

## The Changes of Accounting and Improvement of Public Services: Study on the Implementation of Accrual-Based Accounting on the Regional Legislative in Indonesia

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### Abstract:

Legislative is a public entity that is very close to the society. Through this institution, the society expects that the legislative supports the public interest in relation to current new public management (NPM) which is individualistic by nature. NPM encourages the public sector to be more effective and efficient, while the public sector cannot be measured only in terms of material accomplishment. Measuring the effectiveness in the public sector should be based on moral values such as honesty, fairness, transparency, and accountability, of which the values that become government's concern in relation to effective public sector. By utilizing the accounting changes, the study expects the legislative has commitment to have good public services in favor of the public interest.

**Keywords:** accounting change, public sector accounting, accrual-based accounting, new public management, public service

## 1. INTRODUCTION

Public service becomes task full of values, ethics, and morality as it is intended to fulfill common prosperity for the society. Such values that may drive good public servant include honesty, social justice, equality, transparency, equity and accountability (Van der Wal et al., 2006; Caron and Giauque, 2006; Capell & Gabel, 2013).

Since the 1980s, public sector has been introduced to the concept of new public management (NPM). NPM encourages public sector to have measurable performance in order to achieve effectiveness and efficiency (Hood, 1991; Buhr, 2013; Capell & Gabel-Shmueli, 2013). The effectiveness and efficiency become the indicators for the performance of the business sector where success should be measured according to the survival or winning the market size (Barton, 2009). On the other hand, the entities of public sector perform their activities which are not intended for the benefit or profit as performed by business and market which is full of profit calculations, rather public sector is intended for public welfare by promoting human values and justice. The difference in terms of vision between the business sector and the public sector lead to ambiguity in the application of the policies adopted from the business sector, as a result, there might be shift of identity among public officials (Horton, 2006).

Hood (1991) has revealed the agenda of privatization and accountingization of public sector through NPM where organizational success is measured from the time and money, not for honesty and fairness. Several researches on public sector, especially by many academicians, have demonstrated opposing view towards the use of NPM in the public sector (Barton, 2009; Hassan, 2013). There is still rare study, however, which analyzes this issue from the perspective of the legislative in making use of the accounting changes for the public interests.

NPM has impacts on overall public sectors namely state-owned enterprises (BUMN), public service agency (BLU), and both central government and local government or authorities. The scope of this paper is restricted on the issues in the context of local government, especially the legislative. The paper is divided into four parts of elaborations. First, this is to clarify the application of accrual accounting as an important agenda in the NPM and the effect on the public services. Second, in terms of research methods, it outlined the steps undertaken to find the answers to the research questions. Third, this paper features some updates that accounting can bring to the government. Forth, this paper presents the discussions and conclusions related to the issue.

## 2. LITERATURE REVIEW

### *Defending Public Interest amidst New Public Management*

Legislative is representative of society elected democratically with some tasks including budgeting, legislative, and supervising the executive in policy-making process related the public services so that it is intended to improve the public welfare. Values such as honesty, equality, social justice, accountability, and transparency are emphasized in the process of providing public services (Van der Wal et al., 2006; Capel & Gabel, 2013). Unfortunately, these values are considered to experience a shift of paradigm since the NPM is applied into public sector, partly because NPM applies the principles and practices of business world as well as prioritizes the parameter of success based on the economic calculations and performance appraisals of the individual or group (Hood, 1991; Horton, 2006; Caron & Giauque, 2006; Barton, 2009; Capel & Gabel, 2013).

Each group of professions has certain values that are adjusted to the profession being run. These values apply to individuals who are members of the same profession group so that these become the context and limitation for the members in both thinking and acting. These values require enforcement through interactions among the individuals who are able to remind each other to hold commitment. If individual members no longer recognize the identity of their profession, at that time the profession belongs into a bigger entity outside of their personality; this is most likely no longer fit for the purpose of the profession. Horton (2006) mentions several possibilities for members of the profession as they face new values that do not correspond to the old (current) values, namely: (1) they may leave the group; (2) they remain in the group but continued to maintain the original values of the group with the consequences of being isolated or alienated; (3) they may accept the new values and spread them to the members; or (4) the individual may change his or her identity in order to suit its surroundings.

Currently the NPM has spread in many countries in the world. The countries now have adopted, adapted, and transformed following the values embodied on the NPM. Globalization and relations among the

states cannot be denied as the triggering factor of the countries to adopt similar practices by other countries, especially for developing countries that need funding from international organizations such as the World Bank and IMF (Hassan, 2015).

What included in the NPM agenda is among other the adoption of accrual accounting as the information needed from the public sector is not only the allocation and use of the budget, but it also includes an inventory of the assets and liabilities. In other words, the visibility receives additional demand and pressure to explain upon the use of the budget funds because the relationship between inputs and outputs is very important in the NPM in order to assess the efficiency and effectiveness (Hood, 1991). Efficiency and effectiveness were previously unknown in public administration; these now become an essential reason for the implementation of any activities and programs in the government; every transaction that occurs as a result of the implementation of activities, whether it had an effect on cash or not, should be recorded on the accrual based accounting.

This phenomenon is called accountingization by Power and Laughlin (1992) to show the extent of the accounting activities of the organization by making the performance of the resulting accounting information becomes the parameter of organizational success, and this also spreads to the public sector through the NPM. Hood (1995) states accountingization of the public sector aims to increase public confidence upon the allegations of corrupt public officials, so that the budget allocation for the activities must be taken into account appropriately and evaluated using accounting techniques.

NPM was initiated by the developed countries which are members of the Organization for Economic Co-operation and Development (OECD) (Hood, 1995) which have different socio-cultural contexts compared with the developing countries. According Sarker (2006), there are some conditions that allow the implementation of NPM in one country can be successful. First is that the country should be familiar with the market system and supported by the rule of law. Second is the ability of the country to run administrative systems that support the accountability. Lastly is the capacity of the country is indicated by the country's ability to make improvements in terms of the institutional, technical, administrative, and political aspects.

Since the Independence, Indonesia has been designed not to use the market system but based on the family value system (Hatta, 2015a), as it is stipulated in Article 33 Constitution 1945 which states that (1) The economy is structured as a joint venture based on family principles, (2) Production branches which are important for the country and who are meant for people's welfare should be controlled by the state, and (3) the earth, water and natural resources contained in it are controlled by the state and utilized for the people's welfare. The market system is applied based on competition to the survival of the fittest in the market, and economic capital is the greatest power in the market system to win. The economic system based on the family system requires cooperation among businesses. Large enterprises that are meant for the life of many are controlled by the state, while small enterprises should thrive by intensifying cooperation; between the businesses might be available for private sectors. Hatta (2015a) stressed that the private sector should not run businesses that dominate the life of many people and the role of the private sector in the Indonesian economy system must be monitored by government in order to avoid any abuse and harms to the people and nature.

People in developing countries generally still need government's support to improve their welfare; most of them are dependent on aid and subsidies from the government (Capel & Gabel, 2013). The government also should control in enhancing the country's economy, of which should not be dominated by large investors or companies. Therefore Bung Hatta (2015a), the founding father of the nation of Indonesia, said that the *guided economy* is the right option for Indonesia where the sovereignty of the people economy is not dependent on a foreign power but relies on welfare distribution, that there is no one dominant group that exploits other communities. All parties play, moving forward together with the principles of cooperation and family.

### 3. RESEARCH METHOD

This study considers that the adoption of accrual accounting in government is a complex phenomenon which cannot be analyzed simply switching the technique from the successful one to not successful influenced by deterministic factors. This phenomenon needs to be observed to those who experience, feel, understand, live, and respond to this condition. Based on these considerations, this study employed qualitative approach.

The research was conducted by involving the members of legislative in one of the local government in Indonesia. Legislative is a public entity that is very close to the society, consisting of individuals elected by the society to advocate the interests of the people. In his capacity as representative of the people, the position of the legislative is as the partner of executive who acts to supervise the executive to ensure that policies are in favor of the interests of the people.

The data were collected through some analyses of documents, interviews, and observations. Informants were determined based on their relevance to the problems being examined, time availability of the informants, and the closeness of the informant with the data; these all were intended to conduct proper and undisturbed data collection.

As the public service was the object of the study, the informants were determined from three commissions that manage public services in the local government. At the time of observation, the secretariat staff of the Legislative confirmed that the informants understand well the tasks as members of legislative. There were two informants as the Chair and member of Commission 3. Researchers also involved two informants from the secretariat office who deal directly with the financial accountability of the legislative that is the Head of Financial Division and member of Financial Statement staff. In order to observe other supervisory perspective, researchers also involved informants from the government's internal auditor.

#### 4. RESEARCH FINDINGS

##### *What does Accrual Accounting Offer to Government?*

Before the accrual accounting is applied officially in the public sector, this sector utilizes cash accounting. There are several reasons that push governments to switch to accrual accounting. First, the size of government is considered too big thus it might not be efficient in carrying out its duties (Barton, 2005; 2009). Therefore the government should be divided into some smaller units by way of decentralization in the local governments and apply market principles such as open opportunities for cooperation with the business sector through the partnership program as well as the employment contract, and running the program of privatization of state-owned enterprises.

Second, the private sector is considered as superior to the public sector so that the public sector is likely better to emulate the private sector (Hood, 1995; Buhr, 2012). The private sector is often favored in terms of efficiency while public sector bureaucracy is accused inefficient procedures. Accrual accounting plays an important role in the NPM because efficiency can be achieved if the activities undertaken have been described in the unit cost by using the techniques of accrual accounting.

Third, accounting assists the relevant stakeholders in decision-making through a financial management system that is more transparent and accountable (Hay, 2009; Christiaens et al., 2012). The democratic system requires the government to make accountability to stakeholders, and accrual accounting can meet those needs by providing accountability and greater transparency. Accountability and transparency have also become fundamental indicators for the public officials to dismiss the issues related to corruption.

Fourth, macro-economic issues in one country are imminent, such as high growing inflation and foreign debt (Barton, 2009; Buhr, 2012). Through the accrual-based financial statements, the government is able to gain information about the assets and liabilities, making it easy to control and make proper decision.

Fifth, there is demand from the international organizations fund provider, such as the International Monetary Fund, Asian Development Bank, and the World Bank (Hassan, 2013). This condition is more common in developing countries so that the reason for implementing the accrual accounting in the country is not purely intended to improve the accountability of the public sector.

Cash accounting has some advantages in terms easiness to be understood both by the reporters as well as the readers, especially for the readers of the financial statements because the financial statements should be made public. For government officials, the accrual-based financial statements are difficult to understand even though the transition from cash-based financial to accrual-based financial may take some phases for the implementation. The government officials who are familiar with the cash-based accounting found this accrual-based is more difficult and can only be understood by the accountants. As the following statement from the informant:

“Actually, all should consider the person. If possible like an accountant, it’s so easy, but if not, well (it’s difficult)...cash-based financial report is easier depending on who can read the accounting. Only for those understand can read the report... for I personally am confused, I cannot read (the accounting report)... (my ability is) limited to budget realization report accounting, that’s all.”

(Mr. Anwar, Head of Financial Division, Secretariat office of local legislative)

For Mr. Anwar, as Head of Financial Division, accrual accounting is required to analyze the financial statements, but he admitted that he does not understand the accrual accounting; meanwhile cash-based financial statement is favored by Mr. Anwar. This is certainly related to the new terms in accounting that he just heard while those terms apparently have appeared in the financial statements, so that Mr. Anwar could not capture the intent of the information in the accrual of financial statement.

Similar idea asserted by Mr. Andri, the officer in charge of drafting the financial reports. He has degree on accounting, but his attitude on the accrual accounting was not different with Mr. Anwar’s:

“I give up for being asked about this matter (accounting). Here is most likely about cash-based financial report and the realization, how much should be liquidized, how is the realization...but for the accounting obviously we cannot (handle).”

(Mr. Andri, officer)

The assumption by Mr. Anwar that only an accountant could understand the accrual accounting seems indisputable. Mr. Andri is an accounting degree also found it difficult to understand the accrual accounting. The reason is that the governmental accounting has not been taught at college, and this is different from business accounting. Even so, Mr. Andri is still able to prepare financial statements because the government uses financial application areas under the supervision of the treasurer of local government. Mr. Andri just needs to cash-based documents for a cash-based accountability report. The application is then processes into accounting reports and will be compiled by the treasurer at the local government as part of financial statements of local government.

The existence of financial application is very helpful for the preparation of financial statements. However, the added value expected from the accounting change is the provision of better information to users of the financial statements. If the accounting process is only seen as a technical preparation of financial statements, the process is very easy to be taken over by information technology but it is certainly not that is expected. Mr. Rio referred to this condition as a constraint in terms of drafting up the financial statements:

“... If we ask for them, it is difficult for them to answer as everything is processed by application. For example calculating depreciation, they do not know (about depreciation), but they know how to input the value of assets, and the application will calculate the value of depreciation... (Even though) all the reports have to be analyzed... there must be an explanation for the financial statements which cannot be done by the application, but should be manually.”

(Mr. Rio, government internal auditor)

Accounting noted the implementation of activities that have been planned in the budgetary plan. Such activities may result in rights for the government or liability to the other party, but there were also internal transactions upon the adjustment as the results from the use of accrual basis as depreciation. In relation to public service demonstrated by the government, the rights of monetary assets that can be used to fund public services are such as cash and tax receivables, as well as non-monetary assets such as the supply of seeds, fertilizers, medicines, etc. or fixed assets such as roads, building bridges, irrigation, etc. that the utilization is meant to serve the public. Therefore, the process being undertaken in accounting also shows how public services can be made available to the public.

The users of financial statements of the government activities such as legislatives also are not familiar with the accrual accounting system. Interview with the Chair of Commission 3 of the legislative offices stated that:

“In terms of accounting, it can be asked directly to the officers at the financial division. We (legislators) are limited to direct spending of the budgetary; capital expenditure, spending on goods and services are not in the form of accounting (accrual). Examining the accounting is not part of our function (as the legislature)... Our function is on budgetary function. When the executives propose budgetary plan, we will examine, if the plan matches the budget, we will approve the budgetary plan; that's a budgetary function... We don't check their financial statements.”

(Mrs. Rianti, Chair of Commission 3)

Accrual-based financial statements were not utilized by Mrs. Rianti. The information stated through interview showed that Mrs. Rianti did not understand the accrual accounting. Accountability of cash-based report was considered more relevant to the function and task of the legislative as their function is to approve the budget based on cash so that the implementation of the budget would be easier to understand than reading a report on a cash-based report as well.

Similarly, when there are complaints from the public about the public service, the legislative will evaluate it from the budget realization reports on a cash basis to determine whether the public service has been budgeted or not by the relevant units. If it is planned under the budgetary plan, it should be examined whether it has been implemented and what are the constraints:

“... As in department of education, to improve the quality of the teachers requires educational infrastructures. The evaluation at the end of the year should focus whether the budget absorption has been really implemented, how many activities have been conducted. For example, the department proposed the budget of 100 million, and at the end of the year, only 80% of the budget allocation has been absorbed, it means there were some programs or events that were not conducted...In terms of specific accounting, however, we didn't go to that specific level. We'll see the amount of the budget, the reason of certain percent absorption, the constraints, etc...”

(Mrs. Rianti, Chair of Commission 3)

The expected accountability of an accounting can be seen at three levels (Chan, 2003), namely bureaucratic accountability to the chief executive, executive accountability to the legislative, and government accountability to the public. The three accountabilities can also be grouped by type of liability as mentioned in (Sinclair, 1995), that bureaucratic accountability to the chief executive may be called managerial accountability where the head of the region need to know to what extent of the daily tasks have been carried out by the authorities; executive accountability to the legislative is political accountability because the accountability of the executive will determine the sustainability of the power entrusted by the people to the executive; and government accountability to the public or public accountability is also called as government's initiative to convey the achievement of the government directly to the public through the media that can be accessed by the public.

Legislative is as important users of the financial statements because the financial statements reported by the executive will be ratified by the legislative. The financial statements became one of the instruments for the supervision of the executive, for example, to determine the implementation of government programs for the people's welfare. The financial statements will be approved by the legislative must be audited by an external auditor of the government. The results of the auditor's report, the legislative will obtain relevant information about certain aspects that need to become the concern of the executive, and it is also taken into consideration for the next budgetary policy. Legislative may also use the financial statements to approve or disapprove the procurement of capital expenditures, debt additions or payments, the use and sells of regional assets.

In contrast to as delivered by the legislative, the internal auditor of the government found the supervisory function carried by the legislature should not ignore the information presented in the accrual-based financial statements. Legislative mat not be the supervisor of the financial reports, but they require the accrual information to assess the effectiveness of public services carried out by the executive.

“They (legislators) should understand. They are the representatives of the people, as well as supervisors, (they should know) the accountability report from the executive. Had the legislature

understood the accrual accounting and then when the regional working unit proposed the budget (to the legislative), they came to know, the asset is this condition, the financial statement is this number... The legislative might be able to answer *"Why do you propose (asset) again? If the condition was only lightly damaged, why don't you propose for maintenance cost only?"* By doing so, their function to control of the government works. That is the legislative function, controlling government, budgeting, but that is not yet optimal."

(Mr. Rio, government internal auditor)

In the same attitude, Mr. Arsandi also confirmed potential malfunction of the legislative if they have only approved the budgetary proposal without understanding the usefulness of the proposed budget by the legislative.

"... The Chair of the Budget Committee (in the Legislative) cannot wash his hands (in case any fraud of budgetary occurs). It was once a large capital expenditure, but with small income and the income was also unrealistic, especially in the equalization fund. As a result, the government owed much at that time. Actually it could be considered misconduct, **the misconduct of planning.**"

(Mr. Arsandi, government internal auditor)

Misconduct of planning was the obvious allusion to the legislatures that are only to approve the budgetary proposal even though the calculations reported showed the wrong data. Despite the capital expenditure is required for the public service, but that does not mean the local government is able to propose the budget as they want regardless of regional monetary capability. Legislative needs to confirm in advance how the achievements of past income and potential income may be obtained in the future. If the calculation of the income potential is too large, the regional should be reviewed because there might possibility that the regional is proposing the amount of budget beyond its ability.

Capital expenditure of the regional is intended to the procurement of fixed assets. Fixed assets have an important role for the government because the fixed assets will support public services. The concept of assets between business and government is different (Barton, 2005). In the business sector, the assets are purchased and used to gain profit for the entity. Therefore, the asset is expected to provide benefits in the form of cash inflows (revenues). From this, the concept of matching costs with revenue emerges.

For the public sector, the benefits of the assets are related to the public service, and it cannot be judged from how much the incoming cash obtained just as in business sector (Pallot, 1992). Some government assets are meant to provide income, but some others are mostly for social purposes. Government assets which are meant as social assets are such as infrastructure (roads, buildings, bridges, irrigation, etc.), military assets or historical heritage (Lapsley, et al., 2009; Christiaens et al. 2012). Positive cash flow is not the purpose of this type of assets because negative cash flow may also occur (Barton, 2005). The negative cash flow for social assets is an indication that the government cannot associate between cash expenditure and the economic benefits of the social assets because these are aimed for social. One example is historical heritage asset. This type of asset becomes the character of the region, and thus the despite the government would spend some funding to support the asset may not be bothered with the negative cash flow issue. Definition of assets in Indonesia has been explained and sorted between assets that may bring economic benefits and social benefit by nature as can be seen below:

"Assets are economic resources controlled and/or owned by the government as a result of past events and from which the benefits of economic and/or social in the future is expected to be obtained, both by governments and communities, and can be measured in terms of money, including non-financial resources which are necessary for the provision of services for the public and the resources are maintained for reasons of history and culture"

(Regulation on Government Accounting Unit (PSAP) 07 on Government Regulation Number 71/2010)

Government assets that often gain more concern are government fixed assets because these assets can be easily known, and the existence is utilized for the operations of government or to the public. Thus, the government fixed assets are divided into two: fixed assets utilized for operating activities of the government and the fixed assets utilized for the public. The government does not aim for profit on the provision of the

public service. Public service is non-rival and non-excludable (Barton, 2000; Christiaens et al., 2012). Non-rival means public service has the capacity to serve the public in large enough quantities so that the benefits are awarded on public services to one person will not eliminate the right of others to receive similar services. Public services are also non-excludable which shows that public service can be shared and accessed by everybody. Both of the nature of the public service shows the values of justice.

The government is the custody agent that takes care of the various needs of the public by utilizing the taxes paid by citizens (Pallot, 1992; Barton, 2005). Government which has assets should also maintain the asset and the benefits of the assets should go to the public (Christiaens et al. 2012). The government is also restricted by legislation passed by the legislature in managing government assets, and therefore, the government assets should not be sold under the rules (Pallot, 1992; Barton, 2005; Christiaens et al., 2012). Limitation of action may be taken by the executive shows that the government does not have complete control over the assets. Regulations provide limits and become the basis for the government to determine the acknowledgment of the assets, such as land or government buildings which were previously not utilized by the regional authority could be utilized and converted into public facilities such as government offices, museums or other, or official vehicles that had passed its economic life could be sold (auctioned) to the public.

This is also the reason the legislative needs to analyze the financial statements of the executive to run the legislative function in determining the status of the government assets, paying attention to the government for optimal asset utilization, giving appropriate recommendation to planning the procurement of new assets, or to reject a legislative proposal, as indicated above wastage or misconduct of public funds.

## **5. DISCUSSION AND CONCLUSION**

### *The Changes on Government Accounting, the Changes on Public Services*

Any changes applied to public organizations need to be evaluated for the public benefits. Government as the institution responsible for providing public services need to be aware that the task associated with the identity of public servants who should uphold the values of equity, fairness, and honesty in its duties. Meanwhile, the accounting changes brought by NPM may enclose to the use of public sector labor market principles as applicable in business.

In addition, there is an indication urging the business sector to get into government because government is likely considered as lucrative market because every year the government will issue capital expenditure and/or services in large numbers (Neu et al. 2013), the government also has made lending or borrowing some money (Chan , 2003). These transactions require the government to make economic accountability that is more accountable and transparent. Accountability is a demand that should not be denied in such democratic system.

Legislative plays an important role in the democratic process as a higher institution that oversees government policies. When accrual accounting is applied, the legislative has intention to know whether the classification of government assets aimed at bringing income or social purposes because it may effect on public services. Legislative authorizing the allocation of budget funds to buy assets for the purpose of income or social objectives, and decisions will have impacts on the cash flows from the activities of the government. Similarly, the legislative may change the status of the asset so that it can influence the decision of the executive to be able to sell or cannot sell the asset.

The selection of accrual accounting to produce information that is more accountable and transparent are expected not to be political and economic interests of the government, but it should return to improve the people's welfare. It should be kept in mind that such improvements do not conflict with the moral values that must be held by public officers.

The moral values of public servants are attached to the characteristics of non-rival and non-excludable public services. The reality of public service denying the criteria for non-rival and non-excludable public service may cause the "limitation" and then the public services will be carried out by using the market system logic, such as competition, efficiency and effectiveness by using the size of the economy. As a result, fairness, honesty and equity are no longer as the primary concern in providing public services.

Caron and Giauque (2006) expressed in relation to this issue, "It is more dangerous to assume that the values of the private sector can be wholly transposed to the public sector, since each sector has a different concept of effectiveness". Public sector has effective concept, but the concept is different from the business

sector. The effectiveness in the public sector is measured in terms of the success of public officers to apply ethical values and morals in performing their duties to the society so that fair treatment is achieved. Public servants are the agent of ethics for the public benefits, and through these behaviors and become important process rather than results.

The performance appraisal is based on financial statements that are not understood by the users might be pointless or merely symbolic. Results-oriented performance appraisal may also *trap* the relevant unit individualistic act as authority which is prioritizing achievement on behalf of individuals or groups, but ignores the public interests. As it happens in the unit of government revenue, that the large revenues would reflect good performance for the unit, but there are some questions whether the revenue was obtained by observing the honesty, justice, fairness, and equality for the public who becomes the object of government revenue? Similarly, the unit cost of government, high budget absorption is an indication of good performance because the funds have been absorbed into the programs and activities that have been planned. However, the same question may arise whether the absorption of the budget has been carried out with due regard to fairness, justice, fairness, and equality to the public interest.

### Conclusion

Accrual accounting provides important information for the users such as the legislative and the executive to demonstrate accountability to the public. However, there is still one issue on how to disseminate the accrual accounting so it can be understood by the executive and legislature in the context of public service improvement. There should be framework about the concept and process of accounting in accordance with accounting functions so that they actually produce information that is more relevant, reliable, and understandable.

The substance to be conveyed through the accounting is to produce information that shows all the activities that have been undertaken by an entity as a form of accountability and responsibility to the party that has given confidence. This process demands honesty from the provider or the information and are willing to accept the consequences of the information submitted. Adverse consequences certainly should be avoided, but stakeholders require disclosure to explain the adverse conditions faced and expect a solution to improve the poor performance.

Some values such as openness, honesty, fairness, trust, and cooperation are reflected in the desired process of accounting. These values are universal while ways to implement these values should be contextual. The implementation of accountingization through NPM denies the context; that accounting becomes as if value-free technique that can be applied across sectors and countries; the right technology for the business sector is considered appropriate for the government sector; the right technology for the developed countries with liberal ideology can be adopted as well by developing countries such as Indonesia, which has its own local wisdom and concept of economy. In order avoid inconsistent practices in our nation, perhaps we need to look back the ideology in Indonesia stated by the founding father, Bung Hatta:

“As a nation that has fought for decades against imperialism and colonialism, we have idealism, high idealism, on the basis of our life. We want to see our nation prosperous, free from the misery of life. Our idealism was rooted in the Constitution: “the economy is structured as a joint effort based on the principle of family”. The principles of family cooperation! The words stipulated on the Constitution are not just one statement rather than idealism of our nation; it is also a guidance to work to that path.”

(Hatta, 2015b: 3)

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