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***The Implementation of Accrual Accounting:  
A Lesson Learned of Basic Requirement Model at Local  
Governments in Indonesia***

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## ABSTRACT

The government must have the procedures and requirements for the use of public financial resources in order to meet the criteria of accountability in good governance. Therefore, the government must establish a reliable accounting system to produce information for accountability, as well as useful in designing and implementing public policy. Government Regulation 71/2010 of Indonesia stipulated the implementation of Accrual Accounting at Budget Year 2015. One of the significant objectives of this regulation is strengthen government capacity to produce information for public accountability. However, the implementation of accrual accounting is still not as expected. Effectives strategies are needed to enhance the capacity of both institutional and human resources. Basic Requirement Model (Ouda, 2004) said that implementation of accrual accounting necessitated a good management on some factors, which are management changes, political and bureaucracy support, professional and academic support, communication strategy, willingness to change, consultation and coordination, budgeting of adoption costs, specific accounting issues, and information technology capability. This study will explore the management of some basic requirements of successful accrual implementation (Ouda, 2004) by local governments in Indonesia and its implication to the capacity building strategy. Research will be conducted in eight local government that represents the type of government in Indonesia, studying each aspect with qualitative approach through a series of interviews, observations and study of the documents. This multi-case study will lead to the mapping of conditions and directing the formulation of appropriate strategies for improvement of accrual accounting. Besides, the mapping will also benefit central government to develop capacity building, either through issuance of technical regulation or the training of human resources. The results of this research will provide significant inputs in this panel discussion, because of these factors. *First*, the practice of financial management is largely determined by the reliability of the accounting system. *Second*, it is impossible to provide the accounting data for decision-making without accrual. *Third*, innovation strategies for accrual implementation are much awaited by many stakeholders.

**Keywords:** Accrual Basis, Accrual Accounting, Governmental Accounting, Basic Requirement Model, Local Governments

## INTRODUCTION

The change from the cash basis to accrual basis in government accounting is part of reform in the state finance sector as mandated in Law no. 17/2003. Both the central and local governments in submitting accountability reports for the implementation of policies and resource management, shall comply with governmental accounting standards (SAP) as governed by Government Regulation No.71/2010. The regulation states that central and regional governments shall Apply accumulated SAP in the financial reporting process by 2015.

Accrual-based accounting is considered important to implement because it can generate more accountable and useful financial information for the decision-making process (IPSAS Study 14, 2011). Using the accrual basis, users of financial statements, in this case government and society, can see how an entity finances its activities, evaluates the ability of an entity to solve its obligations, evaluates the entity's performance in terms of cost efficiency, and provides an entity with the ability to manage resources.

In 2013, as an effort to accelerate the implementation of accrual basis, the Government issued Ministry Regulation No.64/2013 that no later than accrual basis accounting shall be applied by the regional government in fiscal year 2015. With the regulation, some local governments are encouraged To implement an accrual basis accounting system.

Implementation of Accrual Accounting in Local Government is not without challenges. Required a good preparation in terms of policies, rules and other infrastructure. Other aspects that also need to be prepared are human resources, especially accounting officers who understand accrual accounting.

Basic Requirement Model (Ouda, 2004) said that implementation of accrual accounting necessitated a good management on some factors, which are management changes,

political and bureaucracy support, professional and academic support, communication strategy, willingness to change, consultation and coordination, budgeting of adoption costs, specific accounting issues, and information technology capability.

This study will explore the management of some basic requirements of successful accrual implementation (Ouda, 2004) by local governments in Indonesia. Research will be conducted in eight local government that represents the type of government in Indonesia, studying each aspect with qualitative approach through a series of interviews, observations and study of the documents. This case study will lead to the mapping of conditions and directing the formulation of appropriate strategies for improvement of accrual accounting. Besides, the mapping will also benefit central government to develop capacity building, either through issuance of technical regulation or the training of human resources.

## **THEORETICAL FRAMEWORK**

Accrual accounting brings accrual financial reporting into more comprehensive (Guthrie, 1998). Guthrie (1998) stated that accrual accounting is created for the economic decision making and also for accountability purposes. Moreover, based Deaconu (2011) accrual accounting can support proper financial reporting and also create efficiency and effectiveness of public sector management.

Accrual accounting is an accounting system that recognizes revenues when the revenues have been received or when revenues are expected to receive, and recognizes expenses when goods or services have been used (Kieso, 2011). Focus measurement of accrual accounting is economic resources that owned by the entity that is visible through in the balance sheet. So that accrual accounting accurately reflects activities of the entity and provide better information on financial information and economic conditions in the future

government (DioGuardia, 2014). Therefore, the presented information on accrual accounting is more accurate for analyzing the control of the fiscal capacity and fiscal condition which owned by the entity. The analysis can also help the government for detecting financial crisis (Katteleus, 2010).

Accrual accounting has been implemented in several countries. In European Union, adoption accrual accounting first was easily and without additional data collecting cost, such as liabilities and financial assets (Pina, Torres, & Yetano, 2009). Accrual accounting also gave an answer why accrual accounting has overcome the resistance to New Public Management (NPM). Implementation accrual accounting in Italian Local Governments (LGs) is more likely in the middle-sized LGs. Geographic location, political orientation, and especially CFO's own preferences have positive role in implementing accrual basis in Italian LGs (Pessiona, Nasi, & Steccolini, 2008). In Brazil, transformation accounting system to accrual basis was motivated by inability to meet the requirement the fiscal responsibility law to produce cost figures since the mid-2000 and gap between convergence towards IPSAS and accounting practice in Brazil (Cardoso, R.L., Aquino, A.C.B., & Pigatto, J.A.M., 2014)

In the other hand, implementation of accrual accounting is challenging. In European Union (EU) implementation accrual accounting is more slowly in physical assets and in the operation-disclosures related to retirement benefits (Pina, Torres, & Yetano, 2009). The majority of EU did not have reliable updated physical asset inventory available. The regulation and standard setting in Swedish for development and interpretation GAAP had a limited impact on municipal accounting practice. This is caused by deficient competence among the preparers, weak audit quality, absence of sanction so the preparers have the negative attitude, and inconsistent and unclear standard (Falkman & Taggeson, 2008).

Accrual accounting is quite challenging, because its implementation facing several barriers. Lueder (1992) introduced contingency model that explains in every government accounting innovation implementation there will be barriers. Contingency model by Lueder (1992) also explainsthat government accounting innovation is affected by stimuli. Ouda (2004) also agree with Lueder (1992) contingency model, that the government accounting innovation caused due to its stimuli. However, contingency models by Lueder (1992) is not sufficient to explain the stage for the successful of government accounting innovation implementation. Ouda (2004) explains the basic requirements models that can create successful implementation of accrual accounting in the public sector. The basic requirements model agrees with contingency models, that the decision to implement the accrual accounting is driven by stimuli. The basic requirement (Ouda, 2004) added a method to overcome the barriers through some factors and changes.

Based Ouda (2004) The nine basic requirements are (1) Management changes; (2) Political and bureaucracy support; (3) Professional and academic support; (4) Communication strategy; (5) Willingness to changes; (6) Consultation and co-ordination; (7) Budgeting of adoption costs; (8) Specific accounting issues; and (9) Information technology capability (Ouda, 2004).

Management changes is the basis of successful accrual accounting implementation. The accrual accounting implementation can't work out without management changes (Ouda,2004). Another basic requirement is politics and bureaucracy support that necessary and has a significant impact, especially in developing countries. This is because political positions (executive and legislative) holdthe power to decide on start implementation of accrual accounting (Ouda, 2004).The implementation of accrual accounting needs regulation and accounting standard that can improve the accrual accounting practices and procedures.

So that, the professional and academic have essential role through proposing it (Ouda, 2004).

The initial problem that may occur in implementing of accrual accounting is people don't understand about the accrual accounting concept. Therefore, the government must have a communication strategy as an important requirement to inform people so the accrual accounting can be successfully implemented (Ouda, 2004). One of the critical basic requirement that government must notice is about willingness to changes. The implementation of accrual accounting will success if people want to change the accounting process become accrual (Ouda, 2004).

The first step of implementing accrual accounting is to consult and co-ordinate. It is Necessary to know essential things such as some problems and obstacles. By knowing them, the government may establish a system that is able to avoid them and can support successful accrual accounting implementation (Ouda, 2004). The other basic requirement is about budgeting of adoption costs. In implementing accrual accounting, the government should create a budget for the implementation of accrual accounting cost. It can assist in overcoming the future financial problems (Ouda, 2004).

Accrual accounting implementation sometimes causing some problems, because the previous accounting system is not perfect. So, it is important to the government to tackling these problems earlier so the implementation process of accrual accounting will be success (Ouda, 2004). The last but not least, the basic requirement is computerized that can support the introduction of accrual accounting just because the world has entered the technology era. But in the context of developing countries, traditional system sometimes is more suitable (Ouda, 2004).

## RESEARCH METHODOLOGY

This research is a qualitative research, an explorative research on a phenomenon involving the opinion of certain participants (Cresswell, 2006). The approach used is case study, a suitable approach to explain how and why decision-making related activities or processes in a particular phenomenon (Yin, 2009).

Case study was conducted on accrual accounting implementation process in 8 local governments in Indonesia, consisting of 2 provinces (East Java, North Maluku), 2 cities (Tangerang, Depok) and 4 districts (Lamongan, Sangihe, Banggai, Wonogiri). Aspects that are seen in those 8 local governments are 9 aspects of Basic Requirement Model (Ouda, 2004), which are management changes, political and bureaucracy support, professional and academic support, communication strategy, willingness to change, consultation and coordination, budgeting Of adoption costs, specific accounting issues, and information technology capability.

Data collection was conducted through interview, observation and documents review as explained in the following table.

Table 1 : Data Collection Methodology

Data Collection Method	Locus of Research
Interview	Interviews was conducted on 9 aspects of Basic Requirement Model (Ouda, 2004) in 2 provinces (East Java, North Maluku), 2 cities (Tangerang, Depok) and 4 districts (Lamongan, Sangihe, Banggai, Wonogiri).
Observation	Observations was conducted on accounting process at working unit level and consolidation level in District of Lamongan and City of Tangerang
Documents Review	Documents reviewed (Planning and budgeting, accounting process, financial statement, IT documentation, related regulation, training documentation) in Tangerang, Lamongan and East Java.

*Source : Identified by Authors*



Data analysis was conducted using the general strategy and specific strategy based on Yin (2009). General strategy is to compare the previous theory with the data found in the field and form a rival explanation. Rival explanation is done by forming an explanation contrary to the results of the analysis found in the field. While the specific strategy used in the analysis of this research data is explanation building. Through this method the researcher will analyze by giving explanation about the data of research result. After that, the researcher will make a comparison explanation done by making a statement from the theory of Ouda (2004), to then compared with the evidence found in the field.

## **DISCUSSION**

### ***Management Changes (MC)***

For a successful accrual implementation, Ouda (2004) explained that the government should shift from the ***public administration system*** to the ***public management system (which is called NPM (New Public Management))***. The latter focuses on output instead of input, increases the individual responsibility, gives the managers extensive discretion in the use of resources, and measures the performance in terms of efficiency and effectiveness. We can say that without making internal management changes in the public sector departments, accrual accounting has no or little meaningful value. Local governments in Indonesia have been mandated to apply the principles of New Public Management through a series of laws and regulations (Law 17/2003, Government Regulation 58/2005, Ministry Regulation 13/2006). Under the regulation, business processes in the regional government have changed. The budgeting process has taken into account some indicators of output and outcome, not just input indicators. There are also Performance Reports that complement the existing Financial Statements.

In practice, such a performance approach has not been maximally implemented because of a mindset change that has not fully occurred. Although all budgeting documents have led to performance budget execution, the filling of performance indicators, targets, and measurement processes is still stuck in formality. Observations in local government indicate that the orientation of inputs is still dominant in government management.

Another challenge to aspects of Management Changes is that some decision makers are still using cash-based mindsets. As a result, information generated from accrual-based accounting for real performance measurement is not used for decision making.

This aspect is a building block that still needs to be much improved. The government must try harder for all elements of government to move both mindset and action to New Public Management

### ***Political and Bureaucracy Support (PBS)***

Ouda (2004) said that the political support is a vital role in making any changes in the public sector in any country. The political support herein includes:

- Executive bodies support (Political executive support);
- The legislative bodies support (Parliamentary support);

Both of them are important in the change process and they play different roles in this process. The executive bodies are responsible for making the decisions to carry out the ongoing activities of the government and report to the legislative bodies concerning financial matters. Moreover, the legislative bodies control their financial operations and the departments, which are managed by them.

The executive, in this case the Governor / Major / Regent, is responsible for all execution of accrual accounting activities in their authorities. While the legislature plays a role in making

regulatory references, overseeing work, and ensuring the achievement of accrual-based financial management by executives.

Political and bureaucracy support factors in Indonesia are running quite well, at least in 8 local governments where research is conducted. Political support can be seen in table 2 as follow:

Table 2 : Political Support by Political Actor

No	Political Actor	Support
1	Executive Support	Issuance the Guideline; Formulation of Accounting Policy; Acclocate budget for adoption cost
2	Parliament Support	Facilitate the formulation of City Regulation on Financial Management which contain an umbrella for accrual accounting implementation; Facilitate the discussion on Financial Statement

Source : Identified by Authors

### ***Professional and Academic Support (PAS)***

Ouda (2004) explained that in order to facilitate the implementation of accrual accounting system in the public sector, it entails professional and academic bodies support at internal, external and international level. These bodies play an essential role in rendering assistance to the public sector in the development and designing of an accounting system that would meet the needs of the politicians and other users.

In the implementation of accrual accounting in Indonesia, there are several organizations that play an important role. There is an Accounting Standard Committee formed with Presidential Decree. This committee has members who are experts in accounting from all over the country. They meet regularly discussing the latest issues on government accounting. The main product is the accounting standard currently specified in Government Regulation 71/2010.

In addition to the Standard Committee, there is another organization that also plays a role, namely the Institute of Indonesia Chartered Accountants. They have a specific division that discusses in particular the development of accounting in the public sector. This organization conducts research and training that can be accessed by all parties, both government and private.

There is also some research by academics in local government that can be used as consideration for development in accrual accounting treatment. Through the results of this study is expected there is follow-up and contribution that can be given.

Some forms of Professional and Academic Support can be seen in the table 3 as follows:

Table 3: forms of Professional and Academic Support

No	Professional Body	Role
1	Accounting Standard Committee	Issue the Standards, principles of accrual accounting
2	Institute of Indonesia Chartered Accountants	Research and Training

*Source : Identified by Authors*

### **Communication Strategy (CS)**

As said by Ouda (2004), one classical reason why many accounting changes in the public sector have failed in the direction of the change and empowered to contribute to the process. Getting people to change behavior requires communications upon which they would actually act. To influence behavior via communication requires very targeted content in messages and careful selection of media. The cost of the communication strategy can be justified in the implementation of the system by comparison with its predecessor. Therefore, we consider the communication strategy as an important requirement for the successful implementation of accrual accounting in the public sector.

A communication strategy should be established to make the financial officer's understanding well-developed. The most common strategy is socialization either through circular letter or training.

Training is conducted for Working Unit Officer, Treasurer, and Program Manager with external and internal speakers. It is intended that financial management officers can recognize more closely and willing to participate in making changes in accrual-based accounting.

Some important material, particularly related to the understanding of standards, is still being carried out by the central government. This form of socialization creates dependence on the center. The material given is generalized to all regional governments, so it is sometimes irrelevant to the actual conditions.

The local government in this case study has not conducted socialization through the media. In fact, the most effective socialization is through the media that will be read by all employees involved in accrual accounting. The material is small but done regularly. But this effort has not been a concern so rarely done.

### ***Willingness To Change (WC)***

The willingness to change is critical for successful implementation of accrual accounting in the public sector. It is essential to involve the human dimension in the reform process. In reality, the motivations, will, training and qualifications of the staff, that is going to take part in the introduction of accounting reforms (Ouda, 2004).

Based on observations on 8 local governments that became the research locus, the level of willingness to change is better in the provincial and city governments. While in the district, especially outside Java, the level of willingness to change is still lacking.

The lack of willingness to change is usually caused by a lack of qualified human resources, both conceptual and technical. If it is not addressed, then it will cause the attitude of "opposition to change". Finally, it will lead to "lack of motivation" on staff at all levels. To overcome it all, from the beginning should be designed training in the form of dissemination, conceptual training and technical training.

Qualification is about the suitability of work exposure with the required qualifications and will affect the work motivation in the implementation of accrual accounting. The qualification and employee recruitment process is determined by the Human Resources Bureau. Then, the Finance Bureau at Local Government should be involved with the creation of job analysis and provide the required recruitment qualification.

This section re-affirms Ouda (2004) in his article stating that the human resource factor becomes important in the driving factors of successful implementation of accrual-based accounting in a government, since the changes in accounting base will lead to additional task burden.

### ***Consultation and Coordination (CC)***

Ouda (2004) stated that logically, the first step to apply a new accounting system in the public sector is to consult and co-ordinate with the governmental entities that will implement this system. Moreover, these entities should be consulted in order to obtain comments and suggestions from the primary sources for the required improvements before establishing the new system. Yet, the co-ordination with these entities and within each other is very important in order to fulfill the internal consistency.

The driving force for successful implementation of accounting in terms of consultation and coordination is conducted among local government entities. The function of consultation

and coordination plays a role for government in facing obstacles and problems during accrual basis accounting. The results of the consultation helped the government understand the accounting implementation of the accounting bases well. This has an impact in helping smooth coordination among other related entities, thus creating internal consistency. The formation of internal consistency produces a uniform accounting system so that potential conflicts between entities are minimized and the basic implementation process of accrual accounting goes more smoothly (Ouda, 2004).

The function of consultation and coordination of accrual basis accounting implementation at Local Government is more directed to help face the problems that occur during the accrual basis accounting implementation takes place. Some external consultants are hired to facilitate this process.

In summaries, all consultation and coordination that conducted by local governments are as follows:

1. Internal Consultation and Coordination

Consultation and Coordination with internal government usually performed between the Finance Bureau of the Working Unit as the executor of the transaction. Coordination and consultation includes discussion of transaction recognition, overcoming problems in recording and preparation of financial statements. Some local governments set up a special office space that functions as a helpdesk and information center. Implementing staff can come anytime to consult and solve real time problems.

2. Consultation and Coordination with other Local Government

Consultation and Coordination of other local governments in the form of comparative study. Comparative study is usually conducted by local governments to absorb the experience of

other local governments in terms of human resource development and other infrastructure, including IT systems.

### 3. Consultation and Coordination with the Central Government

On the issues related to government policies, the consultation process involves some related government agencies such as the Ministry of Home Affairs (MoHA), Ministry of Finance, and Provincial Government.

### 4. Consultation and Coordination with External Consultants

Attempts to establish internal consistency are also done through extension consultants. This consultant provides consultation function in terms of the use of financial statement application system to each Working Unit. Each SKPD may contact the consultant during the day and business hours to conduct consultations regarding the problems occurring with the application.

### ***Budgeting of Adoption Costs (BAC)***

Ouda (2004) explained that the lack of financial means required to carry out the adoption process can considerably deter the whole adoption process. Therefore, the budgeting (estimate) of the adoption costs is critical in determining the volume of the financial means. Number of years.

Cost of Adoption in the experience of local governments in Indonesia includes:

1. Policy formulation, cost for the preparation of various regulations and policies, including the preparation of Standard Operating Procedure
2. Capacity Building, to finance various training activities such as socialization, conceptual training and technical training



3. Development of IT based Accounting Information System, to finance the development and also the procurement of infrastructure hardware and software.

The problem with adoption cost management is the arrangement of its budget. A medium-term expenditure framework is required for Adoption Cost mitigation. Some Local Governments only make allocation for one year budget, consequently obstacles appear in implemetasi in second year and after.

Adoption cost should be more efficient if the central government intervenes so that some fixed costs can be borne together, such as costs related to teaching modules and IT infrastructure development.

### ***Tackling of Specific Accounting Issues (SAI)***

Ouda (2004) stated that The long history of using the traditional government accounting system (cash-based) in the public sector had resulted in emanating of different accounting problems such as identification and valuation of fixed assets, lack of asset registers, identification of government accounting entity and determination its boundaries, etc.

In local governments, the difficulties of recognizing, measuring, valuing and reporting on accrual basis are in area of accounts receivable and assets. This is given that on the receivables there is an allowance for receivables that need to be taken into account. Some accounting issues on the accrual accounting application are as follows:

#### **1. Receivables**

Accounting issues in the implementation of accrual accounting in the form of allowance for receivables. It still takes a lot of understanding for example on prepaid expense accounts, upfront payment revenues that require adjustments within a year. Sometimes information related to it is forgotten to be recorded. In addition,

the cash-based mindset that has not been lost also often lead to one record one of the mistakes recording receivables. Receivables are recorded only in credits, because SKPD only remembers to record receivable payments, but do not remember to record when recognizing the receivables.

## 2. Assets

The existence of local government asset management technical guidance can help to avoid the recurrence of the asset management faults, so the quality of the financial statements is better (Setyaningrum, 2015). On asset accounts there are depreciation and amortization values to be taken into account. Both of these are new to the recognition, measurement, valuation and financial reporting of local governments that previously used the Cash-Toward-Accrual basis. The cost of an asset is also an adjustment that needs to be paid more attention because of the adjustment including the value of the asset after maintenance. Acquisition cost after maintenance can change the useful life of depreciation. Assets are accounts that during the accrual basis of accounting applications require special attention. Adjustments to assets are made by preparing a working paper to perform restatement on the balance sheet. Rearrangement by making some adjustments.

## 3. Government Securities (SBN)

There is also difficulties in recognizing, measuring, valuing and reporting on State Securities (SBN) accounts that have just been implemented this year as there are no rules that can guide the recognition, measurement, valuation and reporting of such SBN accounts. SBN is issued by the Ministry of Finance. General Allocation Funds (DAU) that local governments receive in cash will be converted to SBN. Thus,

transfers are made not on money but with securities. So, at the time of disbursement, it is necessary to record premium or discount on SBN.

#### 4. Consolidated Financial Statements

Another accounting issue in the application of accounting is the creation of consolidated reports on government entities. A consolidated report is formed to aim for elimination of subsidiaries and parent entities. Through the elimination of transactions can be clearly identified separation (Khan, 2009).

The management of the city-level financial statements should be a consolidated report of the SKPD. The problems that occur are the consolidated financial statements made first, just broken down. This is what causes the manufacture when yesterday the shrinkage becomes very long. The plan of this matter will soon be changed to that which is from SKPD report consolidated into consolidated report, because accounting entity exist in SKPD. In the future, it will be planned to make regulations related to the preparation of the consolidated financial statements.

#### **Information Technology Capacity (ITC)**

As stated by Ouda (2004), In the era of information technology, the reform process should involve an increasing use of computerized information systems as a key component of accounting, budgeting and financial management. In addition, more complex information technology systems will be required to adopt accrual accounting than those associated with a traditional cash system.

Management of the drivers of the successful implementation of accrual basis accounting in terms of information technology tailored to the needs of changes in the accounting base that occurs in government entities. Accrual-based accounting requires more complex

information and technology systems than needs on a previous basis. This is as a result of recording using a more complex accrual-based accounting. An entity in obtaining information technology systems for accrual basis accounting practices has the option of continuing and improving existing systems or Making information technology with new systems (Ouda, 2004).

Through information technology, all coordination and communication becomes more easily and equally distributed, thereby impacting the efficient implementation of accrual-based accounting (Negara, 2015). Benefits perceived by the existence of an application system based on narrative accounting section that simplify the process of managing financial data as follows:

- Facilitate control of activity budgets.
- Ease of administration, accounting transactions and financial reporting. But until now the accounting section of the application is still continuing to make improvements.
- Accelerate the issuance of SP2D (a disbursement letter). In the morning the documents arrived, during the day the funds could be disbursed. So that accelerate the implementation of SKPD activities.
- Direct control of SKPD transaction input error.
- Reconcile transactions between recording SKPD and DPKD more quickly.
- Make it easy to do the adjusting journal that is still done manually with microsoft excel.

One example of application in the implementation of accrual-based accounting that is considered quite successful is SP3KTRA application implemented in City Government of Tangerang. This app can be accessed using internet connection via [www.sp3ktra.com](http://www.sp3ktra.com) page. This application serves to manage the administration and financial reporting.

The publisher of the SP3KTRA application states that this application may provide benefits as described in the table 4 as follows:

Table 4 : The Benefits of SP3KTRA Application

FACTORS	EXPLANATION
Eliminating the expensive capital expenditures	<ul style="list-style-type: none"> <li>• No need to provide expensive server to process data.</li> <li>• No need to make the software process with the risk of software is not complete and low quality.</li> <li>• No need to purchase a database system; No need to also use pirated software.</li> <li>• No need to invest between work units / agencies that will be very large funds. Stay connected to the modem to the internet then all the services can be enjoyed.</li> </ul>
No maintenance and system updates fee	<ul style="list-style-type: none"> <li>• System maintenance is performed by the consultant</li> <li>• Many network systems and software are no longer used</li> <li>• System updates are performed without additional user charges</li> </ul>
Higher productivity and guaranteed assurance	<ul style="list-style-type: none"> <li>• Government agencies such as LGs can focus on improving human resource capacity in e-government governance.</li> <li>• No more wasting time in the hassle of system development and apps.</li> </ul>
Flexibility and System Integrity	<ul style="list-style-type: none"> <li>• The system can be accessed from anywhere via internet connection</li> <li>• Data inputted from anywhere in the context of agency data will be directly integrated as a whole. Integration of data between work units / SKPD by itself.</li> </ul>
Security system by experts	<ul style="list-style-type: none"> <li>• Backup of data is done periodically by the consultant</li> <li>• Data security with firewall system and connection encryption and data encryption</li> </ul>
Scalability and Completeness System	<ul style="list-style-type: none"> <li>• built with architecture for large-scale usage in terms of connections, transactions and users.</li> <li>• Completeness of the application system can existing modules will be completed so that users can comfortably use various applications required.</li> </ul>

Knowledge-based availability	<ul style="list-style-type: none"> <li>• Through the e-Gov Media forum then users contact to sources of practical knowledge in various fields</li> <li>• E-government includes both policies, regulations, procedures and application systems.</li> <li>• Active forum users can help share knowledge and also about topics currently in the field of e-government</li> </ul>
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Source : [www.sp3ktra.com](http://www.sp3ktra.com) and identified by authors

The use of applications in accrual-based accounting practices will ultimately rely on the competence of human resources. So far, the problems that occur in the application SP3KTRA is the carelessness of human resources both in using the application and while administering documentation evidence transaction. There are two main problems of human resource competence in the process of input information to the application that is:

1. Documentation of proof of transaction that is still not well maintained
2. Non-financial information has not been installed on the application.

## CONCLUSION

Implementation of accrual accounting in local government in Indonesia is an implementation that provides many lessons for the public sector, especially in managing change. Change management involving people, policies, and various infrastructure means must have best practice reference framework as control tool. Aspects in the Basic Requirement Model can be used as a reference for mapping the things that need to be fixed to make accrual accounting well implemented.

With the framework of Basic Requirements Model Ouda (2004), we have some lesson learned from accrual accounting implementation by local government in Indonesia.

1. Things that need to be improved are:
  - a. Strengthening the mindset of new public management so that performance management is accomplished not just a formality
  - b. Capacity building of blue print is required at top management, conceptual, and technical aspect levels to encourage willingness to change at all levels.
2. Consultation and coordination is the best aspect that can be best practice from the experience of local government in Indonesia, in which consultation and coordination is developed vertically with the central government, horizontally with other local government, and internally through help desk or consultation Center for the working unit.
3. Through the process of consultation and coordination, the central government needs to invite all local governments need to reconstruct the accrual implementation steps based on the Basic Requirement Model evaluated in this study.

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