

## **Financial Reporting Quality and Public Accountability in Regional Government: Analysis for the impact of Competence, Internal Control and Information Technology; Indonesia Evidence**

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### **Abstract**

Good Financial reporting quality of the government sector is required so as to achieve accountability objectives. Accountability is an important issue in New Public Management (NPM). Society demands a good governance government. Good quality of government financial reporting increases public accountability. This paper study how the government accountant competence, the implementation of internal controls and the application of information technology affect the quality of financial reporting and its impact on public accountability. The study was conducted in regional governments of West Java in Indonesia using survey. The results show that there were significant influences of government accountant competence, implementation of internal control and information technology on quality of financial reporting. Further, financial reporting quality also has a significant effect on public accountability.

**Keywords:** Financial Reporting Quality, Public Accountability, Competence, Internal Control, Information technology

### **Introduction**

The development of government accounting is expected to be a solution to meet the demands of transparency of government performance in terms of accountability. Accountability is a relevant concept describing the performance of the public sector. Quality information is very important for the public sector in providing accountability of all its activities to all stakeholders. The concept of NPM (New Public Management) is a concept that is now experiencing many developments into several concepts of public accountability (Mardiasmo, 2009).

Government financial reporting is still experiencing problems. The first semester report of 2014 BPK RI (Indonesia Financial Supervisory Body) revealed from 415 audits for Local Government Financial Statements, 64% The financial statements still obtain qualified audit opinion. Bisri (2013) found weaknesses of the Internal Control System in Indonesia and non-compliance with legislation in the audit of ministry finance reports/ in the management of fixed assets and social assistance. Pamungkas (2014) revealed from 40 findings on the financial statements of 2013, 12 findings of them are internal control issues. The same problem also occurs in ministries and other government institutions in processing financial reporting due to the quality of human resources (Boediono, 2014). Others are caused by inefficiency and ineffective use of information technology (Sampurna, 2015). Another problem arising in government is the issue of public accountability (Miftah, 2016).

Public Accountability in Indonesia is a problem that still faces obstacles. Achievements at the echelon I level government officers are still low as the implementation of AKIP (Performance Accountability for Government Agencies) is not yet obligatory (Afriyadi, 2017). Another problem is the weakness of the law enforcement regarding the punishment in finance and administration violation (Afriyadi, 2017).