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GOVERNMENT ACCOUNTING PRACTICES: ISSUES AND ANALYSIS OF FIXED ASSET MANAGEMENT AT THE WORK UNIT OF THE BKKBN REPRESENTATIVE OFFICE OF CENTRAL KALIMANTAN PROVINCE

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ABSTRACT
This study examines the practical issues and discrepancies in government accounting, particularly in the management of fixed assets at the Representative Office of BKKBN in Central Kalimantan Province**.** The novelty of this paper lies in its integration of accounting analysis with public policy accountability linking asset management practices directly to the performance and transparency of the *Bangga Kencana* program**.** Using a qualitative case study approach, the research analyzes problems identified in financial review documents and validates them through interviews with key staff involved in asset management and accounting processes. The findings show two critical errors: (1) misclassification of fixed asset purchases as maintenance expenses, resulting in an understatement in the Equipment and Machinery account; and (2) the failure to carry out disposal procedures for six missing assets, which led to overstated asset balances. These issues stem from the absence of a dedicated Standard Operating Procedure for asset capitalization, weak coordination among internal units, and the lack of a formal asset reconciliation team. By linking these technical weaknesses to broader governance outcomes, this study contributes to the literature on public financial management reform and the accountability of social policy programs in Indonesia**.**

Keywords: asset capitalization; *Bangga Kencana*; government accounting, fixed asset management, public accountability.

INTRODUCTION

Government accounting plays a crucial role in ensuring accountability and transparency in managing public finances. However, in practice, implementation effectiveness depends not only on technical competency but also on the institutional alignment between accounting standards, governance structures, and the performance of public programs such as the *Bangga Kencana* initiative**.** The quality of financial reporting in government entities, therefore, depends heavily on the consistency between theory, regulation, and actual practice.

In the Indonesian context, government assets represent both economic and social resources. Their mismanagement can disrupt programmatic efficiency, especially in agencies like BKKBN, which operates directly within public service delivery. Thus, fixed asset management is not merely a technical accounting concern but a governance issue that affects policy implementation outcomes. Assets are recognized when future economic benefits are probable, and valuation is expressed in rupiah. They are classified into current assets, long-term investments, fixed assets, long-term receivables, and other assets (BPK, 2020).

Despite having comprehensive accounting standards, discrepancies persist between prescribed practices and their actual application in government work units**.** The management of fixed assets including procurement, classification, maintenance, and disposal — often faces practical obstacles that reduce reporting accuracy. Consequently, an in-depth analysis is required to explore how these gaps emerge and what implications they have for accountability and public value creation.

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Law Number 1 of 2004 on State Treasury defines State-Owned Property (BMN) as all goods purchased or acquired at the expense of the State Budget (APBN) or through legitimate acquisitions. The transition to accrual-based accounting has changed the way assets are recognized and reported, introducing the requirement for depreciation and book value presentation. However, even after the full adoption of accrual accounting in 2015, many agencies continue to struggle with capital expenditure classification, asset disposal, and reconciliation reflecting institutional inertia and limited internal control systems (Mochaimin et al., 2022).

According to Halim and Kusufi in Trisnani et al. (2018), fixed assets constitute a substantial portion of the balance sheet and directly influence audit opinions from the Supreme Audit Board (BPK). Therefore, deficiencies in asset administration can lead not only to audit qualifications but also to operational inefficiencies in delivering national development programs. In the case of BKKBN, disruptions to the *Bangga Kencana* program where capital goods and office assets serve as the logistical backbone of family planning extension activities directly affect the achievement of the program's strategic objectives in strengthening family quality and promoting the "Planned Society" (Surbakti, et al, 2025).

Based on the review notes of the Semester I Fiscal Year 2025 financial statements of the BKKBN, accounting irregularities were found at the Central Kalimantan representative office. Specifically:

1. Misclassification of expenditures, resulting in an understatement of Equipment and Machinery (Account 132111) by 7,630,000 IDR.
2. Failure to remove six missing BMN items, leading to an overstatement of 2,750,000 IDR.

These problems highlight a serious gap between real-world practices and the standards outlined in Government Accounting Standards (SAP) and Ministry of Finance regulations. Moreover, these technical discrepancies indicate a deeper challenge: the weak institutionalization of accountability within regional offices that implement population and family planning programs .(Lbs & Harahap, 2024).

This study therefore aims not only to analyze fixed-asset management errors but also to examine their implications for public accountability and the operational integrity of the *Bangga Kencana* program. By doing so, it expands the discourse on government accounting from a compliance-oriented perspective to a more strategic, policy-relevant analysis.

The study's theoretical contribution lies in bridging public sector accounting theory with governance and policy performance. While most prior studies treat fixed-asset issues as administrative non-compliance, this paper contextualizes them within the institutional ecosystem of Indonesia's demographic and family welfare programs.

Hence, this study addresses a key research gap: how weaknesses in fixed asset management and accounting practices can influence broader program implementation effectiveness and fiscal transparency in the *Bangga Kencana* context.

Fixed assets are a significant component of the balance sheet and influence the Audit Board of Indonesia's (BPK) opinion on government agencies' financial statements. However, based on the review notes of the Semester I Fiscal Year 2025 financial statements of the Ministry of Population and Family Development/National Population and Family Planning Board (BKKBN), accounting issues were identified in the fixed asset management practices of the Central Kalimantan Provincial BKKBN Representative Work Unit (*Satker*). The issues were found under the following conditions: 1) Understatement of Equipment and Machinery (Account 132111) amounting to 7,630,000 IDR, due to misclassification of expenditures where maintenance costs were recorded instead of capital expenditures. The items purchased consisted of two monitors valued at 3,000,000 IDR and one CPU valued at 4,630,000 IDR, which should have been capitalized as fixed assets because they exceeded the capitalization threshold and provided benefits for more than one year. 2) Overstatement of Equipment and Machinery (Account 132111) amounting to 2,750,000 IDR, because six BMN items were not physically located, had not undergone a termination of use (*henti guna*) process, and had not been reclassified to Other Assets (Account 166112).

These issues reflect a substantial gap between actual accounting practices and the requirements of the Government Accounting Standards (SAP) and the Ministry of Finance regulations governing BMN management. Theoretically, any expenditure that extends economic benefit must be capitalized, and any asset that is missing or permanently damaged must undergo a termination-of-use process. In practice, however, the processes of analysis, recording, and reporting are often carried out without a thorough review of the applicable standards.

Therefore, this study aims to examine how government accounting is applied in real-world settings by analyzing actual fixed-asset management issues occurring at the BKKBN Provincial Office of Central Kalimantan and comparing these practices with the relevant accounting standards and government best practices.

Government Accounting Standards (SAP), as stipulated in Government Regulation (PP) Number 71 of 2010, are defined in Article 1 as a systematic framework of procedures, administrators, tools, and other elements designed to support the accounting function from transaction analysis to financial reporting within government organizations (Government of Indonesia, 2010). SAP serves as the primary guideline for preparing government financial statements. Fixed assets are recognized only when two main criteria are met: (1) the asset's value can be measured reliably, and (2) the asset provides economic benefits for more than one reporting period or fiscal year. Recognition is based on historical acquisition cost, and subsequent expenditures that enhance the asset's economic benefits must be capitalized. Furthermore, fixed assets must be recorded and presented systematically in financial statements, following rules on carrying value and depreciation based on useful life to reflect their true economic condition.

According to Government Accounting Standards Statement (PSAP) Number 07 on Fixed Assets, any expenditure that extends the useful life, increases capacity, or enhances the functionality of a fixed asset must be capitalized as part of the asset's value. In contrast, expenditures of a routine nature those intended only to keep the asset in normal operational condition must be expensed as maintenance and should not be capitalized (PSAP 07, 2005).

Fixed assets are categorized based on their characteristics or functions in government operational activities. The classification includes: (a) Land; (b) Equipment and Machinery; (c) Buildings and Structures; (d) Roads, Irrigation, and Networks; (e) Other Fixed Assets; and (f) Construction in Progress (CIP). This classification helps ensure systematic and consistent asset management, recording, and reporting according to the asset's role in supporting government activities. Clear categorization also facilitates the application of accounting policies related to valuation, depreciation, and maintenance according to the nature of each asset group. Fixed assets represent physical assets with a useful life exceeding 12 months that are used for governmental operations or public services. They also include construction costs of assets still in progress as of the reporting date, categorized as Construction in Progress (CIP). Once construction is completed and the asset is ready for use, the CIP balance is transferred to the appropriate fixed-asset category (BPK, 2020).

Several regulations govern the management of state-owned property (BMN), including the following:

1. Minister of Finance Regulation (PMK) Number 120 of 2024 on the Management of State Owned Property Not Used for the Duties and Functions of Ministries/Agencies

   State owned property that is no longer used, severely damaged, or missing must undergo a termination of use (henti guna) process followed by disposal. This process ensures that asset values recorded in the financial statements remain reliable and accurately reflect actual conditions. Termination and disposal must comply with prescribed administrative and technical procedures, including verification of asset condition, complete documentation, and approval from authorized officials. These steps strengthen accountability and transparency in government asset management and support effective internal control.

   Additionally, BMN that is no longer utilized must follow structured management mechanisms to prevent misuse or state losses. Disposal of heavily damaged or missing assets must be supported by valid evidence and documentation and incorporated into the government's asset management information system to facilitate tracking and reporting. Adherence to this regulation is essential for producing accurate government financial

statements that comply with SAP and for strengthening overall state-asset governance (Kemenkeu, 2024).

2. Minister of Finance Regulation (PMK) Number 181/PMK.06/2016 on State Owned Property Administration

   This regulation establishes the minimum capitalization thresholds and procedures for recording fixed assets acquired through capital expenditures. Article 40 of PMK 181/PMK.06/2016 defines capitalization as the minimum per-unit value of BMN required for an item to be recognized as a fixed asset in the government balance sheet. The capitalization process includes expenditures necessary to bring the asset to working condition, as well as subsequent costs that improve the asset's capacity, efficiency, or useful life. However, expenditures for BMN in the form of animals, fish, and plants used for program implementation are excluded from capitalization requirements, even if their value meets the threshold.

   The minimum capitalization threshold for Equipment and Machinery or its renovation is 1,000,000 IDR and above, while for Buildings and Structures or their renovation the threshold is 25,000,000 IDR and above. These limits serve as clear criteria for determining whether expenditures must be capitalized in government financial statements. By establishing these thresholds, the regulation ensures consistency and reliability in recording and reporting fixed assets acquired through capital expenditures (Kemenkeu, 2016).

METHOD

This study employs a descriptive qualitative approach using a case study design at the Work Unit of the BKKBN Representative Office of Central Kalimantan Province. The primary objective is to examine the alignment between government accounting practices and the theoretical foundations as well as the Government Accounting Standards (SAP) and Minister of Finance regulations applied within the work unit.

According to RK and Watini (2022) in Yustiana et al. (2023), the descriptive method systematically explores and gathers facts, then presents them with accurate and precise interpretation. However, in this study, descriptive analysis is not limited to surface description but extends to critical interpretation of institutional and procedural patterns underlying accounting discrepancies.

To ensure analytical rigor, the study adopts a case study strategy focusing on one governmental work unit, allowing in-depth contextual understanding of accounting behavior and internal control mechanisms. This approach provides a multi-layered view of asset management processes and their compliance with both accounting and policy frameworks**.**

Sampling and Informants

This research applies purposive sampling to identify key informants with direct involvement and understanding of financial management and State Property (BMN) administration. The selected informants include:

- Head of the Finance and BMN Subdivision, responsible for recording and reporting fixed assets.
- Accounting and Verification Officer, in charge of journal entries and expenditure classification.
- Program Implementation Officer, responsible for operational use of BMN and expenditure requests.
- Planning and Monitoring Officer, tasked with ensuring program and financial alignment.

These informants were chosen to represent complementary perspectives that collectively capture the systemic nature of accounting and asset management issues.

Data Collection Techniques

The research utilizes three main sources of data: (1) primary data from interviews and field verification; (2) secondary data from the Inspectorate General's financial review notes, PMK

documents and (3) tertiary data from academic journals and related literature on government accounting and the *Bangga Kencana* program.

Data collection followed structured interview protocols focusing on capitalization procedures, BMN recording, internal controls, and coordination mechanisms among divisions. All interviews were conducted between 14 and 15 October 2025 using a structured questionnaire and lasted approximately 45–90 minutes. Each respondent's answers were transcribed and subsequently validated through follow-up discussions.

Data Validation and Triangulation

To ensure data validity and credibility, the study applies methodological triangulation combining document analysis, interviews, and direct observation. This method enables cross-verification among multiple data sources and reduces bias. Investigator triangulation is also applied, whereby data interpretation is jointly reviewed research.

Moreover, source triangulation was conducted by comparing interview data from different informant roles, ensuring consistency across administrative and operational perspectives. This comprehensive validation strengthens the reliability of findings and mitigates subjectivity.

Data Analysis Techniques

Data were analyzed through three interrelated stages: data reduction, data presentation, and conclusion drawing. Data reduction involved systematically selecting, focusing, simplifying, and transforming raw field notes or transcriptions into a more manageable form, often through coding and theme identification (Tiarawati et al., 2023). Data presentation, the subsequent stage, organizes this reduced data into structured information, which can involve visual tools such as matrices, graphs, or flowcharts, allowing for the comprehensive synthesis of meaningful insights (Tiarawati et al., 2023; Tjilen et al., 2023). Finally, conclusion drawing entails interpreting these organized displays to identify overarching themes, relationships, and explanatory frameworks that directly address the research questions (Teguh et al., 2023). Data reduction involved summarizing and coding interview and document data related to asset management and accounting practices. The coded data were then grouped into themes such as asset capitalization, disposal, and reconciliation mechanisms. Data presentation was conducted in the form of matrices and narrative analysis to compare practices against SAP, PSAP 07, and PMK regulations. Finally, conclusions were drawn by interpreting recurring patterns of discrepancies and mapping them to theoretical frameworks on internal control and institutional governance.

Ethical Considerations

This research adheres to ethical principles of confidentiality and transparency. Informants' identities are anonymized, and all data collected are used solely for academic purposes. Furthermore, findings were shared with the institution for verification, ensuring accuracy and ethical accountability.

RESULTS AND DISCUSSION

The financial review conducted by the Inspectorate General for Semester I of Fiscal Year 2025 identified two major irregularities:

1. Misclassification of capital expenditure for computer equipment as maintenance expenses (7,630,000 IDR), and
2. Non-removal of six untraceable State-Owned Property (BMN) items valued at 2,750,000 IDR.

Field interviews revealed that these issues stemmed from three main causes:

- Absence of a specific SOP for capitalization and disposal,
- Weak internal coordination between program and finance divisions, and
- Lack of a dedicated BMN reconciliation team to synchronize SIMAN and SAKTI data.

Supporting documentation (LHP BPK, PMK 120/2024, PMK 181/2016) confirmed that the BKKBN Representative Office in Central Kalimantan has yet to institutionalize an integrated

system for asset management. Consequently, financial reporting inconsistencies persist between records and actual asset conditions.

Interview responses showed that most staff rely on informal precedents for classification, with minimal internal audit review, leading to recurring misstatements. These operational weaknesses directly affect the logistic readiness and reporting reliability for *Bangga Kencana* field programs.

Based on the review of the Semester I Financial Statements for Fiscal Year 2025 conducted by the Inspectorate General, several findings were identified. First, in SPM Number 97A dated 25 March 2025, the purchase of two monitors valued at 3,000,000 IDR and one CPU valued at 4,630,000 IDR was recorded as maintenance expenditure for equipment and machinery. However, under Minister of Finance Regulation (PMK) Number 133 of 2021, items exceeding the capitalization threshold and providing benefits for more than one year must be capitalized as fixed assets.

The second finding, drawn from the 2024 audit report, reveals that six State Property (BMN) items metal chairs with a total value of 2,750,000 IDR could not be physically located and had not undergone the mandatory "*henti guna*" (cessation of use) process. As a result, the Equipment and Machinery account (132111) is overstated, while the Other Assets account (166112) is understated. These findings demonstrate weak implementation of capitalization principles and asset write off procedures in the government accounting practices of the BKKBN Representative Office of Central Kalimantan Province.

Interviews conducted in this study also provide further insights into the capitalization mechanism and BMN management. To date, the Work Unit has no specific Standard Operating Procedures (SOPs) governing asset capitalization. Regarding the recording of capital expenditure, the CPU and monitor purchases were initially recorded as maintenance expenses rather than capital expenditures. This occurred due to inadequate coordination between program implementers and the financial management team, as well as insufficient verification during budget realization submissions. The follow-up process for the Semester I FY 2025 financial statement review findings is still ongoing, including SPM correction and subsequent journal adjustments.

With respect to BMN inventory and stock opname, the process has been conducted periodically through the SIMAN application. Inventory and stock opname procedures are scheduled every five years in SIMAN. However, there is no structured coordination between the finance division, BMN managers, and system operators regarding the appropriate expenditure account classification before reporting in SIMAN or SAKTI. The follow-up action for the review findings remains in progress capital expenditure budgets have been allocated, and SPM correction and reclassification are being processed. As of now, the Work Unit does not have a BMN reconciliation team.

The role of the Budget User Proxy Accounting Unit (UAKPA) is critical in ensuring compliance with Government Accounting Standards (SAP), particularly in ensuring that all transactions are recorded and reported in accordance with the latest, applicable SAP so that financial accountability can be properly achieved.

Analysis Based on Government Accounting Theory

The results of the assessment of asset management practices at the BKKBN Representative Office of Central Kalimantan Province reveal several issues closely related to principles stipulated in SAP, the Government Accounting Standards Statements (PSAP), and relevant Minister of Finance Regulations (PMK). These issues include:

a. Absence of asset capitalization SOPs, which indicates procedural and internal control weaknesses. This contravenes Government Regulation Number 71 of 2010, which defines SAP as an accounting governance system that includes systematic procedures and reporting mechanisms to ensure the reliability of government financial information. Without clear SOPs, the risk of misclassification such as recording CPU and monitor purchases as maintenance instead of capital assets becomes significant. In accordance with PSAP Number 07 of 2005,

expenditures that enhance asset benefits must be capitalized, whereas routine costs are categorized as maintenance expenses.

Poor coordination between program operations and the finance division, accompanied by weak verification during budget realization, undermines the accuracy of asset recording and reporting. This contradicts good governance principles and internal control standards that require synchronization across units to produce accurate, accountable financial reports.

b. Weak coordination between operational program units and financial managers, along with insufficient verification during budget realization, undermines the accuracy of asset recording and reporting. This conflicts with good governance principles and internal control requirements that ensure cross-functional synchronization for accurate and accountable reporting.
c. Incomplete cessation-of-use and write off processes for BMN, which contradicts PMK Number 120 of 2024. The regulation requires BMN that are no longer used, severely damaged, or missing to undergo verified cessation and write off procedures to ensure asset values accurately reflect physical conditions. The absence of a BMN reconciliation team further hampers data validation in SIMAN/Sakti, increasing the risk of overstated fixed assets.
d. The UAKPA's role as an enforcer of SAP compliance is critical; however, the lack of SOPs and weak coordination are detrimental to this function.

Theoretical and Regulatory Explanation

The Government Accounting Standards under Government Regulation Number 71 of 2010 establish a structured and systematic accounting framework in the public sector. SAP aims to produce reliable and accurate financial statements; therefore, asset management must be supported by proper procedures and adequate documentation.

PSAP Number 07 of 2005 governs the recognition and measurement of fixed assets. It emphasizes that expenditures enhancing capacity, useful life, or functionality must be capitalized, whereas routine maintenance is expensed. Proper classification ensures asset values reflect actual conditions.

PMK Number 120 of 2024 provides procedures for cessation and write-off of BMN that are unused, severely damaged, or missing. This process ensures alignment between physical asset conditions and their recorded values, serving as part of internal control to prevent state financial losses.

PMK Number 181 of 2016 outlines capitalization thresholds and asset recording procedures for BMN acquired through capital expenditure, ensuring consistency and accuracy in fixed asset reporting.

According to SAP in Government Regulation Number 71 of 2010, asset management requires systematic procedures and comprehensive documentation to produce accurate and reliable financial statements. In the context of fixed assets, PSAP Number 07 stresses that expenditures enhancing capacity, useful life, or function must be capitalized. This directly relates to the misclassification of the two monitors (3,000,000 IDR) and CPU (4,630,000 IDR), which should have been capitalized as fixed assets. The misclassification results in an understatement of fixed assets by 7,630,000 IDR and an overstatement of operating expenses.

PMK Number 120 of 2024 mandates cessation and write-off for BMN that cannot be physically verified. In this case, the six missing BMN items remain recorded, causing an overstatement of the Equipment and Machinery account by 2,750,000 IDR. The absence of SOPs and weak coordination alongside the lack of a BMN reconciliation team exacerbates data validity issues and increases the risk of financial misstatements. These issues highlight a systemic failure in adhering to governmental accounting standards, where assets that are physically absent remain on the books, distorting the true financial position of the entity (Utami et al., 2020). Such discrepancies can lead to misstatements in financial reports, impacting decision-making processes and potentially leading to unqualified audit opinions (Yanti et al., 2020). Furthermore, the absence of robust asset management practices, including proper derecognition procedures

for lost or obsolete assets, can inflate reported asset values, as evidenced by the continued inclusion of lost assets in inventory lists (Ali et al., 2019).

Further evidence from Yuliana & N. F. A. Hasibuan (2022) reinforces this conclusion, noting that weaknesses in asset management procedures and internal control are major contributors to inconsistencies in asset recognition and reporting in government entities. The study underscores the need for comprehensive SOPs, continuous capacity building, and formal reconciliation teams.

DISCUSSION

The findings demonstrate a classic "implementation gap" between formal accounting standards (SAP, PSAP 07, and PMK) and real-world application at the institutional level. The lack of capitalization SOPs reflects weak internal control (COSO, 2013). The limited reconciliation processes indicate deficient verification mechanisms. Together, they show a "decoupling" phenomenon (Meyer & Rowan, 1977) where compliance exists on paper but not in daily practice.

In governance terms, these weaknesses reduce financial transparency and hinder the operational capacity of the *Bangga Kencana* program. Poor classification and reconciliation delay procurement and data accuracy, directly affecting outreach logistics and family planning services. Strengthening financial systems therefore becomes essential not only for audit quality but also for public service effectiveness.

Comparatively, similar issues occur across developing countries, where limited capacity and fragmented systems weaken public sector asset management (Beitelmal et al., 2017; Tafazzoli, 2017). Many developing nations, for instance, often grapple with inadequate asset management strategies and a lack of explicit policies, leading to significant economic losses and operational inefficiencies (Camparano & Masic, 2018). Furthermore, the absence of unified methodologies and approaches to asset management within a single local government often results in disparate attention given to various capital assets, such as buildings, land, and infrastructure (Kaganova & Telgarsky, 2018).

In theoretical perspective, this study bridges accounting control frameworks with governance accountability**.** It emphasizes that financial management practices are integral to policy success, aligning with the JKB's mission of linking demographic welfare programs with sound public finance management.

Practically, the results call for immediate reforms:

- Drafting formal SOPs for capitalization and disposal,
- Establishing a joint BMN reconciliation team,
- Training staff in SAP-PSAP compliance, and
- Integrating accountability indicators within *Bangga Kencana* performance metrics.

The conditions at the BKKBN Representative Office of Central Kalimantan Province such as the absence of capitalization SOPs, weak inter-unit coordination, suboptimal BMN cessation processes, and the absence of a BMN reconciliation team clearly reveal gaps in applying and controlling government asset accounting as mandated in SAP, PSAP, and PMK. These gaps may lead to financial reporting inaccuracies, including misclassifying capital and maintenance expenditures and failing to reflect the actual physical condition of fixed assets.

Strengthening asset management procedures by developing clear SOPs, improving cross-unit coordination, establishing a BMN reconciliation team, and expediting cessation processes in accordance with PMK are essential steps to enhance the accuracy, accountability, and timeliness of government financial reporting.

To enhance alignment between practice and regulatory requirements, the following actions are recommended:

1. Strengthen collaboration between Commitments-Making Officers (PPK), State Property Managers (PPSPM), and BMN Officers to ensure expenditure classification aligns with SAP and PMK. This prevents misclassification that may distort financial statements.

2. Develop and implement internal SOPs on asset capitalization and disposal processes in accordance with PMK Number 120/2024 and PMK Number 181/2016 to ensure systematic and transparent asset administration.
3. Conduct monthly reconciliations between SIMAN-BMN and SAKTI accounting systems to promptly detect and correct discrepancies in asset data.
4. Provide ongoing technical training on government accounting (*Akmul/Akpem*) for financial and BMN staff to strengthen understanding of SAP, PSAP, and PMK requirements.
5. Utilize internal review findings effectively as a basis for improvement prior to submitting and supervising financial reports at the central level, ensuring quality control and accountability.

CONCLUSION

The findings reveal that inadequate SOPs, weak internal control, and insufficient coordination lead to misstatements and inefficiencies in BKKBN's financial reporting. These weaknesses affect not only audit opinions but also the implementation of the *Bangga Kencana* program (Surbakti, et al 2025). Strengthening financial governance is thus essential for effective public sector management.

The study contributes to public accounting theory by demonstrating how financial accuracy underpins social policy credibility. Internationally, it highlights Indonesia's ongoing reforms toward transparent and accountable public sector governance. Future research should explore cross-regional comparisons to strengthen institutional learning.

The conditions identified at the BKKBN Representative Office of Central Kalimantan Province demonstrate a misalignment between governmental accounting practices and the applicable standards, particularly in asset capitalization and the disposal of State-Owned Goods (BMN). The misclassification of capital expenditure and delays in the disposal process have resulted in financial misstatements that may affect audit opinions and the overall accuracy of the government's financial accountability. The recommendations derived from this study are as follows: a). The BKKBN Representative Office of Central Kalimantan Province should strengthen internal control functions and coordination among units involved in asset management to ensure more consistent implementation of SAP and PMK regulations. b). The formation and routine operation of a BMN reconciliation team are essential to improving the validity and reliability of fixed asset data. c) Oversight and supervision need to be enhanced to ensure effective implementation of regulatory requirements and accounting standards, and d) From an academic perspective, this study reinforces the importance of aligning governmental accounting theory with practice in the field as a fundamental prerequisite for producing financial reports that are reliable, transparent, and compliant with prevailing standards.

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