

## **HOW TO APPLY THE ACCOUNTING SYSTEM IN FINANCIAL REPORTING FOR THE IMPLEMENTATION OF THE IMMEDIATE NGABEN CEREMONY IN PURI SATRIA KANGINAN, KLUNGKUNG-BALI**

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### **Abstract:**

This study aims to analyze the application of accounting systems in financial reporting for the Ngaben ceremony at Puri Satria Kanginan, Klungkung, Bali. The Ngaben ceremony, as a traditional activity involving collective funds, requires a transparent and accountable financial management and accountability mechanism. This study uses a qualitative descriptive approach with the interpretative phenomenological analysis (IPA) method. Data were obtained through interviews with the Sangkepan client, treasurer, and Serati section, supported by observation and documentation of financial reports. The results show that Puri Satria Kanginan has implemented a simple accounting system through systematic and documented recording of cash receipts and expenditures using Excel. Each activity section prepares an accountability report which is then summarized by the group treasurer into a final financial report. Although not fully referring to financial accounting standards (SAK), especially ISAK 35, this practice has reflected basic accounting principles such as recording, verifying transaction evidence, and transparency to group members. This study concludes that the application of an accounting system in the context of traditional ceremonies can improve accountability without eliminating the value of mutual cooperation and community traditions.

**Keywords:** Accounting System, Financial Reports, Cremation, Traditional Organizations, ISAK 35.

## **INTRODUCTION**

Ngaben (Ngaben) is a highly sacred traditional ceremony in Balinese Hinduism. Ngaben is a cremation ceremony for the deceased, with the aim of returning the Panca Maha Bhuta (five elements that make up the human body) to the universe. Furthermore, the Ngaben ceremony is believed to be a means of sending the deceased's spirit on its journey to the next world. Therefore, Ngaben is interpreted as a form of final respect and also as a form of devotion and spiritual responsibility of the family to their ancestors.

Ngaben ceremonies in Bali can be performed individually or in groups, both of which involve the community working together to perform the ceremony for several previously buried bodies. Group Ngaben ceremonies are known as mass Ngaben, and are generally performed by family groups with the same lineage, traditional hamlets, or larger communities such as traditional villages. Mass Ngaben are usually held every three or five years. This type of implementation model was chosen as a solution to the high cost of the ceremony, because by doing it together, the burden of costs that must be borne by each family of the deceased (sawe) can be lighter.

During mass cremation ceremonies, the ceremonial budget is generally divided based on the number of individuals attending the ceremony (sawe). A committee is also formed to ensure the smooth running of the event. The committee typically consists of a chairperson, treasurer, secretary, and several activity coordinators. Funds collected from each sawe are pooled and managed by the



committee, requiring an accountability mechanism, particularly regarding the management and use of funds.

Financial reports are used as a form of accountability for the committee to the community and group members regarding how the funds collected were used during the ceremony. However, in practice, the financial reports presented during mass cremation ceremonies are generally simple. The preparation of these financial reports does not adhere to applicable Indonesian financial reporting standards. This is because the management of funds for traditional activities, including cremation ceremonies, still relies heavily on the values of trust and togetherness among members of the indigenous community.

Much research has been conducted on how accounting systems are implemented within both for-profit and nonprofit entities. However, the application of accounting systems within a family group, known as a congregation, during traditional ceremonies has yet to be explored.

Puri Satria Kangingan is one such family group with a relatively well-organized organizational and management system. In practice, every important decision is made by mutual agreement through monthly family meetings. The rules implemented within this congregation are designed with the minimum conditions of members in mind, with the aim of creating equality and fairness among members.

In the context of cremation ceremonies, Puri Satria Kangingan regularly holds cremation ceremonies for deceased family members. With increasing demands for transparency and accountability, particularly in the management of joint funds, questions have arisen regarding the accounting and financial reporting systems used by Puri Satria Kangingan in cremation ceremonies, and the extent to which these practices align with applicable accounting standards.

Financial Accounting Standards (SAK) are guidelines developed by the Indonesian Institute of Accountants (IAI) as a reference for the preparation and presentation of financial statements in Indonesia. They aim to produce relevant, comparable, and understandable financial statements for stakeholders. SAK is not only intended for profit-oriented business entities but also includes entities that manage public or non-profit mutual funds. The Statement of Financial Accounting Standards (SAK) is part of SAK, containing technical provisions on the recognition, measurement, presentation, and disclosure of financial transactions. For non-profit institutions, including social organizations, indigenous groups, and communities, the Indonesian Institute of Accountants has issued ISAK 35 on the presentation of financial statements for non-profit entities, which serves as a reference for preparing more accountable financial statements.

In the context of the cremation ceremony, a traditional Balinese activity, the application of accounting principles does not eliminate existing traditional values and beliefs. Rather, it complements good practices in fund management, ensuring greater organization, order, transparency, and accountability. Therefore, implementing an accounting and financial reporting system based on PSAK or SAK for the cremation ceremony at Puri Satria Kangingan is crucial for both academic and practical purposes.

Financial reports prepared according to accounting standards enable stakeholders to clearly understand the source of funds, how they are used, and the financial position of an activity. These accounting standards are crucial for increasing transparency and accountability in financial reporting.



## METHODS

This research is limited to how the accounting system is applied in the financial reporting of the Ngaben ceremony at Puri Satria Kangingan so that the findings can be a reference for the management of similar traditional ceremonies in Bali. The focus of the research is on how the financial report of the Ngaben ceremony of Puri Satria Kangingan is prepared. This research uses a qualitative descriptive approach based on interviews, observations and documentation, so that the results emphasize a deeper understanding of practices and experiences in the field rather than quantitative measurements. Data collection was carried out by interviewing the Kelian Sangkepan as the leader of the Sangkepan, the Treasurer of the Sangkepan as the financial officer, and the Serati Section as the executor of the financial report of the activity at that time. The research data were analyzed using Interpretative Phenomenological Analysis (IPA). The IPA data collection method approach focuses on efforts to understand individual life experiences and the subjective meanings they give to a phenomenon and emphasizes the direct involvement of researchers and the depth of interaction with participants, not on large amounts of data. IPA is based on three main points: ideography, which emphasizes a deep understanding of each person's unique experiences before looking for common patterns among participants. Phenomenology directs researchers to exploit experiences as they are. And hermeneutics plays a role in the process of interpreting the meaning of these experiences. Therefore, the data collection technique commonly used in IPA is in-depth interviews, which allow participants to openly share their experiences. The researcher conducted semi-structured interviews with three informants selected based on their relevance and involvement in the research.

## RESULT AND DISCUSSION

Accountability for the funeral funds for the cremation ceremony at Puri Satria Kangingan is handled by each section. These sections were established at the beginning of the event and are divided into the uparengga, serati, and wewalungan sections.

Accountability reports (LPJ) are prepared in the form of notes in an Excel document created by each section and sent to the group treasurer. The group treasurer will prepare a comprehensive financial report based on the reports from each section and share it in the WhatsApp group and community meetings. This final report will provide a record of the total costs, the total funds collected from the community, and any variances or shortfalls. As agreed at the final meeting between the committee, administrators, and community members, this shortfall is the responsibility of the deceased's family. The family of the deceased will pay this shortfall to the treasurer to return the advance payment taken at the beginning of the event. Although not yet fully compliant with Indonesian accounting standards, the financial reporting for the cremation ceremony at Puri Satria Kangingan has implemented an accounting system for impromptu cremation ceremonies. An accounting system is implemented by implementing a systematic and well-documented financial transaction recording process, recording all incoming and outgoing funds, supported by valid transaction evidence, such as notes or receipts. This activity allows stakeholders to ensure the accuracy and transparency of financial reporting, and facilitates internal audits and financial accountability.

Puri Satria Kangingan is a family group consisting of approximately one hundred and three heads of families. Puri Satria Kangingan has a well-organized management structure consisting of a chairman (Klian), treasurer, secretary, and several sections. The spirit of mutual cooperation remains strong within this group. Every traditional ceremony is conducted in groups with periodically formed committees. One such traditional ceremony is the cremation ceremony.



Since 2021, mass cremation ceremonies have been discontinued at Puri Satria Kanginan. Following the cessation of mass cremation ceremonies, Puri Satria Kanginan family groups have been conducting individual cremation ceremonies, also known as impromptu pelebon ceremonies. This impromptu cremation ceremony is intended to be held after the death of a family member. This decision was made by mutual agreement during regular family meetings, driven by a desire to save time and money. The mass cremation ceremony itself takes more than two months, from preparation to the main event. The length of this ceremony process also causes a lot of costs and time spent by each person, this causes the community to feel difficult, especially since more than 60% of the members of this group work in the tourism sector, and it is very difficult for State Civil Apparatus to get permission for long-term work leave.

This is not the case with impromptu cremation ceremonies. The time required to carry out such a ceremony is only three days, with two days devoted to preparation and one day for the main event itself. In addition to shortening the timeframe to three days, this decision also makes it wise to begin the two days of preparation at eleven o'clock in the morning, when the community is already finished with household chores. The budget required for impromptu cremation ceremonies reaches twenty-five million rupiah, with a member-led system where each head of the family contributes one hundred thousand rupiah in condolence funds, which are deposited and recorded by the implementing section in a cash book. The collected funds are then handed over to the deceased's family, with the Puri Satria Kanginan congregation managing and accounting for the deceased. In addition to the condolence funds collected from residents for each death, this group also maintains a condolence fund held at the Village Credit Institution (LPD). This fund functions as an emergency fund, which will be used as a down payment for expenses before all community funds are collected, so that activities can be carried out promptly according to the predetermined schedule.

## CONCLUSION

Based on the research results and discussion above, the author can conclude that Sangkepan Puri Satria Kanginan has implemented an accounting system in managing cremation funds, although it is still simple and has not yet fully followed existing accounting standards in Indonesia. The system implemented includes recording cash receipts and expenditures by each section, which are then summarized by the group treasurer into a final financial report. The financial reporting practice has fulfilled the basic principles of accounting including transaction traceability, use of transaction evidence, accountability to stakeholders, although it has not presented financial reports and activity reports according to ISAK 35, but financial reporting has been prepared transparently and shared with members through group communication media so as to improve social accountability. In the future, Sangkepan Puri Satria Kanginan needs to start adopting a financial report format that refers to ISAK 35, at least by adding a cash position report and activity report so that financial information is more complete and structured, for the presentation of financial reporting in accordance with ISAK 35. For further research, it is recommended to conduct comparative research in several traditional villages or Sangkepan Puri in Bali to see variations in the application of accounting systems in traditional activities. The results of this study can also be used as a basis for traditional village policy makers to prepare guidelines for financial reporting of traditional activities based on local wisdom but still in line with modern accounting principles.

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