regional Regulations on Accounting Policies, Regional Head Regulations concerning Regional Government Accounting Systems, providing facilities, and infrastructure and technology support, especially accounting administration applications that accommodate the accrual basis therein and make commitments. A commitment of the new Gresik Regent can be seen by the issuance of Regent Regulation No. 24 of 2014 concerning Accrual-Based Accounting Policies, Accrual-Based Accounting Systems, and Government Standard Charts (BAS). This regulation is the basis for the application of accrual-based accounting in Gresik Regency.

The regulation was only approved in August 2014, this can be said to be late from stipulations that have been promulgated under Permendagri No. 64 of 2013. Article 10 paragraph (1), such as the regulation of regional heads governing the local government accounting policies as referred to in article 4 paragraph (5) and the regulation of the regional head overseeing SAPD as mentioned to in article 6 paragraph (4) is stipulated no later than 31 May 2014.

After a socialization and technical guidance of the regional financial management human resources were carried out. A placement of human resources with competencies in the accounting field must be planned by considering, among others, tasks and functions, rotation, and mutation. Unplanned rotation and variation of financial management human resources will caused a implementation of the system. It is to experience obstacles because replacement staff has not mastered the field.

Gresik Regency Government has distributed financial, asset, and IT human resources in each OPD according to their duties and functions. The amount of HR in business management, assets, and IT in each OPD can be different depending on the size of the organizational structure, the main tasks, and functions of the OPD as explained by Mr. AM that; "Gresik Regency Government has placed financial management HR in each OPD with the amount according to their OPD needs. At least there are Budget Users, PPD OPD and Treasurer of Expenditures".

At each OPD, the financial manager must at least consist of Budget Users, Budget User Authorities, OPD Financial Administration Officers, and Expenditure Treasurers. To help smooth the duties of business, asset and IT managers, the OPD Head can appoint and assign competent HR as the PPK Assistant, Assistant Treasurer, and SIPKD Operator. In the probationary period, the Gresik Regency Government has arranged from what has been planned to be implemented, starting from the equalization of perceptions, the placement of financial management HR, to the trial of the system used as a means of presenting accrual-based financial statements.

Transition Period

During this period two past periods have been passed, namely tolerance period and probation period, which in those two periods many things have been done by the Gresik Regency Government to be able to implement PP 71 of 2010 optimally. In this transition period is the transition of the implementation of the financial statements of the Cash Towards Accrual Base to the Accrual Base.

Some of the strategies that have been carried out by the Gresik Regency Government in an effort to maximize implementation in the hope of leveling understanding between the staff in each Regional Government of Gresik Regency, namely the first Socialization of Government Regulation Number 71 of 2010; second Compilation of Regents Regulations concerning accrual-based accounting standards for regional governments; third, accrual-based SIPKD application training; fourth socialization of Regent Regulations Number 24 of 2014 and technical guidance on accrual-based accounting systems; fifth Accrual-based fixed asset depreciation workshop; the sixth training program preparation preparation for accrual-based accounting; seventh Sending HR to participate in socialization, technical guidance, training held by the Central Government, Provinces and Educational Institutions. These strategies have been implemented by the Gresik Regency Government in stages of tolerance and probation.

The implementation of accrual-based accounting in Gresik Regency Government, both in the Accounting and DPPKA Accountability and accounting functions in OPD, has not been fully implemented for all financial transactions that have occurred. In accrual-based accounting, economic transactions and other events should be recognized, recorded and presented in the financial statements at the time of the transaction, regardless of when cash or cash equivalents are received or paid. Recognition and recording of transactions in Gresik Regency Government has not been fully implemented in accordance with the accrual-based accounting principles. This can be explained, among others, namely: First, the recognition of income and expenses on operational reports (LO) has been implemented with the financial application of SIPKD (Regional Financial Management Information System). However, the recognition is still based on cash received or issued not when the rights and / or obligations arise. In the recording of LO on SIPKD, revenue from income is made based on the letter of deposit (STS) income to the regional treasury, not when the right to income arises. Whereas the burden recorded by the OPD based on the accountability document that has been validated by the PA / KPA OPD is not based on the emergence of obligations on said burden. The STS registration and validated liability documents are used as the basis for revenue recognition both in the budget realization report and LO.

The Gresik Regency Government has collaborated with the Ministry of Home Affairs to establish regulations that are used as the basis for the Regulation of Gresik Regent Number 24 of 2014 dated August 25, 2014, concerning Accrual Based Accounting Standards in the Gresik Regency Government. The Ministry of Home Affairs conducted a Coordination Meeting with Provincial / District / City Governments including with the Gresik District Government to find out the readiness of LGs in applying Accrual-Based SAP starting in 2015 which was held on December 17, 2014, at the Sasana Bhakti Praja Ministry of Home Affairs.

The Ministry of Home Affairs in collaboration with PT. The US since 2010 has facilitated the Gresik District Government to develop the application of regional financial management systems, namely SIPKD as a local government aid tool that is used to improve the implementation effectiveness of various regional financial management regulations based on efficiency, economical, effective, transparent, accountable and auditable. PT. Us updated the system that was used previously (SIPKD Version R-4) by adjusting the system based on Permendagri 64 of 2013. In its development, SIPKD for accrual-based regional financial management used SIPKD Version R-6, which was compiled according to Minister of Home Affairs Number 64 of 2013.

In implementing these adjustments, PT. Us made adjustments to verify the suitability of the proposed system improvement with Permendagri Number 64 of 2013; Perbup Number 24 of 2014 concerning Accrual Based Accounting Policies, Accrual Based Accounting Systems and Government Standard Account Charts; and Perbup Number 3 of 2011 concerning Accounting Systems and Procedures. During this transition period, the Gresik Regency Government carried out Accrual-Based Accounting Dissemination and Implementation on SIPKD on 10 February 2015 at DPPKAD. This socialization was given by Us to the Accounting Sector, which aimed to reiterate that the Gresik Regency Government had implemented Accrual-based accounting and provided an explanation regarding the implementation of the R6 version of SIPKD. SIPKD has three main modules, namely the Budgeting Module, Implementation Module, and Accountability Module.

Gresik Regency also cooperates with BPKP to be one of the speakers in the Diklat Accrual-Based Financial Management carried out by BKD Gresik Regency which also collaborates with the Education and Training Agency of East Java Province for seven days starting from 5 to May 13, 2015. Both the valuation and recognition of receivables have been carried out on the type of receivables arising from regional levies, such as taxes and levies. The assessment of the receivables is carried out at the time of reconciliation of revenue realization between the Accounting and Accountability fields with OPD. Calculation of accounts receivable is done manually by adding up the balance of receivables as at 31 December 2014 and the 2015 value of income minus the realization value of 2015.

The three allowances for uncollectible accounts have been made as of December 31, 2014. The compensation is not yet fully supported by the details of the receivables set aside. Whereas in 2015, there was no assessment of the allowance for uncollectible accounts according to the accounting policy of the Gresik Regency Government, which was regulated in Regent Regulation Number 24 of 2014. Fourth, based on Regent Regulation Number 24 of 2014, recognition of inventory expenses based on the load method, i.e., each inventory purchase will be directly recorded as inventory expense. At the end of the year, inventory will be recorded at the value of the list of physical inventory. Therefore, the OPD has not claimed to have catalogs. Also, most DPOs will only carry out a physical inventory of stock only at the end of the year. Fifth, there is no acknowledgment of debt, recognition of debt is planned to be carried out at the end of the 2015 Budget Year; and the sixth Amortization of intangible assets has been implemented in the balance sheet restatement concept as of December 31, 2014, while the assessment for the 2015 Fiscal Year has not been assessed.

In addition to being associated with the recognition, recording, and presentation of some of the accounts above, the implementation of accrual-based SAP implementation, especially at the OPD level, has not been able to assess the level of effectiveness because there has been no evaluation of this. It is not yet known whether the OPD can implement the predetermined accounting policies, whether the executors of financial and accounting functions can implement SAP accruals. As stated by Mr. AM;

"The field of Accounting and Accountability only carries out reconciliation of the value of cash transactions, namely the realization of income and expenditure in the LRA with income and expenses in the LO recorded by the Field of Accounting and Accountability with the data of each OPD."

He continued his explanation;

"Until now (2016), there is still a difference between the value of spending on the LRA and the burden on the LO. The difference is still in the process of identifying problems that occur on the difference. Meanwhile, non-cash transactions and accounts on the balance sheet have not been carried out. This happens because there is no recognition and recording of non-cash transactions and balance sheet accounts. "

According to the statement above, it can be concluded that the actualization of Gresik Regency Government has not been optimal, although several attempts have been made to improve the actualization of local government financial statements. Thus, the Gresik Regency Government needs to get an evaluation from the Ministry of Home Affairs and the East Java Provincial Government on the implementation of accrual-based accounting.

Gresik Regency: Accrual-Based Accounting System in New Institutionalism Theory

Thematization is an effort to look for themes. In practice, thematization can be carried out systematically and non-systematically. One systematic way is done by using coding developed by Strauss and Corbin (1990,1998) as cited by Creswell (2007). The coding steps consist of open, axial, and selective coding. The open coding technique is done by describing the results of the

interview, then compared with one another, and searched for categories that can be used to explain the dynamics of accrual-based SAP implementation. The results of the interviews were used as the data analyzed. In open coding, the experience of research informants can be grouped into two broad categories, namely: a) Institutionalization in the aspects of financial management HR human resources; and b) — institutionalization at the stage of accrual-based government financial statement preparation.

Furthermore, the existing categories are selected and re-analyzed to find the interrelationships with one another. This is done by reviewing these categories with new perspectives so that we can know how the context behind the application of accrual-based SAP, other aspects that encourage and inhibit SAP, and how the implications of SAP implementation.

The axial coding phase is carried out by describing each category into themes which include the meaning of accrual-based accounting standards, organizational achievement, rejection of change, the involvement of professional actors. From several issues that have been produced from the axial coding, then selectively coding becomes an effort to realize the legitimacy of compliance, the achievement of better practices, the role of professional actors. Changes that occur include aspects of management values, HR, organizational structures, procedures, and technology that are described through institutional theory.

The whole method describes the coding system developed by Strauss and Corbin (1990, 1998) as referred to by Creswell (2007), which includes open, axial, and selective coding. The themes of the coding results are then explained in this study. In this study, an understanding of social reality for changes in the application of SAP which is viewed from the side of organizational change with the behavior of the actors in it is two things that are interconnected because regulatory changes will be determined by the actor who runs it. The understanding of researchers in describing these pros and cons is a determining factor to get a real understanding of the implementation of accrual-based SAP in Gresik Regency.

Since 2014, the Gresik Regency Government has sought to implement accrual-based SAP. This is an impact on the enactment of Government Regulation Number 71 of 2010 concerning Accrual-based SAP. Although the implementation is still not optimal, and the level of success and achievement varies, it again illustrates the efforts of Gresik Regency Government to be able to meet the demands of their environment. According to the theory of new institutionalism, this is a symptom of isomorphism that occurs in an organizational field. Berger and Luckman (1967) as quoted by Mayer and Rowan (2007) state that isomorphism can happen because organizations structurally reflect socially formed reality.

Furthermore, the effort of the Gresik Regency in applying SAP accrual basis can be attributed to symptoms in the theory of new institutionalism referred to as institutional isomorphism, namely the term that describes an institutionalization process, in a social setting an organization is influenced by social institutions to accept some foreign characteristics, combine and then apply according to their functions.

To institutionalize these environmental elements, organizations strive to be similar (isomorphism) to the institutional environment. There are three ways that organizations do to be similar (isomorphism) to their institutional context, namely coercive, mimetic and normative (DiMaggio and Powel, 1983; Carruthers, 1995; Lippi, 2000; and Sewing, 2010). The three factors mentioned are not independent, but some relationships complement each other. The following is a brief explanation of the institutionalization of the theory of new institutionalism at several stages of accrual-based SAP implementation.

The organizational change that is the focus of the discussion in this study is because starting in 2015 the Local Government Financial Statements (LKPD) presented by Gresik Regency used an accrual basis. The demand is expected to improve the financial report performance of Gresik Regency Government to be more efficient, effective, productive, transparent, and accountable. However, in reality, the Gresik Regency Government still cannot implement the full accrual basis, despite all efforts made to improve the presentation of the financial statements. This is due to the lack of human resources prepared by the Gresik Regency Government in adjusting the system transition.

This adjustment has an impact on the financial administration system of local governments, where changes that occur require adequate resource readiness. One of the resources that must be prepared by the local government is human resources. The need for competent and professional human resources in regional financial management is needed in line with the obligation to implement accrual-based government accounting. For this reason, the local government must develop HR development plans in government accounting, including through accrual-based training/socialization of SAP implementation. Training/socialization is needed to strengthen commitment and improve HR competencies. In general, through the socialization/training program, it is expected that all stakeholders understand and support the implementation of the accrual basis and jointly strive to achieve the best opinion on the 2015 regional government financial reports.

With the increase in accounting activities, the implementation of accrual-based SAP requires financial management HR that is adequate in terms of quantity and competence. However, the number of human resources available at Gresik Regency is minimal, both in terms of number and educational background. This condition demands an effort from the Gresik Regency Government to fulfill those needs. Among other things, by making efforts to optimize the available HR. However, to be able to optimize, there needs to be an understanding of how much needs and how much HR they have.

Institutional theory illustrates that the structure of an organization is influenced by the social environment in which it is located (Carruthers, 1995). An organization usually forms into a formal structure consisting of various rational procedures, processes, and rules (including legal accounting systems). The feature also includes things such as authorization and methods for transparent decision making, personnel policies, measurement techniques, supervision and control of organizational performance, organizational mission and target statements, use of written documents to record corporate activities, econometric

forecasting and so on (Carruthers, 1995). According to the new institutionalism theory, adopting formal structures into an organization to become a standardized rule is intended to gain legitimacy for various organizational activities.

One aspect that can support the successful implementation of accrual-based SAP in Local Governments is an adequate aspect of information technology management. This is because the number of large and increasingly complex transactions has a high risk of error if implemented manually. With the administration of adequate information technology applications, local governments can process financial transactions accurately and on time to produce financial reports for decision making.

Information technology that is either developed sustainably or in the System Development Life Cycle (SDLC). SDLC is the process of making and changing systems, and the models and methodologies used to develop these systems. In its implementation, DPPKAD in preparing financial reports based on SAP has been determined. This is done to meet the regulations mandated by the government to improve organizational performance and service quality to stakeholders. This view was obtained by researchers when conducting interviews with research informants.

As an effort of the Gresik Regency Government to implement the SIPKD application sustainably, the DPPKAD has issued a Letter of Head of the Gresik Regency Government DPPKAD Number 18 of 2014 concerning the Activities and Improvement of Regional Financial Information Systems. Further testing shows that the Head of DPPKAD has formed a Technical Team for the 2014 TA Regional Financial Management System consisting of four SIPKD implementation teams, namely the Budget Implementation Team, the Administration Implementation Team, the Responsibility Implementation Team, and the Software and Hardware Maintenance Team.

One of the teams, namely the Software Maintenance and Hardware Team, must carry out periodic and incidental maintenance of hardware, software, and SIPKD networks. The establishment of the Software and Hardware Maintenance Team to accommodate complaints about the use of SIPKD applications and systems. Based on the explanation from the Head of Accounting and Accountability, it is known that the SIPKD R-6 has followed the dynamics of the ongoing development of regulations and application improvements through adjustments made by PT. locally and nationally. However, the informant continued his explanation that;

"The Gresik Regency Government does not have the tools or methods to compare whether the features in the installed SIPKD have accommodated all the needs of the work units at the OPD level as expected. "

The SIPKD application still cannot be integrated automatically with other applications used by Gresik Regency Government. In the process of processing data originating from different application outputs, data is entered manually into the SIPKD application according to the report provided by the application user. For example, SIPKD recognizes inventory costs when purchasing inventory items. To realize the value of inventory, must wait for the inventory report made by the goods manager first, and then the value is entered into the SIPKD application by using a manual journal.

This fact reflects that the actual consideration of the benefits of the new system has been neglected because of the more primary legitimacy interests. Mayer and Rowan (1977) describe this as the formation of a formal organizational structure that is not due to the organization's desire to improve efficiency or achieve better outcomes but rather the importance of obtaining legitimacy for all of its corporate activities.

CONCLUSION

The implementation of accrual-based Government Accounting Standards is one of the applications of public policies which in practice the Gresik District Government experienced several periods before finally entering the stage of the implementation of actualization of Regional Financial Statements. The period is; The first period of tolerance, where the local government gets a tolerance period of four years (in 2010 until 2014). In the first and second years of the period, there were not many things that showed an optimal change of effort that the implementation of the SAP accrual basis had been carried out in the Gresik Regency Government.

The second trial period, in this period the commitment of the Gresik Regency Government was marked by issuing Perbup Number 24 of 2014. Although the contents of the regulation were incompatible with the rules regulating above (PP No. 71 of 2010, Permendagri Number 64 of 2013, and the Permendagri Module) As presented in appendix 1. The three transitional periods, in this period, there are still many things to be done by the Gresik Regency Government, such as Perbup socialization and technical guidance related to the material and its application. For the smooth implementation of accrual-based SAP, Pemkab Gresik collaborates with the Ministry of Home Affairs, Ministry of Finance, BPKP, and the East Java Provincial Government.

The Gresik Regency Government has made several efforts related to the implementation of the SAP accrual basis, namely related to commitments, regulations, and policies. However, its application in the transition period from the Cash Base to Accrual to the Accrual Basis has not been implemented optimally. This is due to the limited understanding of the HR of the financial statement manager, which has made it difficult for HR managers to present it, whether it is operated using SIPKD or manually operated.

IMPLICATION

The implications of the results of this study relate to the consequences of the implementation of accrual-based SAP. The amount of DPPKAD support for the implementation of Government Regulation No. 71 of 2010 by making changes from "Old Paradigm" to "New Paradigm" in understanding and compiling the accruals of the Gresik Regency financial statements as a whole and ideal. Thus, these changes are not only oriented towards fulfilling legitimate interests and technical changes, but also as an effort to achieve efficiency, effectiveness, transparency, and financial management accountability.

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