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ANALYSIS OF THE IMPLEMENTATION OF THE GOVERNMENT FINANCIAL ACCOUNTING SYSTEM IN IMPROVING THE QUALITY OF LOCAL GOVERNMENT FINANCIAL STATEMENTS: A CASE STUDY OF THE PRABUMULIH CITY GOVERNMENT

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Abstract:
This study aims to analyze the implementation of the government financial accounting system in improving the quality of the Local Government Financial Statements of Prabumulih City. A qualitative approach was employed, with data collected through observation, interviews, documentation, and a literature review. The data were analyzed through the stages of data collection, data reduction, data presentation, and conclusion drawing. The findings indicate that the Regional Government Information System of the Republic of Indonesia (SIPD-RI) has been implemented in an integrated manner within the Prabumulih City Government. SIPD-RI integrates the planning, budgeting, financial administration, and financial reporting processes into a centralized database, thereby reducing the risk of duplicate records and improving information consistency. The implementation of the system also supports the quality of the Prabumulih City Government's financial statements. The financial information presented fulfills the qualitative characteristics of financial statements stipulated in Government Regulation Number 71 of 2010 concerning Government Accounting Standards, namely relevance, reliability, comparability, and understandability. Therefore, the implementation of SIPD-RI plays an important role in supporting more effective, integrated, transparent, and accountable regional financial management.
Keywords: Local Government Accounting System; SIPD-RI; Financial Statement Quality; Local Government Financial Statements; Government Accounting.

INTRODUCTION

Good governance requires public financial management that is transparent, accountable, orderly, and properly administered. This requirement has become increasingly important with the implementation of decentralization and regional autonomy, which grant local governments broader authority to regulate and manage their resources and finances. Local governments are responsible not only for implementing development programs but also for accounting for the use of public funds through the presentation of high-quality financial statements. Government Regulation Number 12 of 2019 stipulates that regional financial management encompasses planning, budgeting, implementation, financial administration, reporting, accountability, and supervision, all of which must be conducted in an orderly, efficient, economical, effective, transparent, and responsible manner (Republic of Indonesia, 2019).

Local government financial statements are accountability instruments that present information on the financial position, budget realization, cash flows, operational performance, assets, liabilities, and equity of local governments. Stakeholders require this information to assess government accountability and support economic, social, and political decision-making. To ensure uniformity and reporting quality, the government established Government Accounting Standards through Government Regulation Number 71 of 2010. This regulation requires central and local government entities to apply accrual-based accounting. Under the accrual basis, transactions and

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economic events are recognized when they occur, regardless of when cash is received or disbursed. This application enables the government to present more comprehensive information on assets, liabilities, revenues, expenses, and equity, thereby providing a more appropriate basis for decision-making (Karunia & Mabrur, 2022).

The quality of local government financial statements is determined by their ability to satisfy the qualitative characteristics stipulated in the Government Accounting Standards, namely relevance, reliability, comparability, and understandability (Republic of Indonesia, 2010). Relevant information must be capable of influencing users' decisions, whereas reliable information must be free from material error and faithfully represented. Comparability enables users to evaluate financial performance across periods and entities. Meanwhile, understandability requires financial information to be presented systematically and in a manner that users can comprehend. Therefore, financial statements are not merely administrative outputs but also serve as a basis for performance evaluation, policy formulation, resource allocation, and increased public trust in local governments.

The preparation of high-quality financial statements requires an adequate Local Government Accounting System. This system comprises a series of procedures involving data collection, recording, classification, summarization, and reporting of financial transactions as part of the accountability process for implementing the Regional Revenue and Expenditure Budget (APBD). These procedures may be performed manually or through integrated applications. An effective accounting system can improve operational efficiency, strengthen financial controls, reduce recording errors, and support the timely preparation of financial statements. Accordingly, the reliability of the accounting system is an essential prerequisite for producing high-quality and accountable local government financial statements (Supardan, 2020).

Nevertheless, the implementation of local government accounting systems continues to face various challenges. Regional financial transactions involve numerous work units, thousands of budget accounts, the management of substantial assets, and lengthy stages extending from planning to reporting. Regulatory changes and the integration of planning, budgeting, financial administration, and reporting into a national electronic system also require adequate technological infrastructure and competent human resources. Errors in transaction input, account-code selection, journal entries, or consolidation may result in inaccurate amounts being presented in the Budget Realization Report, Balance Sheet, Operational Report, and other financial statements. The accounting system, therefore, should not be viewed merely as a technical application but as an ecosystem involving regulations, technology, human resources, internal control, and procedural compliance.

As a local government reporting entity, the Prabumulih City Government is required to prepare financial statements in accordance with the Government Accounting Standards. Based on the Audit Reports issued by the South Sumatra Provincial Representative Office of the Audit Board of the Republic of Indonesia, the Prabumulih City Government consistently received an unmodified opinion during the 2020-2024 period. This achievement indicates consistency in maintaining the fair presentation of its financial statements. Nevertheless, an unmodified opinion does not necessarily indicate that all aspects of financial management are entirely free from weaknesses. In the 2022 financial statements, the Audit Board emphasized additional operating and capital expenditures that were not based on a Regional Regulation concerning amendments to the APBD. In 2023, the Audit Board also identified expenditures on goods and services that were not fully used for their intended purposes, although these findings did not affect the audit opinion.

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These conditions indicate that efforts to maintain an unmodified opinion must be accompanied by continuous improvements in the accounting system, internal control, regulatory compliance, and the accuracy of financial administration. An assessment based solely on the audit opinion does not fully explain how the accounting system is implemented throughout the financial management cycle or how it contributes to the quality of the information produced. Therefore, a more in-depth analysis is needed regarding the implementation of the government financial accounting system within the Prabumulih City Government, particularly its role in supporting the presentation of financial information that is relevant, reliable, comparable, and understandable.

Based on the foregoing discussion, this study aims to analyze the implementation of the government financial accounting system in improving the quality of the Local Government Financial Statements of Prabumulih City. This study is expected to provide empirical evidence regarding the implementation of the local government accounting system and its contribution to financial reporting quality. The findings are also expected to serve as evaluation material for strengthening regional financial governance, improving the effectiveness of accounting procedures, and maintaining the transparency and accountability of the Prabumulih City Government.

LITERATURE REVIEW

Regional Financial Accounting

In the governmental context, regional financial accounting is a branch of public-sector accounting applied to provincial, regency, and municipal government entities. Regional financial accounting is used to record and report financial transactions arising from the implementation of the Regional Revenue and Expenditure Budget, or APBD (Karunia & Mabrur, 2022).

Regional financial accounting has three primary objectives: accountability, managerial support, and supervision. The accountability objective concerns the provision of complete, accurate, and timely financial information to interested parties. The managerial objective positions accounting information as a basis for planning, budgeting, control, policy formulation, decision-making, and government performance assessment. Meanwhile, the supervisory objective concerns the provision of information that audit institutions can use to evaluate regional financial management.

Regional financial accounting is an integral part of the overall regional financial management cycle, which encompasses planning and budgeting, APBD implementation and financial administration, APBD amendments, and accounting and reporting. At the reporting stage, the financial statements of each Regional Government Work Unit (SKPD) are consolidated into the Local Government Financial Statements as a form of accountability for APBD implementation (Ratmono et al., 2017).

Local governments apply the accrual basis as stipulated in Government Regulation Number 71 of 2010 concerning Government Accounting Standards. The accrual basis recognizes transactions and economic events when they occur, regardless of the timing of cash receipts or disbursements. This basis is used to recognize revenue in the Operational Report, as well as expenses, assets, liabilities, and equity. The application of the accrual basis enables local governments to present their financial condition more comprehensively and supports decision-making based on more accurate information (Republic of Indonesia, 2010).

Local Government Accounting System

A system is a collection of interrelated components that work together to produce a particular output (Mulyani, 2023). In regional financial management, the Local Government Accounting

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System (SAPD) comprises a series of procedures involving data collection, recording, classification, summarization, and financial reporting to account for APBD implementation. These procedures may be performed manually or using computer applications (Supardan, 2020).

SAPD aims to improve the efficiency and effectiveness of financial management, support operational activities, enhance the quality of financial statements and decision-making, strengthen financial accountability, and safeguard local government assets. Its implementation must refer to the Government Accounting Standards, the General Guidelines for Government Accounting Systems, Minister of Home Affairs Regulation Number 64 of 2013, and the regional regulations and accounting policies applicable to each local government (Karunia & Mabrur, 2022).

The local government accounting process includes recording transactions in journals, posting them to the general ledger, preparing a trial balance, recording adjusting entries, and preparing financial statements. The accuracy of each stage is strongly influenced by the correct use of account codes, transaction amounts, debit and credit positions, and the completeness of supporting documents. An error at any stage may affect the fairness of the information presented in the financial statements.

SAPD is implemented through the SKPD accounting system and the accounting system of the Regional Financial Management Officer (PPKD). SKPDs serve as accounting entities that prepare the financial statements of their respective regional government units, whereas the PPKD serves as the Regional General Treasurer and consolidates the financial statements of all SKPDs. Coordination among financial administration officials, revenue treasurers, expenditure treasurers, SKPDs, and the PPKD is required to ensure that the recording and consolidation of financial statements are performed consistently (Ratmono et al., 2017).

Regional Financial Information System

The Regional Financial Information System (SIKD) is used to collect, process, manage, and present information on local government transactions and financial positions. The system integrates accounting, budgeting, financial reporting, asset management, and internal control components so that financial information can be produced accurately, transparently, and in a timely manner (Nadjib, 2023).

The effective implementation of SIKD provides benefits in the form of improved information accuracy and quality, greater transparency and accountability, more efficient financial management, and stronger monitoring and control functions. An integrated system can also reduce duplicate records and facilitate access to financial information as a basis for decision-making. However, its effectiveness remains dependent on the availability of hardware, software, policies, internal controls, and competent human resources (Nadjib, 2023).

Thus, an information system is not merely a technical means of processing data but an essential component of the local government accounting system. The quality of the information produced is largely determined by the system's compliance with regulations, the accuracy of the recording process, user capabilities, and the effectiveness of the controls applied.

Local Government Financial Statements

Local Government Financial Statements are structured reports on the financial position and transactions undertaken by a reporting entity during a particular period. These statements constitute the final output of the accounting process conducted by each SKPD and are subsequently consolidated by the Regional Financial Management Work Unit into the financial statements of a provincial, regency, or municipal government (Erlina et al., 2019).

The purpose of local government financial statements is to provide information on financial position, budget realization, cash flows, operating results, and changes in equity. This information is used to assess government accountability and support decisions regarding resource allocation. Financial statements also provide information on the sources and uses of financial resources, the adequacy of revenue to finance expenditures, cash conditions, the results of government activities, and changes in financial position during the reporting period.

Based on Government Accounting Standards Statement Number 01, a complete set of local government financial statements consists of the Budget Realization Report, Statement of Changes in Budget Surplus Balance, Balance Sheet, Operational Report, Statement of Cash Flows, Statement of Changes in Equity, and Notes to the Financial Statements (Republic of Indonesia, 2010). These reports must be presented consistently, promptly, and comprehensively and must disclose transactions or events that affect the local government's financial condition.

Quality of Local Government Financial Statements

The quality of local government financial statements refers to the qualitative characteristics established in Government Regulation Number 71 of 2010. These characteristics comprise relevance, reliability, comparability, and understandability (Republic of Indonesia, 2010).

Information is considered relevant when it can help users evaluate past and present events and predict future conditions. Information relevance is determined by its feedback value, predictive value, timeliness, and completeness of presentation.

Information is considered reliable when it is free from misleading information and material error, faithfully represents the facts, is verifiable, and is neutral. Reliability is necessary to prevent information from leading to erroneous interpretations in decision-making.

Comparability indicates that information can be evaluated by comparing it with reports from previous periods or with reports from other entities. Such comparisons can be made when accounting policies and methods are applied consistently. When accounting policies change, those changes must be adequately disclosed.

Meanwhile, information is considered understandable when it is presented using forms, structures, and terminology that can be comprehended by users with adequate knowledge of government activities and financial reporting. These four characteristics constitute the primary indicators for assessing the quality of Local Government Financial Statements.

Previous Studies

Previous studies generally indicate that the implementation of local government accounting systems plays an important role in improving the quality of financial statements. Ritonga et al. (2023) found that the accounting system at the Sunggal Subdistrict Office had been implemented effectively and that the resulting financial statements complied with regional financial management provisions. However, application changes, limited technical guidance, and inadequate human resource training remained implementation constraints.

Pratama (2020) also found that the implementation of the accounting system at the Semadam Subdistrict Office had produced adequate financial statements. Nevertheless, the system continued to be managed by the financial management division at the regency level rather than by employees whose direct duties and functions involved financial management at the subdistrict office. These findings indicate that system quality is determined not only by the application but also by the allocation of responsibilities and the competence of its operators.

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Other studies have shown that the conformity of the accounting system with the Government Accounting Standards, human resource competence, and the ability to operate information systems contribute to the quality of financial statements. Commonly identified constraints include limited human resources, regulatory and application changes, technical disruptions, and insufficient training. In general, previous studies have primarily been conducted at the level of subdistrict offices, financial agencies, and particular regional government organizations.

This study differs in terms of its research object and analytical scope, as it examines the Prabumulih City Government as a local government reporting entity. The analysis focuses not only on recording procedures within a single regional government unit but also on the integrated implementation of the system across planning, budgeting, financial administration, consolidation, and reporting processes. Financial statement quality is subsequently analyzed on the basis of relevance, reliability, comparability, and understandability, as stipulated in Government Regulation Number 71 of 2010.

Conceptual Framework

The conceptual framework of this study positions the implementation of the government financial accounting system as the primary process that produces the Local Government Financial Statements of Prabumulih City. The system is analyzed on the basis of local government accounting procedures and provisions, while financial statement quality is evaluated using the four characteristics stipulated in Government Regulation Number 71 of 2010. Accordingly, the analysis is directed at determining the extent to which the implementation of the accounting system supports the presentation of financial statements that are relevant, reliable, comparable, and understandable.

METHODS

This study employed a qualitative approach to analyze the implementation of the government financial accounting system in improving the quality of the Local Government Financial Statements of Prabumulih City. The research was conducted at the Regional Financial and Asset Management Agency (BPKAD) of Prabumulih City from October 2025 to April 2026. The research data consisted of primary data obtained through structured interviews with BPKAD employees and secondary data in the form of the Prabumulih City Government Financial Statements for the 2023-2024 period and other supporting documents. Interview participants were selected purposively according to their relevance to the accounting and financial reporting process.

Data were collected through direct observation, structured interviews, documentation, and a literature review. The 2023-2024 financial statements were selected purposively because they represented the most recent reporting periods relevant to describing the implementation of the accounting system and the financial reporting quality of the Prabumulih City Government (Sugiyono, 2023; Sujarweni, 2024).

Data analysis was conducted in four stages: data collection, data reduction, data presentation, and conclusion drawing. Data obtained from interviews, observations, and documentation were selected according to their relevance and then presented narratively to explain the implementation of the accounting system and its contribution to the presentation of financial statements that are relevant, reliable, comparable, and understandable (Sugiyono, 2023). Evidence from interviews, observations, and documentation was considered together during data reduction and presentation to strengthen the consistency of the analysis.

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RESULTS AND DISCUSSION

Overview of the Research Object

The study was conducted within the Prabumulih City Government, with a particular focus on the Regional Financial and Asset Management Agency (BPKAD) of Prabumulih City. BPKAD is a regional government agency responsible for budgeting, financial administration, treasury functions, cash management, accounting, reporting, and the management of regional property. In preparing the Local Government Financial Statements (LKPD), BPKAD's Accounting Division is responsible for collecting, reviewing, reconciling, and consolidating the financial statements of all Regional Government Work Units (SKPDs). BPKAD also provides guidance to regional government units on the implementation of accounting policies and systems and the preparation of accountability reports for APBD implementation.

Financial Statements of the Prabumulih City Government

The Prabumulih City LKPD is prepared in accordance with the Government Accounting Standards and consists of the Budget Realization Report, Statement of Changes in Budget Surplus Balance, Balance Sheet, Operational Report, Statement of Cash Flows, Statement of Changes in Equity, and Notes to the Financial Statements. This study used the 2023 and 2024 LKPD data to describe the financial condition and the consistency of accounting system implementation within the Prabumulih City Government.

Budget Realization Report and Statement of Changes in Budget Surplus Balance

In 2024, regional revenue was realized at IDR 1,197,851,689,057.88, or 102.52% of the budgeted amount of IDR 1,168,364,019,023.00. This achievement was primarily supported by transfer revenue, which reached 103.97% of its budget. Meanwhile, locally generated revenue reached 92.05%, with regional service-charge revenue realized at 28.65%.

Regional expenditure realization amounted to IDR 1,192,748,634,643.55, or 87.09% of the budgeted amount of IDR 1,369,509,750,948.00. Operating expenditure realization reached 89.83%, whereas capital expenditure realization reached 88.55%. The difference between realized revenue and expenditure resulted in a surplus of IDR 5,103,054,414.33. After net financing was taken into account, the Prabumulih City Government recorded a Remaining Budget Financing Surplus (SiLPA) of IDR 188,477,098,821.20.

The Statement of Changes in Budget Surplus Balance reported a closing balance of IDR 188,477,098,821.20. This amount was equal to the SiLPA reported in the Budget Realization Report. The correspondence between the amounts in the two reports indicates data consistency in the recording and financial statement preparation processes.

Balance Sheet

As of December 31, 2024, the Prabumulih City Government's Balance Sheet reported total assets of IDR 3,021,918,906,915.47, an increase from approximately IDR 2.87 trillion in 2023. Local government assets were dominated by fixed assets, particularly roads, networks, irrigation systems, buildings, and structures. Current assets increased to approximately IDR 369 billion, with regional government cash as one of the principal components. In 2024, investment property with a net value of approximately IDR 11.5 billion was also reported.

Total local government liabilities amounted to IDR 44,907,438,609.29 and consisted entirely of current liabilities. The Prabumulih City Government had no non-current liabilities during the period. Meanwhile, equity amounted to IDR 2,977,011,468,306.18. Total assets were equal to total liabilities and equity, indicating that the fundamental accounting equation was accurately satisfied.

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The system also supported the integrated recording of receivables, fixed-asset depreciation, liabilities, and investment property.

Operational Report and Statement of Cash Flows

The 2024 Operational Report recorded revenue of IDR 1,322,962,019,441.83 and total expenses of IDR 1,141,418,543,504.68. Operating revenue remained dominated by transfer revenue, while grant revenue also increased. Based on the comparison between revenue and expenses, the Prabumulih City Government generated an operating surplus of IDR 174,808,852,344.51.

The application of accrual-based accounting is reflected in the recognition of expenses that do not always involve direct cash disbursements. These expenses included depreciation and amortization expenses of IDR 193,044,862,543.17 and an allowance for receivables expense of IDR 2,507,064,012.62. The surplus reported in the Operational Report subsequently became one of the components affecting changes in local government equity.

The Statement of Cash Flows reported net cash flows from operating activities of IDR 256,072,243,710.42. Investing activities generated negative net cash flows of IDR 250,969,189,296.09 due to expenditure on infrastructure development and the acquisition of fixed assets. After all cash activities were taken into account, the Prabumulih City Government's closing cash balance amounted to IDR 188,638,857,178.61.

Statement of Changes in Equity and Notes to the Financial Statements

The Statement of Changes in Equity reported opening equity of IDR 2,829,243,874,279.68. The Operational Report surplus of IDR 174,808,852,344.51 increased equity, whereas accounting corrections of IDR 27,041,258,318.01 reduced it. These corrections were related, among other matters, to accumulated depreciation of fixed assets, inventories of the Regional General Hospital, equity participation in regionally owned enterprises, and School Operational Assistance Program (BOSP) cash. After accounting for the surplus and corrections, closing equity amounted to IDR 2,977,011,468,306.18. This amount was consistent with the equity reported in the Balance Sheet.

The Notes to the Financial Statements explain that the Prabumulih City Government has applied accrual-based accounting since 2015. This implementation was reinforced by Prabumulih Mayor Regulation Number 65 of 2022 concerning the Prabumulih City Government Accounting System and Prabumulih Mayor Regulation Number 66 of 2022 concerning the Prabumulih City Government Accounting Policies. The Notes also contain accounting policies, explanations of each account, accounting corrections, and the mapping of the Standard Chart of Accounts used in preparing the financial statements.

Implementation of the Financial Accounting System through SIPD-RI

The observation and interview findings indicate that the Prabumulih City Government fully implemented the Regional Government Information System of the Republic of Indonesia (SIPD-RI) in managing the 2024 fiscal year. SIPD-RI integrates planning, budgeting, financial administration, accounting, and reporting processes into a centralized database. The system replaced the previously semi-manual data processing and consolidation procedures, which were more susceptible to repeated data entry and discrepancies between SKPDs and BPKAD.

SIPD-RI applies the single-source-of-truth concept, under which all regional government units use the same data sources, nomenclature, account codes, and reporting formats. Transaction data entered by SKPDs can be monitored by BPKAD, enabling periodic monitoring of revenue realization, expenditure realization, and budget absorption.

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The system also automatically generates accrual-based journal entries when transactions are executed. Budget recording, the issuance of Fund Disbursement Orders, journal entries, and report preparation are interconnected within the system. Journal entries are locked after particular transactions have been authorized, preventing data changes without the appropriate procedures. In addition, the audit-trail feature records the user, time of entry, and data changes, thereby enabling each transaction to be traced.

The implementation of SIPD-RI facilitates faster reconciliation and consolidation of the financial statements of all SKPDs. The Balance Sheet, Operational Report, Budget Realization Report, and other reports can be generated from the same database.

Quality of the Prabumulih City Government Financial Statements

Relevance

SIPD-RI produces financial information that can be used to periodically monitor budget realization. These data assist BPKAD and the local government in evaluating APBD implementation, estimating cash requirements, and determining budget-control or budget-reallocation measures. Financial information is also available more rapidly because transaction data no longer need to be manually recollected from each SKPD.

Reliability

The reliability of the financial statements is supported by the use of a single database, automated journal entries, transaction validation, journal locking, and a digital audit trail. Each transaction can be verified on the basis of the relevant documents, user, and time of entry. The consistency of the SiLPA amount between the Budget Realization Report and the Statement of Changes in Budget Surplus Balance, the balance-sheet equilibrium, and the linkage between the Operational Report surplus and the Statement of Changes in Equity demonstrate the integration of data across reports.

The system's ability to provide supporting data and transaction trails also facilitates the audit process. The Prabumulih City Government successfully maintained an unmodified opinion for the twelfth time. Nevertheless, audit results may still contain administrative findings that must be followed up by the local government.

Comparability

The use of the Standard Chart of Accounts, standardized nomenclature, and standardized reporting formats enables financial information to be compared across periods and with that of other local governments. Although the initial transition involved mapping account codes from the previous system to SIPD-RI, consistency of presentation was maintained after the transition. This condition facilitates the analysis of changes in revenue, expenditure, assets, liabilities, and equity over time.

Understandability

SIPD-RI generates financial statements in a structured format that complies with the Government Accounting Standards. Details of the general ledger, cash movements, inventories, receivables, and fixed assets can be traced systematically. The preparation of the Notes to the Financial Statements has become more efficient because detailed data and appendices are obtained from the same database. BPKAD also provides technical guidance to SKPD financial managers to improve their understanding of system operation and financial statement preparation.

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Constraints and Improvement Efforts

The implementation of SIPD-RI continues to face technical and managerial constraints. As a web-based system operating on a central server, it occasionally slows down or becomes inaccessible when user traffic increases, particularly at the end of reporting periods. In addition, the competence of operators at the regional government organization level is not yet uniform because of staff rotations and changes in treasurers or financial administration officials.

The findings also reveal continuing administrative issues relating to the timely and orderly entry of fixed assets, grants, and supporting documents by several regional government units. This condition indicates that the validity of system outputs remains dependent on the accuracy and completeness of the data entered by users.

To address these constraints, BPKAD of Prabumulih City established an internal help-desk team to assist regional government units in operating SIPD-RI and conducting reconciliation. BPKAD also organizes technical guidance and competency-development activities for SKPD financial managers. Monitoring is conducted by establishing monthly deadlines for completing transaction entries to prevent work from accumulating at the end of the year.

DISCUSSION

Implementation of the Government Financial Accounting System in Improving the Quality of the Prabumulih City Government's Financial Statements

The implementation of the Prabumulih City Government's financial accounting system currently centers on the Regional Government Information System of the Republic of Indonesia (SIPD-RI). The findings indicate that the Prabumulih City Government has implemented SIPD-RI in an integrated manner across all regional government organizations. The system connects planning, budgeting, financial administration, accounting, and financial reporting within a centralized database. This integration promotes alignment among the Regional Government Work Plan, performance indicators, and budget allocations because every program and activity must undergo the input and validation processes established within the system.

The implementation of SIPD-RI also supports greater transparency and accuracy of operational data.The use of a single data source reduces the risk of duplicate records, discrepancies between regional government organizations and BPKAD, and errors that previously could occur during manual consolidation. System validation helps reject data that are incomplete, incorrectly classified, or administratively duplicated. Therefore, SIPD-RI functions not only as a means of administrative digitalization but also as a preventive internal-control instrument in regional financial management.

Nevertheless, the successful implementation of SIPD-RI is not determined solely by technological sophistication. The quality of system outputs remains dependent on the competence and discipline of the human resources entering the data. Automated journal entries cannot produce accurate information when the source documents or transaction classifications entered at the outset are inaccurate. For example, the incorrect classification of capital expenditure as expenditure on goods and services will result in erroneous journal entries and reports. This condition confirms the garbage-in, garbage-out principle, according to which the quality of information produced by a system depends heavily on the quality of its input data.

Therefore, the measures undertaken by BPKAD of Prabumulih City, including technical guidance, assistance, dashboard-based monitoring, and supervision of timely reconciliation, are

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essential to maintaining system effectiveness. These efforts demonstrate that the implementation of an information system must be accompanied by strengthened human resource capacity, a clear division of responsibilities, and procedural compliance. The remaining challenges primarily concern disparities in operator competence, staff rotation, data-entry discipline, and system-access stability during periods of high usage.

With respect to financial statement quality, SIPD-RI has supported the implementation of accrual-based Government Accounting Standards as stipulated in Government Regulation Number 71 of 2010. Through the accounting module, transactions involving revenue, expenses, assets, liabilities, and equity are recorded systematically. Automated journal generation strengthens the interrelationships among the Budget Realization Report, Operational Report, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and other financial statement components. This integration helps reduce discrepancies among reports and accelerates the consolidation of financial statements across all regional government organizations.

The implementation of SIPD-RI also supports the fulfillment of the four qualitative characteristics of financial statements. Information becomes relevant because it can be made available more rapidly for evaluation and decision-making. Report reliability is enhanced through account standardization, transaction validation, automated journal entries, data locking, and audit-trail features. The use of the Standard Chart of Accounts and uniform formats enables information to be compared across periods and entities. Moreover, the structured presentation of reports and traceable transaction details make the information easier to understand for the local government, auditors, the Regional House of Representatives, and other stakeholders (Republic of Indonesia, 2010).

The reliability of financial reporting is also reflected in the audit results of the Audit Board of the Republic of Indonesia. Based on the audit of the 2023 fiscal year LKPD, the Prabumulih City Government successfully maintained an unmodified opinion for the eleventh consecutive year since 2013. This achievement indicates that the transition to SIPD-RI did not impair the fair presentation of the financial statements. However, an unmodified opinion does not mean that every aspect of financial management is entirely free from administrative weaknesses. The opinion indicates that there were no material misstatements affecting the fairness of the financial statements; consequently, audit findings and administrative improvements must still be followed up.

Overall, the findings suggest that the implementation of SIPD-RI supports the quality of the Prabumulih City LKPD. Data integration, standardized account classifications, automated journal entries, transaction validation, and information traceability contribute to financial statements that are more accurate, consistent, timely, and transparent. However, the sustainability of financial reporting quality continues to require synergy among system reliability, human resource competence, the validity of source documents, internal control, and the compliance of all regional government organizations with regional financial management procedures.

CONCLUSION

This study concludes that the Regional Government Information System of the Republic of Indonesia (SIPD-RI) has been implemented in an integrated manner within the Prabumulih City Government. The system connects planning, budgeting, financial administration, accounting, and reporting processes within a centralized database. Automated journal entries, standardized account codes, access-right restrictions, and audit-trail features help reduce duplicate records, data discrepancies, and manual errors while strengthening internal control in the preparation of Local Government Financial Statements.

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The implementation of SIPD-RI also supports the presentation of financial statements that are relevant, reliable, comparable, and understandable in accordance with the qualitative characteristics specified in the accrual-based Government Accounting Standards. The consistency of data across reports and the PrabumulihCity Government's success in maintaining an unmodified opinion indicate that the financial statements were fairly presented and did not contain material misstatements affecting the audit opinion. Nevertheless, system effectiveness remains dependent on human resource competence, the accuracy of source documents, data-entry discipline, and network and server stability.Therefore, continuous operator capacity development, technical assistance, periodic reconciliation, and infrastructure strengthening are required to maintain the quality of regional financial reporting. As a qualitative case study focused on BPKAD and the 2023-2024 reporting period, the findings should be interpreted within this institutional and temporal context.

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