

Budget Realization Report (Cash Basis Principle)

Turkish Online Journal of Qualitative Inquiry (TOJQI)
Volume 11, Issue 04, October 2020: 1030-1037

Research Article

Budget Realization Report (Cash Basis Principle)

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Abstract

This study aims to explain and describe the meaning, benefits, functions, and elements of the Budget Realization Report (Cash-Based) according to the Government Accounting Standards regulated in Government Regulation Number 71 of 2010 which is presented in PSAP 02. In its application PSAP 02 is expected to become a local government reference in preparing a good and correct Budget Realization Report. Where in the budget realization report, useful information will be obtained to predict the economic resources that will be received in the coming period which will be used to fund the activities of the Central and Regional Governments. The budget realization report can provide information to report users on indications of the acquisition and use of economic resources that have been carried out efficiently,

Keywords: PSAP 02, LRA, Cash Based, Government Accounting Standards

I. INTRODUCTION

Financial statements are one of the agendas in fulfilling an obligation in the context of meeting mutual needs as regulated in the applicable laws and regulations. In presenting the financial statements prepared by the government, it must contain the components of the financial statements that must be met. One component of the financial statements that must be met is the budget realization report (Yahya et al., 2018). The budget realization report prepared by an entity will present a budget realization report based on the basis set out in the laws and regulations. In this regulation, standards have been set that regulate how the presentation of the budget realization report should be.

The presentation of financial statements is one of the agendas in fulfilling an obligation in the context of meeting mutual needs as regulated in the applicable laws and regulations. In presenting the financial statements prepared by the government, it must contain the components of the financial statements that must be met. One component of the financial statements that must be met is the budget realization report.

The budget realization report prepared by an entity will present a budget realization report based on the basis stipulated in the legislation. In this regulation, standards have been set that regulate how the presentation of the budget realization report should be. The purpose of setting standards

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for budget realization reports is to determine the basics of presenting budget realization reports to the government in order to fulfill the objectives of public accountability (Dewi et al., 2018). Through the preparation of the budget realization report, information on the realization and budget of the reporting entity can be generated. From this information, a comparison can be made between the budget and its realization. The comparison is intended to determine how far the level of achievement of the targets that have been agreed between the executive and legislature is and how the budget absorption process occurs.

II. LITERATURE REVIEW

2.1. Budget Realization Report

Budget realization is a series of activities in using managed economic resources. The budget realization report, hereinafter referred to as LRA, is a report that presents an overview of the sources, allocation, and use of managed economic resources, and describes the comparison between the budget and its realization in a reporting period consisting of elements of income and expenditure. According to Darise, Nurlan (2014: 238) "The Budget Realization Report is presented in such a way as to highlight the various elements of income, expenditure, transfers, surpluses/deficits and financing needed to present a fair price."

The budget realization report discloses the financial activities of the central or regional government that demonstrate compliance with the APBN or APBD budget. The APBN (State Revenue and Expenditure Budget) is the annual financial plan of the state government approved by the DPR. While the APBD (Regional Expenditure Revenue Budget) is the annual financial plan of the regional government approved by the DPRD. The budget realization report describes the comparison between the budget and its realization in one reporting period.

In general, budget realization reports are prepared and presented on a cash basis. Cash basis is an accounting basis that recognizes the effects of transactions and other events when they occur, when cash or cash equivalents are received or paid. The budget realization report prepared in the financial statements will be explained in detail in a note to the financial statements. The explanation will contain information that affects the implementation of the budget, such as fiscal and monetary policies, the reasons for the material discrepancy between the budget and its realization, as well as lists detailing the figures that require further explanation.

In presenting the budget realization report, there are elements that must be met, including:

1. LRA Revenue
2. Expend
3. Transfer
4. LRA surplus/deficit
5. Financing
6. Remaining More / Less Budget Financing

2.3. Benefits of Budget Realization Information

The budget realization report will provide information on the realization of income-LRA, expenditure, transfers, surplus/deficit-LRA and financing from a reporting entity, each of which is compared with its budget. Through the information it produces, it will assist users of financial statements in determining the next decision-making process, as well as evaluating decisions regarding the allocation of economic resources and public accountability.

With the LRA report, information can be obtained showing the reporting entity's compliance with the budget by:

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1. provision of information on the sources, allocation and use of economic resources
2. providing information on the overall budget realization that is useful in evaluating government performance in terms of efficiency and effectiveness in using the budget.

In the budget realization report, useful information will be obtained to predict the economic resources that will be received in the coming period that will be used to fund the activities of the central and regional governments. The budget realization report can provide information to report users on indications of the acquisition and use of economic resources that have been carried out efficiently, effectively and economically, in accordance with the budget and in accordance with applicable laws and regulations.

2.2. Budget Realization Report Structure

Based on Government Regulation No. 71 of 2010 concerning Government Accounting Standards, which are presented based on PSAP No. 02, the budget realization report presents information that is compared to each other's budget in one period. The budget realization report presents information on the realization of income, expenditure, transfers, surplus/deficit and financing, each of which is compared with the budget in one period. The budget realization report must be clearly identified, and repeated on each page of the report, if deemed necessary the following information:

- a. Name of reporting entity or other means of identification
- b. Scope of reporting entities
- c. Period covered
- d. Reporting currency
- e. Unit of numbers used

III. METHODS

This study uses a qualitative approach to draw the application of SAP. The qualitative approach according to Sugiyono (2008:14) is an analytical method based on post-positivism philosophy, used to examine the condition of natural objects, where the researcher is the key instrument. The method used in this research is a case study on government accounting standards. Case study research is a research conducted intensively and in detail.

3.1.Types and Sources of Data

The type of data used by researchers in this study is qualitative data. Qualitative data is data in the form of words, not in the form of numbers. The data used in this study are the Budget Realization Report (LRA) and Notes to Financial Statements in SAP.

3.2.Instruments and Data Collection

The tools or instruments used by researchers to collect data for the preparation of this research in the form of existing documents and regulations related to local government financial reports are:

- Documentation, namely the technique of collecting the necessary data in the form of documents related to research obtained through previous research.

3.3.Unit of Analysis

The unit of analysis in this study is how the application of SAP to financial statements which includes procedures for recognition, measurement, definition of elements and items and presentation and disclosure in financial statements prepared by the government.

3.4.Data Analysis Techniques

The data analysis technique that was carried out qualitatively in this study was by comparing the data that had been obtained. Data analysis techniques used in this study are:

- Collecting the data needed to obtain an overview of how the application of Government Accounting Standards (SAP) in the preparation of Budget Realization Report (LRA) at the relevant agency through a study of the relevant literature.
- Draw conclusions on the results of the study in the form of whether or not the application of SAP in the process of preparing Budget Realization Report (LRA).

IV. RESULTS AND DISCUSSION

4.1. Elements in the Budget Realization Report

The budget realization report is presented in such a way as to highlight the various elements of income, expenditure, transfers, surplus/deficit, as well as the financing required for a fair presentation. In this budget realization report, a comparison will be made between the budget and the realization of income-LRA, spending, transfers, surplus/deficit-LRA and their financing.

Based on Government Regulation No. 71 of 2010 concerning Government Accounting Standards, which are presented based on PSAP No. 02, the budget realization report presents information that is compared to each other's budget in one period. The budget realization report must be clearly identified. The structure of the Budget Realization Report presents realization information, including:

1. Income

- a. Revenue (cash basis) is revenue by the state general treasurer/regional general treasury or by other government entities that add equity to current funds in the period of the relevant fiscal year which is the right of the government and does not need to be repaid by the government.
- b. Revenue (accrual basis) is the government's right that is recognized as an addition to the value of net worth.

2. Expend

- a. Expenditures (cash basis) are all expenditures by the state general treasurer/regional general treasurer that reduce the equity of current funds in the period of the relevant fiscal year which will not be repaid by the government.
- b. Expenditure (accrual basis) is a government obligation that is recognized as a deduction from net worth.

3. Transfer

Transfer is the receipt or disbursement of money from a reporting entity to another reporting entity, including balancing funds and profit sharing funds.

4. Surplus or Deficit

Surplus or deficit is the difference more or less between income and expenditure during one reporting period.

5. Financing

Financing is any income that needs to be repaid or expenditures that will be received back, both in the relevant fiscal year and the following fiscal years, which in government budgeting is primarily intended to cover the deficit or take advantage of the budget surplus.

4.2. Principles of Compiling Budget Realization Reports

In preparing the budget realization report, several principles are known, including:

a. Detailed Principle

Systematically compiled from the sectors of the program, project or activity in detail.

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- b. Overall Principle
Compiled to cover all government financial activities.
- c. Principle of Openness
The government in submitting the APBN is presented openly, printed in various print media, submitted by the president to the DPR for discussion.
- d. Periodic Principle
In determining the APBN program, the state pays attention to the revenue for the first 6 (six) months as the basis for the amount of the APBN in 1 (one) year.
- e. Loading Principle
 - Liability: Charged one year at the time the contract or order is signed.
 - Actual : Receivables are recorded as receipts, debts are recorded as expenses in the calculation of one fiscal year.
 - Cash: Receipts are recorded when cash receives money. Expenditures are recorded when the cash pays the state's obligations.
- f. Flexibility Principle
 - The legislature can revise the budget to sectors and sub-sectors
 - The executive can revise the budget up to the program or activity budget

4.3.Preparation of Budget Realization Report

Based on the Director General of Treasury Regulation No.PER57/PB/2013 concerning guidelines for preparing financial statements of state ministries/agencies:

- a. Establish and appoint a Financial Accounting Unit.
- b. All transaction source documents are processed in the preparation of financial statements.
- c. State ministries/agencies carry out the posting process to produce a ledger
- d. State Ministries/institutions are required to reconcile with the State Treasury Service Office (KPPN), Accounting Unit for Assistant Regional Budget Users (UAPPA-W) and Accounting Unit for Assistant Budget Users at Eschelon I Level (UAPPA-EI).
- e. State ministries/institutions prepare financial reports and submit semiannual and annual financial reports accompanied by a statement of responsibility signed by the Head of the work unit and must be submitted to UAPPA-W, UAPPA-EI and KPPN.

In compiling the report on the realization of the budget, is fully responsible for the activities and the calculation of costs in the preparation based on:

- 1. Expend is divided into 2 (two), namely:
 - a. Indirect personnel expenditures, which are often referred to as personnel expenditures, are routine expenditures carried out by government agencies in the regions which are expressed in rupiah units to finance the needs of their employees.
 - b. Direct expend, consisting of:
 - 1. Goods Shopping
Goods expenditure is expenditure for the purchase of goods, services and services that are consumable within 1 (one) fiscal year.
 - 2. Capital Expenditure

Capital expenditures are expenditures made in the context of capital formation, including development, improvement and procurement as well as non-physical activities that support capital formation. Capital expenditures, consisting of:

a. Land Capital Expenditure

In land capital expenditure, it is filled with the amount of costs required for procurement, purchase, encumbrance, settlement, transfer of name and land lease.

b. Equipment and Machinery Capital Expenditure

In the capital expenditure for equipment and machinery, the total cost for the procurement of tools and machines used in the implementation of activities is filled in until they are ready for use.

c. Building and Building Capital Expenditure

Capital expenditures for buildings and buildings include the total costs used for planning.

4.4. Problems That Occur in the Preparation of the Budget Realization Report

Based on Law No. 24 of 2004 concerning Accounting Standards

The governance problems that occur are:

1. Limited human resources who understand the process of preparing accounting in preparing the financial statements.
2. Limited use and understanding of the computer application of the Agency Accounting System.

4.5. Solving Problems That Occur in the Preparation of the Budget Realization Report

Based on Law No. 24 of 2004 concerning Government Accounting Standards:

In preparing financial reports, employees with an accounting education background are needed. It is undeniable that assistance from accountants has helped several agencies to compile financial reports in the form of budget realization reports.

4.6. Budget Realization Report Presentation

Based on Government Regulation No. 71 of 2010 concerning Standards

Government Accounting (SAP) as referred to in article 2 paragraph (1)

The Budget Realization Report is presented based on PSAP Number 02 concerning Budget Realization Report:

1 . Aim

The purpose of reporting the realization of the budget is to provide information about the realization and budget of the reporting entity on a side-by-side basis. Budget realization reporting establishes the basis for presenting budget realization reports for the government in order to meet accountability as stipulated by laws and regulations.

2 . Reporting Period

The benefits of a budget realization report are reduced if the report is not made available on time. A reporting entity shall present a budget realization report no later than 6 (six) months after the end of the fiscal year. Meanwhile, the budget realization report is presented at least once a year. In certain situations, the reporting date of an entity changes and the annual budget realization report is presented with a period longer or shorter than one year.

3 . Contents of the Budget Realization Report

The budget realization report is presented in such a way as to highlight the various elements of income, expenditure, transfer, surplus or deficit and financing required for a fair presentation. The

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budget realization report is further explained in the notes to the financial statements which contain matters that affect the implementation of the budget such as fiscal and monetary policies, the causes of material differences between the budget and its realization, as well as lists that further detail the figures deemed necessary. to explain.

4 . Information in Budget Realization Report

The reporting entity presents the classification of income according to the type of income in the budget realization report and further details of the type of income are presented in the notes to the financial statements. The reporting entity presents the classification of expenditure according to the type of expenditure in the budget realization report. The classification of expenditure by organization is presented in the budget realization report or in the notes to the financial statements. Classification of expenditure by function is presented in the notes to the financial statements.

V. CONCLUSION

Elements in the Budget Realization Report The budget realization report is presented in such a way as to highlight the various elements of income, expenditure, transfers, surplus/deficit, and financing required for a fair presentation.

Based on Government Regulation No. 71 of 2010 concerning Government Accounting Standards, which are presented based on PSAP No. 02, the budget realization report presents information that is compared to each other's budget in one period.

Contents of the Budget Realization Report The budget realization report is presented in such a way as to highlight the various elements of income, expenditure, transfers, surplus or deficit and financing required for a fair presentation.

. In its application PSAP 02 is expected to be a reference for local governments in preparing good and correct Budget Realization Reports. Where in the budget realization report, useful information will be obtained to predict the economic resources that will be received in the coming period which will be used to fund the activities of the Central and Regional Governments. The budget realization report can provide information to report users on indications of the acquisition and use of economic resources that have been carried out efficiently, effectively and economically, in accordance with the budget and in accordance with applicable laws and regulations.

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