

Analysis of the Implementation of PSAP No. 05 in Inventory Accounting at the Food Security and Livestock Service of Jember Regency

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Abstract

This study aims to analyze the implementation of Government Accounting Standards Statement (PSAP) No. 05 in the accounting treatment of inventory at the Regional Government Office of the Food Security and Livestock Service in Jember Regency. The research employs a descriptive qualitative method with a case study approach. Data were collected through in-depth interviews with selected informants. The findings indicate that the inventory accounting treatment at the Food Security and Livestock Service Office of Jember Regency is in accordance with PSAP No. 05. In terms of recognition, inventory is acknowledged when the goods are received along with all required documentation, and stock-taking is conducted every three months. For measurement, inventory is recorded at acquisition cost, which is obtained through purchases using the FIFO method. However, in terms of disclosure and reporting, there are still shortcomings in complying with PSAP No. 05, due to a lack of detailed explanation and inventory reporting. The implications of these findings suggest that although the implementation of PSAP No. 05 is generally well-executed, there remains a need to enhance human resource capacity and understanding to support more optimal inventory management.

Keywords: Government Accounting Standards, Accounting Treatment, PSAP No. 05

Introduction

Inventory is one of the crucial elements in government current assets that plays an important role in supporting smooth operations and public services. In the scope of government, inventory management is not only related to recording the number of goods, but must also be carried out transparently and accountably in accordance with applicable accounting standards. To ensure comparability and reliability in the preparation of financial statements, the Government of Indonesia has established the Government Accounting Standards Statement (PSAP) No. 05 through Government Regulation Number 71 of 2010 as a guideline for inventory accounting. However, based on the Audit Result Report (LHP) of the BPK RI in 2023, it is known that 32% of local governments still have difficulty in disclosing and measuring inventory accurately. One of the agencies that faces obstacles in implementing PSAP No. 05 is the Food Security and Livestock Service of Jember Regency.

Initial observation results show a discrepancy between accounting records and the physical condition of inventory, as well as a weak understanding of human resources regarding the standard. This study aims to determine and analyze the extent to which the implementation of PSAP No. 05 has been implemented correctly in the accounting treatment of inventory at the Food Security and Livestock Service of Jember Regency. Based on the identification of existing problems, this study formulates two main questions: (1) How is the implementation of PSAP No. 05 in inventory accounting at the agency? and (2) Is the applied inventory accounting treatment in accordance with the provisions of the standard? The approach used in this study is descriptive qualitative, with data triangulation techniques through interviews, observations, and documentation.

The novelty of this study lies in its focus on the technical work units of the local government that have not previously been studied in depth, as well as in the relationship between the implementation of accounting standards with operational conditions in the field and reporting practices. This study is expected to provide contributions both theoretically and practically. From a theoretical perspective, the results of this study can add to the literature on the application of government accounting standards, especially PSAP No. 05 in inventory management. From a practical perspective, the findings of this study can be used as a basis for evaluation and improvement for local government agencies in preparing accurate and reliable accrual-based financial reports. In addition, the results of this study are also useful for the legislature and auditors in evaluating the effectiveness of regional asset management. Based on literature studies, one of which is by Simanjuntak et al. (2023), it is stated that the success of inventory accounting implementation is greatly influenced by the internal control system and the quality of human resources. Therefore, the hypothesis developed in this study is: "The more appropriate the application of PSAP No. 05 in inventory accounting treatment, the higher the quality of transparent and accountable inventory reporting in the local government agency environment."

Methods

Penelitian ini menggunakan metode kualitatif deskriptif dengan pendekatan studi kasus yang dilaksanakan di Kantor Dinas Ketahanan Pangan dan Peternakan Kabupaten Jember. Pengambilan sampel dilakukan dengan teknik snowball sampling, di mana informan awal ditentukan terlebih dahulu dan selanjutnya berkembang berdasarkan rekomendasi dari informan sebelumnya. Dari proses ini, diperoleh empat informan utama, yaitu Kepala Sub Bagian Umum dan Kepegawaian, Staf Sub Bagian Umum dan Kepegawaian, Bidang Pengadministrasian dan Persediaan, serta Bagian Keuangan. Data yang digunakan terdiri dari data primer dan sekunder. Data primer dikumpulkan melalui wawancara mendalam, sementara data sekunder diperoleh dari berbagai dokumen seperti laporan keuangan, pencatatan akuntansi persediaan, dan dokumen lainnya yang relevan dari tahun 2023. Instrumen yang digunakan dalam penelitian ini berupa pedoman wawancara dan dokumentasi. Analisis data dilakukan menggunakan model Miles dan Huberman yang meliputi tahapan pengumpulan data, reduksi data, penyajian data, serta penarikan dan verifikasi kesimpulan, guna menilai kesesuaian perlakuan akuntansi persediaan dengan ketentuan PSAP No. 05.

Results and Discussion

Local Government Profile

The Jember Regency Food Security and Livestock Service is one of the regional apparatuses under the auspices of the Jember Regency Government which has an important role in ensuring the availability, affordability, and consumption of diverse, balanced, and safe nutritious food. In addition, this service also contributes to supporting the development of a competitive and sustainable livestock sector. The office of this service is located at Jalan Letjen Suprpto No. 139, Krajan Environment, Kebonsari Village, Summersari District, Jember Regency, East Java Province. Its location in the city center provides easy access to services for the community and stakeholders related to the food and livestock sectors. The organizational structure of the Jember Regency Food Security and Livestock Service is designed with reference to the principles of efficiency, effectiveness, and accountability in the implementation of regional government. This organizational structure allows for the realization of systematic and integrated work coordination between work units in order to achieve development goals in the field of food security and livestock. In general, the organizational structure of this agency consists of: Head of Agency, General and Personnel Sub-Division, Planning and Finance Sub-Division, Food Security Division, Animal Husbandry Division, Head of Animal Health and Veterinary Public Health (Kesmavet) Division, Head of Technical Implementation Unit (UPT) of Slaughterhouse, Head of UPT of Livestock Breeding and Animal Feed Greens, and Head of UPT of Animal Health Laboratory, Veterinary Public Health, and Animal Clinic.

Inventory Accounting System and Procedures of the Food Security and Animal Husbandry Agency of Jember Regency

The inventory accounting system and procedures at the Food Security and Animal Husbandry Agency of Jember Regency have shown significant progress through the implementation of the SIPERDA (Regional Inventory Management Information System) application. This application

functions to replace most of the recording processes that were previously carried out manually and periodically, thus enabling more integrated and technology-based inventory management. With the implementation of SIPERDA, every transaction of receipt or expenditure of goods is directly recorded in the system, which facilitates the reporting and monitoring process in real time.

Recording in the SIPERDA application is not only limited to incoming and outgoing goods data, but also provides more detailed information regarding the amount of stock, type of goods, and condition of goods available in the warehouse. Every transaction entered into the system automatically affects the inventory balance in the stock report, so that recording becomes more accurate and efficient. In addition, this system also simplifies the implementation of stock opname which was originally carried out manually every quarter, can now be done more systematically with the help of more precise data. This facilitates the process of matching accounting data and the real condition of goods in the field. The implementation of SIPERDA makes inventory accounting procedures more open and accountable. However, the use of this application still requires an increase in human resource capacity, especially for officers responsible for inventory management, so that the data entered is in accordance with applicable procedures. It is hoped that with the use of SIPERDA, the level of accuracy in recording and the quality of inventory reports will increase, while reducing the potential for human error that is common in manual systems. In addition to accelerating the reporting process, this system also provides relevant and timely information for decision making. However, to ensure that the SIPERDA application can continue to function optimally, regular system maintenance and updates are required to accommodate the increasingly complex dynamics of inventory management.

Inventory Accounting Treatment Based on PSAP No. 05 at the Food Security and Livestock Service of Jember Regency

1. Inventory Classification

The results of the study indicate that the Food Security and Livestock Service Office of Jember Regency has classified inventory according to the categories set out in PSAP No. 05. The classification includes consumables such as office stationery (ATK), cleaning supplies, and non-consumables such as scissors, staplers, and other work tools. In addition, there is also a classification for goods that will be used in the context of public services and strategic reserve goods. This grouping is done to facilitate the process of recording, controlling, and preparing financial reports. The following is a table of Inventory Classification in PSAP No. 05 of 2010 concerning Inventory and Inventory Classification at the Food Security and Livestock Service of Jember Regency.

Table 1. Classification of Inventories

No	Indicator	Category	Information
1	Accounting Classification of inventory is an asset in the form of: • Goods or supplies used to support government operational activities. • Materials or supplies that will be used in the production process. • Goods in the production process that are intended to be sold or handed over to the public. • Goods stored to be sold or handed over to the public as part of government activities.	Accordance	Inventories at the Office of Food Security and Livestock are assets in the form of goods or supplies used to support the implementation of government operational activities.
2	Inventories include goods or supplies purchased and held for use, such as consumables such as office stationery, non-consumables such as equipment components and pipes, and used goods such as components that have been used.	Accordance	Supplies at the Office of Food Security and Livestock, which include supplies of animal medicine, animal feed, and other equipment needed to support the operational needs of the Office of Food Security.

3	If the government stores goods for strategic reserve purposes, such as energy reserves (e.g. oil), or for emergency purposes, such as food reserves (e.g. rice), these goods are recognized as inventory.	Accordance	The Office of Food Security and Livestock allocates a budget for reserve stock to anticipate Extraordinary Events and records spare parts and in-kind supplies as part of the stock.
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Source: Based on Government Accounting Standards Statement (PSAP) 05 on Inventories

2. Inventory Recognition

Inventory recognition at the Office is carried out when the goods have been physically received and accompanied by supporting documents such as purchase invoices, minutes of handover of goods, and expenditure notes. Ownership rights are considered to have transferred to the local government when the goods have been fully received and confirmed by the receiving department. At the end of the accounting period, the inventory value is adjusted based on the results of the physical inventory to ensure conformity between the records and the goods in the warehouse. The Food Security and Livestock Service uses the stock opname report and carries out stock opname every three months. The following is a table of Inventory Recognition in PSAP No. 05 of 2010 concerning Inventory and Inventory Recognition at the Food Security and Livestock Service of Jember Regency.

Table 2. Inventory Recognition

No	Indicator	Category	Information
1.	Inventories are recognized (a) when the government obtains the potential future economic benefits that can be measured in a reliable manner, and (b) when the inventory is received or the rights to ownership and/or control are transferred.	Accordance	The Office of Food Security and Livestock recognizes inventory when the goods are physically received complete with all required documents.
2.	the accounting end period, inventory records are adjusted based on the results of the physical inventory.	Accordance	The Food Security and Livestock Service uses the stock opname report and carries out stock opname every three months.

Source: Based on Government Accounting Standards Statement (PSAP) 05 on Inventories

3. Inventory Measurement

Inventory value measurement is carried out using the acquisition cost method through purchases. So the cost used is the purchase price of the goods plus additional costs such as transportation costs and handling costs. In the release of goods, the Food Security and Livestock Service applies the First In First Out (FIFO) method, where the first goods entered are considered the first goods issued. The local government does not use other valuation methods because all inventory is obtained through purchases, not self-production or grants. The following is a table of Inventory Measurement in PSAP No. 05 of 2010 concerning Inventory and Inventory Measurement at the Food Security and Livestock Service of Jember Regency.

Table 3. Inventory Measurement

No	Indicator	Category	Information
1.	Inventories are presented at: • Acquisition cost if acquired through purchase. • Cost of production if acquired through own production process.	Accordance	Inventories at the Food Security and Livestock Service Office are presented based on acquisition costs, which are obtained through purchases.

2.	Inventories can be valued using: • Systematic methods such as FIFO or weighted average. Or • Last purchase price if each unit of inventory has an immaterial value and consists of various types.	Accordance	The Food Security and Livestock Service Office uses the FIFO method in its calculations.
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Source: Based on Government Accounting Standards Statement (PSAP) 05 on Inventories

4. Disclosure and Reporting of Inventory

Inventory owned by the Office of the Service is presented in the balance sheet report in the current assets section. In addition, information related to inventory is also disclosed in the Notes to the Financial Statements (CaLK). However, based on the results of the study, reporting in CaLK is not fully in accordance with the provisions of PSAP No. 05, because it is still lacking in detail in explaining the assessment method, classification details, physical condition of goods such as damage or expiration, and the purpose of their use. The reporting carried out shows that the Office of the Service has fulfilled the obligation to present inventory in the financial statements. However, the disclosure aspect still needs improvement to be more informative and transparent. PSAP No. 05 emphasizes that disclosure in CaLK must include accounting policies, physical condition of goods, and classification based on their function. The following is a table of Disclosure and Reporting of Inventory in PSAP No. 05 of 2010 concerning Inventory and Disclosure and Reporting of Inventory in the Food Security and Livestock Service of Jember Regency.

Table 4. Disclosure and Reporting of Inventories

No	Indicator	Category	Information
1.	The financial statements disclose: • Accounting policies applied in measuring inventory and preparing the financial statements. • Further explanation of inventory, such as goods or supplies used for public services, goods or supplies used in the production process, goods stored for sale or delivery to the public, and goods still in the production process for sale or delivery to the public; and • Type, quantity, and value of inventory that is damaged or obsolete.	Less Suitable	The accounting policy for recording inventory in the financial statements is stated in the Notes to the Financial Statements and uses the siperda system, but there are still some errors in recording and reporting. Damaged and obsolete inventory has not been included in CaLK.

Source: Based on Government Accounting Standards Statement (PSAP) 05 on Inventories

Based on the Results and Discussion above, the Food Security and Livestock Service in terms of Classification, Recognition, Inventory Measurement is in accordance with PSAP No. 05, but there are still challenges in terms of disclosure in the financial report. In the Notes to the Financial Report (CaLK), information on the type of inventory, the method used for measurement, and the condition of goods that are not suitable for use or damaged have not been explained in detail. This lack of disclosure indicates a gap between implementation in the field and the provisions in PSAP No. 05. Several government agencies, including the Food Security and Livestock Service of Jember Regency, still face difficulties in providing complete and transparent reports. This may be due to the lack of clear technical guidelines regarding inventory reporting and limited human resources involved in managing financial reports. To achieve full compliance with PSAP No. 05, it is necessary to strengthen the capacity of the apparatus in terms of preparing financial reports and more detailed technical guidelines. Improving the quality of training for officers responsible for preparing reports

and managing inventory is essential to improve disclosure and ensure better transparency and accountability. In addition, the development of a more integrated accounting information system and ongoing maintenance will support improvements in the quality of financial reports and more efficient inventory management, in accordance with established accounting standards.

Conclusion

Based on the research conducted at the Office of Food Security and Livestock, it can be concluded that inventory management has been implemented in accordance with the provisions in force in the Government Accounting Standards Statement (PSAP) Number 05, especially in the aspects of classification, recording, recognition, and measurement. However, there are still obstacles in the aspects of disclosure and reporting, namely the lack of understanding of human resources regarding the implementation of accounting standards as a whole, and the absence of information regarding damaged and obsolete inventory in the Notes to the Financial Statements (CaLK). This can affect the completeness and reliability of the financial information presented by the agency. To overcome these problems, it is necessary to increase the capacity of human resources through regular technical training on government accounting standards, as well as strengthening the recording and reporting system that is able to identify and disclose the condition of goods that are no longer suitable for use. The limitations of this study lie in the scope that only covers one local government agency, so the results cannot be generalized to other agencies. Therefore, the suggestion for further research is to be conducted in several similar agencies in order to obtain a broader and more accurate picture of the implementation of PSAP No. 05. The suggestion for the Office of Food Security and Livestock Services is to continue to evaluate and develop the inventory management system, especially in terms of disclosure and reporting, in order to create transparency, accountability and reliability in the preparation of financial reports.

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