

EVALUATION OF BUDGET REALIZATION IN THE FINANCIAL STATEMENTS OF BAMBALAMOTU SUB-DISTRICT BASED ON PSAP NO. 02

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ABSTRACT

This study aims to examine the budget realization in the financial reports of Bambalamotu Sub-district against the implementation of Government Accounting Standards Statement (PSAP) No. 02. From the analysis, it is seen that even though not all of the items that are needed in PSAP No. 02 are presented-such as revenues, transfers, and net financing-the report preparation has been adapted to the actual fiscal situation of the area and still accommodates the principles of transparency and accountability. These modifications illustrate the necessity for contextualized and flexible application of accounting standards, specifically in areas of weak fiscal capacity. This research also constructs further the importance of the computerized system support for financial reporting but clarified that inadequate human resources continue to be the primary constraint in maximizing the system. The findings' implications assure that reporting that is customized according to local requirements and capacity can continue to be effective in the fulfillment of public accountability goals. The research is limited in the sense of having narrow geographical coverage and sparse primary data.

INTRODUCTION

The past few years have seen a revolutionary shift in public financial management towards greater transparency, accountability, and efficiency. Budget realization is no longer viewed as just a tool of fiscal discipline but has evolved into a measure of government performance and effectiveness as well as a measure of its responsiveness to public needs (Brusca et al., 2018; Carlitz, 2013; Harrison & Sayogo, 2014). Sub-nationally, particularly at the sub-district level, budget realization is the actual manifestation of development priorities, service delivery targets, and governance commitments. As a foundation of government financial reporting, the Budget Realization Report (Laporan Realisasi Anggaran or LRA) is an important instrument for evaluating the planning, utilization, and control of public funds. In Indonesia, this type of reporting is regulated by Government Accounting Standards (Standar Akuntansi Pemerintahan or SAP) (Septalinda et al., 2023), PSAP 02, which mandates presentation of significant fiscal items like revenues, expenditures, transfers, and financing. Implementation of PSAP 02 not only secures compliance with statute but also embeds trust among people in the administration

of finances in local government units (Christensen & Skærbæk, 2007; Putri et al., 2022; Yuliati et al., 2019).

Despite its importance, the application of budget realization reporting in the majority of sub-districts remains seriously problematic. One typical pattern is low budget absorption throughout the financial year, typically leading to a disproportionate rush of expenditure at the end of the year. Such behavior is likely to erode the quality and efficiency of public services. Besides, institutional and technical limitations like inadequate planning, lack of human resource capacity, and limited experience with computerized accounting packages also limit the production of timely and credible financial reports (Farzad Eivani, 2012). A portion of required budget items only is reported in most cases, and critical elements such as revenues and financing are excluded due to systemic or contextual limitations. It is such concerns regarding the reliability and exhaustiveness of local-level financial disclosure that emerge when standard template application becomes uniform to the detriment of local specifics (Gustini et al., 2024; Syafitri et al., 2020).

There is a large body of research that has examined budget realization and financial reporting at the provincial and municipal levels. Sub-district level research is limited. Past studies have examined compliance with accounting standards or macro-fiscal performance, and hence there is limited understanding of the micro-dynamics of public financial management at the most decentralized levels of government (Djamhuri, 2009; Marota & Johari, 2024). Lack of local research constrains the revelation of individual challenges and adoptions that occur in rural and resource-poor administrative areas (Sudirman & Ernawaty, n.d.; Usman et al., 2024). Moreover, not much is known about the way sub-districts comprehend and execute PSAP 02 within situations where conventional revenue sources are low or when there is centralization of budget transfers. This is a research gap that signifies the need to possess contextualized, subtle research that will be able to demystify the realities of budget implementation and reporting within under-researched environments.

This study aims to fill the above gap by conducting an intensive evaluation of budget realization in the accounts of Bambalamotu Sub-district, in accordance with the standards set out in PSAP 02. The originality of this study is that it employs local and intensive methods that use qualitative data sources. The research goes beyond regulatory compliance to investigate financial reporting practices in Bambalamotu that are shaped by pragmatic, institutional and socio-economic forces. By concentrating on one sub-district in West Sulawesi, this study was able to capture the richness of context that is often missed in large-scale studies. In addition, the study utilized a descriptive qualitative methodology, which combined documentary review and field interviews with local government officials to better understand the intricacies of budget implementation and reporting at the local level. This methodology allows for a closer look at how generally accepted accounting principles are applied.

The research's principal objectives are the following: (1) to analyze the level of compliance of the Bambalamotu Sub-district's budget realization reports with PSAP 02 requirements; (2) to identify the most critical determinants of financial reporting accuracy, completeness, and timeliness at the sub-district level; (3) to analyze operational and structural challenges faced in the implementation of PSAP 02; (4) to assess the relationship between budget realization and public accountability; and (5) to create realistic recommendations on improving financial reporting practices in similar administrative units. Through these objectives, the study aims to contribute both to theoretical development in public sector accounting and to practical solutions for enhancing local governance.

The result of this study is expected to provide both theoretical and practical contributions. Theoretically, the research adds to the argument on subnational financial management based on empirical evidence from an under-explored administrative level. It points towards reconciling national accounting demands with local settings, particularly in rural and resource-poor contexts. In practice, the study offers policy-relevant recommendations for improving sub-district capacity to produce more inclusive and more reliable financial reports. The study can help regional planning organizations, audit offices, and central government departments design responsive support systems to meet the needs of local governments. The research also serves as a guide to future comparative research on public sector financial reporting at various levels of governments.

RESEARCH METHOD

This study employed a qualitative descriptive approach in order to gain in-depth knowledge about how budget realization preparation and presentation are done by the Bambalamotu Subdistrict government as per PSAP No. 02. This approach was employed since it allows the researcher to explore the phenomenon in its real-life context, focusing on the meaning, perceptions, and dynamics of subdistrict financial report preparation (Tempomona et al., 2023). Through interviewing regional officials and examining document accounts of budget realization reports, such an approach provides a realistic picture of the implementation of public sector accounting standards in a region with limited resources and particular fiscal circumstances.

Rather than measuring financial success, this approach emphasizes the interpretation and understanding of the reporting process and problems encountered when using accounting standards. Based on qualitative data - like the accounts from interviews and content analysis of documents - the study reveals observations other than the pure numbers like computerized statistics, usefulness of financial reporting items, and technical or institutional limitations to local financial officers (Husin, 2016).

The findings generated through this qualitative descriptive approach yield a detailed and contextualized perspective that not only illustrates what is happening, but also discloses why and how such practices emerge. The research records the administrative and fiscal reality at the local level, for example, how budget implementers manage the tension between compliance with national standards and sensitivity to local pressures. This approach is particularly suitable to the evaluation of public policy implementation at the

local level and facilitates the construction of more adaptive, inclusive, and context-sensitive financial reporting systems in the environment of public accountability.

RESULTS AND ANALYSIS

Based on the results of interviews with respondents and analysis of the budget realization report at the Bambalamotu District office in 2024, it was found that:

Presentation of Budget Realization Statement Items

The budget realization report of Bambalamotu Sub-district presents items such as expenditure, surplus/deficit, and remaining budget surplus/shortfall (SiLPA/SiKPA), which are in accordance with PSAP No. 02. However, some important items, such as revenue, transfers, financing receipts, financing expenditures, and net financing are not presented in the report because Bambalamotu Sub-district does not have relevant revenue sources or budget transfers. This shows that the report is adjusted to the real conditions in the area.

The presentation of reports that only include expenditures, surplus/deficit, and SiLPA/SiKPA is in accordance with the needs and financial characteristics of Kecamatan Bambalamotu. In this case, the decision not to include irrelevant items is a wise and efficient step, because it avoids presenting information that is not needed. Therefore, although not fully in accordance with each element in PSAP No. 02, the report prepared still reflects the principles of transparency and accountability in the management of local budgets.

In addition, the use of a computerized recording system in Bambalamotu Sub-district is very helpful in improving efficiency in preparing financial reports. This system allows data to be processed more quickly and accurately, although there are still some limitations in the system, especially in recording certain items that cannot be entered into the system perfectly. This is an area that needs to be improved to achieve a more complete and comprehensive report presentation.

In the context of evaluating the application of Government Accounting Standard No. 02, it is important to note that although some items are not applied, the financial statements presented by Bambalamotu Sub-district still reflect the basic principles of government accounting standards, such as clarity of entity identity, reporting period, and appropriate expenditure classification. Therefore, although there are some shortcomings in the report, overall the report prepared has fulfilled the basic principles expected from the application of PSAP No. 02.

Challenges in the Implementation of PSAP No. 02 in the Region

One of the main challenges faced in the implementation of PSAP No. 02 in Bambalamotu sub-district is the mismatch between the regulations and the reality of local

financial management. Many areas do not have all the items mentioned in PSAP No. 02, such as revenues or transfers, which is understandable given the specific conditions in the area. Bambalamotu sub-district, for example, does not have relevant revenues to present in their budget realization report. This leads to incompleteness in the presentation of the report, even though it substantially complies with the applicable accounting standards.

In addition, the use of computerized technology in the local accounting system is essential to speed up the process of preparing reports and ensuring data accuracy. However, the obstacle that often occurs is the limited human resources who are skilled in using the system properly, which affects the accuracy of recording data and inputting information in the accounting system. This limited human resource capacity needs to be addressed and improved through increased training and capacity of officials involved in the financial recording process.

Comparison with Other Regions

Compared to other regions, such as Makassar City or Sumbawa Regency, which also implement PSAP No. 02, Bambalamotu sub-district has a slightly different situation. Some other areas include more items in their budget realization reports, even under similar conditions, because they have more diverse sources of income or clearer budget transfer policies. This shows that the application of PSAP No. 02 should be flexible and adapted to the financial conditions of each region, and does not always require strict application of every item.

In this case, although Bambalamotu sub-district did not include some items, they could still ensure transparency and accountability in budget management by only including items that are relevant to the conditions of the area. For example, Kabupaten Sumbawa, which has a lot of local revenue from local taxes and levies, more often includes revenue and transfer items in its budget realization report, although overall it is still in accordance with the principles of PSAP No. 02.

Positive and Negative Impacts of the Implementation of PSAP No. 02

The implementation of PSAP No. 02 has a positive impact on the transparency and accountability of local financial management. With budget realization reports reflecting expenditure realization, surplus/deficit, and SiLPA/SiKPA, the public can easily access information on how local budgets are used and whether they are in line with planning. This will strengthen public trust in local government and increase public awareness of the importance of good financial management.

On the other hand, however, rigid application of PSAP No. 02 in regions with limited revenues or transfers could lead to irrelevant reporting. The inability to present certain items can reduce the value of the information provided to the public and also create the impression that the report does not reflect the actual situation. Therefore, it is important

for local governments to make adjustments to the reports prepared, while maintaining the integrity and transparency of the information presented.

Recommendations for Improvement

Based on the results of this evaluation, several recommendations can be made to improve the implementation of PSAP No. 02 in Bambalamotu Sub-district and other areas: Human Resources Capacity Building: Capacity building of government officials is needed in terms of financial management and the use of computer-based accounting systems. This can be done through regular training and strengthening managerial capacity at the sub-district level. Adjustment to Local Conditions: Local governments need to be more flexible in adjusting the application of PSAP No. 02 to the specific conditions in their areas. This includes deciding which items are truly necessary and accessible in the financial statements. Monitoring and Auditing: Although the financial statements are already presented in accordance with the standards, close supervision and transparent audits need to be conducted to ensure that the statements are accountable and free from recording errors or data manipulation.

By making improvements in some of these aspects, it is hoped that the implementation of PSAP No. 02 can be more effective in improving the quality of financial statements and have a positive impact on local budget management.

CONCLUSION

Budget realization in Bambalamotu Subdistrict has been tested by evaluation and found that preparation of PSAP No. 02 (Government Accounting Standards) financial reports has been undertaken contextually taking into account the true fiscal scenario of the subarea. Though all stipulated items—such as revenue, transfers, and net financing—may not have been included, the reports, however, carry the main hallmark of transparency and accountability, of which expenditure and budget surplus/deficit stand out prominently as exemplified through SiLPA/SiKPA. This approach focuses on the importance of flexibility and adaptability in subnational financial reporting.

These findings have significant implications for public sector accounting policy, especially with regard to the application of national accounting standards in regions that have limited fiscal sophistication and budgetary resources. A limited application of PSAP allows reports to remain relevant and useful as well as allowing for better budget control at the subdistrict level, which is significant to the provision of local services. From a manager's point of view, the use of computer systems enhances reporting effectiveness, although the effectiveness also lies largely in the human resources' ability.

This study is subject to several limitations. Firstly, focus on a solitary subdistrict with unique socio-economic features limits the generalizability of the findings to other regions. Secondly, limited availability of primary data as well as in-depth documentation

hinders the scope of analyzing the direct impact of reporting practices on regional development implications. Thirdly, technical competence shortages among governmental officials as well as accounting infrastructure weaknesses also hamper complete evaluation of report effectiveness.

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