THE IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS IN FINANCIAL STATEMENTS ARRANGEMENT OF BIMA REGENCY GOVERNMENT WEST NUSA TENGGARA PROVINCE

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ABSTRACT

The background of the research entitled “The Implementation of Governmental Accounting Standards in Financial Statements Arrangement of Bima Regency Government West Nusa Tenggara Province” is because the quality of Financial Statements of Bima Regency Government is not optimal assessed by the opinion of Finance Auditor Board, in which the Bima Regency Government still get Proper with Exception opinion.

The purposes of this research are to find out the government accounting standards implementation in the arrangement of Bima Regency Government Financial Statements, to find out and analyze the inhibiting factors in its implementation, and also to find out the efforts done by the Bima Regency Government in overcoming the inhibiting factors.

The method used in this research is descriptive research method with inductive approach. While the data collection techniques used are interview, observation, and documentation.

Based on the research results, it can be concluded that the Bima Regency Government has implemented Governmental Accounting Standards in accordance with the Government Regulation No. 24 Year 2005 about Governmental Accounting Standards and the Government Regulation No. 71 Year 2010 about Governmental Accounting Standards although there are still some shortcomings and problems faced.

There are several suggestions that are given to support and improve the quality of Financial Statements of Bima Regency Government related to the competency improvement of the apparatus of Bima Regency Government in accounting, the addition of supporting facilities and infrastructures, the implementation of the Local Finance Management Information System (LFMIS), and the improvement in guidance, supervision, and evaluation of internal control system evaluation of Bima Regency Government.

I. INTRODUCTION

1.1. Background

Since the legality of Law No. 32 Year 2004 about Local Government and Law No. 33 Year 2004 about Finance Balance between Central and Local Government, both of them have brought changes in the paradigm of the present government in which there are local autonomy policy and fiscal decentralization implementation in order to support and accelerate the achievement of National Development Goals. With these two policies, the Local Government is an autonomous area who has the rights, authorities, and duties to regulate and manage affairs and interests of the society in accordance with society initiatives and legislations.

In line with the delegation of authority given by the Central Government to the Local Government, it is expected that the Local Government can be more active and creative in order to optimize all forms of financial resources in the region for a balance between the amount of the costs and services provided to the society in order to stimulate the increase of economic activities in the region. Such condition makes the Central Government not simply wash hands in supervising Local Government management, especially in terms of finance management.
With the purpose of reforming the state and local finance management, especially in local finance management, a number of regulations have been established in the form of Government Regulation and Minister of Home Affairs Regulation, among others: Government Regulation No. 24 Year 2005 which later on being revised to Government Regulation No. 71 Year 2010 about Governmental Accounting Standards (GAS), Government Regulation No. 58 Year 2005 about Local Finance Management, which is then redrawn into Minister of Home Affairs Regulation No. 13 Year 2006 about Local Finance Management Guidelines which has been revised by Minister of Home Affairs Regulation No. 59 Year 2007 about the Amendment of Minister of Home Affairs Regulation No. 13 Year 2006 about Local Finance Management Guidelines as technical instructions in the implementation.

One of the changes that occur in local finance management based on reformation direction of transparent and accountable state and local finance management is the changing in Governmental Accounting. This changing is marked by the implementation of Governmental Accounting Standards in Financial Statements arrangement that make the Local Finance Board or Division as reporting entity and each Local Government institution as accounting entity that shall arrange Financial Statements as a form of accountability for the use of the budget in carrying out its duties and functions. The application of this Governmental Accounting Standards also affects the form of the Financial Statements made from the accounting process in order to produce a variety of financial information compliant with the needs and goals of each party.

With the implementation of Governmental Accounting Standards, it is expected that the Financial Statements presentation of each accounting entity, in this case is the entire Local Work Unit, can be more qualified, transparent and accountable so that the Financial Statements can be accounted for.

Bima Regency Government is a reporting entity. In other words, it is a government unit consists of one or more accounting entities in which under the regulations has to submit local Financial Statements as the form of accountability for budgets used in the Local Budget. The Financial Statements presented by the Local Government are consolidation of all Financial Statements of Local Work Unit and Financial Statements of Local Finance Management Officers.

Local Secretariat Finance Division of Bima Regency as both the reporting entity and Governmental Accounting entity is not only obliged to make Financial Statements on the implementation of its task and function, but also assigned to compile, consolidate and report the results of local finance management derived from each Local Work Unit in Bima Regency. This action will bring the result of Bima Regency Government Financial Statements. In conducting the arrangement and presentation of Financial Statements compliant with accounting principles determined in the Government Regulation about Governmental Accounting Standards, it is expected that the Financial Statements can reflect the transparent and accountable finance management.

The implementation of Government Regulation No. 24 Year 2005 about Accounting Standards cash-based and cash to the accrual-based is still tentative. The Regulation is aimed for affirmation and measurement of revenue, expenditure, and cost financial transactions as well as the accrual basis for the affirmation of assets, liability, and funds equity. As mandated in Article 36 Paragraph 1 of Law No. 17 Year 2003 about State Finance, if the affirmation and measurement of accrual-based income and expenditure have not been implemented, cash-based affirmation and measurement is used. The establishment of Government Regulation No. 71 Year 2010 about Governmental Accounting Standards by using accrual basis is fully implemented in 2015.

According to Government Regulation No. 58 Year 2005 about Local Finance Management in Article 97 and the Minister of Home Affairs Regulation No. 13 Year 2006 about Local Finance Management Guidelines in Article 239, the Regent
defines the Local Regulation and Regent Regulation about Accounting Policy based on Governmental Accounting Standards.

Following up the Government Regulation No. 71 Year 2010, Article 6 Paragraph 3, Governmental Accounting System at the Local Government level is regulated by Governor/Regent/Mayor Regulation that refers to the general guidelines of Governmental Accounting System. Bima Regency itself has not yet a Local Regulation or Regent Regulation about Local Governmental Accounting System Policy in accordance with Government Regulation No. 71 Year 2010 as the completeness of the Local Governmental Accounting procedures which become references for the reporting entity and the entire accounting entity in the Regency Government of Bima.

The local Financial Statements implemented by Local Governments are expected to get proper without Exception opinion from the Indonesian Finance Auditor Agency. As for the condition of the Financial Statements of Bima Regency reviewed from the results of the Finance Auditor Agency within the last 3 years shows that Bima Regency Government is still not getting proper without Exception opinion. It shows that the level of transparency and accountability of Bima Regency Government Financial Statements is still not good. According to Hariman, the Head of Budgeting Sub Division of Finance Division of Bima Regency Local Secretariat, (Bima Akbar Edition 04/July-August 2014), to obtain Proper Without Exception opinion on the Local Government Financial Statements inspection, there are 6 requisites that must be fulfilled by the Local Government, namely:

1. Finance management has been in the right order, ranging from planning, budgeting, and administration until reporting and liability.
2. Compliance with the regulations is good enough in the whole process of local finance management.
3. The Local Government Financial Statements have been prepared in accordance with Governmental Accounting Standards.
4. The internal control system of government has been done well.
5. Follow-up on the findings and recommendations of Finance Auditor Agency has been implemented.
6. Local Assets Management is done orderly according to applicable regulations.

As for the Financial Statements of Bima Regency Government show that the arrangement of Financial Statements does not yet comply with the requirements to get the predicate of proper without Exception from Finance Auditor Agency. It can be seen from the financial audit opinion of Bima Regency Government within the last 3 years is still obtain Proper With Exception for the fiscal year 2011-2013. While for some of the problems that are still commonly found are:

1. The obedience of government officials is still lack in carrying out the arrangement of Financial Statements prescribed by the regulations.
2. Internal supervision system of local finance management is still less optimal.
3. The facilities and infrastructure of Information System to support the arrangement of good local Financial Statements is still lack.
4. Local asset documenting is orderly still less.

1.2. Statement of the Problems
1.2.1 Identification of the Problems

Based on the described background, the identification of the problems can be defined, namely:

1. The implementation of the Financial Statements arrangement is not optimal yet since there is no regulation in the regency that serves as guidelines in the Financial Statements arrangement of Local Government accordance with Governmental Accounting Standards.
2. The presentation result of the Financial Statements of Bima regency government is less than optimal based on the audit result of the State Auditor Agency, with Proper with Exception opinion.
3. The Local Government officials are still lack of capacity in carrying out governmental accounting in arrangement the local Financial Statements as well as the obedience to implement it prescribed by the regulations.

4. Lack of facilities and infrastructure supports in the implementation of the Information System of Governmental Accounting in the Local Government Financial Statements arrangement.

1.2.2 Limitation of the Problems
Due to the extent of the problems in the local Financial Statements arrangement, the writer needs to define the limitation of the problems on certain things in order to keep the discussion focused on the object under study, so that the aimed problem solving would be obtained.

Therefore, the writer limit the observed problems in accordance with how the implementation of Governmental Accounting Standards in the arrangement of local Financial Statements of Finance Division of Bima Regency Local Secretariat.

1.2.3 Formulation of the Problems
1. How does the implementation of Governmental Accounting Standards in the arrangement of Bima Regency Government Financial Statements?
2. What are the obstacles on the implementation of Governmental Accounting Standards in the arrangement of Bima Regency Government Financial Statements?
3. What efforts are made by the Finance Division of Local Secretariat Bima Regency in overcoming obstacles in arranging the local Financial Statements?

1.3 Purposes and Objectives
1.3.1 Purposes
Based on the formulation of the problems, the purposes of this study are to find out and observe the form of the Governmental Accounting Standards in the arrangement of the government Financial Statements in Finance Division of Local Secretariat Bima Regency and the factors inhibiting the implementation of Governmental Accounting Standard in the arrangement of Financial Statements, as well as to figure out the strategies and efforts done by the Finance Division Bima of Local Secretariat Bima Regency in improving the transparent and accountable quality of reports.

1.3.2 Objectives
The objectives of this study are:

a) To find out the implementation of the Governmental Accounting Standards in the arrangement of the Local Financial Statements of Bima Regency Government.
b) To find out and analyze the obstacles in the implementation of the Governmental Accounting Standards in the arrangement of the Local Financial Statements of Bima Regency Government.
c) To find out and explain the efforts taken by Bima Regency Government in improving the quality of Financial Statements in accordance with transparent and accountable Governmental Accounting Standards.

1.4 The Benefits of Research Program
1.4.1 The Practical Benefits for Research Location
The practical benefits from this research for its location are as follows:

a) Contributing ideas and suggestions for the Government of Bima Regency, especially Finance Division of Local Secretariat Bima Regency in implementing Governmental Accounting Standards in the arrangement of local Financial Statements.
b) As a comparison to other studies which deal with the implementation of Governmental Accounting Standards.
The Concept Definition of Observed and Studied Objects

In this study, the writer divides the observed and studied objects into 3, namely, Implementation, Governmental Accounting, and Local Financial Statements.

1.5.1 The Implementation

According to Syaukani et al. (2003:295), “Implementation is one of the steps in public policy process of a country. Usually, it is carried out after a policy is formulated with clear goals, including short-term, medium and long term goals”.

Salusu (2008:409) states that, “Implementation is a set of activities carried out following a decision”. A decision is always intended to achieve certain goals. In order to realize the achievement of the goals, a series of activities is needed. So, it can be said that the implementation is the process of making various activities operational in order to achieve certain goals.

1.5.2 The Governmental Accounting

The definition of accounting according to the American Accounting Association (1966) in Nunuy Nur Aphiah (2009:5)

Accounting is a process of identifying, measuring, recording, and reporting of economic transactions (financial) of an organization/entity that serve as the information in the context of economic decision making by the interested parties.

While in Accounting Principle Board Statement number 4, Sofyan Syafri Harahap in Abdul Hafiz Tanjung (2003:4) defines accounting as follows:

Accounting is a service activity; its function is to provide quantitative information, generally in the form of money, about an economic entity that is intended to be used in making economic decisions as the basis to choose among multiple alternatives.

According to Sumarsono (2010:141)

Accounting can be explained through two approaches: in terms of the process, and in terms of its function. In terms of the process, accounting is a skill in recording, classifying and summarizing financial transactions carried out by an institution or company, and reporting the results in a report named Financial Statements.

In terms of function, according to Ahmed Belkaoui in Sumarsono (2010:141) Accounting is a service activity that serves to present financial quantitative information of an institution or company which is expected to be used as a basis for making economic decisions among alternative actions.

In the Government Regulation No. 71 Year 2010 about Governmental Accounting Standards, referred to the Governmental Accounting Standards are accounting principles applied in arranging and presenting the government Financial Statements.

Sumarsono (2010:145) explains that “Governmental Accounting (including accounting for non-profit institutions) is accounting related to government agencies and non-profit institutions”.

The aims of Governmental Accounting Standards according to Tanuwijaya (2010:6) in Modul Akuntansi Pemerintahan, Based on the Governmental Accounting Standards, the Governmental Accounting purposes, among other things:

a. Keeping Central/Local Government assets and the agencies through recording, processing and reporting of financial transactions that is consistent with the generally accepted accounting standards and practices;

b. Providing accurate and timely information about the budget and financial activities of the Central/Local Government, both nationally and institutionally that serve as the basis of performance assessment, to determine obedience to budget authorization and for accountability purposes;

c. Providing reliable information about the financial position of an institution and Central/Local Government thoroughly;

d. Providing financial information that is useful for the planning, management, and control of government activities and finances efficiently.
According to the American Accounting Association in Margono (2010:6), the purpose of accounting for each form of organization is to provide information for:

a. Decision-making relating to the use of limited resources, including the identification of the important decisions, goal-setting determinations, and organizational goals.

b. Direction and control of human resources and raw materials effectively.

c. Contribution in order to achieve organizational effectiveness, both for profit and non-profit organizations, in order to meet the needs and demands throughout the society for the purpose of social control.

1.5.3 Financial Statements

As a form of Central and Local Government responsibility to the society (through representative namely Legislative Assembly/Local Assembly) by collecting taxes and retribution as well as managing other resources as sources of income in conducting governmental affairs, then the government should make accountability reports, among others, in the form of Financial Statements. Furthermore, the means or manner believed by its reliability to produce Financial Statements is to implement the accounting system.

The definition of Financial Statements according to Irham Fahmi (2012:2) is that “The Financial Statements are information describing a company's financial condition, and furthermore, the information can be used as an overview of the company's financial performance”.

Hery (2012:3) argues that “Financial Statements is basically the result of the accounting process that can be used as a tool for communicating financial data or company activities to the interested parties”.

The main users of Financial Statements in the Local Government are Local Assembly, the public taxpayers, voters, suppliers, lenders, donors, central government, and the Local Government supervisors in which the Financial Statements is used as evaluation and decision-making regarding the allocation of resources used by Local Government.

II. The Analysis of Governmental Accounting Standards Implementation in the Arrangement of Bima Regency Government Financial Statements

Bima Regency Government Accounting is part of the public sector accounting, which records and reports all transactions relating to the Local Finance Management. The structure of the accounting entity relationship implemented in Bima Regency Government uses the concept of Home Office Branch Office (H.O.B.O.). In this case, the Finance Division of Bima Regency Local Secretariat as Local Finance Manager Official (LFMO) that represents Bima Regency Government as Home Office, while each Local Work Unit (LWU) as Brach Office.

This structure selection is in accordance with the mandate of Law No. 17 Year 2003 about State Finance Article 10 Paragraph (3) and the Government Regulation No. 58 Year 2005 about Local Finance Management Article 100 which state that accounting and financial reporting implementation are applied at the level of LWU as accounting entity and Local Government as reporting entity. There are several reasons underlying the application of this H.O.B.O concept:

a. LFMO-LWU are not entities of which stands alone, but a unity;

b. Transfer Revenue is not happened between LFMO and LWU;

c. LWU is owned 100% by the Bima Regency Government.

As the consequence of the H.O.B.O accounting structure, the transactions between LFMO and LWU are recorded by using Reciprocal account namely Account Current-LFMO (AC-LFMO) which is an equity account in LWU, and AC-LWU account is an assets account in LFMO. Thus, reciprocal account is real account.

AC-Center Accounting is funds equity accounting at the level of LWU. AC-Center account
is equivalent to Funds Equity account, but the use is specialized in LWU. It is because LWU is the branch of Local Government, so LWU actually does not have own finds equity, but accepts funds equity from Local Government through transfer mechanism. AC-Center account will increase if the LWU receives assets transfers such as the Letter of Instruction of Money Supply Fund Release, the Letter of Instruction of Money Replacement Fund Release, accepts fixed assets from Local Government, callable direct expenditure payments, receives the Letter of Instruction of Direct Fund Release, and will be reduced if LWU transfers the assets to local government (such as depositing money to Local Government).


The accounting implementation in the arrangement of the Bima Regency Government Financial Statements for the budget year 2012 until the budget year 2014 is implemented based on the Accounting Standards that still use the Cash toward Accrual. Budget Realization Report (BRR) is prepared on cash basis, meaning that revenue, revenues, and cost are recorded when the cash is received in the local general treasury, while expenditure and expenses are recorded when cash is paid out of the local general treasury. Especially for expenditure paid by the expenses treasurer of LWU, it is recognized when the expenditure has been accounted for. As for the balance sheet, it is prepared on the accrual basis, meaning that the recognition/registration of assets, liabilities and funds equity made at the time the rights/obligations arise, although it is not cash received/paid.

2.1 Bima Regency Government Accounting Policies

Accounting policies underlying the arrangement of Bima Regency Financial Statements for Budget Year 2012 and 2014 are the Government Regulation No. 24 Year 2005, Government Regulation No. 71 Year 2010 about Governmental Accounting Standards, Government Regulation No. 58 Year 2005 about Local Finance Management, and Regulation of the Minister of Home Affairs No. 21 Year 2011 about the Second Amendment of the Regulation of the Minister of Home Affairs No. 13 about 2006 Local Finance Management Guidelines. The accounting policies applied in the Bima Regency Local Government Financial Statements administration have not fully follow the standards contained in Government Regulation No. 24 Year 2005 about Governmental Accounting Standards. Based on the review results of the presentation of Notes to Financial Statements (NtFS) are less able to provide complete and clear information of the basic presentation of Financial Statements and Accounting Policies that are selected and specified.

Based on the review results of the presentation of Notes to Financial Statements (NtFS), it was found that there is no accounting policy that has been set by the Regent Decree to be the basic of the presentation and disclosure of LWU Notes to Financial Statements (NtFS) and Bima Regency Local Government Financial Statements.

The condition is not in accordance with Government Regulation No. 24 Year 2005 about the Governmental Accounting Standards in GASS No. 03:

- Paragraph 34: In presenting the Notes to Financial Statements, the reporting entity must disclose basic Financial Statements and accounting policies presentation.
- Paragraph 45: Disclosure of accounting policies must identify and explain the accounting principles used by the reporting entity and
application methods which materially affect the presentation of the Budget Realization Report, Balance Sheet, and Cash Flow Statement. Disclosure should also include important considerations taken in selecting the appropriate principles.

- Paragraph 46: In general, the accounting policies in Notes to Financial Statements describe the followings:
  (a) The reporting entity;
  (b) The accounting basis underlying the arrangement of Financial Statements;
  (c) The measurement basis used in the arrangement of Financial Statements;
  (d) The extent to which accounting policies relating to the provisions of transition era of Governmental Accounting Standards Statements applied by a reporting entity;
  (e) Any specific accounting policies needed to understand the Financial Statements

a. The local finance reporting entity

Bima Regency Government consists of 55 Accounting Entities (LWU) and 1 Reporting Entity (Finance Division of the Local Secretariat of Bima Regency as Local Finance Management Work Unit/LFMWU).

b. Accounting basis underlying the arrangement of Financial Statements

The basis used in the arrangement of Financial Statements of Bima Regency Government is cash towards accrual, in which is used cash basis for the recognition of revenue, expenditure, transfer, and cost in the Budget Realization Report, while accrual basis is for the recognition of assets, liabilities and funds equity in the Balance Sheet.

c. The measurement basis

The posts measurement in Bima Regency Government Financial Statements uses the historical value. Assets carried at fair value or cash outlay and consideration given to acquire the assets. Liabilities are recorded at the amount of cash or cash equivalent expected to be paid to meet obligations in the future in the implementation of Bima Regency Government activities.

The measurement of financial posts in Financial Statements uses Rupiah. Financial transactions in foreign currencies are converted in advance using the exchange rate of Bank Indonesia and stated in Rupiah

1) Cash in Local Cash

Cash is a legitimate payment at any time can be used to finance government activities. Cash in Local Cash is local government cash balances in the local cash bank accounts in PT. Bank NTB Bima Branch and Bank BNI 46 Bima Branch appointed by the Bima Regent Decree

2) Cash in Expenditure Treasurer

Cash in expenditure treasurer is cash in the management of expenditure treasurer (Local Work Unit Treasurer) which has to be accounted to Local General Treasurer (money that must be accounted) or treasurer levies (taxes and retributions) which have not been paid to the State/Local Cash.

3) Cash in Receipt Treasurer

Cash in receipt treasurer is cash in the management of Local Work Unit Receipt Treasurer which has to be paid into Local General Treasurer bank accounts.

2.2 Bima Regency Government Financial Statements

Bima Regency Government in preparing the Financial Statements has not fully implement in accordance with Governmental Accounting Standards. This is due to the lack of Accounting Policies and Accounting System established by the Bima Regency Government through the Regent Regulation for budget year 2014, so that the Bima Regency Financial Statements get opinion of Proper with Exception from the FAB.
Based on the interview with Hariman, SE, M.Si as the Head of Finance Division of Local Secretariat of Bima Regency, in preparing the Bima Regency Local Government Financial Statements Budget Year 2012-2014, accounting policies used is not contained in the form of Regent Regulation, in which this case is not accordance yet with the Government Regulation No. 24 Year 2005 about Governmental Accounting Standards.

In terms of the components of Financial Statements, Bima Regency Government has presented the Financial Statements in accordance with applicable standards. For every budget items in the Financial Statements have been attached in accordance with Government Regulation No. 58 Year 2005 about Local Finance Management and the format attached in Government Regulation No. 24 Year 2005 about Local Finance Accounting Standards.

The form of the implementation of the Governmental Accounting Standards in Local Financial Statements Arrangement can be seen from the presentation of Bima Regency Local Government Financial Statements Budget Year 2013-2014 as follows.

2.3 Budget Realization Report

Budget Realization Report is a report that provides information regarding the calculation of the implementation of the activities that have been budgeted in one budget year in group of revenue, expenditure, and cost. Budget realization in 2013 was based on the realization of revenue, expenditure, and cost undertaken by Bima Regency Local Budget in 2013. The amount contained in the Budget Realization Report include all receipts of revenue and expenditure also cost entered into or removed from the local general treasurer, specifically for spending cash replenishment given to the cash holder, the realization is based upon accountability ratification. The purpose of this budget realization report is to present the information about the local ability to realize revenue based on the predetermined target, carry out activities based on predetermined budget, and sources of financing used to allocate budget calculation retained surplus and budget calculation retained deficit.

From the interview result with Arif Budiharta as the Head of Verification and Bookkeeping Sub Division, in the implementation of Bima Regency Government Budget Realization Report arrangement in 2012-2014, it is still using the cash basis and carried out manually (Excel) without the help of Local Finance Information System. It is happened due to the lack of supporting infrastructures and capable personnel resources in implementing computerized accounting.

The overview of Budget Realization Report as the financial accountability of Bima Regency Government consists of:

- The realization of Bima Regency Government Revenue in budget year 2013 amounted to Rp. 1,001,006,794,159.18 derived from the Local Original Revenue Rp. 50,667,887,485.16, Balance Fund Rp. 718,916,059,541.00, and Other Legitimate Revenue Rp. 128,337,017,089.02.
- The revenue measurement to be received is conducted using Revenue Accounting in which the nominal cash used based on the value of Rupiah. Revenues that are measured in foreign currency are converted first into Rupiah based on exchange rate (middle rate of Bank Indonesia) at the time of revenue.
- The realization of Bima Regency Local Government Expenditure in budget year 2013 amounted to Rp. 986,513,565,561.00 consisting of Indirect Expenditures of Rp. 649,290,555,416.00 and Direct Expenditure of Rp. 337,223,010,145.00. the budget calculation retained surplus occurs Rp. 14,493,228,598.18.
- The realization of Bima Regency Local Government cost is divided into 2; Revenue cost Rp. 45,526,675,134.49 and Expenditure Cost Rp. 4,360,000,000.00.
From the revenue realization of Rp. 1,001,006,794,159.18 supported by the local original revenue of Rp. 50,667,887,485.16, this local original revenue realization does not exceed the planned targets of Rp. 78,564,172,485.00 or reached 64.49%.

The expenditure revenue that will be paid is implemented by using Expenditure Accounting in which the cash nominal is used in Rupiah. Revenues that are measured in foreign currencies are converted first into Rupiah based on exchange rate (middle rate of Bank Indonesia) at the time of revenue.

Table 2.1
Bima Regency Government
The Summary Of Budget Realization Report Budget Year 2013 In (Rp)

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Budget</th>
<th>Realization</th>
<th>More/Less</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>LOCAL REVENUE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1</td>
<td>Local Original Revenue</td>
<td>76,564,172,485.00</td>
<td>50,667,887,485.16</td>
<td>(27,896,284,999.84)</td>
<td>64.49%</td>
</tr>
<tr>
<td>1.1.1 Local Tax Revenue</td>
<td>4,503,853,044.00</td>
<td>4,735,484,003.00</td>
<td>231,630,959.00</td>
<td>105.14%</td>
<td></td>
</tr>
<tr>
<td>1.1.2 Local Retribution Revenue</td>
<td>40,047,094,225.00</td>
<td>33,378,453,269.31</td>
<td>(6,668,640,955.69)</td>
<td>83.35%</td>
<td></td>
</tr>
<tr>
<td>1.1.3 Wealth Management Result Revenue</td>
<td>3,799,000,000.00</td>
<td>3,621,257,467.00</td>
<td>(177,742,533.00)</td>
<td>95.32%</td>
<td></td>
</tr>
<tr>
<td>1.1.4 Miscellaneous Legitimate Local Original Revenue</td>
<td>30,214,225,216.00</td>
<td>8,932,692,745.85</td>
<td>(21,281,532,470.15)</td>
<td>29.56%</td>
<td></td>
</tr>
<tr>
<td>1.2</td>
<td>Balance Fund</td>
<td>719,298,884,503.00</td>
<td>718,916,059,541.00</td>
<td>(3,878,824,962.00)</td>
<td>99.95%</td>
</tr>
<tr>
<td>1.2.1 Tax/Non Tax Share Fund</td>
<td>37,183,074,503.00</td>
<td>36,800,249,541.00</td>
<td>(3,878,824,962.00)</td>
<td>98.97%</td>
<td></td>
</tr>
<tr>
<td>1.2.2 General Allocation Fund</td>
<td>618,722,430,000.00</td>
<td>618,722,430,000.00</td>
<td>0.00</td>
<td>100.00%</td>
<td></td>
</tr>
<tr>
<td>1.2.3 Specific Allocation Fund</td>
<td>63,393,380,000.00</td>
<td>63,393,380,000.00</td>
<td>0.00</td>
<td>100.00%</td>
<td></td>
</tr>
<tr>
<td>1.3</td>
<td>Other Legitimate Revenue</td>
<td>125,865,648,566.19</td>
<td>128,337,017,089.02</td>
<td>2,471,368,522.83</td>
<td>101.96%</td>
</tr>
<tr>
<td>1.3.1 Grant Revenue</td>
<td>533,810,000.00</td>
<td>345,907,400.00</td>
<td>(187,902,600.00)</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>1.3.2 Emergency Fund Revenue</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>1.3.3 Tax Share Fund from Other Provinces or Local Governments</td>
<td>9,371,988,566.19</td>
<td>12,781,589,689.02</td>
<td>3,409,601,122.83</td>
<td>136.38%</td>
<td></td>
</tr>
<tr>
<td>1.3.4 Special Autonomy Adjustment Fund</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>1.3.5 Financial Aid from Other Provinces or Local Governments</td>
<td>1,290,000,000.00</td>
<td>539,670,000.00</td>
<td>(750,330,000.00)</td>
<td>41.63%</td>
<td></td>
</tr>
<tr>
<td>1.3.6 Teacher Benevolent Transfer Fund</td>
<td>114,669,850,000.00</td>
<td>114,669,850,000.00</td>
<td>0.00</td>
<td>100.00%</td>
<td></td>
</tr>
<tr>
<td>1.3.7 Adhoc Fund</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>1.4</td>
<td>The Amount of Local Revenue</td>
<td>1,032,546,100,319</td>
<td>1,001,006,794,159.18</td>
<td>(31,539,306,172.01)</td>
<td>96.95%</td>
</tr>
</tbody>
</table>

2. LOCAL EXPENDITURE

| 2.1 | Indirect Expenditure                                                       | 670,047,071,201.68 | 649,290,555,416.00 | (27,756,515,785.68)| 96.90% |
| 2.1.1 Personnel Expenditure                                               | 614,424,370,091.68 | 597,398,545,286.00 | (17,025,824,805.68)| 97.23% |
| 2.1.2 Grant Expenditure                                                  | 17,963,932,000.00  | 17,435,557,699.00   | (528,374,301.00)  | 97.06% |
| 2.1.3 Social Aid Expenditure                                             | 6,490,000,000.00   | 6,257,936,579.00    | (232,063,421.00)  | 96.42% |
| 2.1.4 Share Expenditure to the Government                                 | 27,918,759,110.00  | 27,555,921,789.00   | (362,847,321.00)  | 98.70% |
| 2.1.5 Provincial/Regency/Municipality and Village Government              |                    |                      |                    |     |
| 2.1.6 Contingency Expenditure                                            | 3,250,000,000.00   | 642,594,063.00      | (2,607,405,937.00)| 19.77% |
| 2.2 | Direct Expenditure                                                        | 403,675,204,264.00 | 337,223,010,145.00  | (66,452,194,119.00)| 83.54% |
| 2.2.1 Personnel Expenditure                                             | 49,990,579,763.00  | 45,268,784,099.00   | (4,721,795,684.00)| 90.55% |
| 2.2.2 Items and Services Expenditure                                    | 152,711,681,552.00 | 132,781,019,359.00  | (19,930,662,193.00)| 86.95% |
2.2.3. Capital Expenditure

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget</th>
<th>Source Budget</th>
<th>Surplus/deficit</th>
<th>Surplus/deficit %</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Amount of Local Expenditure</td>
<td>1,073,722,275,466.68</td>
<td>986,513,565,561.00</td>
<td>(87,208,709,904.68)</td>
<td>91.88%</td>
</tr>
<tr>
<td>Surplus/deficit</td>
<td>(41,176,175,134.49)</td>
<td>14,493,228,598.18</td>
<td>-35.20%</td>
<td></td>
</tr>
</tbody>
</table>

3. COST

3.1. Local Revenue

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget</th>
<th>Source Budget</th>
<th>Surplus/deficit</th>
<th>Surplus/deficit %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calculation Retained Surplus Use</td>
<td>45,506,175,134.49</td>
<td>45,506,175,134.49</td>
<td>0.00</td>
<td>100.00%</td>
</tr>
<tr>
<td>Reserve Fund Release</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00%</td>
</tr>
<tr>
<td>Separated Local Wealth Selling Result</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00%</td>
</tr>
<tr>
<td>Local Loan Revenue</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00%</td>
</tr>
<tr>
<td>Local Loan Payment Revenue</td>
<td>30,000,000.00</td>
<td>20,500,000.00</td>
<td>(9,500,000.00)</td>
<td>100.00%</td>
</tr>
<tr>
<td>Local Debt Revenue</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

3.2. Local Expense

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget</th>
<th>Source Budget</th>
<th>Surplus/deficit</th>
<th>Surplus/deficit %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve Fund Pilling</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00%</td>
</tr>
<tr>
<td>Local Government Capital Equity</td>
<td>2,535,000,000.00</td>
<td>2,535,000,000.00</td>
<td>0.00</td>
<td>100.00%</td>
</tr>
<tr>
<td>Main Debt Payment</td>
<td>1,000,000,000.00</td>
<td>1,000,000,000.00</td>
<td>0.00</td>
<td>100.00%</td>
</tr>
<tr>
<td>Local Loan Giving</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00%</td>
</tr>
<tr>
<td>Revolving Fund</td>
<td>825,000,000.00</td>
<td>825,000,000.00</td>
<td>0.00</td>
<td>0.00%</td>
</tr>
<tr>
<td>Netto Cost</td>
<td>41,176,175,134.49</td>
<td>41,166,675,134.49</td>
<td>(9,500,000.00)</td>
<td>99.98%</td>
</tr>
</tbody>
</table>

2.4 Balance Sheet

Balance sheet presents information of the local finance position in certain time, which includes the assets, liabilities, and funds equity owned by Bima Regency Government in budget year 2013 and previous years, also the increase or decrease that occurred according to the amount and presentation.

Assets owned by the Bima Regency Government in budget year 2013 as support in the implementation of duties and functions consist of Current Assets amounted to Rp. 54,998,426,089.67, Fixed Assets amounted to Rp. 420,033,618,600.00, and Other Assets amounted to Rp. 214,363,789,665.64.


Bima Regency Local Government Obligation consists of long-term liabilities of Rp. 499,000,000.00 and short-term liabilities of Rp. 23,965,706,160.00.

Bima Regency Government Fund Equity is the difference between liabilities and assets consisting of Current Fund Equity amounted to Rp. 59,525,542,337.60, Investment Fund Equity of Rp. 1,976,718,622,252.44, and Reserve Fund Equity amounted to Rp. 2,036,244,164,590.04.

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Assets</td>
<td></td>
</tr>
<tr>
<td>1.a.</td>
<td>Current Assets</td>
<td></td>
</tr>
<tr>
<td>1.a.1.</td>
<td>Cash in Local Cash</td>
<td>59,998,426,089.67</td>
</tr>
<tr>
<td>1.a.2.</td>
<td>Cash in Revenue Treasurer</td>
<td>480,282,00</td>
</tr>
<tr>
<td>1.a.3.</td>
<td>Cash in Expense Treasurer</td>
<td>3,175,621,976.00</td>
</tr>
</tbody>
</table>
1.a.4. Tax Receivable -
1.a.5. Retribution Receivable 372,392,400,00
1.a.6. Installment Selling Claim Current Section -
1.a.7. Indemnity Claim Current Section -
1.a.8. Other Receivables 10,879,067,876,33
1.1.9. Supply 14,064,648,983,00
The Amount of Current Assets 83,491,248,497,60
1.b. Investment
1.b.1. Permanent Investment
1.b.1.a. Local Government Capital Equity 25,372,986,522,71
1.b.1.b. Loan to Local-Owned Corporations -
The Amount of Permanent Investment 25,372,986,522,71
1.b.2. Non Permanent Investment
1.b.2. Revolving Fund 11,884,052,571,00
1.b.2.a. The Amount of Non Permanent Investment 11,884,052,571,00
The Amount of Investment 37,257,039,093,71
1.c. Fixed Assets
1.c.1. Land 420,033,618,600,00
1.c.2. Equipment and Machinery 252,037,020,507,69
1.c.3. Building and Construction 469,140,259,595,00
1.c.4. Roads, Installations, Networks, and Bridges 546,183,368,268,00
1.c.5. Other fixed assets 22,682,905,745,40
1.c.6. Construction in Progress 15,020,620,777,00
The Amount of Fixed Assets 1,725,097,793,493,09
1.d. Other Assets
1.d.1. Installment Selling Claim 6,471,360,00
1.d.2. Indemnity Claim -
1.d.3. Other assets 214,357,318,305,64
The Amount of Other Assets 214,363,789,665,64
2. Liabilities
2.a. Short Term Liabilities
2.a.1. Debt to the Third Parties 21,445,930,087,00
2.a.2. Debt of Third Parties Calculation (TPC) 2,509,776,073,00
The Amount of Short Term Liabilities 23,965,706,160,00
2.b. Long Term Liabilities -
2.b.1. Domestic Debt -
The Amount of Long Term Liabilities -
The Amount of Liabilities 23,965,706,160,00
3. Fund Equity
3.a. Current Fund Equity
3.a.1. Budget Calculation Retained Surplus 55,664,271,992,67
3.a.2. Deferred Revenue 480,282,00
3.a.3. Debt Allowance 11,252,071,166,33
3.a.4. Supply Reserve 14,064,648,983,00
3.a.5. Fund prepared for short term debt payment (21,445,930,087,00)
The Amount of Current Fund Equity 59,525,542,337,60
3.b. Investment Fund Equity
3.b.1. Invested in long term investment 37,257,039,093,71
3.b.2. Invested in fixed assets 1,725,097,793,493,09
3.b.3. Invested in other assets 214,363,789,665,64
3.b.4. Fund prepared for long term debt payment -
The Amount of Investment Fund Equity 1,976,718,622,252,44
3.c. Reserve Fund Equity
3.c.1. Invested in Reserve Fund -
The Amount of Reserve Fund Equity -
The Amount of Liabilities and Fund Equities 2,060,209,870,750,04

Source: Bima Regency Local Government Financial Statements in Budget Year 2013

2.3 Cash Flow Statement (CFS)
Cash Flow Statement of Bima regency Government presents the information about sources, usage, changes in cash and cash equivalents during
one accounting period, and balances and cash equivalents at the reporting date.

Methods of arrangement of cash flow statement of Bima Regency Government is done by presenting groups of revenue and expense from operation and non-finance activities, cash flows from cost and non-budgetary activities.

1. Cash Flow from operation activities is an indicator that shows the government operation ability to generate cash sufficient to finance the operational activities of the government.

Cash inflows of Bima Regency Government are:
- Local Original Revenue
- Separated local wealth management result
- Miscellaneous local original revenues
- Transfer fund
- Tax share revenue of the provincial government
- Acceleration fund of fiscal decentralization and local development
- Strengthening fund of local facilities and infrastructure
- Teacher benevolent transfer fund

Cash outflows of Bima Regency Government are:
- Personnel expenditure
- Personnel expenditure derived from indirect expenditure
- Items and services expenditure
- Interest expenditure
- Subsidy expenditure
- Grants expenditure
- Social aid expenditure
- Financial aid expenditure
- Contingent expenditure
- Finance share expenditure to village government

2. Cash flows from non-financial assets investment activities
Cash flows from non-financial assets investment activities of Bima Regency Government reflects revenue and expenses of gross cash associated with the acquisition and release of resources aimed at enhancing government operations and generate revenues in the future.

Inflow cash activities from investment among others, revenues from sale of fixed assets consisting of: land, equipment and machinery, building, construction, roads, irrigation, and networks, other fixed assets, construction in progress.

3. Cash flows from cost activities.
Cash flows from cost activities of Bima Regency Government reflect receipts and gross cash payments with respect to the budget deficit or surplus.
Cash inflows from cost activities consist of the acceptance of previous year Budget Calculation Retained Surplus (BCRS) and refinance the local loans.
Non-budgetary cash outflow from cost activities consist of local government capital equity to Local Owned Enterprises and State Owned Enterprises.

4. Cash flows from non-budgetary activities
Cash flows from non-budgetary activities of Bima Regency Government reflects the gross cash receipts and expenses which do not affect the budget, including cash receipts and expenses from and to third parties originating from the Civil Servants pay cuts.

2.4 Notes to Financial Statements (NtFS)
Notes to Financial Statements of Bima Regency Government contain narrative explanation or details of the numbers listed in the Budget Realization Report, Balance Sheet, and Cash Flow Statement. Notes to Financial Statements of Bima Regency Government also include information about the accounting policies, recognition and measurement bases used by the reporting entity.
Notes to Financial Statements of Bima Regency Government in Budget Year 2012-2014 are organized in the followings:
Chapter Introduction
<table>
<thead>
<tr>
<th>Chapter</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>The Purposes and Objectives of Financial Statements Arrangement</td>
</tr>
<tr>
<td></td>
<td>1.1 The Basic Laws of Financial Statements Arrangement</td>
</tr>
<tr>
<td></td>
<td>1.2 The Writing Systematization of Notes to Financial Statements</td>
</tr>
<tr>
<td></td>
<td>1.3 The Basic Laws of Financial Statements Arrangement</td>
</tr>
<tr>
<td>II</td>
<td>The Summary of LWU Financial Performance Achievement</td>
</tr>
<tr>
<td></td>
<td>2.1 The Summary of Revenue Realization</td>
</tr>
<tr>
<td></td>
<td>2.2 The Obstacles and Barriers in the Predetermined Target Achievement</td>
</tr>
<tr>
<td>III</td>
<td>Accounting Policy</td>
</tr>
<tr>
<td></td>
<td>3.1 Accounting Entity/Reporting Entity of Local Finance</td>
</tr>
<tr>
<td></td>
<td>3.2 Local Financial Statements Arrangement Measurement Basis as the Foundation of</td>
</tr>
<tr>
<td></td>
<td>3.3 Local Financial Statements Arrangement Accounting Policy Implementation Related to the Exist Provisions in GAS</td>
</tr>
<tr>
<td>IV</td>
<td>Financial Items Explanation</td>
</tr>
<tr>
<td></td>
<td>4.1 The Details and Explanation of Budget Realization Report Items</td>
</tr>
<tr>
<td></td>
<td>4.2 The Explanation of Balance Sheet Items</td>
</tr>
<tr>
<td>V</td>
<td>Closing</td>
</tr>
</tbody>
</table>

2.5 The Governmental Accounting Standards Statements that has not been Presented yet in Bima Regency Government Financial Statements

Broadly speaking, the accounting policies used by Bima Regency Government have been referred to the Government Regulation No. 24 Year 2005 and Government Regulation No. 71 Year 2010 about the Governmental Accounting Standards, although not yet fully implemented. In Local Government Financial Statements of Bima Regency, there are still some things that have not been in accordance with the provisions of the GAS, namely:

1. All fixed assets managed by LWU/Local Government as items users have not depreciated. It is not appropriate with the GASS provision No. 07 about Fixed Assets Accounting, in which fixed assets are presented at fixed assets revenue cost reduced by depreciation accumulation.

2. Non-permanent investment assessment method for the Revolving Fund has not been assessed based on net realizable value, which is equal to the cash value plus billable balances. This condition is not in accordance with the provision of the GASS No. 06 about Accounting for Investments.

3. The method of investment assessment used by BPR NTB, Municipal Waterworks and Local Government Financial Statements of Wawo Sub District in Bima Regency is the equity method, but the share of profits received by Bima Regency Government is still recognized as revenue rather than as government investment supporting value. This is contrary to the GASS No. 06 about Accounting for Investments, Paragraph 36 (b) which states that the government records initial investment at landed cost and plus or minus the profit or loss part of the government after the date of acquisition by using the equity method. Share of profit except in the form of stock dividends received by the government will reduce the value of government investment and are not reported as revenues. Adjustment to the investment value is also needed to change the ownership portion of government investment, such as the changes brought about by the influence of foreign exchange as well as the revaluation of fixed assets.

4. The assessment method of medication supply in Local Public Hospital and Agency of Health of Bima Regency is still present outdated and broken medication supply. This is contrary to the GASS No. 05 about Accounting for Inventories.

5. Control over cash receipts account of revenue treasurer of LWU/LFMO is less adequate/less reasonable.
Based on the review results of Internal Control System of cash receipts LWU/LFMO, found that:

a. Account separation has not been done yet between revenue account and expense account at the Bank established by the Regent Decree.

b. All of revenue account balance at the end of work is transferred or deposited to the Local General Cash account.

c. Money revenue in Local Cash has not been reconciled yet regularly with the daily report.

d. The conditions above are not in accordance with the Regulation of the Minister of Home Affairs No. 13 Year 2006 about Local Finance Management Guidelines Article 180 and Article 181.

6. Bima Regency Government has not made the Regent Regulation about Assets Capitalization and Local Government Accounting Policy yet. It is contrary to Government Regulation No. 24 Year 2005 about Governmental Accounting Standards.

From the review results of Bima Regency Local Government Financial Statements toward Budget realization Report, several inexpediencies were found:

1) Presentation and Disclosure of Local Original Revenue (LOR) in the Budget Realization Report is less equal/less fair amounted to Rp. 442,000,00 (four hundred and forty two thousand rupiahs) is miscellaneous Revenue of Legitimate LOR.

2) Based on the review results of the presentation of the Budget Realization Report (BRR) in the Local Government Financial Statements, it is found that the Revenue Rp. 442,000,00 (four hundred and forty two thousand rupiahs) was recorded as Retribution Revenue on the Financial Statements of Local Government and the Division of Population and Civil Registration, while based on the review results that the revenue amounted of Rp. 442,000,00 (four hundred and forty two thousand rupiahs) is miscellaneous Revenue of Legitimate LOR.

3) The condition is not in accordance with Government Regulation No. 24 Year 2005 about the Governmental Accounting Standards in GASS No. 02 Paragraph 22: Revenue is recognized when received in the State/Local Cash Account.

7. Presentation and disclosure of cash flow from non-financial investment activities in cash inflows over the Revenue from sale of other fixed assets in the Cash Flow Statement is not adequate/less reasonable amounted of Rp 37,640,509.00 (thirty seven million six hundred and forty thousand five hundred nine Rupiahs).

Based on the review results of analytical testing between Budget Realization Report (BRR) with Cash Flow Statement (CFS), there are found the local assets selling on the Miscellaneous Revenue from Legitimate Local Original Revenue with the details as follows:
- Miscellaneous Revenue (General and Equipment Division) of the movable assets selling, namely 2 Wheeled and 4 Wheeled Motor Vehicles Selling amounted of Rp. 35,606,653.00 (thirty-five million six hundred six thousand six hundred and fifty-three rupiahs).
- Home Office Installment (Division of Revenue) amounted off Rp. 2,033,856,00 (two million thirty-three thousand eight hundred and fifty-six rupiahs).

Which have not been accounted for as cash inflows of non-financial investment activities in cash inflow of Revenue from other fixed assets selling in the of Cash Flow Statement of Bima Regency Local Government Budget Year 2013.

The condition is not in accordance with Government Regulation No. 24 Year 2005 about Governmental Accounting Standards in GASS No. 03.
2.6 The Obstacles Faced in Bima Regency Government Financial Statements Presentation

The obstacles faced by the Bima Regency Government in Financial Statements presentation in accordance with the Governmental Accounting Standards are as follows:

1. Policy and Regulatory Problems
   The regent regulations which manage the implementation of Accounting Policies and Accounting System in the arrangement of Financial Statements for budget year 2013 and 2014 are still lack.

2. Human Resources Problems
   Human resources are important in the effort to achieve the performance of a government agency. In the Local Financial Statements presentation on the Finance Division of Local Secretariat of Bima Regency, human resource conditions are still deemed less. From interview result with Hariman, SE, M.Si. as the Head of Finance Division of Local Secretariat of Bima Regency, he stated that “Finance Division of Local Secretariat of Bima Regency besides carry out its duties and functions as accounting entity in managing finance management in the Local Secretariat of Bima Regency, it also viewed as reporting entity, in which basically the Local Government Financial Statements presentation is done by a board (Local Finance Management Work Unit). So, it is quite hard for the Finance Division of Local Secretariat of Bima Regency in carrying out two duties and functions at the same time”.
   In addition, based on the interviews with Ramli as the Head of Budget Sub Division of Local Secretariat of Bima Regency, he stated that “the functions in Finance Manager Official of LWU are not yet fully capable of running as expected, this is due to the implementation of the accounting tasks and functions of FMO of LWU are implemented by people who do not have the competence accounting educational background”.

3. Facilities and Infrastructures Problems
   Facilities and infrastructures condition owned by Local Secretariat of Bima Regency nowadays have not been able to maximize the execution of duties and functions of the Finance Division of Local Secretariat of Bima Regency, in which the office building is now used by the Local Secretariat of Bima Regency is a loan building from the Bima Municipality Government due to the office of Bima Regent which had been burned by the society. Moreover, the presentation of the Financial Statements for Budget Year 2012-2014, each LWU (accounting entity) and Finance Division (LFMWU) carry out the arrangement of Financial Statements manually (Excel).

4. Internal Control System Problems
   One of the main problems faced by Bima Regency Government related to internal control is weak assets management, in which local assets data collection is not carried out properly so that many of the local assets that are not obvious in terms of existence. This is what makes the Finance Division of Local Government be hampered in the arrangement of the Financial Statements of local governments, especially in terms of the arrangement of the Balance Sheet.

2.7 The Efforts of Bima Regency Government in Overcoming the Obstacles

To solve the existing problems, Bima Regency Government make efforts as follows:

1. Preparing drafts of policies, regulations, systems, revenue management procedures, finance, assets, and investments to supplement and improve the regulatory package that has been guided by the applicable Governmental Accounting Standards.

2. Conducting discussion with the Local House of representatives in drafting of Local Regulation about Local Finance Manager Work Unit Formation to optimize the local finance management and accountability.

4. Performing additional facilities and supporting infrastructure gradually, considering the limited budget ability of Bima Regency Government.

III. Recommendations

3.1 Conclusions

Based on the observations of the implementation of the Governmental Accounting Standards in the arrangement of Financial Statements of Bima Regency, it can be concluded as follows:

1. In general, the implementation of the arrangement of Bima Regency Government Financial Statements has been implemented in accordance with the Government Regulation No. 24 Year 2005 about Governmental Accounting Standards and Government Regulation No. 71 Year 2010 about Governmental Accounting Standards.

2. The obstacles faced by Bima Regency Government in Local Financial Statements Arrangement based on the Governmental Accounting Standards include:
   a. Governmental Accounting Policies and Accounting System have not been implemented optimally yet in the arrangement of the Local Financial Statements.
   b. There is still lack of competence of the government apparatus in Bima Regency in terms of accounting and the arrangement of Financial Statements.
   c. The lack of supporting facilities and infrastructures.
   d. Internal control system which has not been going well in overseeing the implementation of the arrangement of Local Financial Statements in accordance with Governmental Accounting Standards.

3. The efforts made by Bima Regency Government in overcoming the obstacles in the implementation of Governmental Accounting Standards are:
   a. Arranging regulations and Governmental Accounting Standards procedures in accordance with the applicable legislations.
   b. Conducting discussions with the Local House of Representatives related to the draft of Local Regulation about Local Finance Manager Work Unit formation.
   c. Allocating funds to optimize the development of personnel resources through education and training.
   d. Conducting guidance, supervision, and evaluation regularly toward the apparatus performance.
   e. Allocating funds to add supporting facilities and infrastructures.
   f. Improving Internal Control System on finance administration and governmental accounting in each LWU/LFMO in Bima Regency Government.

3.2 Suggestions

Based on the conclusions above, there are some suggestions that may be granted by the writer as follows:

1. Bima Regency Government shall present the Local Government Financial Statements in line with Governmental Accounting Standards Statements (GASS) No. 01 about Financial Statements Presentation according to
Government Regulation No. 24 Year 2005 and Government Regulation No. 71 Year 2010 about Governmental Accounting Standards thoroughly to produce qualified Financial Statements.

2. Establishing local finance community work network by conducting guidance, supervision, and evaluation to all LWU in Bima Regency Government.

3. Implementing LFMIS (Local Finance Management Information System) Application to facilitate Local Finance Management Accounting, so that the data can be computerized accessed and to facilitate the verification of Bima Regency Government Finance data.

4. Improving the internal control system of accounting implementation in each entity by each LWU leadership.

REFERENCES

A. BOOKS


LEGISLATIONS

Law No. 17 Year 2003 about State Finance

Law No. 1 Year 2004 about State Treasury

Law No. 32 Year 2004 about Local Government

Law No. 33 Year 2004 about Finance Balance between Central Government and Local Government

Government Regulation No. 58 Year 2005 about Local Finance Management

Government Regulation No. 24 Year 2005 about Governmental Accounting Standards

Government Regulation No. 71 Year 2010 about Governmental Accounting Standards

The Regulation of the Minister of Home Affairs No. 13 Year 2006 About Local Finance Management Guidelines

The Regulation of the Minister of Home Affairs No. 59 Year 2007 about the Amendment of the Regulation of the Minister of Home Affairs No. 13 Year 2006 about Local Finance Management Guidelines

http://repository.usu.ac.id/bitstream/123456789/31511/3/Chapter%20II.pdf