

# IMPLEMENTATION OF ACCRUAL BASED ACCOUNTING IN LOCAL GOVERNMENT ENTITIES IN ORDER TO PROVIDE TRANSPARENT AND ACCOUNTABLE INFORMATION

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## ABSTRACT

*This study aimed to analyze the influence of the human resources competence, the IT quality, APIP support, communication and the leader commitment on the level of accrual-based accounting implementation and its impact to the accountability and transparency of local governments. The instrument used was a questionnaire. The results showed that human resource competence, IT quality, and communication were able to influence the implementation of accrual-based accounting in local government entities, but APIP support was not able. The leader commitment was able to moderate the relationship between human resource competence and the IT quality. The implementation of accrual-based accounting affected the level of accountability. The transparency assessment using an index of the level of information accessibility for local governments in South Sulawesi Province gave an average score of 3.45 on the disclosure of financial statements after implementation. This study has policy implications related to the implementation of accrual-based accounting.*

**Keywords:** Accrual Based Accounting Implementation, Accountability, Transparency, Local Government

## INTRODUCTION

Accrual-based Government Accounting Standards recognize income, expenses, assets, debt, and equity in accrual-based and recognize income, expenditure, and financing in reporting on budget execution based on the basis set out in the state revenue expenditure budget/budget. Regional (APBN/APBD) (PP No. 71/2010). The accrual-based accounting system was believed to be able to provide actual and relevant information in decision making. This is in line with the research of Cohen, (Kaimenaki & Zorgios, 2007) that accrual-based accounting was needed because the cash-based accounting system is considered to lack an accurate financial picture. Research resulted from (Tarigan & Nurtanzila, 2013) found that the accrual basis embodies transparency or disclosure of information and is an innovation and a trend in the government sector in various countries and is one of the supporting tools needed in the context of government transparency and accountability (KSAP, 2006). (Beechy, 2007) also found that financial reports on an accrual basis are better for accountability and transparency. Accrual based accounting is believed to provide actual and relevant information in decision making. This is in line with research (Cohen, Kaimenaki & Zorgios, 2007) that the cash-based accounting system is considered to lack an accurate financial picture. One of the concrete efforts to realize transparency and accountability in the management of state finances is the submission of government financial accountability reports that meet the principles on time and are prepared following generally accepted government accounting standards (Darmawati, 2018).

Several studies have been conducted related to the implementation of accrual-based accounting in local government entities, both in Indonesia (Adventana, 2014; Pratiwi, 2015; Marsdenia & Arthaingan, 2016; Erawati & Kurniawan, 2018) and in other countries (Stamatiadis, 2009). The results found were also inconsistent. (Adventana, 2014; Pratiwi, 2015) found that Human Resources had a significant positive effect on the readiness to