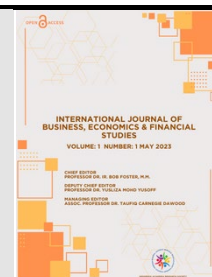




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Original Article



Uncovering the Lack of Public Accountability: An Application of Accounting Standards for Entities in Indonesia

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Abstract

Financial reports hold significant value for all types of business entities, including national and multinational corporations as well as Micro, Small, and Medium Enterprises (MSMEs). Financial reports serve as a means for the report generator to inform interested parties, including the general public, investors, business proprietors, and tax authorities, of transactions that transpire during a specified period. The Indonesian Accounting Association published Accounting Standards for Entities Without Public Accountability (SAK ETAP) to assist start-up enterprises. Consequently, this study aims to investigate the execution of SAK ETAP. A systematic literature review comprises the following phases: formulation of research questions, localization of studies, selection and evaluation of studies, analysis and synthesis, and dissemination of findings via scientific articles. This study concludes that business entities and organizations examined for the implementation of SAK ETAP encompassed various sectors such as pharmacies, Limited Liability Companies (PT), cooperatives (Village Unit Cooperatives – KUD, Savings and Loans Cooperatives – KSP, Republic of Indonesia Employee Cooperatives – KPRI), Commanditaire Vennootschap – CV, People's Credit Bank (BPR), distro, Trading Business (UD), Village-Owned Enterprise (BumDes), Public Fuel Filling Station (SPBU), and Islamic boarding school.

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1. Introduction

Financial reports are crucial for all types of businesses, ranging from Micro, Small and Medium Enterprises (MSMEs) to national and multinational corporations. Financial reports serve as a means of conveying transactions that take place within a specific time frame from the report's creator to interested parties, including business proprietors, investors, tax authorities, and the public. Thus, transactions are executed with a high level of accountability and transparency (Prayogo et al., 2023). Their quality influences the overall impact of financial reports on public services (Furqan et al., 2020; Karina et al., 2023). The Indonesian Accounting Association has established reference standards to ensure the quality of prepared financial reports. The Financial Accounting Standards (SAK) encompass several standards, including SAK IFRS, which is aligned with the

International Financial Reporting Standards (Sari & Siregar, 2021), SAK - Sharia, which adheres to Islamic principles (Sari & Siregar, 2021), SAK - EMKM, specifically designed for Micro, Small, and Medium Enterprises (Nuvitasari et al., 2019), SAP - Government Accounting Standards, applicable to government entities (Supra, 2019) and SAK - ETAP, customized for Entities Without Public Accountability (Sirait et al., 2021).

Every accounting standard has its provisions and level of intricacy tailored to the company's size, requirements, and goals (Nur et al., 2023). Producing financial reports by SAK will streamline the routine audit procedure. Furthermore, the SAK can also provide a more accurate assessment of the efficiency and effectiveness of financial transactions within a specific time frame in a company. In addition to the financial condition, the integrity of the individual responsible for preparing the financial report can also be demonstrated

by the degree of fairness of the report according to each SAK. There are variations in the accounting standards adopted by each business in Indonesia. This approach is grounded on multiple factors to enhance the adaptability of financial reports while maintaining the precision of the financial information presented (Anto et al., 2023).

The commonly employed financial accounting standard in day-to-day operations is SAK ETAP. SAK-ETAP is a financial accounting standard designed specifically for entities that do not have public accountability. These are accounting reports designed for broad utilization by external stakeholders. The financial reports based on SAK ETAP possess several key attributes: they are generally comprehensible, comparable, and comprehensive and exhibit a balanced relationship between benefits and costs. Additionally, these reports prioritize materiality, reliability, relevance, and substance over mere form (Ichsan et al., 2022).

There are multiple reasons why a company adopts SAK-ETAP as its financial standard (Junaidi et al., 2022; Supra, 2019). Firstly, implementing SAK IFRS can be challenging for MSMEs due to the significant costs of determining fair value. Secondly, the implementation of SAK IFRS is relatively complex. Thirdly, applying IFRS SAK requires a high level of professional judgment. Lastly, the documentation and efficiency of IFRS SAK are robust. Typically, a financial report that satisfies SAK ETAP requirements encompasses a profit and loss statement, a cash flow statement that presents transactions and changes in equity, and accompanying notes derived from existing financial reports (Lubis et al., 2022; Suningsih et al., 2021).

The versatility of utilizing SAK ETAP is prompting the adoption of this accounting standard by several businesses still at the forefront of its implementation. MSMEs (Ariesta & Nurhidayah, 2020), cooperatives (Sendow et al., 2020), and people's credit agencies (Lijow et al., 2021) are business entities that implement SAK ETAP. SAK-ETAP offers several advantages over financial accounting standards (Dedeh et al., 2020). Firstly, it simplifies the mechanism by presenting profit and loss statements in a non-holistic manner. Secondly, it assumes that assessing assets and investment properties after the acquisition is based on the acquisition price, rather than revaluation. Lastly, it does not recognize the tax burden regarding liabilities and deferred tax assets. The key principles employed in the implementation of SAK ETAP include the utilization of historical costs, the regulation of transactions based on ETAP, and the adoption of accounting regulations that are relatively stable and unchanging over an extended period.

The versatility and straightforwardness of SAK ETAP make it a potential benchmark for start-up businesses to streamline their financial transactions. However, in practice, not everyone adopts SAK ETAP due to various factors, including insufficient awareness

about the convenience of SAK ETAP and a shortage of skilled personnel capable of generating SAK ETAP-based reports. Therefore, it is necessary to conduct research that can effectively promote the benefits and models of SAK ETAP that can be deployed in every business. Additionally, we want to demonstrate that preparing financial reports using SAK ETAP is straightforward. This allows for efficient recording of historical financial transactions and optimization of micro businesses' assets. Thus, small businesses can enhance their company's growth.

2. Materials and Methods

This study employs a systematic literature review approach, utilizing reputable online scientific literature. The rationale behind employing this approach lies in the capacity of a systematic literature review to comprehensively present information pertaining to the researched topic while also considering the quality of the acquired data. The scientific literature utilized consists of scientific articles and scientific proceedings accessible through Google Scholar. To ensure the quality and relevance of scientific literature to the raised problems, the author establishes guidelines for studying scientific literature. The instruments employed in this study are displayed in Table 1.

Table 1. Research Software

Software	Utility
Publish or Perish 8 and Google Scholar	To collect scientific literature that discusses implementing accounting standards for entities without public accounting (SAK-ETAP) in Indonesia.
Ms. Excel	To filter and tabulate scientific literature data.
Ms. Word	To write of scientific articles.

Researchers carry out procedural steps to implement a systematic literature review adopted from Esposito et al. (2020) and modified according to needs. These steps are as follows.

1. Compile the formulation of questions appropriate to the topic raised. This research highlights the topic of accounting standards for entities without accountability in Indonesia. Therefore, the question formula prepared by the author is as follows. "How are the Accounting Standards for Entities Without Public Accountability (SAK-ETAP) implemented?"
2. After formulating the question, it is continued with localizing the study. In this study, the author chose Indonesia to narrow the study area. This determination aims to provide information that suits the needs of Indonesia. Apart from that, such a process makes it easier for the author to provide a deeper analysis.

3. Then, we will proceed with the selection and evaluation of studies. In this stage, the author searched for scientific literature that met the criteria for the study topic, namely that which contained the context regarding the Implementation of Accounting Standards for Entities Without Public Accountability (SAK ETAP) in Indonesia. At this stage, the author carefully selects and evaluates each scientific piece of literature based on the title and abstract in the perish or publish tool.
4. After the data is collected and selected, the process continues with analysis and synthesis of how to implement SAK ETAP in terms of findings.
5. Finally, report and disseminate the results of the analysis through scientific articles.

In order to make it easier to see the procedural flow, these steps are presented in Figure 1.

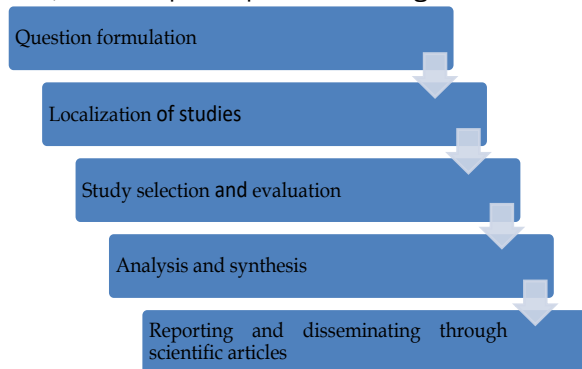


Figure 1 . Systematic Literature Review Procedure Flow

3. Results and Discussion

3.1. Results

Scientific literature searches were conducted through perish or publish, acquiring data from articles and scientific proceedings. A total of 95 papers pertaining to the implementation of Accounting Standards for Entities Without Public Accountability (SAK ETAP) in Indonesia were discovered. In total, there were 494 citations for articles and scientific proceedings. The publication years of the papers ranged from 2013 to 2023, spanning 10 years. The mean number of citations per year is 45.7, whereas the mean number per paper is 0.22. The data is displayed in Table 2 to provide further elaboration.

Table 2. Data matrix of paper findings

Indicator	Stats
Papers	95
Citations	494
Years	10
Cites_Year	45.7
Cites_Paper	0.22

According to previous research, it is established that 8 business sectors are examined when applying accounting standards to non-publicly accountable entities. The business sectors include pharmacies, Limited Liability Companies (PT), cooperatives (Village Unit Cooperative – KUD, Savings and Loans Cooperative – KSP, Republic of Indonesia Employee Cooperative – KPRI), Commanditaire Vennootschap – CV, People's Credit Bank (BPR), distro, Trading Business (UD), Village-Owned Enterprises (BUMDES), and Public Fuel Filling Stations (SPBU). In addition to the business sector, the accounting standards for entities without public accountability (SAK ETAP) are also applied in Islamic boarding schools. To clarify, Figure 1 displays the business sectors that utilize SAK ETAP.

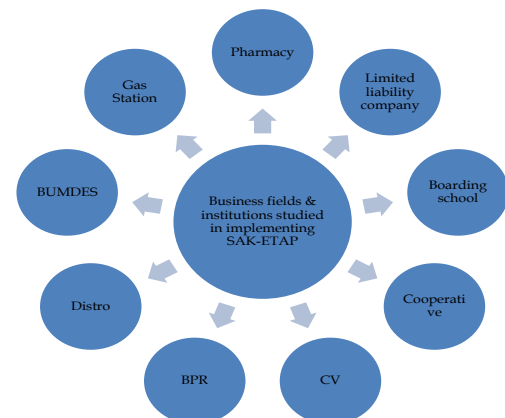


Figure 2. Business entities studied in implementing SAK-ETAP

3.2. Discussion

The systematic literature review reveals that the implementation of the Accounting Standards for Entities Without Public Accountability (SAK ETAP) is observed across diverse business entities and institutions. An example of the initial business entity to adopt SAK ETAP was Uno Medika Pharmacy (Rasyid, 2022). The implementation of SAK ETAP in this business entity is primarily focused on inventory management. To ensure organized and systematic financial reporting, this pharmacy meticulously documents the inventory of goods and all financial transactions. The recording system employed in the recording process utilizes inventory cards, specialized journals (for cash inflows, outflows, purchases, and sales), debt subsidiary books, and minutes.

The methodology employed for gathering goods data involves documenting the goods dispatched using the FIFO or MPKP approach. Subsequently, the accounts payable or purchase ledger is employed to document the process of dispensing goods. Goods sold are recorded in cash entry and sales books. The cash out journal is utilized to document expenditures and the owner's collection endeavors. The recording of transaction activities is based on the periodic method. Every day, the duration of goods sales activities is documented in a dedicated sales journal. Expired

medications in this pharmacy are disposed of by dissolving them in water and then discarded into the waste channel. This dissolution activity is also documented in the minutes.

The subsequent type of business entity is the Limited Liability Company (LLC), exemplified by PT. Promote Engineering Solutions (Muhammad Hafidz Alfikri et al., 2022). According to this research, it is evident that this PT. has not fully utilized SAK ETAP to its maximum potential. Accountants perform balance reporting, profit and loss analysis, equity movement tracking, and cash flow analysis to communicate this company's transactions, financial conditions, and cash holdings. The financial balance sheet of this PT is organized according to various categories, such as cash and cash equivalents, fixed assets, trade and other receivables, intangible assets, trade and other debts, and equity.

Any assets classified as liabilities in the company's short-term are not considered non-current assets. Regarding the presentation of reports, the elements employed for categorization include revenue, financial expenditures, and net earnings or losses. The company's statement of changes in equity utilized in this research exclusively includes items that depict the profits and losses for the given period, as well as the process of reconciliation. The upcoming iteration of SAK ETAP is being executed by the Savings and Loans cooperative of Bagan Batu (Meitasari & Istikhoroh, 2021). Despite the utilization of SAK ETAP, its execution remains suboptimal. This is demonstrated by the acknowledgement of revenue, which is calculated on a cash basis, except for accounting for depreciation. This does not comply with the regulations of SAK ETAP. The presentation of the remaining business results report adheres to the SAK ETAP standards.

The financial report that was assessed subsequently was CV Melai Fresh Baubau (Oktaritama & Januarti, 2020). The financial report on this CV does not comply with the SAK ETAP criteria because it only includes sales data in prices. The products identified in this CV encompass the gains derived from sales of drinking water and the expenses incurred in conducting all company operations. The absence of sufficient human resources and the failure to recognize the financial implications of implementing SAK ETAP are the primary reasons for the non-implementation of SAK ETAP at this CV.

The upcoming financial report to be assessed is that of the Village-Owned Enterprise (BUMDES). Adithya et al. (2022) assessed the implementation of SAK ETAP by examining it against various criteria. The criteria encompass the disclosure of the measurement basis used in the preparation of financial statements, the disclosure of specific details regarding the nature and quantity of recorded assets and liabilities at the end of the reporting period, information regarding policy changes during the current period, information

concerning accounting estimates that have an impact on the current period, and information regarding the effects of errors on the current period.

These provisions indicate that the BUMDES does not yet meet the criteria and, therefore, has not fully implemented SAK ETAP. The optimal implementation of SAK ETAP in financial reporting has not been achieved, and this issue is also observed at SPBU. This phenomenon arises due to the limited presentation of profit and loss statements in the reporting. The primary hindrance to the implementation of SAK ETAP at this gas station is the owner's perception that they lack the necessary expertise to execute it professionally.

4. Conclusion

This study concludes that business entities and organizations examined for the implementation of SAK ETAP encompassed various sectors such as pharmacies, Limited Liability Companies (PT), cooperatives (Village Unit Cooperatives – KUD, Savings and Loans Cooperatives – KSP, Republic of Indonesia Employee Cooperatives – KPRI), Commanditaire Vennootschap – CV, People's Credit Bank (BPR), distro, Trading Business (UD), Village-Owned Enterprise (BumDes), Public Fuel Filling Station (SPBU), and Islamic boarding school. These business entities and institutions have not fully optimized the implementation of SAK ETAP. The reasons for this phenomenon can be attributed to the owner's perception that financial report managers lack professionalism, their lack of awareness about the existence of SAK ETAP, and the insufficient availability of competent human resources to implement SAK ETAP.

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