



# Implementation Of The Regional Financial Management Information System On The Quality Of Financial Reports (Study on the Regional Asset and Financial Management Agency of the City of Palopo)

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## ABSTRACT

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Financial management in local governments has utilized technology as a basis in an information system. One of them is the development of the Regional Management Information System application to facilitate financial management in local governments so that it will produce good quality financial reports. This study aims to analyze the effect of the application of the Regional Financial Management Information System on the quality of financial reports produced at the Regional Financial and Asset Management Agency of Palopo City. This research is an explanatory quantitative research where the population is all employees at the Regional Financial and Asset Management Agency of Palopo City with saturated sampling technique so that the total population is used as respondents as many as 107 respondents. The data was collected through the distribution of questionnaires where before distributing the questionnaires, validity and reliability tests were carried out. The data that has been collected will be analyzed descriptively and verified by using the SPSS statistical tool. The results showed that the Regional Financial Management Information System had a significant effect on the quality of financial reports at the Regional Financial and Asset Management Agency of Palopo City.

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## 1. Introduction

The management information system is a comprehensive system that aims to present information that is much more comprehensive than past financial information (Asimakopoulos, 2014). A management information system that always uses electronic data processing technology increases the level of work efficiency through the use of computer technology. In addition, the management information system can communicate all the results produced by each subsystem and integrate it into the information needed by management in decision making (Halilovic & Cicic, 2013).

The success of development in an area is determined by how the local government as a public organization functions as a facilitator for the community in managing an area so that sustainable development can be achieved. One of them is to provide a systematic and informative presentation of financial statements such as reporting on financial resources and how to use the budget. All of that must be presented by the local government in a transparent manner, for that we need an information system that provides these reports in an actual, timely manner and can be accessed by the public properly. (Chiang et al., 2015). Information about activities and obligations as well as fulfillment of obligations, organizational financial position and changes that occur, the information system must also be able to provide general information to help assess the company's performance in terms of service costs, efficiency and achievement of goals (Palacín-Sánchez et al., 2021).

a technology-based information system for managing regional finances has been developed to assist local government financial management. The application is named the Management Information System (SIMDA) where the application uses computer technology which is formed into an integrated system to help



local governments realize accountability both in terms of presentation and financial reports. (Abdillah & Saepullah, 2018) .

The purpose of developing this information system is to assist local governments in financial management in particular to improve the presentation of information and the quality of financial reports produced by local governments. The benefits of this program can provide information and financial management both in terms of financial entities and reporting entities (Permendagri No.13, 2006). From this, a Management Information System was introduced for use by local governments (SIMDA) in managing finances on August 29, 2006.

The Palopo City Regional Financial and Asset Management Agency is one of the Regional Apparatus Work Units (SKPD) that implements the SIMDA application in managing financial reporting. The SIMDA application has not yet been fully said to be running optimally, there are still some things that have not worked properly, such as the unpreparedness of the existing resources in the organization in using the SIMDA system related to user skills or system users who are not familiar with using the system or knowledge of technology that is still lacking. weak.

From the explanation above, the purpose of this study is to describe how and to what extent the influence of the Regional Financial Management Information System on the Quality of Financial Reports at the Regional Financial and Asset Management Agency of Palopo City.

Regional Financial Management Information System, The Regional Financial Management Information System (SIMDA) application is an application developed to assist regional financial management in SKPD (Regional Work Units) which is expected to provide added value and benefits to organizations in this case local governments in managing finances. (Ariska et al., 2019)

The application of financial SIMDA can integrate all financial management with computer technology using the client server concept so that the creation, implementation and reporting of financial responsibilities can be carried out optimally and produce informative and quality financial reports to support decision making. (Raspati & Riyanto, 2021) .

Alfian's Research (2016) show that SIMDA at the SKPD level has not fully functioned optimally so that it has not been able to produce good quality reports and organizational goals have not been fully achieved. User understanding of computer-based financial systems is one of the competencies needed in making regional financial reports and user skills or skills related to computers, systems and data input processes are also factors that affect SIMDA (Muthoharoh & Nugraheni, 2020) .

The application of a computer system that is integrated into a financial SIMDA can simplify the process of regional administration both at the province, city and sub-district and sub-district (BPKP, 2008). The use of an integrated information system is also related to local policies that must be implemented, from this Abdillah & Saepullah ( 2018) gives the understanding that SIMDA is an information management system combined with information technology and is designed to manage and control topics in a system both economically and economically. finance. Technological advances must be used to make regional financial reports of higher quality so that the control process is also better.

The implementation of SIMDA will have a positive impact on local government, because the SIMDA application will facilitate local governments in managing finances in the SKPD environment. Therefore, controlling the SIMDA application is a must to produce local government financial reports (Ariska et al., 2019) . Are several indicators that can be used to measure SIMDA, namely (Raspati & Riyanto, 2021) : System Quality (System Quality) , Information Quality (Information Quality) , System Use ( System Use ) , User Satisfaction (User Satisfaction) , Benefits obtained (Net Benefits) .

Financial Report Quality, The financial report is the final information that must be informed to other parties related to the organization, in this study the local government has the task of reporting the results of government financial management (Muflihah, 2021) . Local governments have the task of reporting financial statements related to the state's financial condition such as balance sheets, cash flows, financial records and realization of the APBN/APBD (Law No. 17/2013 article 30).

The description of the success of the local government in carrying out its functions and duties is contained in the resulting financial statements. The report made contains information for interested parties to make a decision, such as a decision to invest. In addition, the report also contains information that is accountable or trustworthy and reliable (Van Johnson et al., 2002) .

The quality of information is good, transparent, responsible and has good quality, so the use of information systems can be utilized optimally. With a special system, SIMDA will improve the quality of

financial reports, good quality reports, so decision makers can determine decisions taken based on the information in the financial statements. This can be interpreted that honest and quality information contained in financial statements greatly determines the quality of the financial statements ( Cahyani et al., 2020)

Several characteristics of financial statements that can be said to be of high quality when the financial statements contain normative measures in the sense that the report meets the quality and characteristics that have been determined are clearly described and informed in the financial statements (PP No. 71 of 2010). Thus, the size of the indicators used in this study refers to the government regulations, including: reliable, easy to compare, contains relevant data and the information contained is easy to understand

## 2. Method

This research is a quantitative research with an explanatory research approach where the research is conducted at the Regional Financial and Asset Management Agency of Palopo City. The population of this study took employees of the Regional Financial and Asset Management Agency of Palopo City by taking the entire population as a sample or it can be said as a saturated sampling technique, so that the sample used as respondents was 107 people. Data was collected using a questionnaire where before being distributed to respondents, validity and reliability tests were carried out to test the reliability and consistency of the instrument in this case the questionnaire in collecting data.

$$Y = \alpha + \beta X$$

where:

Y = Report Quality

$\alpha$  = Constant

$\beta$  = Coefficient

X = SIMDA Finance

## 3. Result and Discussion

### 3.1 Research result

#### a. Data analysis

Based on the results of regression testing, the following results were obtained:

**TABLE 1**  
REGRESSION TEST RESULTS

R	R Square	Adjusted R Square	Std. Error
,859 <sup>a</sup>	,719	,707	3.35270

Source: primary data processed, 2022

**TABLE 2**  
SIMPLE REGRESSION TEST RESULTS

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1	(Constant)	5,765	3,710		,357	,722
	SIMDA Finance	,997	,183	,852	8,535	,000

Source: primary data processed, 2022

From the table above, the regression equation can be arranged as follows:

$$Y = 5.765 + 0.997X$$

The above equation obtained a constant value of 5.765 so that it can be interpreted that an increase in the value of the financial SIMDA will increase the effect on the quality of the report by 5.765. Meanwhile, the value of SIMDA Finance is 0.997, which means an increase in the financial SIMDA variable means that the quality of the report will increase by 0.997. To explain and explain how the model can measure and explain the influence of independent variables, it can be seen in the coefficient of determination. A low coefficient value means that the model has limited variation in explaining the dependent variable. The results of data processing show the R Square value of 0.719, which means 71.9% of the report quality can be explained by the financial SIMDA variable, while the rest is explained by causes outside the research variables.

Testing the significance of the relationship between financial SIMDA on report quality shows that financial SIMDA has an effect of 8,535 with a probability value of 0.000. Because the probability value obtained is  $0.000 < 0.05$ , it can be concluded that the financial SIMDA has a positive and significant influence on the results and quality of the report.

### 3.2 Discussion

Data processing describes and gives positive and significant results so that it can be said that there is a significant positive influence between SIMDA Finance and the quality of reports, especially financial reports produced at the Regional Financial and Asset Management Agency of Palopo City.

These results indicate that the development of a computer application system, especially the application of the Regional Financial Management Information System at the Palopo City Regional Financial and Asset Management Agency in processing financial data into financial reports can improve the quality of financial reports. Utilization of this system must be improved and developed in order to achieve maximum and quality reporting for organizations, in this case local governments. This system, if implemented optimally, can make local governments more leverage in planning and preparing as well as financial reporting. These results are also in line with several previous studies such as research (Sulimenko & Kiyan, 2018) (Zopounidis et al., 2018) [9] found that the application and application of regional management information systems had a positive and significant effect on the quality of the financial reports produced. The implementation of SIMDA will have a positive impact on local government, because the SIMDA application will facilitate local governments in managing finances in the SKPD environment. Therefore, controlling the SIMDA application is a must to produce local government financial reports (Ariska et al., 2019).

## 4. Conclusion

The study of theory and the results of data processing can be concluded that the Quality of Financial Reports can be realized by the application of the Regional Management Information System (SIMDA) of Finance. This technology-based system can produce quality, timely and reliable financial information.

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