

An analysis of Regional Financial Management Information System (SIMDA) in improving the Quality of Financial Statements in Jombang

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Abstract. This study aims is to know the implementation of Regional Management Information System (SIMDA) in improving the Quality of Financial Statements at the Office PPKAD Jombang regency. This research includes descriptive qualitative research that is the technique of analysis in the form of describe or reveal the characteristics of variables that become the focus of the researcher is to disclose matters relating in Regional Financial Management Information System (SIMDA) in improving the Quality of Financial Statements at the Office of PPKAD Jombang regency. The results of the research indicate that the quality of information generated from the implementation of SIMDA Finance, among others 1) is timely, 2) the accuracy of data generated from data processing on the system reliable and 3) relevant, the system works automatically by classifying transactions according to their respective types. Each and every parts of the system are interconnected with each other. The suggestions in this study For the Office of Revenue, Financial Management and Regional Assets (DPPKAD) Jombang regency need to pay attention to the financial accounting system used, both in understanding in its use or in knowing the standard accounting pulse of government so that in processing financial data can produce quality financial reports

1. Introduction

The application of the accounting information system to the regional government is regulated in the Minister of Home Affairs Regulation No. 13 of 2006 concerning Guidelines for Regional Financial Management. Minister of Home Affairs Regulation No. 13 of 2006 has the purpose of improving the information produced. BPKP in this case gave a positive response by developing a computer application program named SIMDA (Regional Financial Management Information System) which was introduced on August 29, 2006. This application program was developed by BPKP to assist regional financial management both at the SKPKD level (as an entity reporting or at the level of SKPD (accounting entity). The existence of this application program is expected to provide more benefits to local governments in carrying out regional financial management. The Government of Jombang Regency during 2013-2014 received the title of Unqualified Opinion (WTP) for its success in the preparation and presentation of the 2014 Regional Government Financial Statements (LKPD) from the

Government of the Republic of Indonesia (RI) through the Ministry of Finance (Minister of Finance) (lensaIndonesia.com)

The government and related parties try to improve the quality of the financial statements produced, this is reflected in the issuance of PP 71 in 2010 which replaces PP 24 of 2005 by changing the accounting base into an accrual basis to improve the quality of accounting information contained in the financial statements. In Jombang Regency technical institutions that manage regional revenues, regional finances and regional assets in accordance with Government Regulation No. 41 of 2008 are Regional Revenue, Financial and Asset Management Services (DPPKAD). In addition DPPKAD also manages Regional Finance in the expenditure sector including in the planning of Regional Revenue and Expenditure Budget (APBD). Thus, the function of the Jombang District DPPKAD can be equated with stabilizers in the management of regional finances, this is not a light task because many technical policies on financial management will be sourced from the DPPKAD. In the Regional Regulation of Jombang Regency Number 15 of 2006 concerning the Principles of Regional Financial Management and the Regional Regulation of Jombang Regency Number 07 of 2008 concerning the Regional Organization of Jombang District, the DPPKAD besides functioning as the Regional Work Unit (SKPD), also as the Financial Management Officer Region (PPKD). As a Regional Finance Management Officer is the Head of the Regional Finance Management Unit (SKPKD) who has the task of carrying out the management of the APBD and acting as the Regional General Treasurer (BUD).

DPPKAD of Jombang Regency is one of the Local Government Work Units (SKPD) which has implemented SIMDA as a financial management information system and financial reporting information system. DPPKAD Jombang district applies SIMDA as a broader management information system from various subsystems in the SIMDA. There are many SIMDA application packages that are implemented by Jombang District DPPKAD, one of which is SIMDA Finance that helps the agency process financial data and report the financial data to the agency above it. DPPKAD Jombang district has implemented SIMDA since 2007. Based on the above background, then the formulation of the problem of this research is how the Regional Management Information System (SIMDA) in improving the Quality of Financial Statements at the PPKAD Office of Jombang Regency?

1.1 Regional Management Information System (SIMDA)

According to Gelinas and Dull (2008), information systems are systems created by humans which generally consist of a set of integrated computer-based components and also manual components that are formed to collect, store and organize data and provide output information for its users. In general, a Management Information System (SIM) is a system that can help management in data collection, processing and analysis of data evaluation and presents it into valuable information boundaries and finally comes to decision making where this information is useful to support management operations functions [6]. The Regional Management Information System application developed by the Financial and Development Supervisory Agency (BPKP) and known as the SIMDA Application is one of the products of information systems technology that is used by many local governments in Indonesia in carrying out regional financial management. According to Djaja in [1], SIMDA Finance is an application developed by BPKP, where the purpose of developing this application is to accelerate the process of reforming regional financial management. This is motivated by the scarcity of local government human resources that have an accounting background. Thus, the Regional Government has difficulty in preparing financial statements in accordance with the applicable laws and regulations.

SIMDA application is a database application that aims to facilitate regional financial management within the Regional Work Unit (SKPD). The SIMDA application was developed by taking into account and implementing the Government Internal Control System (SPIP). Therefore controlling the application becomes a necessity to be a guideline for the regional government in implementing the SIMDA Application to produce Local Government Financial Statements (LKPD).

1.2 Local Government Financial Statements

The financial report is a financial list of an economic entity that is systematically arranged by the accountant at the end of the period or records that provide financial information for a company that has been running the company for a period (usually one year). According to the Indonesian Accounting Association (2007): "The financial statements are part of financial reporting. Complete financial statements usually include balance sheets, income statements, loss reports, changes in financial position reports (which are presented in various ways such as cash flow statements, or statements of cash flows), other records and reports and explanatory material that is an integral part of the financial statements " .

The financial report is a structured report on the financial position and transactions carried out by a reporting entity. The general purpose of financial statements is to provide information about financial position, budget realization, cash flow, and financial performance of a reporting entity that is useful for users in making and evaluating decisions regarding resource allocation. Whereas based on [14] concerning Government Accounting Standards (SAP) states that government financial reporting should provide information for users in assessing accountability and making decisions on economic, social and political decisions by: 1) Providing information on the sources, allocations and use of financial resources , 2) Providing information on the adequacy of income for the current period to finance all expenditures, 3) Providing information on the amount of economic resources used in the activities of the reporting entity as well as the results achieved, 4) Providing information on how the reporting entity funds all of its activities and fulfill its cash needs, 5) Provide information regarding the financial position and condition of the reporting entity in relation to its sources of revenue, both short and long term, including those derived from tax collection and loans and 6) Provide information about the change the reporting entity's financial position, whether experiencing an increase or decrease, as a result of activities carried out during the reporting period

1.3 Quality of SKPD Financial Reports

[5] states that regional finance is all rights and obligations that can be assessed with money, as well as everything, whether in the form of money or goods, which can be used as regional wealth as long as it is not owned or controlled by a higher state or region and parties other according to the applicable laws and regulations. This definition does not differ greatly from the understanding as described in the General Provisions of [13] concerning Regional Financial Management in which the definition of regional finance is explained as all regional rights and obligations in the context of the administration of regional government that can be assessed with money including all forms of regional wealth. Based on [14] stated that there are 8 principles of accounting and financial reporting. The eight principles are accounting basis, historical value, realization, substance outperforms formal form, periodicity, consistency, complete disclosure, fair presentation.

[2] states that financial quality can be measured based on characteristics including: (1) can be understood, (2) relevant, (3) materiality, (4) reliability / reliability, (5) honest presentation, (6) substance outperforms, (7) neutrality, (8) healthy consideration, (9) completeness, and (10) can be compared. To compile a quality financial report, the use of management information systems is needed to reduce inaccuracy and error rates in preparing reports. One mission in implementing SIMDA is to improve the performance of financial managers in each SKPD and implement good and clean, free governance. from all actions that lead to collusion of corruption and nepotism.

According to [14] , the qualitative characteristics of financial statements are normative measures that need to be realized in accounting information so that they can meet their objectives. The following four characteristics are the normative prerequisites that are needed so that government financial statements can meet the desired quality: 1) Relevant; 2) Reliable; 3) Can be compared; and 4) Understandable. The conceptual framework of this research is shown in Figure 1.

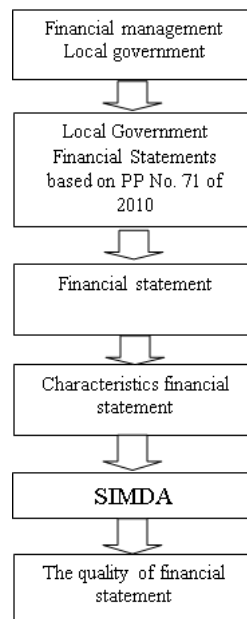


Figure 1.ResearchConceptual Framework

2. Method

This type of research uses descriptive research with a qualitative approach. The object of research in this study is the PPKAD Office of Jombang Regency. In this study, the key informants were: Budget Staff of DPKAD of Jombang Regency, Staff of accounting department of Jombang Regency and administration staff of DPKAD of Jombang Regency

Data collection methods that researchers use are: observation, interview and documentation, whereas according to [12] qualitative data analysis techniques used are the Miles and Huberman models which can be described as follows:

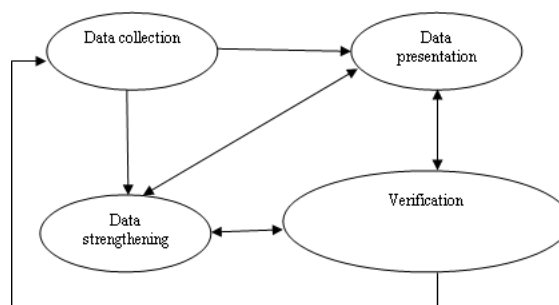


Figure 2. Qualitative data analysis techniques

3. Results and Discussions

In general, employees at the Jombang DPKAD have known the meaning of SIMDA finance, seen from their understanding of the meaning, benefits and objectives and the inputs needed and the output produced from the results of their processing. This certainly strengthens their understanding in utilizing the implementation of SIMDA finance.

The following is an illustration of the results of the interviews that the researcher tried to describe into a simple flowchart relating to data processing using SIMDA Finance.

3.1. Result

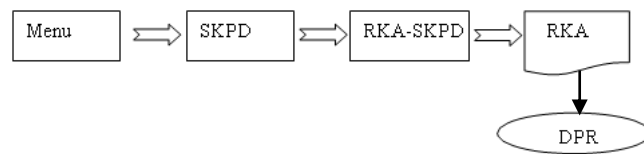


Figure 3.Budget work plan (RKA)

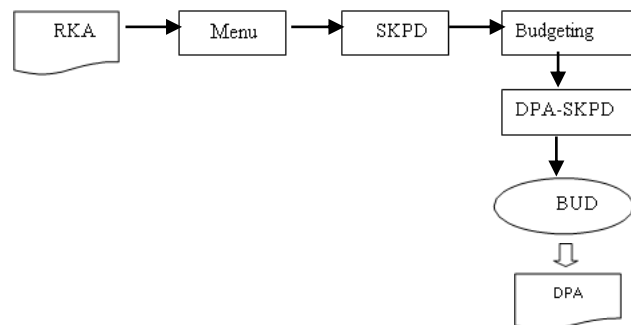


Figure 4.Budget Implementing Document (DPA)

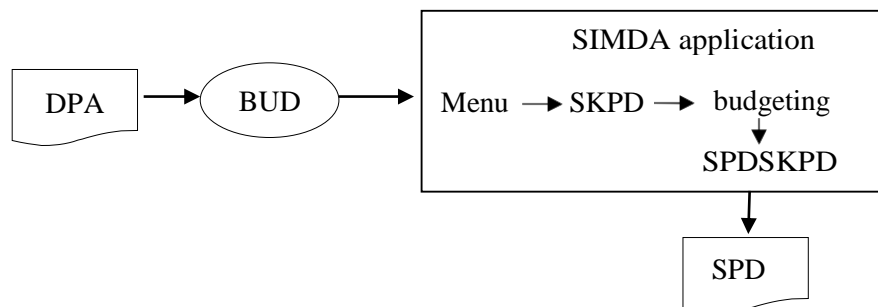


Figure 5.Letter of provision of funds (SPD)

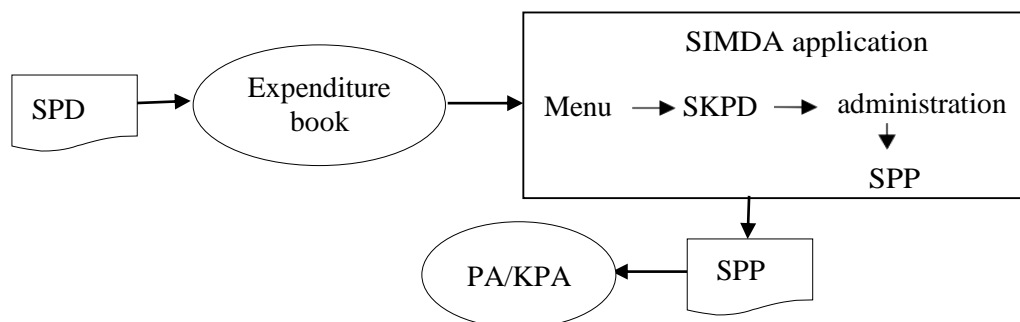


Figure 6. Payment request (SPP)

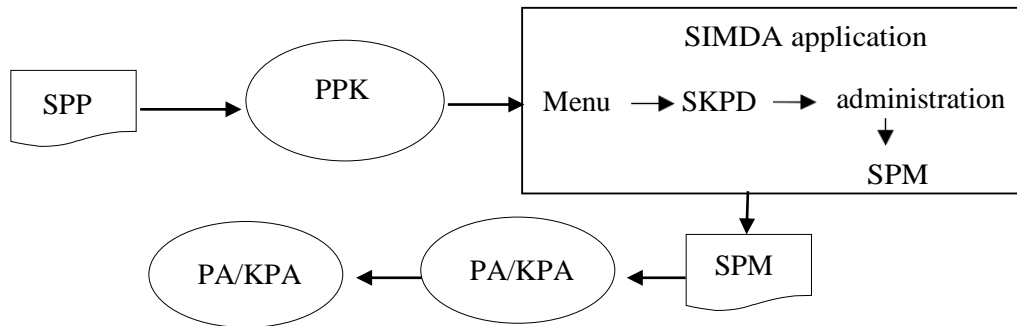


Figure 7. Payment order (SPM)

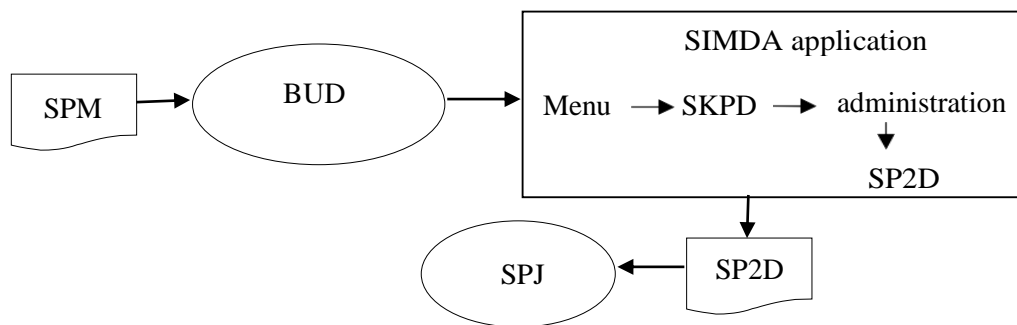


Figure8. Letter of command funds(SP2D)

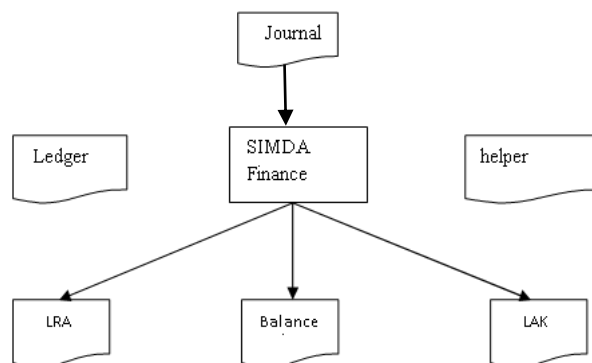


Figure 9. Accounting and Reporting

Where as:

1. RKA: Budget work plan
2. DPA: budget implementing document (DPA)
3. SPD: letter of fund provider
4. SPP: a payment order
5. SPM: pay warrant
6. SP2D: order to disburse funds

The illustration of the picture above shows an overview of the implementation of financial SIMDA in the Regional Financial and Asset Management Office at the Jombang District Government. SIMDA finance works in integrity which is divided into 3 parts, namely, budget, administration, and accounting and reporting. Each section is responsible for their respective duties, the budget section is responsible for preparing the budget work plan (RKA), the budget implementing document (DPA), and the funding provider letter (SPD). The administration section is responsible for compiling payment orders (SPP), payment orders (SPM), disbursement orders (SP2D) and other letters, while the accounting department is responsible for preparing financial statements.

These reports are processed automatically using SIMDA finance as seen in the flowchart above, each employee who is responsible for compiling reports is only responsible for inputting data into the system and automatically processing itself until it produces the desired output. This facilitates the responsibilities that must be done by employees. As stated by one of the administration staff, informant 2 revealed that, "well clear, since the system was implemented, we felt strongly helped in the preparation of the RKA, DPA, and SPD. Likewise with other parts, work becomes easier but still requires supervision "

The implementation of the SIMDA Finance conducted by the Jombang Regency Government, especially by the Jombang DPKAD, certainly cannot be separated from the preconditions which are the supporting factors. From the results of the research, various supporting factors that have to implement SIMDA Finance in Jombang DPKAD are as follows: Communication and Human Resources. The results of research on the Jombang DPKAD found various values that were possessed so that they were able to apply SIMDA finance as a misdirected policy in financial processing. To answer the formulation of the problem of this research, the researcher chose only to interview the staff of the accounting department because the researchers considered those who understood the most.

3.2 Discussion

The process of implementing SIMDA finance at the PPKAD Office in Jombang is related to the input and output of the data produced. Employees at the Jombang DPKAD have known the meaning of SIMDA finance, seen from their understanding of the meaning, benefits and objectives as well as the inputs needed and the output produced from the results of their processing. This certainly strengthens their understanding in utilizing the implementation of SIMDA finance.

Implementation of financial SIMDA in the Regional Office of Financial and Asset Management at the Jombang Regency Government. SIMDA finance works in integrity which is divided into 3 parts, namely, budget, administration, accounting and reporting. These reports are processed automatically using SIMDA finance, this has been done well, seen from each responsible employee who can operate by inputting data into the system and automatically processing itself until it produces the desired output so as to facilitate the responsibilities that must be done by employees.

The results of this study support the previous research conducted by [9] which shows that the process of using SIMDA is in accordance with the mandate of the Minister of Home Affairs Regulation No. 13 of 2006 concerning Guidelines for Regional Financial Management. But the participation rate of SIMDA usage based on SKPD is still low. This was shown by only three SKPD who were active in providing improvement suggestions based on the questionnaire that was carried out. The level of participation based on user types is still low. PPK still has not participated because it is old and less enthusiastic in using information technology. In regard to the report quality, there are several criteria that are to be fulfilled, including relevant, reliable, comparable and understandable.

a). Relevant

Financial reports can be said to be relevant if the information contained in them can influence the user's decision by helping them evaluate past or present events and predict the future and confirm or correct the results of their evaluations in the past, the results show that the quality of financial reports at the Office of PPKAD Jombang Regency can be said to be good because it is served on time, it can help evaluate past events and help predict future events.

b). Andal

Information in the financial statements is free from misleading understanding and material errors, presents every fact honestly, the results of the study indicate that the financial statements of the PPKAD Office of Jombang Regency have been said to be good because they are reliable in honest presentation, material errors, facts and can be verified.

c). Can be compared

The financial statements produce information that can be compared to the financial statements of the previous period and the financial statements produce information that can be compared with other entities that apply the same accounting policies, the results of the study indicate that the financial statements at the PPKAD Office of Jombang Regency can be compared to the previous period or with other entities who apply the same accounting policy.

d). Understandable

The information presented in the financial statements can be understood by users and expressed in terms and terms adapted to the limits of understanding of users. The results showed that the quality of financial reports at the Office of PPKAD in Jombang was able to be understood by users and expressed in terms and terms that had been adjusted to the limits of understanding of users of financial statements at the Office of PPKAD, Jombang Regency and external users. In accordance with research conducted by [3] which states that the existence of SIMDA Finance the process of preparing financial statements becomes faster, more precise, and accurate. The process of presentation and application is well organized

4. Conclusion and Suggestion

4.1 Conclusion

Based on the results of the analysis and discussion that have been carried out in the previous chapter, it can be concluded that in general employees in the Jombang DPKAD have understood the meaning of the Regional Financial Management Information System (SIMDA) in general, namely the computerized accounting system intended for local governments to manage financial statements of local governments. SIMDA Finance is divided into three parts, namely administration, budgeting, accounting and reporting. Where each part works in an integrated manner and is interconnected with each other. SIMDA Finance facilitates the process of preparing financial statements, employees just record / input data on the system, then the classification process, summarizing until finally a financial statement is formed automatically done by the system.

The output produced by the SIMDA Finance is the Budget Work Plan (RKA), Budget Execution Document (DPA), Provision of Funds (SPD) for the budgeting section. Payment Request Letter (SPP), Payment Order (SPM), Fund Disbursement Order (SP2D), Accountability Letter (SPJ) for administration. And, journals, ledgers, subsidiary books, budget realization reports, cash flow reports and balance sheets for the accounting and reporting section and the Output produced by SIMDA Finance in accordance with the elements of the financial statements regulated in Permendagri 13 of 2006.

4.2 Suggestion

1. For the Regional Revenue Service, Financial Management and Asset Management (DPPKAD), Jombang Regency needs to pay attention to the financial accounting system used, both in understanding its use or in terms of knowing the government accounting standard pulses so that in processing financial data can produce quality financial reports
2. The importance of human resources is also a matter that needs to be considered, because qualified and competent human resources are urgently needed to be able to work better with a regional government financial accounting system applied to the Regional Revenue, Financial and Asset Management Service (DPPKAD) of Jombang Regency
3. For the next researcher it is recommended to use the object of research not only limited to the local government financial accounting system on the quality of local government financial reports, but

can add other independent variables that might have an influence also on the quality of financial reports

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