

Regional Financial Information Systems Effect on Sarolangun Local Government Financial Transparency and Accountability of Financial Report

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Abstract

The government in formulating policies to distribute the Balancing Fund, evaluating regional financial performance, drafting the State Budget and Expenditure Budget (RAPBN) and meeting other needs, such as state financial statistics, facilities needed to validate, collect, process, analyze data, and provide financial information regional to the user, the SIKD is needed. This study aims to analyze the influence of the regional financial information system on the transparency and accountability of financial statements in Sarolangun Regency. The research method used is quantitative descriptive research method, primary data collection is done through the distribution of questionnaires that are measured using a Likert scale. This research was conducted at the Regional Apparatus Work Unit (SKPD) Sarolangun District. In this study the population is the Sarolangun District government. Sampling was done using a purposive sampling method. The sample used is one employee in the financial section of 34 Regional Apparatus Work Unit. The data obtained in this study are based on questionnaires and then the data is processed using descriptive statistical tests, data quality tests, classic assumption tests, multiple regression analysis tests, and hypothesis testing. The normality test used is the Kolmogorov-Smirnov compatibility test. The results stated that: First, the regional financial information system variable (X) partially had a positive and significant effect on the transparency of local government financial reports (Y1). Second, the regional financial information system variable (X) partially has a positive and significant effect on the accountability of local government financial reports (Y2).

Keywords: *regional financial information system, transparency and accountability of financial statements*

Introduction

The development of information technology now requires the government to participate in making it easier for the public or users to get information about government activities. Government policies in distributing Balancing Funds, evaluating regional financial performance, preparing the State Budget Draft and meeting other needs, such as state financial statistics, require a facility to collect, validate, process, analyze data, and provide finance. regional information, the facility is the regional financial information system.

Laws and regulations regarding regional autonomy and financial reporting are regulated in Law No. 32 of 2004 (Undang-Undang Republik Indonesia Nomor 32 Tahun 2004, n.d.) concerning local governments stated that the development of autonomy in the regions was carried out is carried out by considering the principles of democracy, community participation, justice, paying attention to the potential and diversity of local communities and Law No. 33 of 2004 (UU Nomor 33 Tahun 2004, 2004) concerning financial balance between the central government and regional governments. Financial balance sheets are available in the form of DBH, DAU and DAK.

Regional autonomy was beginning of the reform of central government policies in several fields into regional policies including financial management policies. As part of good governance, it is necessary to increase the use of the principles of transparency and accountability in the regions, by applying 3 local government management mechanisms: (1) Creating community empowerment cooperation, listening to the voice or aspirations of the community, (2) control mechanisms and improve internal rules, and (3) Create competitive situations in providing the best treatment to the public and market services. (Mardiasmo, 2002).

The value of information in the financial statements used for planning, monitoring, controlling and decision making needs to be considered by the government. The accounting information contained in the Regional Government Financial Report (LKPD) must have the necessary qualitative characteristics. An entity in a local government has a complex and large transaction volume. The use of appropriate information technology will greatly facilitate the government to process financial transaction data and the presentation of government financial statements so that the value of information in the financial statements is not lost (Winidyaningrum, Celvina, 2010). The low quality of financial statement information is caused by financial accounting information systems that have not been implemented optimally.

In the explanation of Government Regulation No. 65 of 2010 concerning Regional Financial Information Systems (SIKD) stated that in order to facilitate the implementation of the development process in accordance with the principles of good governance, the Central Government and Regional Governments must develop and utilize advances in information technology developments to improve financial management capabilities regions, and channeling regional financial information to public services.

Financial information in Sarolangun Regency is still not fully in accordance with PP No. 65 of 2010, namely channeling financial information to public service area. The information provided should be continuous and continuous, so that the public can be given full opportunity to study and analyze what the budget is set for and how the local financial position is in each reporting period (every year). The government has a responsibility to the community because the funds used in providing services come from the community either directly (funds from the management of the region's own financial potential), or indirectly (balance funds). The current pattern of regional government accountability is more horizontal in that the regional government is responsible to the DPRD and to the general public. However, in reality most of the regional governments stressed their accountability to DPRD rather than the general public ((Mardiasmo, 2002).

Research on transparency and accountability has been carried out in various regions with different results. In a study conducted by (Zetra, 2009) shows a transparent and accountable work culture that has not yet taken root (there are still many apprehensions and apparatus reluctance in opening information to the public), the absence of regulations that support transparency and accountability, and the limited number and ability of human resources to compile and submitting financial reports following government accounting standards is a problem for realizing transparency and financial accountability of local governments. While research conducted by (Ni Putu Sri Mahayuni., 2017) states that the variable utilization of regional financial accounting information systems (X1) and regional financial supervision (X2) partially has a positive and significant effect on the transparency of regional financial reporting (Y1) and partially has a positive effect and significant towards local government accountability (Y2). From the above problems the researcher is interested in reexamining the effect of the regional financial information system on the transparency and accountability of the financial report on the Sarolangun district.

This research problem formulation is : (1) Does the regional financial information system effect the transparency of local government financial reports, (2) Does the regional financial information system

affect the accountability of local government financial reports. The purpose of this study is to see whether regional financial information systems affect the transparency and accountability of the financial statements of the Sarolangun district. Benefits of research, (1) Enrich scientific views and increase knowledge and for researchers in the field of regional financial information systems. (2) It is expected that the results of input for each head of Sarolangun District SKPD in formulating policies in the future, so that what is mandated by government regulations on transparency and accountability will be achieved.

Literature Review

Regional Financial Information System (IKD) that is a system used to formulate policies in the distribution of Balancing Funds, evaluation of regional financial performance, preparation of the Draft State Revenue and Expenditure Budget (RAPBN) and meet other needs, such as state financial statistics, a facility is needed to collect, validate, process, analyze data, and provide regional financial information (PP Number 56 of 2005).

IKD is all information relating to regional finance needed in the context of the operation of the IKD (PP RI No. 56 of 2005: Article 1 paragraph 16). Regional Financial Information (IKD) submitted must meet the principles - accurate, relevant, and accountable (Government Regulation No. 56/2005: Article 3). Submission of Regional Financial Information (IKD) is done periodically through written documents and other media (PP RI Number 56 of 2005: Article 6).

According to (Bastian, 2006), the Regional Financial Information System is a series of procedures ranging from the process of identification, recording, grouping, to financial reporting in the context of implementing APBD that can be done manually or using a computer application. Meanwhile, according to (M., 2013) the system of regional financial information is an application that is designed to handle the management of dynamic archives within agencies or institutions.

Based on the above understanding, it can be concluded that the Regional Financial Information System or abbreviated as SIKD is an integrated application that is used as a tool for local governments to increase the effectiveness of various changes in the area of regional financial management.

One of the main elements in government financial reporting is transparency. Transparency means the disclosure made by the government in running the government for matters of a material nature on a regular basis to those who have an interest in it. According to (Mardiasmo, 2002) Transparency is the openness of the government in making policies in the management of regional finances so that it can be known and monitored by the DPRD and the public. (Nordiawan, 2007) states that transparency is the delivery of financial information that is open and true to the community based on that the public has the right to openly and comprehensively acknowledge the responsibility in managing resources based on laws and regulations.

Transparency exists on the basis of freedom of information relating to the interests of the general public that can be directly obtained for those who have an interest. From this description it can be seen that transparency in a country can be created if the country's government system provides freedom for its people to obtain information needed by the wider community. (Mardiasmo, 2002) and (Saputra & Fernando, 2017) states that a report of accountability for the success or failure of implementing an organization's mission in order to obtain the objectives and results that have been determined, through means of accountability carried out periodically. According to (Mahmudi, 2010) accountability is the realization of the obligation of a government agency to account for the failure and success of implementing the organization's mission implementation's in achieving planned targets through a periodic accountability system.

Method

Regional autonomy provides greater opportunities for regions to regulate their own regions including regulating regional finances. Regions are also required to make regional financial reports as the responsibility of regional governments to the community, to make financial reports of a system deemed sufficient to provide information to the public is very much needed.

Regional financial accounting system which is a step in the delivery of information ranging from data identification to financial reporting in the form of a balance sheet, budget realization report, cash flow statement and CaLK in the context of APBD accountability both manually and using computer applications. The accounting system prior to regional autonomy known as the Regional Finance Manual (MAKUDA) was considered not to provide enough to the public because it only contained cash information consisting of cash in and out cash statements and cash balances.

In response the government issued Minister of Home Affairs Decree No. 29 of 2002 (Decree, 2002) which was later revised by (Interior, 2006) concerning regional financial management which also regulates the accounting system that must be applied by local governments. SAKD is expected to be able can produce financial report forms that meet the principles of transparency and accountability.

In reality SAKD has not been able to meet the principles of accountability and transparency. This is because human resources who have a background in accounting are very limited and also the paradigm that financial statements are documents that cannot be given to just anyone. Mardiasmo (Mardiasmo, 2002) said that the pattern of regional government accountability today is more horizontal in nature where the regional government is responsible both to the DPRD and to the wider community. However, in reality most of the regional governments stressed their accountability to the DPRD rather than the wider community.

Research Hypothesis. The hypothesis is a temporary answer to the research problem, until proven through data and empirically tested, the research hypothesis regarding the Effect of the regional financial information system on the transparency and accountability of the financial statements of the Sarolangun district government is as follows:

H1 = Effect of SIKD on report transparency finance of the Sarolangun district government

H2 = Effect of SIKD on accountability reports finance of the Sarolangun district government

Results and Discussion

Validity test

Validity testing is used to measure the validity of a questionnaire statement distributed to respondents, then the questionnaire is said to be valid if the questionnaire statement is able to reveal something that will be measured by the questionnaire. Validity testing in this study uses the Product Moment correlation method with the help of the SPSS 19.00 application. Validity is measured by correlating the factor score (the sum of items in one factor) to the total factor score (the overall factor total). From the results of the calculation of correlation will get a correlation coefficient that is used to measure the level of validity of an item to determine whether an item is suitable for use or not. According (Priyatno, 2008) in determining whether or not an item is suitable for use, a significance coefficient correlation test is usually performed at the 0.05 significance level, meaning that an item is considered valid if it has a significant correlation to the total score.

Reliability Test

Reliability Test is a method to measure an answer to a statement, a questionnaire is said to be reliable if the answer to the statement is consistent. In general an instrument is said to be reliable if it has a Cronbach's alpha coefficient > 0.6. After the data is processed using SPSS 19.0, the reliability value of the three variables is 0.896, so the data is reliable because the Cronbach alpha value is more than 0.6. Thus

all statement items of the regional financial accounting system variable (X), the transparency and accountability variables of the regional financial statements (Y1 and Y2) are considered to be sufficiently reliable to re-measure the same symptoms on the same respondent if repeated measurements are made.

Normality test

Normality test is done to test the independent variable data (X) and the dependent variable data (Y), whether it is normally distributed or not normally distributed. In this study Kolmogrov-Smirnov One Sample was used using a significance level of 0.05. The data used is the residual value of the two variables and the data is declared normal distribution if the significance is greater than 5% or 0.05. The basis for decision making is based on the probability of adoption (asymptotic significant), where if probability > α then the population distribution is normal and if propability < α then the distribution is not normal.

The results of testing data using SPSS 19.00 (Appendix VII) show that the Kolmogorov-Smirnov value is 1.084 with asymp sig 0.191. This means that the population data is normally distributed because the asymp sig is greater than the α value (0.191 > 0.05).

Simple Linear Regression Analysis

H₁ = The Effect of SIKD on the transparency of financial statements in Sarolangun district

Based on data processed using SPSS 19.00, a simple linear regression equation is obtained, $Y_1 = 0.169 + 0.926 X$. This equation can be interpreted as follows:

1. A constant of 0.169 means that if SIKD (X) is assumed to be 0, then regional financial transparency is valued at 0.169.
2. The regression coefficient of SIKD variable (X) is 0.926, which means that the regional financial accounting system has a positive effect on regional financial transparency. This shows that each addition of one unit of SAKD will lead to an increase in regional financial transparency of 0.926, this also applies if the opposite occurs.

H₂ = The Effect of SIKD on the transparency of financial statements in Sarolangun district

Based on data processed using SPSS 19.00, a simple linear regression equation is obtained, $Y_2 = 0.549 + 0.859 X$. This equation can be interpreted as follows:

1. A constant of 0.549 means that if the regional financial information system (X) is assumed to be 0, then the accountability of regional financial statements is 0.549.
2. The regression coefficient of the regional financial information system variable (X) is 0.926, which means that the regional financial accounting system has a positive effect on the accountability of regional financial statements. This shows that each addition of one unit of the regional financial accounting system will lead to an increase in regional financial transparency of 0.926, this also applies if the opposite occurs.

The coefficient of determination (R^2) basically measures how far the model's ability to explain the dependent variable (Ghazali, 2005). From the coefficient of determination can be seen the extent to which regional financial accounting system variables are able to explain the regional financial transparency variables. Based on the results of testing the coefficient of determination carried out the magnitude of R is 0.525. The higher R, the better a regression model, because the independent variables can explain the dependent variable is greater. Thus, it can be concluded that the regional accounting system influences the transparency and accountability of regional financial statements by 52.5%, while the remaining 47.5% is influenced by other factors not examined, such as the quality of human resources and not yet fully prepared financial statements based on government accounting standards and regulations in the regions that do not yet support regional financial information systems.

Transparency and accountability of regional financial reports as a way to satisfy the public's curiosity about their regional finances and also as a form of regional government accountability to the community as regional stakeholders. Based on the observations of transparency researchers in the Sarolangun Regency area, it has not yet given optimal results, as many as 35% of respondents still provide sufficient assessment of the current financial transparency.

The results of research that has been done to test data normality, obtained results that the data are normally distributed. In other words, the data in this study can be used in parametric statistics and the results can be generalized to the population. Based on the test of the Effect of the regional financial accounting system on the transparency and accountability of regional government financial statements, it is proven that the regional financial information system influences the transparency and accountability of regional financial reports can be seen from the regression equation obtained where the regression coefficient is positive, it can be interpreted that there is a positive influence between regional financial accounting system with transparency and accountability of regional financial reports. The form of influence obtained from the equation is a positive influence which means that if the regional financial accounting system variables are improved it will be followed by increased transparency and accountability of regional financial reports and vice versa, if SIKD decreases the transparency and accountability of regional financial statements will take part decreased.

The results showed that the regional financial information system influences the transparency and accountability of the Sarolangun District government financial reports. The coefficient of determination of 52.5% shows that the regional financial accounting system has an effect of 52.5% while the remaining 47.5% is influenced by other factors outside the study. Other factors according to (Zetra, 2009) are:

1. A transparent and accountable work culture has not yet taken root in bureaucratic life in the regions. (There is still a lot of apparatus fear and reluctance in opening public information to the public).
2. Only a small number of regions already have regulations (perda) that support transparency and accountability.
3. Limited number and capability of human resources who are ready to prepare and submit financial reports following government accounting standards.
4. The seriousness of most of the PPK (Financial Administration Officials) SKPD in carrying out the financial management process. (Many treasurers of acceptance at SKPD are late in submitting monthly accountability reports caused by, among others, the failure of the Head of activities or the Head of the SKPD in matters of accountability).
5. Readiness of supporting facilities and infrastructure such as information technology both hardware and software and its operators. (There are still many SKPDs in implementing financial management due to lack of human resources and supporting facilities to run the financial information system effectively).
6. The planning process that precedes the budget process is still a lot of formality. (there is still a lot of artificial participation (elitist), the performance management system has not been running well. There are still many SKPDs trapped in the old pattern of program preparation such as submitting as many programs, as beautiful and not based on the existing planning system).
7. There are no regions that conduct financial reporting by developing information media through regional sites that can be accessed by the wider community.

Conclusions

Based on the results of research and discussion supported by data and information that have been stated previously, the authors draw conclusions as follows:

1. There is a significant and positive Effect between the regional financial information system on the transparency and accountability of the financial statements of the Sarolangun Regency.
2. Based on the results of the processing of the questionnaire regarding the SIKD, the transparency and accountability of regional financial reports can be concluded that the implementation of the

regional financial information system, the application of transparency and accountability of regional financial reports has been going well but there are still some shortcomings. These deficiencies in terms of evaluating the financial information system that is applied.

3. The application of regional financial transparency itself has not been running optimally, this is indicated by the people who have difficulty getting information and financial reports quickly, people who need financial reports are still faced with a long bureaucracy to get that information, even though the law has mandated that financial information including information that must always be available and can be accessed through the website of each region.

Based on the results of research and discussion, the suggestions put forward by the author are:

1. Evaluate the SIKD so that deficiency in the system can be identified.
2. The regional government facilitates people's access to information on finances and the results of local government performance through print media such as regional newspapers or through the official website of the regional government.
3. Reminding the SKPDs to provide their financial reports on time so that regional government financial reports can be completed on time, because basically the regional government financial reports are a combination of the existing SKPD financial reports.
4. For researchers and subsequent research, can develop research, so that a deeper understanding of regional financial transparency and the SIKD is obtained. the next researcher can use a wider range of populations and samples to obtain more accurate research results.

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