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**Analysis of Application of Accounting Standards Based on Accounting Standards in Presenting Financial Statements at The National Narcotics Agency of Aceh Province****Maya Agustina<sup>1\*</sup>, Irmawati<sup>1</sup>, Zulkifli Umar<sup>1</sup>, Ermad M.J<sup>1</sup>, Fachrul Rizaldi<sup>1</sup>**<sup>1</sup>Universitas Muhammadiyah Aceh, Faculty of Economics, Departement of Accounting  
Jl. Muhammadiyah No.91, Batoh, Kec. Lueng Bata, Kota Banda Aceh, Aceh, Indonesia**\*Email:** [maya.agustina@unmuha.ac.id](mailto:maya.agustina@unmuha.ac.id)**ABSTRACT**

The purpose of this study was to analyze accrual-based agency accounting standards in the presentation of financial reports at the Aceh Province National Narcotics Agency. This study uses a qualitative method, where researchers will conduct direct observations in the field and collect data to be analyzed based on observations and knowledge. The object of this research is accrual-based agency accounting standards in the presentation of financial reports at the Aceh Province National Narcotics Agency. The results showed that the accrual-based agency accounting standards at the National Narcotics Agency of Aceh Province were based on the Budget Realization Report (LRA), balance sheet, operational reports, reports on changes in equity. This means that from 2018 to 2020 the implementation of accrual-based agency accounting standards at the Aceh Province National Narcotics Agency can be carried out quite well.

**Keywords:** Financial Accounting Standards, Accrual Basis and Presentation of Financial Statements

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### INTRODUCTION

In the development of the economic world today, the role of accounting is very important to decide something so that in carrying out activities it does not cause losses. Activities carried out by accounting in economic activities include recording, summarizing, reporting, and interpreting basic economic data for the benefit of both individuals, companies, governments, and other members of society.

Government agencies are organizations that are a collection of people specially selected to carry out state duties as a form of service to many people (Ihsanti, 2017). The objectives of government agencies can be achieved if they are able to process, mobilize, and use their human resources effectively and efficiently. In an organization, the potential of human resources is basically one of the capitals and plays the most important role in achieving organizational goals. Organizations need to manage human resources as well as possible, because the key to the success of an organization is not only in technological excellence and the availability of funds, but the human factor can be said to be the main resource capable of managing, analyzing, and controlling problems in the organization.

The purpose of the application of SAP is as a reference for compilers of central government financial statements and in carrying out their duties, compilers of financial statements in dealing with accounting problems that have not been regulated in the standard, examiners in providing an opinion on whether the financial statements are prepared in accordance with government accounting standards, and users of financial statements in interpreting the information presented in the financial statements prepared in accordance with Government Accounting Standards. The correct application of government accounting standards and a good understanding of financial accounting by financial managers will certainly improve the quality of financial statements.

Financial statements are essentially the result of an accounting process prepared according to generally accepted accounting principles that can be used to communicate financial data to interested parties. In order not to be mistaken in using this information (accounting report), it is necessary to know correctly the meaning of the accounting process.

Public sector accounting is the process of collecting, recording, classifying, analyzing, and reporting the financial transactions of a public organization that provides financial information for users of financial statements that is useful for decision-making. Public accounting is the art (skill) and science of processing transactions or events that can at least be measured in money into financial reports needed by interested parties in the government, which will later be used in the public decision-making process.

The implementation of the accrual basis in the government accounting atmosphere in Indonesia is not voluntary. It is a mandate of the Law governing State finances, so that the accrual basis will eventually be applied to all reporting entities and accounting entities at both the central and government levels. This implementation will be carried out in stages, and it is expected that every year all parties with an interest in government financial reports will have switched to the accrual basis. One of the mandates of state financial management is that the government is obliged to prepare an accountability report for implementing the APBN.

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**METHOD****Data Collection Sources and Techniques**

In compiling this final project report, the author requires data that is divided into various kinds, including:

**Primary Data**

Primary data is data obtained directly from the object under study and is data that can be processed and has not been processed by other parties, which includes primary data in the form of interviews or direct interviews with related parties. Data collection techniques in writing this thesis are carried out by means of Field research (Field Research), namely data collection carried out by conducting research directly to the object of research.

## a. Interview

Namely by conducting direct questions and answers to the leadership to find out the history, organizational structure, financial accounting system, and how to solve problems that arise.

## b. Observation

Systematic observation and recording by looking at the procedures that occur.

## c. Documentation

Documentation is by collecting data in the form of financial reports regarding budget realization.

**Data Analysis Technique**

In analyzing the data that has been collected and processed in this study, it is carried out with a descriptive qualitative method, namely an analysis method that compares the theoretical review with the research results obtained, then draws conclusions and makes suggestions. The definition of descriptive method according to Sugiyono (2018: 21) is as follows: "Descriptive method is a method used to describe or analyze a research result but is not used to make broader conclusions. The results of this study were obtained by in-depth techniques regarding the application of accrual-based accounting standards as a form of data search and direct documentation in the field which the researcher then analyzed.

**RESULT AND DISCUSSION****1. Implementation of Accounting Standards at the National Narcotics Agency of Aceh Province**

Government accounting standards of the Aceh Province National Narcotics Agency are principles applied in preparing and presenting government financial statements. Therefore, the Indonesian government has set accounting standards for the government, called SAP (government accounting standards). The Indonesian government has issued regulations that can regulate and manage the presentation of quality financial statements. The presence of accrual-based agency accounting standards in the presentation of financial statements at the Aceh Province National Narcotics Board is considered a little difficult, this departs from the obstacles faced, namely human resources. The lack of training provided is one of the obstacles for the Aceh Province National Narcotics Board in using the accrual-based Financial Accounting System.

Then what is an obstacle for the Aceh Province National Narcotics Board from information systems, human resources, basic strategies that can be used for accrual-based

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agency accounting standards in the presentation of financial statements, namely by relying on human resources who understand regulations in the field of finance and accounting. Where human resource management means the preparation and implementation of a coordinated plan to ensure that existing human resources can be utilized as well as possible to achieve the objectives of the Aceh Province National Narcotics Board, for example, infrastructure.

The use of accrual accounting is one of the characteristics of modern financial management practices (public sector) which aim to provide more transparent information about government costs and improve the quality of decision-making within the government by using expanded information, not just the cash basis. In general, accrual accounting has been applied in countries that first undertook public management reforms. The key objective is to hold managers accountable for outputs, outcomes and at the same time relaxing control over inputs. Managers in the public sector are required to be accountable for all costs associated with the outputs/outcomes they produce, not just the cash expenditure side. Accrual accounting can thus support efficient and effective decision-making by managers.

Government Regulation No. 71/2010, which is a regulation that establishes accrual-based agency accounting standards that are prepared based on the use of accrual basis. Accrual-based PSAPs are presented in appendices 1 through 12 of the accrual-based agency accounting standard statements (PSAPs), preceded by the Government Accounting Conceptual Framework. In this accrual accounting, reporting entities must be able to present 7 (seven) types of financial statements. In accrual-based PSAP, financial statements are grouped into two groups of reports, namely budget execution reports that still use the cash basis and a group of financial statements that already use the accrual basis. In the financial statements, there is an operational report, which is a budget execution report that is presented using the accrual basis.

Accrual-Based SAP is SAP that recognizes revenues, expenses, assets, debts, and equity in accrual-based financial reporting, and recognizes revenues, expenditures, and financing in reporting budget execution based on the basis determined in the APBN/APBD. Cash to Accrual Basis SAP is SAP that recognizes revenues, expenditures, and financing on a cash basis, and recognizes assets, liabilities, and fund equity on an accrual basis.

### **2. Implementation of Accrual-Based Accounting Standards in the Presentation of Financial Statements at the National Narcotics Agency of Aceh Province**

The accrual basis of the Aceh Province National Narcotics Board is a comparison of revenues and costs in the period in which they occur, not recording when the revenue is received or the costs are paid. In addition to recording cash disbursements and receipts, accrual-based accounting also records the organization's accounts payable and receivable. Therefore, accrual-basis accounting provides a more accurate picture of the financial condition of the organization than cash basis accounting. However, it is clear that records using the accrual basis are more complex than the cash basis. Furthermore, the accrual basis supports the use of budgeting as a control technique. The National Narcotics Board of Aceh Province is to organize the presentation of general purpose financial statements in order to improve the comparability of financial statements both against the budget, between periods, and between entities. General purpose financial statements are financial statements that are intended to meet the needs of the majority of their users of the statements. To achieve this

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objective, this standard sets out all considerations for the presentation of financial statements, guidelines for the structure of financial statements, and minimum requirements for the content of financial statements. The financial statements are prepared by applying the cash basis for the recognition of revenue, expenditure, and financing items, and the accrual basis for the recognition of asset, liability, and fund equity items. The recognition, measurement, and disclosure of specific transactions and other events are governed by other accrual-based agency accounting standards. The budget realization report presents information on the realization of revenue-LRA, balance sheet, and capital expenditure, each of which is compared with its budget in one period. The following is the order of presentation of the financial statements:

### **a. Budget Realization Report**

The elements of the budget realization report of the Aceh Province National Narcotics Board on an accrual basis: namely with Revenue-LRA are receipts by the State General Treasurer / General Treasurer or by other government entities that increase the Over Budget Balance in the relevant fiscal year period to which the government is entitled and does not need to be paid back by the government. Then expenditures are all expenditures by the State General Treasurer/Public Treasurer that reduce the Excess Budget Balance in the relevant fiscal year period that will not be repaid by the government.

The Budget Realization Report provides information that is useful in predicting economic resources that will be received to fund central government activities in the coming period by presenting reports on a comparative basis. Based on the results of data collection, it can be explained that the amount of budget realization surplus or the percentage level of the ratio at the Aceh National Narcotics Board from 2018 to 2020 has increased and decreased. In 2018 the budget realization surplus of the Aceh National Narcotics Board was Rp 2,161,829,868 with a ratio level of 93.31%, In 2019 the budget surplus increased compared to 2018, which was Rp 1,168,175,006 with a ratio of 96.47%. In 2020, the budget realization of the Aceh National Narcotics Board decreased compared to 2019, which amounted to Rp 3,518,849,994 with a ratio of 90.04% (the detailed budget realization report at the Aceh National Narcotics Board can be seen in the attachment).

### **b. Balance Sheet Report**

The balance sheet describes the financial position of a reporting entity regarding assets, liabilities, and equity at a certain date. Based on the results of data collection, it can be explained that the amount of fixed assets at the Aceh Province National Narcotics Board in 2018 amounted to Rp 317,903,470, then in 2019 amounted to Rp 34,891,208,193 and the amount of fixed assets at the Aceh Province National Narcotics Board in 2020 amounted to Rp 32,926,282,331 and other assets in 2018 amounted to Rp 228,957,998. Then the total liabilities at the Aceh Province National Narcotics Agency in 2018 amounted to Rp 31,542,118, in 2019, they amounted to Rp 81,837,599 and the total liabilities in 2020 amounted to Rp 31,542,118. Total short-term liabilities at the Aceh Province National Narcotics Board in 2018 amounted to Rp 31,542,118, in 2019, they amounted to Rp 81,837,599 and in 2020, they amounted to Rp 39,072,735,402. In addition, the total liabilities and fund equity of the Aceh Province National Narcotics Board in 2018 amounted to Rp 39,072,735,402, then in 2019, they amounted to Rp 35,440,864,278 and the total liabilities and fund equity of the Aceh Province National

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Narcotics Board in 2020 amounted to Rp 33,617,659,035. It can be concluded that the amount of liabilities and fund equity of the Aceh Provincial Narcotics Board in each year has increased and decreased. The purpose of using the balance sheet at the Aceh Province National Narcotics Board is to measure the amount of fixed assets, other assets, liabilities, short-term liabilities, long-term liabilities, equity, and total liabilities and fund equity. (The detailed balance sheet of the Aceh Province National Narcotics Board can be seen in the appendix.)

**c. Statement of Changes in Equity**

The Statement of Changes in Equity presents information on the increase or decrease in equity for the reporting year compared to the previous year. Equity is the government's net worth, which is the difference between government assets and liabilities at the reporting date. Based on the results of data collection, it can be explained that the initial equity at the Aceh Province National Narcotics Board in 2018 amounted to Rp 23,341,592,437, initial equity in 2019 amounted to Rp 39,041,193,284 and in 2020 amounted to Rp 35,359,026,679. Then the final equity at the Aceh Province National Narcotics Agency in 2018 amounted to Rp 39,041,193,284, in 2019, it amounted to Rp 35,359,026,679 and the final equity in 2020 amounted to Rp 33,582,142,937. It can be concluded that the statement of changes in equity for each year has increased. The purpose of the report on changes in equity at the Aceh Province National Narcotics Agency is to determine the initial budget balance, the use of excess budget balance, the remaining excess / shortage of budget financing for the current year, the correction of previous year's accounting errors, and the final budget balance.

**d. Operational Report**

The Operational Report is a report that presents an overview of economic resources that increase equity and their use managed by the central government for government activities in one reporting period. The Operational Report provides information about all financial operational activities of the reporting entity, which are reflected in the revenue-LO, expenses, and operating surplus/deficit of the reporting entity whose presentation is compared with the previous period.

The objective of operations reporting is to provide information about financial operations that are reflected in the revenue-LO, expenses, and operating surplus/deficit of a reporting entity. The purpose of the Aceh Province National Narcotics Board's operational report is to provide information about all financial operational activities of the reporting entity that are reflected in the income or financial statements, expenses of a reporting entity whose presentation is compared with the previous period, then about the amount of expenses that must be borne by the Aceh Province National Narcotics Board.

Based on the results of data collection, it can be explained that tax revenue, grant revenue, and extraordinary POS at the Aceh Province National Narcotics Board for 2018–2020 do not exist, then non-tax state revenue at the Aceh Province National Narcotics Board in 2018, 2019, and 2020 non-tax state revenue does not exist either. Regarding the budget burden of the Aceh Province National Narcotics Board in 2018 amounting to Rp 33,283,810,560, in 2019 amounting to Rp 37,006,499,728 and the burden in 2020 amounting to Rp 34,706,392,931. There were no non-operating activities in 2018, 2019 and 2020.

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**DISCUSSION****1. Implementation of Accrual-Based Agency Accounting Standards at the National Narcotics Agency of Aceh Province**

The accounting basis used in the financial statements of the Aceh Province National Narcotics Board is the accrual basis. Reporting entities carry out accounting and present financial statements using the accrual basis in both the recognition of revenues and expenses as well as the recognition of assets, liabilities, and equity. Reporting entities that implement accrual basis accounting, present the Budget Realization Report based on the basis stipulated in the laws and regulations concerning the budget. Financial statements are structured reports on the financial position and transactions of a reporting entity. The general purpose of financial statements is to present information about the financial position, budget realization, cash flow, and financial performance of a reporting entity that is useful for users in making and evaluating decisions about resource allocation.

Users of the Aceh Province National Narcotics Board's financial statements should be aware of the measurement bases used as the basis for presenting the financial statements. If more than one measurement basis is used in the preparation of the financial statements, the information presented should be sufficient to indicate the assets and liabilities using that measurement basis. The Budget Realization Statement of the National Narcotics Board of Aceh Province is presented in such a way as to highlight the various elements of revenue, expenditure, transfers, surplus/deficit, and financing necessary for a fair presentation. The Budget Realization Statement compares the realization of revenue-LRA, expenditure, transfers, surplus/deficit-LRA, and financing with their budgets.

Errors in the preparation of the Aceh Province National Narcotics Board's financial statements in one or more prior periods may only be discovered in the current period. Errors may arise due to late submission of evidence of transactions by budget users, arithmetic calculation errors, misapplication of accounting standards and policies, misinterpretation of facts, fraud, or negligence. In certain situations, an error may have such a significant effect on one or more prior period financial statements that those financial statements can no longer be relied upon. In correcting an accounting error, the amount of the correction relating to the prior period should be reported by adjusting both the Excess Budget Balance and the equity balance. Corrections that have a material effect on subsequent periods should be disclosed in the notes to the financial statements.

Correction of non-recurring errors that occur in the current period, whether or not they affect the cash position, is made by correcting the relevant account in the current period, either the revenue-LRA account or expenditure account, or the revenue-LO account or expense account. Correction of non-recurring errors that occurred in previous periods and affect the cash position, if the financial statements for that period have not yet been issued, shall be made by correction to the relevant account, either in the LRA-revenue account or expenditure account, or the revenue-LO account or expense account.

Correction of errors on non-recurring expenditure (resulting in the re-receipt of expenditure) that occurred in previous periods and increase the cash position, if the financial statements for that period have been issued, is done by correction to the other income

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account-LRA. If it results in a reduction in cash, it is done by making a correction to the Excess Budget Balance account.

**CONCLUSION**

Based on the data analysis that has been carried out, the following conclusions can be drawn:

Accrual-based agency accounting standards at the Aceh Province National Narcotics Board are based on the Budget Realization Report (LRA), balance sheet, operational report, and statement of changes in equity. This means that from 2018 to 2020, the implementation of accrual-based agency accounting standards at the Aceh Province National Narcotics Agency can be done quite well.

The accounting basis used in the financial statements of the Aceh Province National Narcotics Board is the accrual basis. The reporting entity organizes accounting and presents financial statements using the accrual basis in both revenue and expense recognition, as well as recognition of assets, liabilities, and equity. Users of the Aceh Province National Narcotics Board's financial statements are aware of the measurement bases used as the basis for presenting the financial statements. The Aceh Province National Narcotics Board's Budget Realization Report is presented in such a way as to highlight the various elements of revenue, expenditure, transfers, surplus/deficit, and financing necessary for a fair presentation.

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