

Optimizing the Accuracy of Inventory Recording Based on PSAP No. 05: Synchronizing Reconciliation Data and Physical Inventory in Government Agencies

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Keyword	Abstract
SIMBADA, Inventory Accounting, PSAP No. 05, Internal Control.	This study aims to evaluate the compliance of accounting treatment for consumable inventory at a provincial technical government agency based on the regulatory framework of PSAP No. 05, and to identify strategies for optimizing recording accuracy. This study utilizes a descriptive qualitative approach where primary and secondary data were gathered directly through in-depth interviews with inventory officers, participatory observation of the regional asset management application (SIMBADA) operations, and documentation analysis conducted during an integrated internship program. The results indicate that the classification, recognition, and measurement of consumable items (such as office stationery, paper, document covers, and computer supplies) via the digital system generally align with Governmental Accounting Standards (SAP) guidelines. However, internal control weaknesses persist, specifically a time lag in inputting manual disbursement documents into the system, which causes temporary balance discrepancies between the digital database and the physical stock in the warehouse. The implications of this study emphasize that intra-period inventory data asynchrony can distort the disclosure quality of current asset accounts in the Notes to Financial Statements (CALK). Therefore, internal policymakers need to formulate local regulations regarding rigorous periodic reconciliation mechanisms and the execution of unannounced physical audits (surprise audits) to ensure the presentation of valid, transparent, and accountable local government financial statements.

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I. INTRODUCTION

Public sector financial reporting serves as a critical mechanism of democratic accountability and transparency, ensuring that state resources are managed in accordance with good governance principles. Under Government Regulation No. 71 of 2010, the mandatory adoption of accrual-based Governmental Accounting Standards (SAP) requires public entities to present comprehensive financial statements that accurately reflect asset balances, liabilities, and operational expenditures. Within regional government agencies, inventory represents a vital category of operational current assets—encompassing office stationery, pharmaceuticals, paper, maintenance items, and

public assistance supplies—that directly sustain administrative routines and public service delivery. To ensure uniform accounting treatment, Statement of Governmental Accounting Standards (PSAP) No. 05 establishes normative rules governing four core dimensions: asset classification, recognition upon physical control or formal title transfer, measurement at actual acquisition cost using First In, First Out (FIFO) or last acquisition cost methods, and explicit narrative disclosure in the Notes to Financial Statements (CALK).

To enforce compliance and reduce human error, public sector entities have increasingly deployed web-based Accounting Information

Systems (AIS)—such as SIMBADA, SIBAPER, SAKTI, and ASAP—to automate inventory tracking and facilitate digital data transfer into balance sheet accounts (Nugraha & Prasetyo, 2025; Sohib & Rukmana, 2025). However, empirical literature highlights a persistent gap between normative standard design and practical bureaucratic implementation. A major recurring operational weakness across public agencies is an administrative recording time lag, wherein warehouse personnel delay entering manual disbursement forms into digital databases, resorting instead to batch processing at the end of the month (Hapsari & Widjantie, 2026).

According to internal control and agency theory, intra-period delays in updating outgoing transactions generate data asynchrony and cause recorded digital balances to remain temporarily overstated relative to physical warehouse stock, thereby undermining the timeliness and interim reliability of financial disclosures (Ismail et al., 2021; Rumapea et al., 2025). Furthermore, rigid dependency on standardized pre-set reporting templates issued by regional financial authorities often leads to the complete omission of narrative disclosures regarding FIFO valuation policies in CALK reports (Finishtya & Safitri, 2023).

Recent empirical studies demonstrate that while formal compliance with classification and cost measurement standards is widely achieved across municipal, provincial, and customs authorities (Renza & Herdiyana, 2024), operational discrepancies in recognition and disclosure remain widespread. For instance, investigations into municipal agencies reveal that unrecorded expired items, incomplete stocktaking, and lack of real-time logging undermine the integrity of current asset reporting. Resolving these systemic vulnerabilities requires aligning automated software tools with rigorous internal control mechanisms. Building upon this empirical context, this study evaluates consumable inventory accounting practices at a provincial technical government agency against PSAP No. 05 guidelines. By cross-referencing operational workflows against broader public sector literature, this paper identifies the structural drivers of entry time lags and formulates targeted procedural solutions—including strict 24-hour logging protocols, randomized physical spot checks, and expanded CALK disclosures—to ensure transparent, reliable, and accountable financial reporting.

This study evaluates the accounting treatment compliance for consumable inventory at a provincial-level technical government agency against the regulatory framework of PSAP No. 05. By examining operational workflows and internal control mechanisms during an integrated internship program, this research aims to identify the root causes of data asynchrony and propose concrete strategies such as refined Standard Operating Procedures (SOPs) and unannounced physical audits (*surprise audits*) to optimize inventory recording accuracy and ensure accountable financial reporting.

II. LITERATURE REVIEW

Governmental Accounting Standards (SAP)

Governmental Accounting Standards (SAP) serve as the underlying accounting principles used to prepare and present financial statements for both central and local governments. Based on Government Regulation No. 71 of 2010, accrual-based SAP serves as a mandatory benchmark to ensure transparency and accountability in state financial management. High-quality financial reporting acts as an instrument of public entity accountability to citizens as the primary stakeholders (good governance).

Inventory Accounting Based on PSAP No. 05

According to Statement of Governmental Accounting Standards (PSAP) No. 05, inventory is defined as current assets in the form of goods or supplies intended to support government operations, or items intended for sale/distribution to the public. In technical local government agencies, inventory is predominantly composed of consumable goods, such as office stationery, paper, document covers, and computer supplies.

PSAP No. 05 regulates inventory accounting treatment across four main aspects:

Classification: Grouping items based on whether they support operations or public services.

Recognition: Recognizing inventory when ownership title transfers (*formal transfer of title*)

or when goods are physically received by the agency (*timeliness principle*).

Measurement: Measuring inventory at acquisition cost if purchased independently, which includes the gross purchase price plus handling fees, shipping costs, and taxes (VAT). The primary valuation method for consumable goods is First In, First Out (FIFO).

Disclosure: Disclosing accounting policies used, detailed item quantities, and inventory conditions in the Notes to Financial Statements (CALK).

Regional Asset Management Information System (SIMBADA)

SIMBADA is a digitally integrated application for regional asset administration designed to facilitate real-time tracking of item circulation. Using a digital management system minimizes human error and accelerates the reconciliation of inventory balance data. The accuracy of SIMBADA data heavily depends on disciplined data entry (both for item receiving and issuing menus) based on valid administrative source documents.

Internal Control System and the Time Lag Concept

The Government Internal Control System (SPIP) is a continuous process integrated into actions and activities carried out by management and employees. One indicator of weak internal control in inventory management is the existence of a recording *time lag*. A time lag occurs when there is a significant delay between the physical event (issuance of goods from the warehouse) and its digital recording in the system.

According to internal control theory, delayed recording introduces the risk of overstatement (book balances exceeding physical stock), which distorts the reliability of interim financial reports. Recommended preventive measures to reduce time lag include updating Standard Operating Procedures (SOPs) regarding data entry timeframes and conducting unannounced physical audits (*surprise audits*).

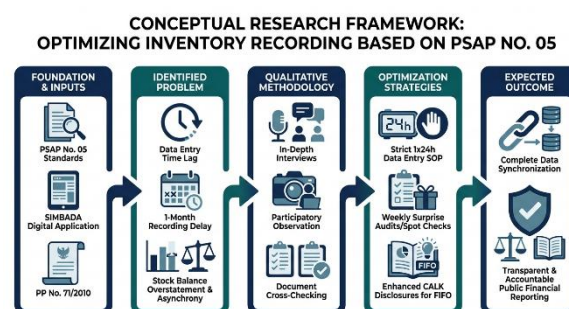


Figure 1. Conceptual Framework

III. METODE

This study adopted a descriptive qualitative approach focused on action-oriented problem solving regarding inventory circulation data discrepancies in the field. The qualitative approach was selected because the study goes beyond mapping written procedures to analyze the data mismatch between SIMBADA application balances and actual physical quantities in the consumable inventory warehouse. The study specifically focuses on the consumable inventory administration system at a technical provincial government agency. Qualitative data were gathered through active involvement in administrative activities during a five-month internship at the agency.

To resolve stock discrepancies, data collection techniques adapted the framework from Sugiyono (2022) across three tactical stages:

In-depth Interviews: Structured interviews were conducted with procurement division staff and inventory managers to identify the underlying procedural and psychological causes of entry time lags. Investigations focused on administrative bottlenecks where staff delayed entering employee item request forms into the SIMBADA system for up to one month.

Active Participant Observation: Researchers participated directly in daily warehouse operations. They observed incoming item entry processes, request form submissions, and critical points where human errors occurred during end-of-month batch entries. Instant cross-checks were conducted between physical stock (paper, covers, computer supplies) and SIMBADA monitor screens to map discrepancy patterns.

Documentary Study: Comparative document reviews were conducted to verify supporting administrative records. Timestamps on purchase invoices, order letters, stationery retrieval forms, inspection reports, and asset transfer reports were cross-referenced against digital timestamps in the SIMBADA system.

All manual and digital data were analyzed using an interactive qualitative analysis model. Actual warehouse practices were evaluated against the PSAP No. 05 guidelines to identify internal control weaknesses, forming the basis for practical solutions, including strict periodic reconciliations and surprise audit procedures.

IV. RESULTS AND DISCUSSION

Inventory Administration and Recording Accuracy Challenges

Based on observations and document analysis, inventory accounts are dominated by consumable goods, such as stationery, paper, document covers, and computer supplies. Inventory administration is conducted using the SIMBADA Warehouse Administration application. Procedurally, incoming inventory is recognized upon physical receipt from suppliers with complete invoices and Goods Transfer Certificates (BAST). For outgoing inventory, employees submit a manual "Stationery Retrieval Form" to warehouse staff prior to item distribution. The agency also prepares periodic Inspection Reports and Asset Mutation Reports for reconciliation purposes.

Identification of Key Problem: SIMBADA Data Entry Time Lag

Despite organized manual workflows, a significant time lag exists in digital data updates. This issue stems from warehouse staff failing to enter data into SIMBADA immediately after receiving manual request forms.

Staff tend to accumulate and delay entering stationery retrieval forms into the SIMBADA outgoing menu, processing them only once at the end of each month. This delay causes balance discrepancies (asynchrony), where inventory figures in SIMBADA consistently appear

overstated compared to actual physical stock on warehouse shelves during the month.

Problem-Solving Approach Based on PSAP No. 05

To resolve this data mismatch, a gap analysis was conducted comparing delayed data entry practices against PSAP No. 05 guidelines.

The analysis revealed that delaying entries for up to one month violates the **timeliness principle** and reliability criteria required by governmental accounting standards. To achieve complete synchronization between reconciliation data and physical stock, procedural solutions were formulated: updating SOPs to restrict digital data entry to a maximum of **1x24 hours** after item release, alongside conducting randomized weekly physical stock counts (*spot checks*) to enforce staff discipline.

DISCUSSION OF PSAP NO. 05 COMPLIANCE

Inventory Classification: Under PSAP No. 05, inventory is classified as current assets supporting daily operations. The consumable items managed by the technical agency are categorized as administrative and infrastructure maintenance consumables (stationery, paper, covers, and computer supplies). This classification aligns fully with governmental accounting standards.

Inventory Recognition: Inventory is recognized when ownership transfers or when goods are physically received. Incoming vendor deliveries are formally recognized via BAST and entered into SIMBADA's Receiving Menu.

However, gap analysis identified internal control weaknesses in outgoing items. Although employees fill out manual request forms, warehouse staff do not update SIMBADA in real time, resulting in forms accumulating for up to a month. This practice creates temporary balance discrepancies where system balances remain overstated. This violates perpetual inventory principles and the timeliness principle of PSAP No. 05.

Solution: Update SOPs to limit digital entry to a maximum of 1 x 24 hours after form submission.

Inventory Measurement:

PSAP No. 05 requires inventory to be measured at acquisition cost, including purchase price, handling fees, shipping, and taxes. The agency complies fully, entering nominal values into SIMBADA based on net supplier invoice totals (including VAT).

Additionally, procurement cycles were adjusted to every 6 months for budgetary efficiency. The agency consistently applies the FIFO (First In, First Out) method, prioritizing older stock disbursement. However, due to item variety, new stock may be issued if older stock is insufficient, without waiting for older stock to be entirely depleted. This application keeps end-of-period inventory values accurate.

A cross-analysis of empirical findings from Hapsari and Widajantie (2026) alongside peer-reviewed literature reveals clear structural trends across Indonesian public sector institutions.

Table 1. summarizes the alignment and operational divergence across key accounting dimensions

Accounting Dimension	Focal Study: Hapsari & Widajantie (2026)	Comparative Academic Literature	Key Synthesis & Insight
1. Classification & Measurement	High Compliance. Consumables properly classified as current assets; acquisition costs include net invoice & VAT; FIFO calculated accurately.	High Compliance. Confirmed by Finishtya & Safitri (2023), Ismail et al. (2021), and Renza & Herdiyana (2024).	Universal strength across public agencies regarding formal PSAP No. 05 cost rules.
2. Recognition & Digital Time Lag	Non-Compliance / Time Lag. Outgoing	Pervasive Issue. Studies on SIBAPER (Sohib &	Automated software cannot guarantee real-time

supplies delayed by 1 month due to batch entry of retrieval forms, causing digital balance overstatement.

Rukmana, 2025) and SAKTI confirm manual paper recaps create intra-period data asynchrony.

accuracy without strict daily logging discipline.

3. CALK Disclosure Policy	Partial Disclosure Gap. Balance sheet totals transfer seamlessly, but narrative policy on FIFO valuation is omitted due to rigid BPKAD templates.	Identical Disclosure Pattern. Finishtya & Safitri (2023) and Rumapea et al. (2025) report identical template-driven narrative omissions.	Standardized templates create a 'compliance illusion'—figures balance, but underlying accounting policies remain hidden.
4. Internal Control & Asset Quality	Focus on Quantity Discrepancies. Administrative timing delays rather than physical loss or inventory damage.	Broad Asset Quality Risks. Rumapea et al. (2025) found unrecorded expired medications due to incomplete stocktaking.	Technical departments suffer mainly from timing delays, whereas health/customs sectors face valuation & obsolescence risks.

Source: Hapsari and Widajantie (2026)

Inventory Disclosure: PSAP No. 05 requires agencies to disclose measurement accounting policies, item details, and inventory conditions in the Notes to Financial Statements (CALK). At this agency, ending inventory balances are pulled via SIMBADA's Data Transfer menu into balance sheet reports.

Non-compliance: The main CALK document lacks an explicit description of the FIFO valuation methodology because the agency relies on standard templates from the Regional

Financial and Asset Management Agency (BPKAD). While SIMBADA uses FIFO formulas internally, explicit disclosures must be added to

CALK notes to ensure full transparency and compliance.

DISCUSSION

Based on the empirical analysis of inventory management within the public sector entity, evaluating the four structural pillars of PSAP No. 05 highlights a clear contrast between technical accounting compliance and operational internal control effectiveness.

Substantively, the agency demonstrates high compliance regarding classification and measurement standards. Categorizing consumable items such as office stationery, paper, document covers, and computer supplies as operational current assets aligns accurately with public sector accounting principles. Furthermore, inventory valuation reliably reflects actual acquisition costs including applicable taxes, while the implementation of the First In, First Out (FIFO) method effectively maintains realistic ending inventory values alongside six-month procurement cycles.

Conversely, critical gaps persist within recognition and disclosure practices due to administrative internal control deficiencies:

Interpretation of Inventory Recognition and Time Lag Effects:

While incoming inventory recognition complies with timeliness standards upon physical receipt and Goods Transfer Certificate (BAST) execution, outgoing inventory recognition faces operational delays. Warehouse staff frequently accumulate physical "Stationery Retrieval Forms" to process in end-of-month digital batches rather than updating records in real-time. Conceptually, this administrative time lag compromises perpetual inventory tracking, generating temporary interim discrepancies where digital database figures in SIMBADA consistently appear overstated relative to actual physical shelf stock. This imbalance distorts the accuracy and reliability of interim inventory reports prior to formal stock reconciliations.

Interpretation of Disclosure Practices in Financial Statements (CALK):

Although ending inventory totals seamlessly integrate into balance sheet reports via SIMBADA's data transfer features, the primary Notes to Financial Statements (CALK) document lacks an explicit narrative description of the FIFO valuation methodology. This omission stems from strict reliance on standardized reporting templates issued by the Regional Financial and Asset Management Agency (BPKAD). Even though SIMBADA's digital system internally calculates inventory under FIFO rules, omitting explicit policy narrative restricts full disclosure transparency as mandated by governmental accounting benchmarks.

Ultimately, these findings emphasize that achieving true data accuracy and financial reporting accountability relies not solely on automated software like SIMBADA, but equally on disciplined, real-time data entry practices and comprehensive disclosure within official financial statements.

V. CONCLUSION

In conclusion, the inventory classification and measurement practices at the technical local government agency generally align with Governmental Accounting Standards (SAP). Items are categorized correctly, acquisition costs include net invoice prices (plus VAT), and FIFO valuation is applied effectively alongside six-month procurement cycles.

However, significant internal control weaknesses exist in inventory recognition and disclosure. The primary issue is a time lag of up to one month caused by delayed entry of manual retrieval forms into SIMBADA. This batch processing leads to system balances consistently being overstated compared to physical stock during the period. Furthermore, the lack of explicit FIFO valuation descriptions in the main CALK document limits reporting transparency.

To achieve complete synchronization between reconciliation data and physical inventory, procedural updates are required: amending SOPs to enforce a maximum 1 x 24 hour digital entry limit after item disbursement.

This must be supported by weekly random physical audits (*sampling*) and informative footnote disclosures in CALK to ensure valid, transparent, and accountable local government financial reporting.

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