

Analysis of Information Technology Utilization and Internal Control Systems in Efforts to Enhance the Reliability of Bombana Regency Government Financial Reports

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Abstract

This study is motivated by the importance of public accountability achieved through reliable local government financial reporting. The research aims to analyze the utilization of Information Technology (IT) and the Internal Control System (ICS) in enhancing the reliability of financial reports within the Bombana Regency Government. A descriptive qualitative method was employed, utilizing data collection techniques such as observation, interviews, and documentation. The findings indicate that IT utilization has been implemented through the SIPD RI application and human resource development, although challenges regarding hardware infrastructure and network stability persist. The application of the five ICS components has proceeded effectively, particularly regarding the control environment and routine monitoring to mitigate fraud risks. An analysis of financial reports from the 2020–2024 period demonstrates the positive contribution of IT and ICS to report reliability, despite continued fluctuations in Locally-Generated Revenue (PAD) and a high reliance on transfer funds. In conclusion, synergy between strengthening technological infrastructure and managing system risks is essential to ensure the accuracy and timeliness of future financial reporting.

Keywords

Financial Statement Reliability, Internal Control Systems, Information Technology.



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INTRODUCTION

Bureaucratic reform places regional government management as a crucial element in the success of effective and efficient public policies. One manifestation of this transparency and accountability is the periodic submission of reliable financial reports as a means of accountability to the public. The quality of accounting information in regional government financial reports is significantly influenced by two main factors: the use of information technology and internal control systems (ISO). All

activities within government agencies will be accountable for their performance, including individual performance, work unit performance, agency performance, and overall government performance (Nazir and Oktari, 2011).

According to Rogers (1986), information technology is an organizational tool that transmits social values through which individuals or audiences collect, process, and exchange information with other individuals or audiences. Information technology plays a role in accelerating transaction processing, improving calculation accuracy, and reducing operational costs. The government has mandated the use of this technology through Government Regulation No. 56 of 2005 to improve capabilities in distributing and managing regional financial information to the public. On the other hand, Internal Control Systems (SPI) serves as an integral process to provide adequate assurance of operational effectiveness, legal compliance, and the reliability of financial reporting. Optimal controls are necessary to mitigate the risk of errors, both intentional and unintentional, thereby assuring stakeholders of the accuracy of the data presented. Referring to the COSO framework (2013), internal control is viewed as a continuous process integrated with organizational operations and a fundamental element of management. However, this system can only provide reasonable assurance, not absolute assurance. These limitations arise from factors such as human error, collusion, and management's neglect of controls. According to Ardios (2010; 509), internal control is understood as a system designed in such a way that it can generate automatic oversight between departments and verify the accuracy of data by matching various data and transactions carried out by different officers. Given the vulnerability of financial reports to human error and fraud, a robust internal control system is an absolute necessity for the government. This is crucial for ensuring the accuracy of financial reports while maintaining the trust of the public and all stakeholders.

Despite the implementation of technology and control systems, significant obstacles remain. At the Bombana Regency Regional Finance Agency (BKD), the implementation of the SIPD RI application frequently encountered technical obstacles in the form of system errors due to high user load, forcing data entry activities to be halted to find a smoother access time. Furthermore, reliance on the internet network and low hardware specifications pose challenges in ensuring timely reporting.

This research is crucial to further analyze how synchronization between information technology and Internal Audit (SPI) can address these technical gaps and improve the reliability of financial reports. The urgency of this research lies in the need to address systemic obstacles in this relatively new digital government application. The novelty or innovation of this research is a comprehensive analysis of the

effectiveness of SPI in a work environment entirely based on a centralized information system (SIPD RI), which provides a concrete picture of technology adaptation at the district government level. A descriptive qualitative approach was used to examine this phenomenon in depth through a case study of the Bombana Regency Government.

METHODS

This research employs an interpretive paradigm, coupled with a descriptive qualitative approach, to deeply understand the phenomenon of information technology utilization and internal control systems. This research is characterized by a case study that focuses on subjective experiences and operational realities within the government environment. The research location is the Regional Finance Agency (BKD) of Bombana Regency.

The unit of analysis in this study is the regional government apparatus organization, with key informants consisting of the Head of the Regional Finance Agency and staff from the Accounting and Reporting Division, who possess authority and technical understanding of financial reporting. Data were collected through participant observation, documentation of financial documents for the 2020–2024 period, and in-depth interviews.

Data analysis was conducted comprehensively following an interactive model that encompasses four main stages: data collection, data condensation, data display, and conclusion drawing or verification. Data validity was validated through triangulation of sources and methods to ensure the originality and credibility of the research results.

FINDINGS AND DISCUSSION

Utilization of Information Technology

The aspect of information technology utilization implemented by the Regional Financial Agency (BKD) of Bombana Regency is an important factor in supporting the preparation of reliable, timely, and accurate financial reports. The research findings indicate that the Government of Bombana Regency, through BKD, has integrated information technology as the primary instrument for financial reporting. The use of the SIPD RI (Regional Government Information System of the Republic of Indonesia) application serves as the backbone of the process, from transaction data entry to the preparation of financial reports. However, the field findings identified several significant technical obstacles.

Table 1. Constraints in Information Technology Utilization at BKD of Bombana Regency

No.	Constraint Factors	Impact on Financial Reports
1	Hardware Specifications	The data loading process slows down when the transaction volume is high.
2	Network Stability	Failure of data synchronization with the central server.
3	System Capacity (SIPD RI)	System errors occur during peak hours of simultaneous data entry.

Source: Authors' Analysis (2026)

These constraints create a risk of delays in submitting financial reports. Nevertheless, mitigation efforts have been undertaken by scheduling data entry outside peak hours and improving the competence of human resources through periodic technical guidance.

Implementation of the Internal Control System (ICS)

The Internal Control System (ICS) plays a crucial role in ensuring the reliability of local government financial reports. Based on Government Regulation Number 60 of 2008 concerning the Government Internal Control System (SPIP), the objective of the ICS is to provide reasonable assurance regarding the achievement of effective and efficient operations, reliable financial reporting, compliance with laws and regulations, and asset safeguarding (Amin Widjaja Tunggal, 2010). This internal control system is understood as a supervisory mechanism designed through integration into the system of responsibilities, division of duties, and authority within the organizational structure of a company or institution (Harmanto, 1987). The research findings indicate that the ICS at BKD of Bombana Regency has been implemented; however, its implementation is still not optimal and has not yet been fully consistent.

The implementation of the Internal Control System (ICS) at the Regional Financial Agency (BKD) of Bombana Regency has incorporated the five main components in accordance with Government Accounting Standards (SPAP No. 1). COSO, as cited in Gus and Alderman (2022), identifies five components of internal control, namely: the control environment is established through a clear organizational structure and the enforcement of work ethics, although in practice obstacles are still encountered, including overlapping duties during periods of high workload and low document discipline across government agencies. In terms of risk assessment, the absence of formal procedures causes the handling of disruptions in the SIPD RI system and delays in data submission to remain reactive. Meanwhile, control activities are focused on the segregation of functions among data entry, verification, and authorization units to prevent fraud or irregularities. However, the dominance of manual verification processes and the use of shared accounts in practice have the potential to obscure the audit trail.

The effectiveness of information and communication is still hindered by inconsistent responses from Regional Apparatus Organizations (OPDs) and internet network constraints that trigger delays in data clarification. Regarding monitoring activities, evaluations are conducted through internal meetings to facilitate the early detection of administrative and systemic errors, although their implementation needs to be improved to become more regular and well scheduled. Overall, the synergy between disciplined ICS implementation and integrated information technology utilization has proven capable of minimizing material misstatements. Strengthening infrastructure and formalizing risk management are expected to further support the achievement of high-quality financial reporting opinions while ensuring the reliability of regional financial reporting in the future.

Analysis of the Reliability of Financial Reports

Table 2. Financial Reports of the Government of Bombana Regency (2020–2023)

Description	2020	2021	2022	2023
Locally Generated Revenue	58,765,996,690	58,885,457,431	84,628,628,082	94,462,652,184
Transfer Revenue	915,283,898,274	1,021,449,512,820	1,091,295,216,220	959,206,652,424
Other Legitimate Revenue	30,919,860,000	24,146,338,585	0	0

Source: Budget Realization Report (LRA) of the Government of Bombana Regency for Fiscal Years 2020–2023 (processed)

Based on the analysis of the financial report documents for the 2020–2023 period, there has been an increase in consistency in data presentation. Although there were fluctuations in Locally Generated Revenue (PAD) and a high dependence on transfer revenue, the accuracy of financial reporting has been maintained.

The utilization of information technology and the implementation of a strong Internal Control System (ICS) simultaneously make a positive contribution to the qualitative characteristics of financial reports, namely reliability, relevance, comparability, and understandability. This achievement bridges the gap between the technical challenges associated with the implementation of the new application and the need for public transparency in Bombana Regency.

CONCLUSION

Based on the results and discussion presented, it can be concluded that the utilization of information technology and the implementation of an internal control system (ISC) in the Bombana Regency Government have positively contributed to improving the reliability of regional financial reports. The integration of the SIPD RI application has facilitated more systematic data processing, although its effectiveness is often hampered by limited technical infrastructure and network stability. Furthermore, the ISC has been implemented in a disciplined manner through five key components, with the control environment and routine monitoring being the frontline in mitigating the risk of data misrepresentation.

The implications of this research indicate that the reliability of financial reports depends not only on the sophistication of the digital system, but also on the rigidity of internal controls and the capabilities of the human resources operating the system. Theoretically, these findings reinforce the urgency of synergy between technological and managerial aspects within a public accountability framework.

Practical recommendations are aimed at the Bombana Regency Government to strengthen its information technology infrastructure, particularly by improving hardware specifications and internet bandwidth capacity to support the operation of a centralized government information system. For further research, it is recommended to expand the research locus to other regional apparatus organizations or use quantitative methods to test the degree of influence of each variable statistically in order to obtain broader generalizations.

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