

ACCOUNTING FOR INVENTORIES BASED ON PSAP NUMBER 05 AT THE DPRD SECRETARIAT OFFICE, NORTH NIAS REGENCY

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ABSTRACT

The objective to be achieved in this study is to determine whether inventory accounting at the Office of the DPRD Secretariat in North Nias Regency is in accordance with PSAP Number 05. Inventories are current assets in the form of goods or equipment to support operational activities in government agencies. A good inventory recording system and in accordance with applicable accounting principles can improve the performance of services carried out by government agencies. This study aims to determine the suitability of Inventory Accounting based on Government Accounting Standards Statement (PSAP) Number 05, which is applied at the North Nias DPRD secretariat office. The data collection techniques used are interviews and observations. The results showed that inventory accounting in the North Nias DPRD secretariat office was mostly in accordance with the Statement of Government Accounting Standards (PSAP) No.05.

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1. INTRODUCTION

In the current era of globalization, reforms in the field of state finance have provided changes in improving the performance of state financial management carried out on an ongoing basis. One form of state financial reform is the issuance of Law (UU), namely Law Number 17 Year 2003 concerning State Finance. Article 3 Paragraph (1) states that state finances must be managed in an orderly manner, obedient to laws and regulations, efficient, economical, effective, transparent, and responsible with due regard to a sense of justice and compliance (A'yun, 2019: 1).

The government's efforts in achieving a good governance system are carried out by increasing the transparency and accountability of state financial management. This is done because of public demands that the Government manage professionally and efficiently by opening awareness for everyone, especially government officials to always be responsive to the demands of their environment by striving to provide the best services in a transparent and accountable manner and by developing government accounting policies in the form of Government Accounting Standards.

Government Accounting Standards (SAP) are accounting principles applied in preparing and presenting government financial reports. Reports can be in the form of Central Government Financial Reports (LKPP) and Local Government Financial Reports (LKPD). This marks the beginning of a new era in accountability for the implementation of the APBN and APBD in the government to fulfill the principles of accountability and transparency (Alfons, 2016: 1). Government Regulation Number 71 of 2010 concerning Government Accounting Standards in which there is Statement No.05 discusses Inventory Accounting. The inventory in question is inventory in the form of goods or equipment to be used in operational activities in government agencies. Inventories as current assets are considered consumables that are difficult to account for.

In government agencies such as the Office of the DPRD Secretariat of North Nias Regency, inventory is an important part of carrying out operational activities in the context of service to the community. Activities within government agencies are also disrupted without inventory, because inventory also includes items that support administrative and office activities in government agencies such as the DPRD Secretariat Office of North Nias Regency. By looking at the importance of inventory, a good and appropriate recording system is also needed in accordance with PSAP No.05. This accounting treatment is carried out so that there are no errors in recording in inventory reporting at the North Nias Regency DPRD Secretariat Office, where the opinion given by BPK on the examination of the financial statements of the North Nias Regency government is still fair with exceptions, meaning that there are still financial reports from various Regional Apparatus Organizations (OPD) within the North Nias Regency government whose records are still not or in accordance with government accounting standards, on that basis, the researchers are

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interested in conducting research at the North Nias Regency DPRD Secretariat Office by raising the title "Accounting for inventory based on PSAP No.05 at the North Nias Regency DPRD Secretariat Office".

According to Mardiasmo (2015) public sector accounting is an information tool from either the government as management or an information tool for the public. Public sector accounting is an entity that has its own uniqueness. It is called an entity because it has economic resources that are not small, it can even be said to be very large. Public sector organizations also carry out economic and financial transactions but are different from other economic entities, especially profit-seeking commercial companies, where the economic resources of public sector organizations are managed not for profit (non-profit) purposes. (Sarwenda B.2018: 1).

Government Accounting is an aspect of accounting that has a relationship with a government institution whose purpose is not to seek profit. Although as is known a government institution is large, but in the company it is included in the class of micro institutions. (Kustandi 2015: 1). Government accounting can be defined as an activity providing services to provide government financial information based on the process of recording, classifying, summarizing, a government financial transaction and interpreting financial information. (Hasanah and Fauzi. 2017: 1) The main difference between government accounting and corporate accounting lies in its function. The government accounting function is usually more emphasized on recording the implementation of the State budget and reporting on its realization. Because of this function, government accounting is sometimes referred to as budget accounting. It should be added, as in corporate accounting, in government accounting there are also elements of financial accounting and management accounting. (A'yun. 2019: 31)

Government Accounting Standards (SAP) are established by Government Regulation No. 71 of 2010 as a replacement for Government Regulation No. 24 of 2005. SAP is stated in the form of Government Accounting Standards Statements (PSAP), equipped with an Introduction to Government Accounting Standards and prepared in reference to the Government Accounting Conceptual Framework. SAP must be used as a reference in preparing government financial statements, both the Central Government and local governments. In addition, Government Accounting Standards also aim to improve the accountability and reliability of the management of government financial statements through the preparation and development of government accounting standards, including supporting the implementation of the implementation of these standards (.A'yun 2019: 32). Government Regulation No. 71 2010 article 1 paragraph (8) states that what is meant by accrual-based SAP is SAP that recognizes revenues, expenses, assets, debts and equity in accrual-based financial reporting, and recognizes revenues, expenditures, and financing in reporting budget execution based on the basis stipulated in the APBN / APBD. The Accrual Basis for the balance sheet means that assets, liabilities and fund equity are recognized and recorded when transactions occur, or when events or environmental conditions affect government finances, regardless of when cash or cash equivalents are received or paid (PP No.71 of 2010). Accrual-based SAP is applied in the central / regional government environment, if according to the laws and regulations the organizational unit is required to present financial statements (PP No.71 of 2010). (Hasanah and Fauzi.2017: 14).

The definition of inventory based on the Statement of Accrual-Based Government Accounting Standards (PSAP BA) No. 5 Paragraph 4 of Government Regulation Number 71 of 2010 is current assets in the form of goods or equipment intended to support government operational activities. As for the definition of inventory based on PSAP No.05, there are also goods for sale and / or delivery in the context of services to the community, but in the object of research at the North Nias Regency DPRD Secretariat Office there are no goods for sale and / or delivery in the context of services to the community.

1. Inventory Recognition

Based on PSAP No.05 paragraphs 13 and 14 inventory is recognized:

- a. When potential future economic benefits are obtained by the government and have a value or cost that can be measured reliably.
- b. Upon receipt or transfer of ownership and/or control.
- c. At the end of the accounting period the inventory records are adjusted to the results of the physical inventory

2. Inventory Measurement

Based on PSAP No.05 Paragraphs 14 and 15 Inventories are presented at:

- a. Cost if acquired by purchase.
- b. Cost of goods manufactured when obtained by producing in-house.
- d. Fair value, if acquired by other means such as donation/forfeiture

3. Inventory Expense

Based on PSAP No.05 paragraphs 22 to 25:

- a. Inventory Expense is recorded at inventory usage is recorded at inventory usage.
- b. The calculation of inventory expense is carried out in order to present the Statement of Operations.
- c. In the event that inventory is recorded on a perpetual basis, the measurement of inventory usage is calculated based on the record of the number of units used multiplied by the value per unit according to the valuation method used.
- d. In the event that inventory is recorded periodically, the measurement of inventory usage is calculated based on physical inventory, namely by means of the opening balance of inventory plus the purchase or acquisition of inventory minus the ending balance of inventory multiplied by the value per unit in accordance with the valuation method used.

4. Inventory Disclosure

Based on PSAP No.05 paragraph 26 Financial statements disclose:

- a. Accounting policies used in inventory measurement;
- b. Further explanation of inventories such as goods or equipment used in community services, goods or equipment used in the production process, goods stored for sale or delivery to the public, and goods still in the production process that are intended for sale or delivery to the public; and
- c. Type, quantity, and value of inventory in damaged or obsolete condition.

2. METHOD

The type of research that will be used in the research used in this study is Qualitative Research. The research location chosen by the researcher at the North Nias Regency DPRD Office located on Jln. Baho, Lotu District, North Nias Regency, North Sumatra. The data used in this research is a type of Qualitative data, namely by going directly to the field. The data source applied in this research is secondary data, data that is already available and published to the data user community. The data collection technique is documentation, researchers obtain documents in the form of records relating to inventory accounting and also through interviews.

The method in this study uses a descriptive method, namely by explaining and comparing the application of inventory accounting at the North Nias Regency DPRD Office with PSAP No.05. The data analysis process is: (1) Conducting direct interviews with resource persons at the South Bolmong Resort Police Office. (2) Collecting data based on pictures, photos and documents related to the title raised by the author. (3) Analyzing the data that has been obtained using the descriptive analysis method to determine the suitability of Accounting for Inventory of Goods or Equipment based on PSAP No.05 at the North Nias Regency DPRD Office. (4) After analyzing, the research results will be obtained and from the research results obtained, conclusions will be drawn and suggestions will be given.

3. RESULT AND DISCUSSION

Researchers conducted documentation on the financial statements of the North Nias Regency DPRD office. From the results of observations made, researchers found details of inventories in the North Nias Regency DPRD office, namely in the form of consumables. From the results of questions and answers with sources and observations, that inventory is recognized when the goods are received by hand along with supporting documents such as goods notes. The North Nias Regency DPRD office also periodically conducts physical inventories. The inventory valuation method at the North Nias Regency DPRD office is the FIFO method. However, in the CALK section of the inventory report disclosed at the North Nias Regency DPRD office there is no disclosure of the inventory valuation method.

Based on research at the North Nias Regency DPRD Secretariat Office, the classification of inventories at the North Nias Regency DPRD Office is Consumable Goods Inventory. Inventories at the North Nias Regency DPRD Office according to PSAP No.05 explain that inventories are included in tangible assets: (a) equipment that is used to fulfill the daily activities of the institution, (b) equipment that will be used in the production process, (c) goods stored for the purpose of selling or providing in the context of government activities to the public, (d) equipment that is declared ineligible is not written in the statement of financial position, but is disclosed in the CALK. Regarding the types of inventory at the North Nias Regency DPRD Secretariat Office, the user goods manager disclosed the following. "Supplies of stationery, paper and covers. (Interview, July 17, 2023). From the results of interviews, documentation and observations, it can be concluded that the inventory used at the North Nias Regency DPRD Office is a supply of consumables.

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Inventory Recognition

PSAP No.05 inventories will be recognized when: (a) the government has obtained the results of future economic benefits and is able to accurately measure the value of the inventory, (b) when the ownership rights of the inventory transfer or the inventory has been received. Inventory stock-taking is carried out at the end of the accounting period and then adjusts the existing inventory records with the results of the stock-taking.

Budget planning for the next year is always done before the required goods are purchased. When the goods have been received by the North Nias Regency DPRD Secretariat Office, at that time the Office also recognizes the inventory along with the goods note (completeness of documents). The first stage in planning the inventory budget is to make a Regional Property Needs Plan (RKBMD). Each field submits its goods needs through a document called RKA which is given the format by the program section. After that, each field collects the RKA that has been compiled together to the program section and the program section itself will take only the inventory section and then make an RKBMD.

Inventory Measurement

Measurement of Inventories at the North Nias Regency DPRD Secretariat Office Based on PSAP No.05, inventories are stated at: (a) acquisition cost if obtained through the purchase process. The acquisition cost of inventory consists of the purchase price, transportation costs, handling costs and other expenses that are directly charged to the acquisition of inventory. Discounts and rebates are able to reduce the acquisition cost, (b) the cost of production can be obtained by producing it yourself. The cost of production of inventory consists of systematically allocated indirect costs and direct costs associated with the inventory produced, (c) fair value, if the method of acquisition is by donation. The price/fair value of inventory consists of the exchange value of assets or settlement of liabilities between willing parties in an arm's length transaction.

The results of the observations above, can explain if the inventory at the North Nias Regency DPRD Secretariat Office was obtained by purchase. Inventory measurement at the North Nias Regency DPRD Secretariat Office is in accordance with PSAP No.05 that the inventory account is written down at cost if the method of acquisition is by purchase. PSAP also explains that inventory will use the FIFO or weighted average method when the inventory is valued and at the last purchase price if the value of each inventory is non- material and the type varies.

Table 1. List of Inventory Details and shopping experience *online* significantly influence customer loyalty through customer satisfaction. So that H6 is supported ($\beta=0.043$ $t=2.047$ and H7 is supported ($\beta = 0.018$; $t=2.219$).

Table 1. Summary of Hypothesis Testing Results

CODE	DESCRIPTION	VALUE AS OF DECEMBER 31, 2022
115111	CONSUMER GOODS	
1010301001	WRITING TOOLS	670,000
000031	- Balliner Brand Ball Point	320,000
000050	- Hekter No.3 Brand Kenko	350,000

Source: Office of the DPRD Secretariat, North Nias Regency

Inventory Expense

According to PSAP No.05 regarding inventory expenses, inventory expenses are recorded at the amount of inventory usage. The calculation of inventory expenses is carried out in the context of presenting the Operational Report. The Office of the DPRD Secretariat of North Nias Regency in terms of recording inventory, which is recorded at the use of inventory, in this case it is in accordance with PSAP No. 05. In PSAP No. 05 regarding inventory recording, two methods are used, namely the perpetual method and the periodic method. Based on the results of research through some data obtained and supported by interviews with the inventory section of the North Nias Regency DPRD Secretariat Office, inventory recording uses the periodic method. Periodic recording, namely recording is only done when additions occur, so it does not update the amount of inventory, measurement of inventory expenses during the period of preparation of financial statements is carried out based on the results of physical inventory.

Inventory Reporting

Based on research at the North Nias Regency DPRD Secretariat Office, it is found that in reporting inventory, the North Nias Regency DPRD Secretariat Office places more emphasis on the results of physical

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inventory or inventory reports at the end of the period. In order to reduce the risk of errors in the recapitulation in presenting the inventory report presented in the balance sheet.

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Based on the results of research at the North Nias Regency DPRD Secretariat Office, the accounting treatment of inventory starts from inventory recognition. In obtaining supplies, the Office of the DPRD Secretariat of North Nias Regency places an order for supplies with a party that has a work contract with the Office of the DPRD Secretariat of North Nias Regency. For payment transactions, the inventory is received first and then payment is marked with a receipt, after the transaction process is carried out on the inventory, the inventory has been recognized as inventory of the North Nias Regency DPRD Secretariat Office and recorded in the inventory card. In the measurement of inventory, namely inventory is presented at acquisition cost and is obtained by making purchases from appointed partners.

In terms of recording the accounting use of inventory, the North Nias Regency DPRD Secretariat Office uses the periodic method, namely the measurement of inventory usage is calculated based on a physical inventory at the end of the period. Furthermore, in the accounting treatment of inventories in terms of disclosure and presentation of inventories, the Office of the DPRD Secretariat of North Nias Regency has disclosed the accounting inventory policy used in measuring inventories at the end of the accounting period. And in the presentation of inventories, the North Nias Regency DPRD Secretariat Office is presented in the balance sheet in the current assets section.

4. CONCLUSION

The recognition of inventories at the North Nias Regency DPRD Secretariat Office is in accordance with PSAP No.05 where inventories are recognized when potential future economic benefits are obtained and have values and costs that can be measured reliably and inventories are recognized when the rights or ownership transfer. If necessary, at the end of the conclusion, things that will be done related to further ideas from the research can also be written. Measurement of inventory at the North Nias Regency DPRD Secretariat Office is in accordance with PSAP No.05 where the measurement of inventory is recorded at the purchase price. Inventory expenses at the North Nias Regency DPRD Secretariat Office are in accordance with PSAP No.05, which is recorded at the amount of inventory usage and presented in the operational report and for recording inventory expenses using periodic recording. The disclosure of inventories at the North Nias Regency DPRD Secretariat Office for the first point in the disclosure of inventories is in accordance with PSAP No.05, for the second point the North Nias Regency DPRD Secretariat Office does not have goods or equipment used in the production process, goods stored for sale or handed over to the public, and goods that are still in the production process that are intended to be sold or handed over to the public, for the third point no inventory was found in damaged and obsolete conditions. The presentation of inventories is in accordance with PSAP No.05, where the presentation of inventory reports at the North Nias Regency DPRD Secretariat Office is presented on the balance sheet in the current assets section.

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