

AN EVALUATION OF HUMAN RESOURCES DEVELOPMENT AND LOCAL GOVERNMENT FINANCIAL INFORMATION SYSTEM

Suhairi

Accounting Department, Faculty of Economics
Andalas University, Indonesia
Email: suhairi1908@gmail.com

ABSTRACT

The purpose of this research is to analyze the competence of accounting staff in accrual-based accounting and the evaluation of the practice of the Local Government Financial Information System (*SIKD-Sistem Informasi Keuangan Daerah*) on accrual-based accounting by local governments in West Sumatera, Indonesia. This research shows that the educational background, training and experience influence the competence of accounting staff in implementing accrual-based accounting. The research sample for the evaluation of the accounting staff competence towards accrual-based accounting was the Solok City, the Sawahlunto City, and the South Solok Regency. Research on *SIKD* was conducted in Solok City, Sawahlunto City, Padang Panjang City, Payakumbuh City and Bukittinggi City as the research sample. Research on accounting staff competence were conducted using a questionnaire while the evaluation of the educational background, training and working experience were performed through in-depth interviews with the relevant officers. It is concluded that the educational background, training and experience positively influence the competence of accrual-based accounting. However, the evaluation towards *SIKD* still shows many weaknesses. The implementation of accrual-based accounting is still at a formality level, and it is not a substantial matter.

Keywords: accrual-based accounting for local government, accrual accounting, accounting staff competence.

ARTICLE INFO

Article History:

Received: 5 July 2018

Accepted: 1 November 2018

Published: 31 December 2018

INTRODUCTION

State financial management reformation in Indonesia began by the issuing of Act No. 17 in 2003 about State Accounting, which firmly stated that Indonesia will implement the accrual-based accounting system. However, implementing the accrual-based accounting system needs a relatively longer time and was effectively conducted in 2015. Similarly, other countries also faced the same situation as stated by Christiaens et al. (2015) that the transition towards International Public Sector Accounting Standards (IPSAS) necessitates a long period of implementation whereby existing local business accounting regulations hinder jurisdictions from implementing international standards. Buhr's research (2012) also concludes that there are differences in terms of period and progress. The differences are due, in large part, to the timing and speed of change required by the governments in the 5 countries researched in Anglo-America, as well as the role played by professionals.

The process of institutionalization of a new accounting system is determined by a multitude of factors, including those which are external (Burns & Scapens, 2000) and "the organization activities, processes and routines that may or may not be accepted by institutions" (Hassan, 2005, p. 126). There is no one actor or event which determines a policy outcome. Items rise onto agendas due to several factors coming together at a given point in time, and not to the effect of one or another of them singly (Ryan, 2012). Their ultimate internalization into our municipality was led by new legislation but also influenced by the habits and histories of the Indonesian local context and was as a result decoupled in many respects from ideals, discourses and techniques established for it. (Harun, Peurseem & Eggleton, 2015, 2012; Prasojo, Kurniawan, & Holidin, 2010).

Implementing accrual accounting, needs the development of a series of acts, government accounting standards, human resources capacity development, and information system development (Buhr, 2012). Indonesia also applied similar strategies to implement the accrual-accounting system effectively in 2015, whereby the government determined 3 strategies of development:

1. Preparation on the implementation regulation and accounting policy;
2. The first part of the accounting system and technology information development (business process and detail requirements)
Human resources capacity development.

The focus of this research was to analyze the influence of human resources development; education, training, and accounting information staff experience on accrual-based accounting and evaluate the reliability of the information system used by both central and local governments.

LITERATURE REVIEW

In the late 1970s and early 1980s, the first New Public Management (NPM) developments began under Prime Minister Margaret Thatcher in the UK. The program specifically focused on the Financial Management and Next Steps initiatives. This also occurred in some municipal governments in the United States (e.g., Sunnyvale in California) because of suffering from economic recession and tax revolts (Gruening, 2001).

The philosophy behind the movement of the NPM affirmed that public sector organizations need to learn from the private sector and private companies because of their superior administrative processes. The private sector is considered to be more efficient, in a way that public administration may adapt the management styles or the efficiency of the private sector in its allocation and use of resources. This is possible as the difference between private and public sectors is not seen as an hindrance (Ehsan & Naz, 2003).

One form of adaptation induced by NPM is the use of accrual accounting which is a common accounting basis used in the private sector. The basic reason for adopting this type of accounting is that accrual accounting enhances internal and external transparency and increases accountability. Eventhough there have been debates on the effectiveness of accrual accounting in the public sector as well as the private sector researchers have claimed that accrual accounting methods for the private sector cannot be imported to the public sector without modification (Groot and Budding, 2008).

In 2003, the Public Audit Forum discussed accrual accounting for governments and identified some of the following advantages: “(1) completeness (more complete than traditional cash accounting), (2) better planning, management and decision making, (3) an ability to change behaviour, (4) enhanced performance management (accrual accounting was seen as an essential component of performance measures and management), and (5) the assessment of financial resilience” (Bruno, 2018). On the other hand, “cash-based accounting does not allow for obtaining the needed information to provide better support for planning and managing resources, decision-making processes, and allowing greater comparability between different entities.” (Christiaens & Rolle, 2010).

Ofoegbu (2014) supports the idea by explaining that public sector entities engage in long-term contracts, in which payments are delayed, and using the cash basis method may distort financial reports released to outside groups. The system provides a more accurate picture of what the organization owns and owes in economic terms. Foster (2010) maintains that the method has helped some governments such as Canada, New Zealand to make significant strides towards achieving their country’s expenditure management program goals. Furthermore, the development of accrual accounting should consider political factors, the economy and culture (Izedonmi & Ibadin, 2013). Tanjeh (2016) concluded that earning towards accrual accounting in the public sector is influenced by management information systems, knowledge and awareness, qualification, implementation cost, institutional organisation, staff training and recruitment political support, sex and age.

Changes in business environments have challenged the competencies of professional accountants (Barac, 2009). In the information technology era, technology-based accounting is very needed in worklife (Wessels, 2004). In addition, Sari et.al (2014) claimed that the development of human resources and information technology are the key factors for successful implementation of accrual-based accounting in the public sector. “The level of reform adoption is positively related to IT quality, reform related training, education level of accounting staf, and professional consultants’ support”. (Eriotis et. al, 2011). The implementaion of accrual-based accounting in Nepal failed due to the lackness of human resources who are able to master the implementation of accrual-based accounting. (Yulistyowati, E.,

Pujiastuti, E., & Mulyani, T. 2016). In other words, human resource ia a very important factor in implementing accrual-based accounting.

RESEARCH METHODOLOGY

Types and Research Design

This research applied mixed methods by using the sequential explanatory design. Collecting data and analyzing quantitative data was firstly done, and then followed by collecting qualitative data that was built on initial results of the quantitative data.

Location of Research and the Source of Data

This research intended to prove the influence of educational background, training, and experience towards the competence on accrual-based accounting conducted by three local governments in West Sumatera, Solok City, Sawah Lunto City, and Solok Selatan Regency. The selection of these three regions is considered as local governments which have not accepted the WTP (unqualified opinion) yet by BPK (The Audit Board of the Republic of Indonesia). However, to evaluate SIKD (Regional Financial Information System), the respondents in Bukittinggi City, Payakumbuh City, Padang Panjang City, and Tanah Datar Regency were added as sample. The primary data was obtained by distributing questionnaires and conducting in-depth interviews with the SIKD administration staff to find out the effectiveness of the accrual-based accounting implementation.

Population and Sample

The research population is all accounting staff in all *SKPD* (Local Government Work Units) of the local governments selected, minimally one accounting staff for each *SKPD*. Research respondents were those who were closely related to the process of preparation of the accrual-based financial report. They were the *PPK-SKPD* (Financial Administrative Staff of Local Government Work Unit) and one staff of the *PPK-SKPD* who was directly responsible in preparing the financial report in *SKPD*.

Operational Definition

Operational definitions and measurement of each variable was as follows:

1. The level of competencies is to what extent a respondent is able to comprehend the concept and practice of accrual-based accounting in local governments. Variable measurement was based on 20 questions. Variable measurement was based on the total correct numbers with the following classification:

Table 1: Total Correct Numbers On the Classification of Competence Proficiency Level

No	Classification of Competence Proficiency Level	The sum of correct answer
1	Proficient (applied theories & recognized authority)	$\geq 17 - 20$
2	Understand (practical application)	$\geq 14 - < 17$
3	Know enough (limited experience)	$\geq 11 - < 14$
4	Less understand (basic knowledge)	$\geq 8 - < 11$
5	Not understand	< 8

2. Education is formal educational background achieved by respondents. Formal educational background from accounting department was scored 1 and non-accounting was scored 0.
3. Training is total number of trainings followed by respondents , specifically accrual-based accounting training.
4. Experience is the length of working period in accounting/finance units since one was accepted as an accounting staff.

Techniques of Data Collection

In this research, data collection was conducted by distributing questionnaires and in-depth semi-structured interviews. A questionnaire on the level of competence on accrual-based accounting used in this research was modified from Suhairi (2004) which is categorized as an objective type of questionnaire. The questionnaire consisted of twenty questions about the

standard of accrual-based accounting with four options in which only one option is correct.

The interviewed informants were SKPD accounting staff, administrative staff, the Head of the Sub Unit in the Staff Mutation in BKD (Local Government Financial Department), The Head of Budget and Accounting in DPPKA (Revised Local Government Department Budget), implementation documents, as well as the mentors in the implementation of the assistance in financial report preparation of local government samples.

Statistical Analysis

Testing data quality

Reliability and validity tests were conducted to test the quality of questionnaire items. Questionnaire items are valid if the r-value calculated indicates that the score of the corrected item's total correlation is greater than the r-table at the 0.05 (5%) significance level. Reliability test was conducted by calculating the *Cronbach Alpha* (α) coefficient of each instrument in one variable. A questionnaire was considered reliable if it gave a Cronbach's Alpha score of above 0,6, and vice versa.

Multiple regression analysis

In this research, the multiple regression equation used is as follows:

$$Y = \alpha + \beta X_1 + \beta X_2 + \beta X_3 + e \quad (1)$$

In which:

- Y = The Level of Accrual Accounting Competence
- α = Constant Alpha
- $\beta_1, \beta_2, \beta_3$ = Regression Coefficient
- X1 = Educational Background
- X2 = The Numbers of Trainings
- X3 = Work Experience
- e = Error

ANALYSIS OF RESEARCH RESULT

Human Resources Competence of Accounting Staff

The primary survey data was collected for 225 respondents, consisting of 88 respondents from the South Solok Regency, 80 respondents from the Solok City, and 57 respondents from the Sawah Lunto City. The validity and reliability data were valid and reliable hypothesis testing could be done.

The result of the data analysis showed that the respondents' competence on accrual-based accounting was relatively low. On average, only 4,58% of the respondents who do understand the concept and accrual-based accounting practices within the level of "Proficient", 19,75% respondents were in the level of "understand", 21,35% of respondents were in the level of "know enough". The "less understand" and "not understand" categories posited higher percentages; 12,33% and 41,98%. The competence level of "Proficient" was found in Solok City while in the two other samples, no respondents had the "Proficient" level of competence. Therefore, it can be concluded that the accounting staff competence in the samples of local governments is still far from expectations. The following Table 2 and Figure 1 present the level of respondents' competence towards accrual-based accounting.

Table 2: The Classification of Competence Proficiency Level

No	Classification of Competence Proficiency Level	The sum of correct answer
1	Proficient (applied theories & recognized authority)	$\geq 17 - 20$
2	Understand (practical application)	$\geq 14 - < 17$
3	Know enough (limited experience)	$\geq 11 - < 14$
4	Less understand (basic knowledge)	$\geq 8 - < 11$
5	Not understand	< 8

The Level of Competence	South Solok Regency	Solok City	Sawah Lunto City	Average
Proficient	-	13,75	-	4,58
Understand	7,95	33,75	17,54	19,75
Know Enough	10,23	18,75	35,09	21,35
Less Understand	7,95	15,00	14,04	12,33
Not Understand	73,86	18,75	33,33	41,98

Figure 1: The Level of Competence on Accrual-Based Accounting in accordance with the Sample of Local Governments (%)
(Source: Survey Result)

Based on in-depth interviews with some officers in financial management who have no accounting educational background, it can be concluded that accrual-based accounting is very difficult for them than cash-based accounting. Therefore, training and experience is needed as they are trained on conceptual topics only. The level of difficulty to understand accrual-based accounting is more experienced by the apparatus in the formation of new administrative regions, like the South Solok Regency.

The competence of accounting staff should be developed through training, socialization, and mentoring financial report preparation in accordance with the SAP accrual-based standard. Training should be provided by applying real financial transaction data, not only conceptual materials. Besides, there should definitely be a policy of staff mutation. Accounting staff mutation who have undergone training should be as minimum as possible.

The analysis on the level of education background of the accounting staff showed that they have sufficient level of education on average. 65,65% of the accounting staff have undergraduate and graduate level education, only 14,18% of the respondents had senior high school education. However, the analysis based on knowledge disciplines indicated the weakness of the accounting staff in the local government samples, for the majority have no accounting educational background: 76,29% were non-accounting based and 23,71% were accounting based. Based on my experience in teaching university students and local government apparatus trainings, those with an accounting educational background still have time to be better able to understand/comprehend Accrual-Based Accounting for Local Governments. This is due to local government accounting practices being influenced by the

APBD management system of (Local Government Budget) implementation which has not been introduced yet in many Study Programs in Indonesia. Figure 2 below shows that the distribution of disciplines and educational level of accounting staff in the samles within the local government.

Field of Study and Educational Level	South Solok Regency	Solok City	Sawah Lunto City	Percentages in Average
Educational Level				
Senior High Schools	10,23	11,25	21,05	14,18
Diploma	20,45	13,75	26,32	20,17
Undergraduate	64,77	57,50	47,37	56,55
Postgraduate	4,55	17,50	5,26	9,10
Field of Study				
Accounting	19,32	23,75	28,07	23,71
Non-Accounting	80,68	76,25	71,93	76,29

Figure 2: Field of Study and Educational Level of Respondents
(Source: Survey Result)

The analysis on accounting competence of the accounting staff in the local government samples showed that the socialization, training, and accrual-based accounting technical supervision provided are still very limited. Even in the South Solok Regency, 69,32% of accounting staff have never had accounting training and only 4,47% of them have attended accounting training more than twice. The limitation of training provided is due to that many local governments expect the available Local Government Information System used to overcome the lack of human resource competences in local government.

Figure 3 below presents the distribution of number of training sessions followed by the accounting staff in local governments.

Number of Trainings (Frequency)	South Solok Regency	Solok City	Sawah Lunto City	Average
0	69,32	6,25	19,30	31,62
1	26,14	36,25	42,11	34,83
2	2,27	41,25	28,07	23,86
≥3	2,27	16,25	10,53	9,68

Figure 3: Number of Trainings of Finance Staff in Accordance with Local Government Samples
(Source: Survey Result)

Before regression was applied, testing normality, multicollinearity, heteroscedasticity were firstly done, and the result showed that the data was spread evenly. Multicollinearity and heteroscedasticity were not found. The regression analysis applied showed that educational background, training, and respondents' experiences positively influenced the mastery or competence of accrual-based accounting. Three variables of this research are able to explain that the other 71,1%, and 28,9% were related to factors that have not been identified yet in this research. The multiple linear regression equation model used in this research is as follows:

$$Y = 27,926 + 22,492X_1 + 5,536 X_2 + 2,977X_3 \quad (2)$$

This research result supports previous research conducted by Eriotis et al (2011). Based on the result of regression coefficient, it can be concluded that educational background has a higher influence than training and working experiences. It is assumed that the Local Government Financial Information System used by the local government research sample were not able to fulfill the need of the accounting staff, therefore, they still prioritize the available human resources whose educational background is accounting, in preparing local government financial reports.

Act Regulations and Accrual-Based Accounting

The United Nations has explained that one of the requirement to implement governmental accounting systems is that it is designed to comply with the constitutional, statutory and other legal requirements of a country (Gade, 2005). Therefore, to comprehend the accounting practice applied in Indonesia, it is a must to understand the hierarchy of act regulations applied. The change of hierarchy and act regulations will influence accounting practice. The types and hierarchy of Acts in Indonesia consists of:

1. 1945 Constitution of the Republic of Indonesia
2. The Decree of People's Consultative Assembly
3. Law/Government Regulation in Lieu of Law
4. Acts
5. Government Regulations;
6. Presidential Regulations
7. Provincial Regulations
8. Regency/City Regulations

The 1945 Constitution of the Republic of Indonesia states that Indonesian State is a Law State, therefore all aspects of life in society, state, and government should be based on principles of law. To manifest and establish the Law State, law components are needed to regularize the balance and justice in all the different sectors and society life through legislations. Therefore, legislations have an important role in Indonesian Law State.

The 1945 Constitution of the Republic of Indonesia has also asserted that Indonesia is Unitary State. In a Unitary State, government power is with the central government authority that is conducted based on centralization and desentralization principles (Said, 2015). However, Muhsan (2000) acknowledged that both systems are only limited as models, since empirically there is no state that has an extremely centralistic government or a fully decentralised one.

In line with the implementation of NPM in many developing countries, and IMF support to cope with the economic crisis occurring in Indonesia, the Indonesian government has done a governmental reformation system. Reformation of governmental system began with the issuance of Act no 22/1999 about Regional Government. This Act is the first step to manage government providence which has centralization leading to decentralization which provides a wider autonomy to local governments in governmental administration. Autonomy regions are divided into provinces and those provinces then consist of regencies and cities, that have their own government respectively.

Act No 22 in 1999 states that all government service units belong to the authority of autonomous regions, except five fields that are fully authorized by the central government, such as, foreign policy, defense, justice, fiscal and moneter, and religion. A province has an obligation to conduct limited public service and duties delegated by the central government. As for local regions/regencies and cities, the Act No 22 in 1999, has ordered to obligate 11 mandatory types of public services.

The consequences of reformation in the governmental system above has led Indonesia to amendment the 1945 Constitution that which is the highest level of legislation in Indonesia. The second amendment states that Indonesia is a Unified State with authority divisions as stated in Article 18 of

the 1945 Constitution, “Unified State of the Republic of Indonesia is divided into provinces and those provinces consist of regencies and cities with local governments, subject to the rules provided in that Act.” The changes and addition of Article 18, 18A and 18B were formed based on the background in the explanatory note of Article 18 of the Constitution (before amendment) and the Resolution of People Consultative Assembly (*Ketetapan MPR / TAP / IV / MPR / 2000*) intended to stratify regional autonomy from provinces to villages (Hoessein, 2003 in Prasojo, Kurniawan, and Holidin, 2007).

The Unified State and authority divisions implemented in Indonesia is unique that differentiate it from other unified states in the world ((Indah, 2014; Kustiawan, 2013). Besides, there are general authority divisions to certain local regions, and special authority regions such as Yogyakarta, Aceh, and Papua Provinces, respecting their indigenous customary law and traditional rights.

From the political side, the aim of regional autonomy is to maintain central-local government relation in the framework of a Unified State, through decentralization of government administration by giving opportunities and freedom to local regions to implement their autonomy based on the pluralism paradigm (Usman, 20003). From the other side, due to the vast Indonesian area it may not be possible to control public services satisfactorily. Democratically, the welfare aspiration for all Indonesians is very difficult to achieve (Said, 2015).

Besides the governmental system, Amendment of the 1945 Constitution in 2000 included the change of the State financial management system. Article 23 of 1945 Constitution states that

“State Budget is as a realization to implement accountability and be responsible to the prosperity Of the people”. This means that in the State financial management, must be transparent and accountable and performance orientated

An autonomous local region administration was performed effectively in 2001. However, in 2000 there was no legislation for local region financial acts as it is mandated in the Amendment of the 1945 Constitution. Therefore, the Indonesian government issued Government Regulation No. 105 in 2000

about Local Financial Responsibility and Management, which is rated as the fourth level or below the Acts in the hierarchy of Law in Indonesia.

In 2003, the Indonesian government succeeded to manifest reformation of the State Financial management by issuing 3 packages of Acts, they are, Act no 17/2003 about Financial State. Act No 1/2004 about State Treasury and Act No 15/2004 about State Financial Responsibility and Managerial Audit. In Article 1, section 13, 14, 15, 16 No 17/2003 about State Finance, it was firstly mentioned that the definition of accrual towards the income and expenses of the state and the local government.

The first standardized accounting government (PP 24/2005) prepared by collaboration between the Indonesian Institute of Accountants and the government did not use accrual-based accounting, but on a modified cash basis. In a modified cash basis model, the accrual record was only applied at the end of a period while transactional records of the current period is limited to a cash basis. This recording lasted till 2010, by setting the Government Accrual-Based Accounting in Government Regulation No 71/2010. However, in this Government Regulation No 71/2010, the implementation of accrual-based accounting would only be effective in 2015.

The decision to move to accrual-based accounting may appear to be without problems since accrual accounting is a method that proved to be workable in the private sector. However, the different characteristics of the public sector compared to the private sector has created certain difficulties and constraints to the extent that changes have to be done. This has been faced by Indonesia that implemented the division of government administration between the central government and the local government. The division of authority resulted in the development of different accrual-based accounting systems and techniques. As for local governments, the Ministry of Home Affairs determines The Regulations of the Minister of Home Affairs of the Republic Indonesia No 64 about The Implementation of Accrual- Based Governmental Accounting Standard in Local Government. Whereas in the Central Government, The Ministry of Finance has decided the Regulation of Finance Minister No 270/PMK.05/2014 about the Implementation of Accrual-Based Governmental Accounting Standard in the Central Government.

The implementation of two Accrual-Based Governmental Accounting Standards in Indonesia above disharmonized the regulation of legislations (Budiriyanto, 2013). He further explained that a Local Financial Information System is needed nationally to provide a comprehensive financial information on local government to society and as the basis for the officers of fiscal policy in making decisions. However, facts showed that the local government financial information system used was diverse. In the beginning of 2016, 365 out of 542 local governments used the Local Government Financial Management System and the rest used the Local Government Financial Information System or other systems.

The diversity of this system may result from the implementation of a particular system on certain legislation is also different. If the regulations referred to are different, certainly the system would be different and is not synchronized. In addition, disharmony or inconsistency at the level of legislations will result in various information systems in financial management of local governments (Budiriyanto, 2013). Therefore, The Ministry of Finance of the Republic of Indonesia (2018) has developed a financial information system for local governments to consolidate the Central Financial Report and local government report based on those different information systems. The summary of legislation development that influence the practice of accrual-based accounting is shown in the Appendix.

The Evaluation of Local Government Financial Information System

The evaluation of the Local Government Financial Information System is not only performed in the Sawah Lunto City, Solok City, and South Solok Regency, but also in Payakumbuh City, Padang Panjang City, Padang City and Bukittinggi City. This is conducted due to the staff's opinion on the local government information system, either the SIMDA (*Sistem Informasi Management Daerah* – Local Government Managerial Information System) or SIKPD (*Sistem Informasi Pengelolaan Keuangan Daerah* – Local Government Financial Information System) between one respondent with other respondents is frequently different. Those differences occurred because of the lack of competence on accrual-based accounting, even though the respondent was the officer at the third echelon level in finance.

This research did not only gather information from the SIKP administrative staff but also interviewed the Head of the Accounting Department and some other staff of the PPK-SKPD. In general, all respondents stated that SIKPD is useful in budgeting, managing and preparing the Statement of Budget Realization. In all local government samples (6 local governments), the SIKP administrative staff stated that the implementation cash-based accounting has assisted them to prepare the LKPD very well and there is no problem in preparing reports whenever it is needed. They were so sure that the implementation of accrual-based accounting could also be done as well.

However, when other respondents were questioned, such as the Head of Accounting Department in Solok City, it was found that there were some problems in the process of LKPD preparation, either difficulties in data entry which need a longer time to have the related data that has been input previously, or the inability of the SIKPD system in terms of data entry simultaneously, like in income transactional recording.

The different opinions among those SIKPD respondents administrative staff also occurred in Sawah Lunto City, who have applied SIKPD since the beginning of SIKPD in West Sumatera. Till 2013, LKPD was prepared manually, ‘ it is ok for management, SIKPD works smoothly. However, in the process of balance sheet preparation, our calculation is only done manually, it is regarded the correct one by the Head of the Accounting Department, therefore SIKPD must be adjusted”.

The weakness in balance sheet preparation is also acknowledged by many aparatur of the local governments in West Sumatera, that SIKPD is only able to prepare Statement of Budget Realization but not able to prepare the Balance Sheet or other Main Financial Reports. The process of balance sheet preparation has to be done manually, by having entry of certain transactions, such as, capital expenditure transaction that has not been recorded at the period of handover, and the date of expenditure recognition is equal. There is no debt acknowledgement and account receivable.

The uncertainty effect of SIKPD to prepare accrual-based LKPD triggered Sawah Lunto and Padang Panjang Cities to cooperate with the BPKP of West Sumatera Branch Office at the beginning 2015 to assist them to apply accrual-based accounting in SIMDA Application version 2,76.

Some comments from the accounting staff of the Sawah Lunto City were that until June 2015, they were not able to apply the SIMDA well and as a result they still need training. One of the SIMDA administrative staff in the Tanah datar Regwncy satted that the SIMDA has not implemented accrual-based accounting fully. For example, revenue recognition-LO was still applied simulataneously with cash realization, therefore there is no difference with the revenue recognition-LRA. Expense recognition is simulatenously reported with expenditure, in fact, the expenditure recognition should use an inventory (*UP-Uang Persediaan*) when it needs reimbursement (*GU-ganti uang*). When this problem was confirmed with the BPKP, it was justified that since they still referred to the Regulation of Ministry of Home Affairs No 64 2013 and stated that it is impossible to contradict with that regulation. In fact, the Regulation of the Ministry of Home Affairs is not included in the hierarchy of Indonesian legislations, and should not be followed. It should refer to the higher level legislations such as Government Regulations or Acts.

CONCLUSION AND SUGGESTION

Conclusion

Based on this research, it can be concluded that:

1. Educational background, traing, and experience in accounting staff positively influences the understanding and competence on accrual-based accounting.
2. The use of SIKPD Application in budgeting and management has resulted in effective reports. However, there is still weaknesses in preparing LKPD, SIKPD, including some procedural facilities needed by local governments.
3. Three out of seven local governments in the research sample switched to the SIMDA in 2015 because of the uncertainty of using the SIKPD in implementing accrual-based accounting.

4. In line with government efforts to prepare integrated accounting systems with the SPAN (Sistem *Perbendaharaan dan Anggaran Negara*_ State Budget and Treasury System), SIMDA application in the West Sumatera province is widely used.

Suggestion

Based on the description above, it is suggested that the integrated SIKPD proclaimed by the government can be implemented immediately in order to minimize the weaknesses in local government financial information systems.

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APPENDIX

