

Foreword

The Government of the Republic of Indonesia (GOI) calls for the urgency of executing good governance in managing the state finance to provide a better service for the people. For such determined reason, the GOI and the House of Representatives have introduced new laws that affect state financial reform, i.e. Law No. 17 Year 2003 on State Finance, Law no. 1 Year 2004 on State Treasury, Law No. 15 Year 2004 on Audit of State Financial Management and Accountability, and Law No. 32 Year 2004 on Local Government. Major changes introduced by these laws are, amongst others, the obligation of the central as well as local governments to present financial statements and, consequently, the need of Government Accounting Standards (the standards) as a basis for preparing and presenting such statements.

The standards are prepared by the Government Accounting Standard Committee (the Committee), an independent committee that comprises accounting experts from Indonesian Institute of Accountant, academicians, government practitioners, and so forth. In drafting the standards, the KSAP refers to the International Public Sector Accounting Standards (IPSAS) and adapts them notably to the specific needs and peculiarities of the GOI in which the accounting basis is adapted from accrual basis to “cash toward accrual” basis.

The standards are promulgated under Government Regulation No. 24 year 2005, which is formally issued in Indonesian language. Nearly after one year the Committee later on publishes the English version as a response to the increasing demand of these standards from international community, especially as the comparison to those of other countries as well as IPSAS.

Despite a lot of the contents are originally in English, the Committee encounters difficulties in the process of English translation due to the depth of the adaptation to the Indonesian situation and requirement. However, the difficulties are mitigated due to the kindness of the World Bank, USAID and CIDA which by their own early initiative provide the English translation of these Standards. Without those drafts, the process of finalizing these official English version standards will consume more time.

The Committee understands that these Indonesian Government Accounting Standards are not perfect, either in the language, selection of terms, or in the adaptation of the substance, that every comments are always welcome.

Jakarta May 2006

The Government Accounting Standard Committee