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**TREATMENT OF GOVERNMENT ACCOUNTING STANDARDS FOR PRESENTATION
OF MILITARY ASSETS
(STUDY ON THE INDONESIAN ARMED FORCES)**

**Luthfi Rahman¹, Annisa Ramadhani², Siti Aida Mahrani Lubis³, Nurfathinah Hutasuhut⁴,
Rahmi Fazillah Siregar⁵, Muhammad Reza⁶, Iskandar Muda⁷**

^{1,2,3,4,5,6,7} Universitas Sumatera Utara Medan, Indonesia

¹Corresponden Author Email : luthfi.rahman05@gmail.com

Abstract In implementing accounting in the public sector there are many governments that can be classified in the public sector, one of which is in the Military Institution. The Military Institution actually also issued the same basis in financial reporting and its accounting with other public sectors. Fixed assets in the Military Institution are slightly different from other government institutions related to military assets that are used and prepared by the government that are used to train members of the army and prepare movements against separatist movements in Indonesia that produce weapons, buildings and transportation equipment. Public information disclosure through Law number 14 of 2008 concerning further disclosure of information about submitting information on assets to military assets related to related information distributed by parties not responsible for requests for military assistance needed by Indonesia. The object of research is the influence of Government Regulation No. 16 of 2010 concerning the implementation of Law number 14 of 2008 concerning complaints of public information on fixed assets related to the military at the Directorate of Army Engineering considering the presentation of relevant financial statements that can be carried out by Law. Regarding public information disclosure where reports can be given if there are no secrets and can be protected by national security.

Keywords: Fixed Assets, Military Assets, Disclosure of Public Information

JEL Codes : M41, M48

1. INTRODUCTION

The use of accounting is not only for company but also used in public sectors such as military institution. The government has the responsibility to manage public funds and is obliged to provide public accountability. The development of public accountability is characterized by the concept of New Public Management (NPM); this concept is emerging as a response to criticism and demands for accountability of public sector organizations (Christensen & Lægreid, 2022). The changes are accompanied by changes in the basis of accounting from cash accounting into accrual basis of accounting. Benefits of accrual accounting are to be able to show how the government financed its activities and to meet funding requirements and to evaluate the government performance regarding he efficiency and effectiveness of resources.

Military assets can encompass a large variety of assets (Denton & Harris, 2022). Some of these assets are civilian assets (for example office buildings), while others are very specific (for example

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About the authors : Luthfi Rahman

Email: luthfi.rahman05@gmail.com

nuclear weapons). The accounting for these specific military assets is a “material, technically complex and sensitive issue for some Member States. The following graph provides an indication of the materiality of military spending in the Member States.³ It shows the total government expenditure on defence in 2015 (as a percentage of GDP) for each Member State. The horizontal yellow line provides the average government expenditure on defence in 2015 in the EU as a whole. The total government defence spending is further broken down by function, namely into military defence spending, civil defence spending, foreign military aid spending, R&D defence spending, and defence spending not elsewhere classified (defence n.e.c.).

In implementation of accrual basis accounting, there are differences between public sectors and private sectors, this is an important issue for a country especially in relation to the existence of three types of fixed assets, historic assets, military assets, and infrastructure assets. These three types of assets has unique characteristic and different treatment, this paper will focus on military asset reporting and treatment. One benefit of accrual accounting is that it can help decision making function of government, such as the decisions to admit a military assets as a fixed assets and budgeted depreciation and maintenance cost will be budgeted, for example in initial American approach to capitalization and depreciation transportation items military only, while items such as fighter combat aircraft are recognized as an expense, but then United States is using capitalization and depreciation for all military assets. Assets is resources that are owned and used by organization to achieve the goals of an organization, that is the reason why it is important to manage the assets to achieve the goals efficiently and effectively.

The government of the Republic of Indonesia has an obligation to prepare financial statements as a form of execution of the state budget (APBN) as stated in Law No. 7 of 2003 Section 30. Fixed assets accounting specifically regulated in Government Accounting Standards (PSAP) Number 07 which is a result of the adoption of International Public Sector Accounting Standard (IPSAS) 17 Number 20 about property, plant, and equipment (Chan. 2006). There are some reasons of why military assets including fixed assets are different in the nature of reporting and treatment, it is related to military secrecy to national defense and security which seems contrary to the purpose of accrual accounting to accountability and transparency of financial management. Presentation of information in the form of Public Information when opened and provided to the Public Information may jeopardize state security and defense based on Government regulation No. 61 Year 2010 on Law Implementation of law No.14 year 2008 about Disclosure of Public Information, some information can be exempt and remain confidential if such information when reported can endanger national defense and security, which is among information on the number, composition, disposition, or dislocation of strength and ability in the administration of national defense and security systems as well as its development plan. This reason makes military institutions can avoid the presentation of confidential information in the financial statements.

2. LITERATURE REVIEW

2.1. Government

Kristiadi (2003) stated that Government is an activity undertaken by the government ruled that conduct power to rule on behalf of the State to the governed (the people). On the other hand Nurkholis (2006) stated that Government is all activity done by governance to meet the needs of the people. Based on the definition given by the experts, basically the definition of government is activities that undertaken by governance to rule the governed to meets the needs of the people. Based on 1945.

2.1.1. Roles of Government

Government is has a very important role in managing funds gathered from citizen. Government itself defined as the organization, machinery or agency through which a political unit excises authority and performs function and which is usually classified according to the distribution of power within it (Merriam Webster Dictionary). The variety of functions undertaken by government are divided in different areas, the most frequent function of government is probably the function of coordination in both technical and political aspects (Анисимова & Тихонова, 2022). Another functions of government are strategic planning, performance monitoring, coordinating of Policy Design and Implementation, and communication and accountability.

Based on 1945 constitution of the Republic of Indonesia preamble government has a section or a separate entity based on their role in manage the country, consisting of; People's Consultative Assembly (MA), House of Representatives (DPR), Regional Representative Council (DPD), Audit Board of the Republic of Indonesia (BPK), President, Supreme Court (MA), judicial commissions (KY).

1. People's Consultative Assembly role:

The Role of the People's Consultative Assembly based on Article 3 and Article 8 paragraph (2) and paragraph (3) of the 1945 Constitution are:

1. Amend and enact the Constitution;
2. Inaugurate the President and / or Vice President;
3. Dismissing the President and / or Vice President during his / her term of office under the Constitution.
4. Elect a Vice-President of two candidates proposed by the President in the event of a vacancy of the Vice-President in his / her term of office;
5. Electing the President and Vice President if both cease simultaneously in his term of office, of two pairs of candidates for President and Vice President nominated by a political party or a coalition of political parties whose candidate pairs of President and Vice-President candidates shall reach the first and second most votes in elections before, until the end of his term.

2. House of Representatives (DPR) Role of Parliament: Establish legislation discussed with the president for joint approval;

1. Discuss and grant approval of substitute government regulation.
2. Accepting and discussing proposed draft law submitted by the DPD related to a particular field and including it in the discussion.
3. Taking into account the DPD's consideration of the draft State Budget Law and the draft laws relating to taxes, education and religion.

4. Establish the State Budget with the President by taking into account the considerations of DPD; carrying out supervision on the implementation of legislation, state budget revenue and expenditure, and government policy;
5. Discuss and follow up on the results of supervision proposed by the DPD on the implementation of laws concerning regional autonomy, the formation, division and merging of regions, central and local relations, natural resources and other economic resources, the implementation of the state budget, taxes, education and religion;
6. Selecting members of the Supreme Audit Board with due consideration to the DPD's consideration;
7. Discuss and follow up on the results of the audit of state financial accountability submitted by the Supreme Audit Board;
8. Approve the President of the appointment and dismissal of members of the Judicial Commission;
9. Approval of candidates for Supreme Court Justices proposed by the Judicial Commission to be appointed as Supreme Court Justices;
10. Elect three candidates for constitutional justice and submit it to the president for adoption;
11. Give consideration to the president to appoint ambassadors, accept the placement of ambassadors of other countries, and give consideration in granting amnesty and abolition;
12. Approval of the president to declare war, make peace, and treat agreements with other States, and make other international agreements that have broad and fundamental consequences for people's lives related to the financial burden of the state and / or the formation of laws;
13. Absorb, collect, accommodate and follow up on community aspirations; and
14. Carry out other duties and authorities specified in law.

2.1.2. Public Sector

Public sector is part of the national economy controlled by the government, part of this economy deals with giving services to the public (Astuti, 2013). Entities and activities from the public sector are to produce goods and public services in order to meet public needs. The composition of public sector may vary depend on the needs of each country. In general public sector are including; infrastructures, military institutions, police, educations, health, electricity, etc. The assets owned by public sectors are used for giving services to public. Public sectors are usually called nonprofit sectors, because the aim of the organization is usually for serve the public it makes the public sectors main objectives is not profit but to serve the public.

Based on Government Accounting Standard (PSAP) No. 07, the definition of an asset of public sector 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 gained, both by governments and communities, and can be measured in terms of money, including non-financial resources needed to provide services to the public and resources are preserved for historical and cultural reasons. Asset in public sector is divided into current assets, long-term investments, fixed assets and other assets. One type of significant assets on the government balance sheet is fixed assets.

2.1.3. Military Institution (TNI)

The Indonesian National Army or Armed Forces are a unit of soldiers who are members of the armed forces owned by the Indonesian government. The TNI was formed on October 5, 1945 under the name of the People's Security Army (TKR), which later changed its name to the Army of the Republic of Indonesia (TRI), and subsequently changed again to the Indonesian Armed Forces (TNI). In carrying out its duties and obligations, the TNI is led by a commander and this organization is divided into 3 groups (Matra), namely:

- The Army is led by the Army Chief of Staff
- The Navy is led by the Navy Chief of Staff
- TNI Air Force led by Air Force Staff

2.2. Public Sector Accounting

According to Bastian (2007) Public sector accounting becomes a mechanism in engineering as well as accounting analysis used in the management of public funds in state institutions and departments under it, BUMD, SOEs, NGOs, social foundations, and public sector projects or private. In his book entitled "Public Sector Accounting", the definition of Public Sector Accounting can be interpreted in a broader sense as the method of State management. Whereas in its narrow sense, it is defined as a levy imposed by the State.

The following are some of the purposes of public sector accounting described by the American Accounting Association (1970):

1. Accountability, The purpose of public sector accounting is used to provide information that can be useful to public sector managers and can be used in reporting responsibilities of fields, divisions, and resources under its auspices. In addition, the purpose of this objective is to report on public activities of government operations and the use of public budgets.
2. Management Control, The purpose of public sector accounting is to provide information that is needed in the management of an agency / organization appropriately, quickly, efficiently, and economically on the operation and use of resources budgeted in the organization / institution.

In Indonesia, the presence of public sector accounting is intended to create conditions that are transparent, efficient, public accountability, effectiveness, and economical. What is meant by transparent conditions is the reporting presented in an open state and no part is covered. The definition of public accountability is the embodiment of the concept of ethical answer to answer in public institutions. While the purpose of effectiveness, efficiency, and economics is the meaning of time and cost savings for optimal performance to run. Public sector accounting deals with 3 main points, namely as a provider of management control information and accountability. Accounting information is used as a consideration at the time of decisions making, in which case it helps the manager to allocate all available resources. Accounting information is also used in determining the costs incurred in an activity and its feasibility in terms of economic or technical. In addition, the information can also be used in choosing which programs are appropriate, effective, economical for investment valuation. Accounting information is also needed in public sector performance assessments.

3. METHOD

This article uses literature reviews to explain about the treatment of government accounting standards for presentation of military assets.

4. RESULT AND DISCUSSION

4.1. Result

The IPSASB's conceptual framework¹⁰ sets out that the primary reason for holding property, plant and equipment and other assets in the public sector is their service potential rather than their ability to generate cash flows. Because of the types of services provided, a significant proportion of assets used by public sector entities are specialized in nature. One type of these specialized assets is military assets. The accounting guidance with respect to accounting for these assets is embedded in IPSAS 17 "Property, plant and equipment". In a military environment, research and development expenditure are incurred on a regular basis. The accounting treatment for this type of expenditure is embedded in IPSAS 31 "Intangible assets".

Research phase	No intangible assets arising from research shall be recognized. Expenditure on research shall be recognized as an expense when it is incurred
Development phase	An intangible asset arising from development shall be recognized if, and only if, an entity can demonstrate all of the following: <ul style="list-style-type: none"> ▶ The technical feasibility of completing the intangible asset so that it will be available for use or sale; ▶ Its intention to complete the intangible asset and use or sell it; ▶ Its ability to use or sell the intangible asset; ▶ How the intangible asset will generate probable future economic benefits or service potential. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; ▶ The availability of adequate technical, financial and other resources to complete the development and to use or sell

4.2. Discussion

Characteristics that are often considered as a characteristic of a heritage asset are: 1. Having cultural, environmental, educational, and historical values that cannot be fully symbolized by financial values based on market prices 2. Applicable laws and regulations strictly prohibiting their release 3. It is not easy to change and its value will continue to increase during the running time even though its physical condition decreases 4. It is difficult to estimate its useful life Some heritage assets also provide other potential benefits to the government in addition to their value, for example for office space. For

this case, the same assets will be applied as other fixed assets, but for other historic assets, it will be recognized without value because it has no use value in government and only provides historical value.

Fixed assets are presented based on the acquisition cost of the property, less accumulated depreciation. If there is a condition that allows revaluation, then the fixed assets are presented based on the adjustments in each revalued fixed asset, and in the equity account (equal to the difference in the revaluation value with the carrying value). Depreciation is the adjustment of value in relation to a decrease in the capacity and benefits of an asset. Depreciation values for each period are recognized as a reduction in the carrying amount of fixed assets in the balance sheet and depreciation expense in the operational report. In addition to land and construction under construction, all fixed assets can be depreciated by the nature and characteristics of the asset. The preconditions for depreciation are as follows: A. Know the book value that can be depreciated B. The useful life must be known. C. Conditions that cause a decrease in fixed assets must be known.

According to PSAP 07 Par 57, the useful life of fixed assets that can be depreciated must be reviewed periodically, and if there are large differences from the previous estimates, the current and future depreciation must be adjusted. Depreciation methods that can be used must be able to describe economic benefits or the possibility that services that will flow to the government include: a. Straight-line method. This method produces the same value for each accounting period. b. The double declining balances method. This method can be carried out by means of a straight-line method associated with two, but the basis for depreciation is the book value, namely the acquisition price is reduced by the accumulation of depreciation. c. Production unit method (unit of production method)

5. CONCLUSION

For the elimination of assets there are several things that cause internal control still not in accordance with the applicable standards, where several assets that have expired are not immediately disposed. However, for other criteria at disposal of assets that have been fulfilled, the elimination of assets can be tracked in accounts, profits and losses when the write-off of assets is recorded in the income and expense account, and each deleted asset has passed the authorization, validation and approval of the related party.

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