

Analysis of the Accounting Treatment of Grant Funds at the National Unity and Political Agency of Southeast Minahasa Regency

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ABSTRACT

Grant funds are a form of state responsibility for the provision of social services and welfare. Government grant funds go through budgeting, distribution and reporting stages. The aim of this research is to analyze the process and accounting treatment of grant funds at the Southeast Minahasa Regency National and Political Unity Agency. This study used descriptive qualitative method. The results of the research show that the accounting treatment of grant funds at the Southeast Minahasa Regency National and Political Unity Agency was declared to be in accordance with Government Regulation Number 71 of 2010 concerning Government Accounting Standards. The process of budgeting, distributing and reporting grant funds is in accordance with applicable regulations and there are several stages that must be passed so that the grant funds can be disbursed until they are accounted for. Indeed, there are obstacles in the process of accountability for grant funds by grant recipients, but this can still be adjusted.

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1. INTRODUCTION

Grant funds are a form of state responsibility for the provision of social services and welfare. Abdul (2018 : 412) states that grants are included in the revenue component in the State Budget (APBN) along with tax revenues and non-tax state revenues. The form of grant funds provided can be in the form of money, goods or services from the grantor to other parties free of charge. The other parties referred to can come from the central or regional government, Regional Owned Enterprises (BUMD), the community, and community organizations.

Assistance providing grant funds is closely related to government expenditure in the form of grant spending. This happens because every government expenditure must be included in expenditure. Before the shopping process begins, there are stages starting with the first stage, namely budgeting, then the second stage is distribution, and the third stage is reporting or accountability.

The budgeting, distribution and accountability reporting stages are very closely related to the accounting process. Therefore, accounting treatment of grant funds is needed so that accountability for grant fund management can be in accordance with existing regulations. This is in accordance with the main objective of Technical Bulletin number 13 concerning grant accounting which regulates financial accounting and reporting as well as operational instructions for the implementation of central and regional government accounting.

Grant funding is also provided in Southeast Minahasa Regency through the National and Political Unity Agency. Providing grants to the National Unity and Political Agency of Southeast Minahasa Regency is related to grants to non-governmental organizations. Grants to non-



governmental organizations are given by the government based on the provisions that these institutions are non-profit, voluntary and social which are established based on the Law. According to Minister of Home Affairs Regulation number 77 of 2020 and also Southeast Minahasa Regent Regulation number 15 of 2021, grants given to institutions or social organizations must be legal entities, have management in their domicile area, be registered with the ministry in charge, and have a permanent secretariat. Grants provided by regional governments must go through stages starting from the budgeting, administration or distribution and reporting stages.

The budgeting stage begins before the grant budget year begins with the submission of proposals along with draft grant expenditure budgets by prospective grant recipient entities to the relevant Regional Work Units (SKPD) and in this case to the National Unity and Political Agency then the Regional Work Units (SKPD) provide recommendations to the Regional Government Budget Team (TAPD) after which the Regional Apparatus Work Plan (RKPD) is determined. From these results, the grant budget allocation will be included in the draft General Budget Policy (KUA) and Temporary Budget Priorities and Ceilings (PPAS) after passing the KUA/PPAS stage, then included in the RKA-SKPD Budget Work Plan and continued with the determination of the Revenue and Expenditure Budget Regional (APBD) and ratified the DPA SKPD Budget Implementation Document. In the grant distribution stage, after it has been determined to be the DPA SKPD Budget Implementation Document, the Regional Work Unit (SKPD), through the approval of the Regent, determines the grant recipients, prepares a Payment Request Letter (SPP), Payment Order (SPM) and other financial administration. Prospective grant recipients must submit other administrative requirements and sign the Regional Grant Agreement Document (NPHD) only after that the grant can be distributed. At the reporting stage, there are 2 forms of accountability reporting, namely from the grant recipient to the Regional Work Unit (SKPD) and the Regional Work Unit (SKPD) to SKPKD and the financial auditor. Grant recipients submit a report to the Regional Work Unit (SKPD), in this case the Kesbangpol Agency, in the form of an accountability report for the use of grant funds, and the SKPD report to SKPKD in the form of an SKPD financial report, which includes the grant budget in the Budget Realization Report as grant expenditure and is listed in Operational Report as grant expense.

2. LITERATURE REVIEW

2.1 Grant

Voluntary transfer of rights to another person is called a gift. Providing grants in the form of goods or services, securities or money as a recognized form of increasing equity is the government's right as a grant from the government side. The forms of grants consist of grants of money, goods/services and securities. There are also types of grants, namely technical and project assistance, technical and financial cooperation. A budget is a periodic quantitative plan which is then prepared based on a program that has been approved (Runtuwarouw, 2019).

2.2 Accounting Treatment

The Indonesian government's accounting basis according to Government Regulation number 71 of 2010 is the accrual basis used in preparing financial reports. In grant accounting, the cash towards accrual basis is also used *in* recording grant expenditure in the budget realization report. Accounting treatment of grant funds based on the accrual basis in financial reports consists of recognition of grant funds, measurement of grant funds, presentation of grant funds, disclosure of grant funds.

2.3 Accounting for Grant Expenditures

a. Confession

Cash Basis Grant Expenditure Accounting Recognition Towards Accrual

Cash basis grant expenditure towards accrual is recognized when the expenditure occurs in the state/regional general treasury account in accordance with Government Regulation number 71 attachment II. 03 Statement of Government Accounting Standards (PSAP) 02 concerning budget

realization report paragraph 31. Cash basis grant expenditure towards accruals is contained in the budget realization report.

Table 2.1 Cash Basis Grant Realization Journal towards Accrual

Dr	Grant shopping	xxx	
Cr	Cash at the Regional General Treasury		xxx

Source: Technical Bulletin number 13

Accrual Basis Grant Expenditure Accounting Recognition

Based on Government Regulation number 71 of 2010 which is accrual based, apart from being presented in the budget realization report as grant expenditure, grant expenditure is also presented in operational reports as grant expenses. According to the Government Accounting Standards Statement (PSAP) number 12 concerning operational reports, the definition of expenses is economic benefits or potential services that decrease in the reporting period which reduces equity, which can also be in the form of expenditure for consumption on assets or also the incurrence of liabilities.

Table 2.2 Accrual Basis Grant Realization Journal

Dr	Grant shopping	xxx	
Cr	Intermediate Account		xxx

Source: Technical Bulletin number 13

Table 2.3 Accrual Basis Grant Expense Recognition Journal

Dr	Grant expenses	xxx	
Cr	Cash at the Regional General Treasury		xxx

Source: Technical Bulletin number 13

b. Measurement

According to Technical Bulletin number 13 (PSAP, 2013), recording grant expenditure is the nominal value spent.

c. Presentation

The presentation of expenditure realization and grant expenses is presented in rupiah currency. The presentation of expenditure realization and grant expenses is also classified according to type of expenditure, organization, and according to function in the budget realization report according to Technical Bulletin number 13 (PSAP, 2013).

d. Disclosure

Since the issuance of the accrual-based SAP, the government has been required to make financial reports consisting of budget realization reports (LRA), reports on changes in excess budget balance (LP SAL), balance sheets, operational reports (LO), cash flow reports (LRA), reports on changes in equity (LPE), and notes to financial reports (CaLK). The existence of notes to financial reports is required in SAP, Hartoto et al (2023:148). Technical Bulletin number 13 (PSAP, 2013), apart from being presented in budget realization reports and operational reports, grant transactions must also be presented in such a way in the Notes to Financial Reports (CaLK).

3. Research methods

3.1 Types of research

This type of research is qualitative research with a descriptive approach. In this study, the researcher describes grant funds and the accounting treatment of grant funds in government, in this case at the National Unity and Political Agency of Southeast Minahasa Regency for the 2023 fiscal year.

3.2 Place and time

Research This research was carried out at the Office of the National Unity and Politics Agency for Southeast Minahasa Regency, which is in the block C office complex, Wawali Pasan

Village, Ratahan District, Southeast Minahasa Regency. The research period starts in July 2023 until completion.

3.3 Types, Sources and Methods of Data Collection

3.3.1 Data Type

The types of data used are qualitative and quantitative data. The qualitative data used in the application are the results of interviews with several informants, agency documents or archives, organizational structures and *job descriptions*. Meanwhile, the quantitative data used is grant journals and SKPD financial reports.

3.3.2 Sources and Methods of Data Collection

The data sources that will be used in this research are primary and secondary data. Primary data sources were collected based on direct observation and interviews with parties related to the research. Secondary data is in the form of profiles and financial reports of the National and Political Unity Agency as well as SKPD journals and financial reports.

Data collection methods start from observation, interviews and documentation. Using a non-participatory observation method, researchers looked at the conditions around the Office of the National Unity and Politics Agency for Southeast Minahasa district. Then interviews (interview list attached) were carried out by conducting direct question and answer activities with parties related to the research, the parties in question were the Head of the Domestic Politics and Community Organizations Division of the National Unity and Politics Agency and the Head of the Planning and Finance Subdivision. Next, documentation is carried out by taking data regarding government grant funds and interview photos.

3.4 Analysis Methods and Process

1. Data collection

The first step taken is to collect existing data from the Agency National Unity and Politics of Southeast Minahasa Regency. Data collection was collected by conducting interviews and documentation in the form of data collection and taking pictures. The data collected is the profile and duties of the National Unity and Political Agency as well as data relating to grant funds and financial reports.

2. Analyze and Process Data

The next step after the data has been collected is to process the data that has been collected and analyze the data according to the existing problems

3. Presentation of data

The third step is data presentation. In presenting this data, the data has been processed and analyzed, presented in the form of research results.

4. Research Results and Discussion

4.1 Research result

The Southeast Minahasa Regency Government, through the National Unity and Politics Agency, distributes grants to social institutions in the form of money. Government grant assistance begins with the budgeting, distribution or administration and reporting stages. Southeast Minahasa Regency Government. The Southeast Minahasa Regency Government through the Kesbangpol Agency distributes grants guided by Ministry of Home Affairs regulation number 77 of 2020 concerning Technical Guidelines for Regional Financial Management and also referring to Southeast Minahasa Regent Regulation number 15 of 2021 concerning Procedures for Budgeting, Implementation and Administration of Reporting and Accountability and Monitoring and Evaluation of Grants and Social Assistance.

4.1.1 Grant Fund Budgeting

The Southeast Minahasa Regency Kesbangpol Agency distributes grants starting from the budgeting stage, namely first, Non-Governmental Organizations (NGOs) submit grant proposals before the fiscal year to the National Unity and Political Agency. Then the Kesbangpol Agency

submits the grant proposals submitted to the Regency Regional People's Representative Council (DPRD) to be discussed in the Main RAPBD. The stage for submitting proposals from NGOs must be carried out one year before the current fiscal year. The grant budget to the Kesbangpol Agency goes through a discussion stage with TAPD and DPRD before being ratified as the main APBD. Budget data and actual spending on NGO grants in the form of money at the Kesbangpol Agency in 2023 is estimated at IDR 3,610,000,000.00.

4.1.2 Distribution of Grant Funds

After the main Regional Revenue and Expenditure Budget (APBD) has been ratified by the Regional People's Representative Council (DPRD) and the Regent, the Kesbangpol Agency then submits it to the NGO concerned to re-submit the application proposal along with the Draft Expenditure Budget (RAB). The Kesbangpol Agency will then issue a Decree from the Regent, NPHD, SPP, SPM regarding the disbursement of grant funds for the NGO concerned. After all the files have been completed along with the grant request proposal, the Kesbangpol Agency will contact the regional finance department to immediately disburse the funds in accordance with the Regent's Decree for the NGO in question. After the grant is distributed to the recipient, the grant transaction is then input into the SIPD. The accounting treatment of grants refers to recognition, measurement, presentation and disclosure.

4.1.3 Grant Fund Reporting

There are two reports at the grant reporting stage at the Kesbangpol Agency, namely the accountability report from the grant recipient to the Kesbangpol Agency and the SKPD financial report. Southeast Minahasa Regent Regulation number 15 of 2021 Article 23, grant recipients submit reports on the use of grants to the Regent through the relevant regional apparatus, in this case the National Unity and Political Agency with a copy to the Regional Inspectorate. This explains that NGOs that receive grant funds must prepare an accountability report. SKPD financial reports are made for accountability in the use of the government budget which must be accounted for. Expenditures or grant expenses at the National Unity and Political Agency of Southeast Minahasa Regency Use Accrual-Based Government Accounting Standards. This is in accordance with Government Regulation Number 71 of 2010 concerning Government Accounting Standards. The accounting treatment for grant expenditure at the Southeast Minahasa Regency National and Political Unity Agency refers to Technical Bulletin number 13 concerning Grant Accounting. Grant funds are included in the financial reporting elements, namely in the budget realization report, operational reports and are disclosed in such a way in the notes to the financial reports.

4.2 Discussion

4.2.1 Grant Fund Budgeting Process at the National Unity and Political Agency of Southeast Minahasa Regency

Grant budgeting at the Southeast Minahasa Regency National Unity and Political Agency starts from the SKPD stage of preparing an initial plan which then becomes a work plan and becomes the final SKPD plan. This SKPD's final plan will be the SKPD's reference material in joint budget discussions with the DPRD and TAPD. The results of budget discussions between SKPD, DPRD and TAPD will become the main APBD which is finally ratified by the DPRD and the Regent as stated in the Regional Regulation on APBD.

4.2.2 Process for Distribution of Grant Funds to the National Unity and Political Agency of Southeast Minahasa Regency

Distribution of grant funds is distributed when the government has determined the amount of the grant budget which is organized in the APBD. Grant recipients who are included in the list of designated grant recipients will resubmit their proposals along with the RAB to the Kesbangpol Agency. The next step is that the Kesbangpol Agency will take care of the disbursement through the stages of creating and signing the NPHD, where later the disbursement of the grant will be based on the NPHD that has been signed, after that the creation of the SPP and SPM then

approval from BPKAD and the issuance of the SP2D and the grant will be disbursed to the grant recipient's account. Disbursement of grants in the form of money to the Southeast Minahasa Regency Kesbangpol Agency is carried out using a direct payment (LS) mechanism. This LS mechanism is carried out all at once and can also be carried out in stages every three months (quarterly) and the fourth quarter is submitted no later than one month before the end of the fiscal year.

4.2.3 Process for reporting Grant Funds to the National Unity and Political Agency of Southeast Minahasa Regency

The mechanism for submitting grant reports to the National Unity and Political Agency of Southeast Minahasa Regency is carried out by preparing accountability reports for the use of grant funds from grant recipients. Southeast Minahasa Regent Regulation number 15 of 2021 article 26 paragraphs 3 and 4 explains that accountability is submitted to the Regent no later than January 10 of the following fiscal year, unless otherwise determined according to statutory regulations.

SKPD financial reports, in this case the National Unity and Political Agency of Southeast Minahasa Regency, are made for accountability of government budget users. The preparation of SKPD financial reports, in this case the Kesbangpol Agency, requires accounting treatment for recognition, measurement, presentation and disclosure. Grant funds are included in the financial reporting elements, namely in the budget realization report, operational reports and are disclosed in such a way in the notes to the financial reports.

4.2.4 Accounting Treatment for Grant Fund Budgeting at the National Unity and Political Agency of Southeast Minahasa Regency

RKA SKPD is the initial stage of SKPD budgeting for the use of the budget which will later be determined in the APBD. The grant budget is included in the expenditure category. Expenditures are regional expenditures that reduce regional wealth and cannot be recovered by the government (Tanjung, 2011: 200). Expenditure accounting is recognized when expenditure occurs from the general cash account, in this case the regional general treasury. Grants are classified as operational expenditure, which is budget expenditure for daily central/regional government activities that provide short-term benefits.

4.2.5 Accounting Treatment for Distribution of Grant Funds at the National Unity and Political Agency of Southeast Minahasa Regency

The accounting treatment for the distribution of grant funds begins when the NPHD is signed between the SKPD and the grant recipient. The Kesbangpol Agency then makes the SPP and SPM which will then be approved by BPKAD for making the SP2D after which the grant is transferred from the regional treasury to the grant recipient's account. The accounting treatment for grant distribution is:

a. Confession

Recognition of grant expenditures at the Southeast Minahasa Regency National and Political Unity Agency is recognized when cash is disbursed. Grant expenditure in the form of cash will become a liability when recorded at the nominal value issued. Apart from being recorded as grant expenditure in the Budget Realization Report, grant expenditures are also recorded as grant expenses in the Operational Report. Recognition of grant expenses on an accrual basis will occur when the liability arises. Recognition of grant expenditure in the LRA and recognition of grant expenses in the LO. The nominal value is the same. The conclusion that can be drawn by researchers is that the recognition of grant spending at the Southeast Minahasa Regency Kesbangpol Agency is in accordance with PP number 71 of 2010.

b. Measurement

Government Regulation number 71 of 2010 attachment 1.01 number 71 of 2010 explains that the measurement of financial statement items uses the rupiah currency. Grant expenditure is recorded at the nominal value incurred or becomes a grant obligation. In measuring grant spending,

the Mitra Regency Kesbangpol Agency applies the principle of spending in rupiah. Based on the explanation above, the Mitra Regency Kesbangpol Agency carried out expenditure measurements in accordance with PP number 71 of 2010.

c. Presentation

Realized expenditure and grant expenses are presented in rupiah. Accounting entities and reporting entities present the classification of grant expenditure by type of expenditure and by function in the Expenditure Budget Realization Report (LRA attached). When implementing accrual-based accounting, grant expenses are also presented in the Operational Report in the operational post (LO attached). The conclusion that researchers can draw is that the presentation of grant spending at the Southeast Minahasa Regency Kesbangpol Agency is in accordance with PP number 71 of 2010.

d. Disclosure

In addition to being presented in the Budget Realization Report and Operational Report, grant transactions must also be disclosed in such a way in the Notes to the Financial Report so as to provide all relevant information regarding the grant expenditure incurred. The rupiah currency is a representation of the realization of grant expenditures presented. The disclosure process must also be realized in detail in the Notes to the Financial Report as a form of disclosure of the realization of grant expenditure, in addition to recording it in the Budget Realization Report and Operational Report. The conclusion that can be drawn by researchers is that the disclosure of grant expenditure at the Southeast Minahasa Regency Kesbangpol Agency is in accordance with PP number 71 of 2010.

4.2.6 Accounting Treatment of Grant Fund Reports at the National Unity and Political Agency of Southeast Minahasa Regency

The accounting basis used in preparing SKPD financial reports is using an accrual basis which is in accordance with Government Regulation number 71 of 2010. The accrual basis for recognizing operational reports and exceptions to budget realization reports uses a cash basis where financing is recognized when cash is removed from the regional cash account. In preparing financial reports, accounting treatment of recognition, measurement, presentation and disclosure is required. The following is a table for comparison of expenditure accounting treatment at the Southeast Minahasa Regency Kesbangpol Agency with PP number 71 of 2010:

Table 4.1 Comparison of Accounting Standards for Grant Funds at the Mitra Regency Kesbangpol Agency with PP Number 71 of 2010

No	Accounting Treatment	Kesbangpol Kab. Partner	PP Number 71 of 2010	Information
1	Confession	Using an accrual basis where grant expenses are recognized when the transaction occurs and presented in the operational report and using a cash basis it is recognized when cash comes out of the account.	Using the accrual basis, namely expenses are recognized when the liability arises. And the cash basis goes to accrual, namely expenditure is recognized when cash is disbursed from the account.	In accordance
2	Measurement	Grant expenditure is measured in rupiah currency and recorded at the nominal amount spent.	Grant expenditure is measured in rupiah currency and recorded at the nominal amount spent.	In accordance
3	Presentation	Grant expenditure is presented in LRA and grant expenses are presented in LO	Grant expenditure is presented in LRA and grant expenses are presented in LO	In accordance

4	Disclosure	Grant expenditures and expenses are disclosed in CALK	Grants are presented in CALK with details of grants by recipient, details of expenditure in cash and explanations	In accordance
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Source: Data Processing

The conclusion that can be drawn from the explanation in the table above is that the government through the Southeast Minahasa Regency Kesbangpol Agency has used PP number 71 of 2010 as the basis for preparing financial reports.

5. Closing

5.1 Conclusion

Based on the results of the research and discussion described, conclusions can be drawn:

1. Grants are given through budgeting, administration or distribution, and reporting or accountability processes. The grant subscription stage at the Mitra Regency Kesbangpol Agency found that of the 11 grant recipients for the 2023 fiscal year, 1 grant recipient did not submit an application proposal and 10 grant recipients submitted an application proposal, this shows that the grant budgeting process at the Kesbangpol Agency is still unable to follow the procedure was in accordance with the rules because it was still found that 1 grant recipient had not submitted an application proposal. The grant distribution process to the Mitra Regency Kesbangpol Agency can be carried out all at once and in stages, this is in accordance with applicable regulations. Distribution of grants in 2023 to 9 grant recipients will be carried out at once and 2 grant recipients will be carried out in stages. In the reporting process, it is still found that grant recipients have not followed the existing provisions. In the LPJ entry process, it was found that there were 2 grant recipients who were late in entering the LPJ and 2 grant recipients who entered the LPJ but did not pay attention to the completeness of the LPJ documents, which resulted in incomplete LPJ from the grant recipients.
2. The accounting treatment of the National Unity and Political Agency of Southeast Minahasa Regency from the budgeting, distribution and reporting stages is in accordance with Government Regulation number 71 of 2010 concerning accrual-based Government Accounting Standards.

5.2 Suggestion

Based on the results of the research and discussion and conclusions outlined, the author makes suggestions:

1. For the regional government of Southeast Minahasa Regency, to pay more attention to and tighten the grant budgeting process through the proposal submission process before the fiscal year so that it complies with applicable regulations. Pay attention to the readiness of prospective grant recipients, so that obstacles to the accountability process of grant recipients can be minimized. Regional governments also need to socialize grants for grant recipients so that they understand the applicable provisions so that there are no delays in submitting reports and incomplete documents.
2. For entities receiving grants to pay attention to the date of entry accountability report and pay attention to applicable regulations in fulfilling accountability documents. Grant recipients must actively build communication with the Kesbangpol Agency if there is misunderstanding in completing the LPJ documents.
3. For further research, it is recommended to research over a longer time span, for example five fiscal years. So that future researchers can ensure that obstacles to the reporting process originate from the grant recipient, or whether the regional government is negligent in selecting

potential grant recipients.

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