



Strategies to Overcome Challenges in Utilizing SIPD: Achieving High-Quality Accrual-Based Financial Reporting

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ABSTRACT

This study explores the modernization of regional financial management in Tojo Una-Una Regency as a strategic initiative to enhance transparency, accountability, and efficiency in governance. The Regional Government Information System (SIPD), particularly the Accounting and Reporting (AKLAP) module, has been implemented since 2022 to support accrual-based financial reporting in compliance with government accounting standards. Despite its potential, several challenges remain, including a lack of skilled human resources and insufficient technical training for system operators, which hinder effective integration and reporting accuracy. Using a descriptive qualitative method with an inductive approach, this study draws on interviews and observations to identify barriers and propose optimization strategies. Findings reveal that unequal access to technology across Regional Apparatus Organizations (OPD) and limited operator competence are significant obstacles. To address these issues, the study recommends intensive training for SIPD operators and enhanced technological infrastructure at the OPD level. These measures aim to improve the quality and reliability of financial management, advancing a more transparent and accountable system. This research contributes novel insights into overcoming practical challenges in regional financial management, offering actionable strategies for similar contexts.

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A. INTRODUCTION

Modernizing regional financial management has become a cornerstone of efforts to improve transparency, accountability, and efficiency in governance. One pivotal innovation in this domain is the implementation of the Regional Government Information System (SIPD). This system is designed to streamline financial processes such as budgeting, administration, and accrual-based financial reporting, enabling regional governments to produce timely, accurate, and government-accounting-standard-compliant financial statements.



Producing high-quality financial reports is a critical objective in regional financial management. These reports, prepared under the framework of Government Regulation (PP) No. 71 of 2010, not only present an entity's financial position and activities but also serve as essential tools for evaluating public accountability and transparency. Government Financial Reports (LKPD) must meet specific criteria—relevance, reliability, comparability, and understandability—to ensure their effectiveness as instruments of governance. The components of LKPD include key reports such as the Budget Realization Report (LRA), Statement of Changes in Budget Surplus (LP SAL), Balance Sheet, Operational Report (LO), Cash Flow Statement (LAK), Statement of Changes in Equity (LPE), and Notes to the Financial Statements (CaLK).

Government Regulation (PP) No. 12 of 2019 emphasizes the importance of consolidating financial reports from various Regional Apparatus Organizations (OPD) into a unified LKPD. These reports, audited by the Audit Board of the Republic of Indonesia (BPK), must be submitted within three months after the fiscal year ends to ensure their accuracy and reliability.

In Tojo Una-Una Regency, the adoption of SIPD, particularly its Accounting and Reporting (SIPD AKLAP) module since 2022, has brought significant advancements to financial reporting practices. Research by Ardianto & Eforis (2019) highlights that effective utilization of information technology, such as SIPD, is instrumental in improving the quality of financial reporting. Tojo Una-Una's consistent achievement of unqualified opinions (WTP) from BPK, including its 12th consecutive WTP in 2023 (BPKAD Tojo Una-Una, 2023), underscores the system's potential in fostering accountability and transparency.

However, the implementation of SIPD is not without challenges. Observations in Tojo Una-Una since 2022 indicate that the effectiveness of SIPD has been hindered by several factors. A primary challenge is the limited competency of human resources (HR) tasked with operating the system. This issue significantly affects OPD's ability to adapt to SIPD, resulting in suboptimal implementation and financial reporting outcomes. As Binawati and Affan (2022) suggest, the performance and accountability of financial management processes are closely linked to the competencies of involved personnel.

Additionally, while the SIPD AKLAP module is designed to improve accuracy and integration in financial reporting, many OPDs have yet to fully optimize its features. Ongoing updates and changes made by the Ministry of Home Affairs, the system's developer, further complicate the adaptation process, causing inconsistencies in financial reporting across OPDs. As noted by Wurara *et al.* (2020), uneven technical training and limited HR expertise contribute to delays and errors in data input, undermining the system's potential benefits.

Moreover, insufficient socialization and training for SIPD users exacerbate these challenges. Findings by Teken (2024) indicate that the lack of structured training and the slow response from central authorities to regional issues hinder the system's effectiveness. Similarly, Tumija *et al.* (2023) reported that despite the availability of essential SIPD AKLAP modules, many users remain unable to utilize them effectively due to limited technical support and training.

Given these challenges, the implementation of SIPD in Tojo Una-Una presents both opportunities and obstacles. While the system has demonstrated its capacity to enhance financial management, addressing HR skill gaps, improving technical training, and ensuring better system adaptation are essential to unlocking its full potential.



This study seeks to explore critical issues related to the implementation of the Regional Government Information System (SIPD) in financial reporting processes. Specifically, it investigates two primary research questions. First, it examines the challenges that arise during the implementation of SIPD in regional financial reporting, including the operational difficulties and resource-related constraints encountered by Regional Apparatus Organizations (OPD). Second, it seeks to identify effective strategies to overcome these challenges, thereby ensuring the production of high-quality, accrual-based financial reports that adhere to established standards of transparency, accountability, and efficiency.

To address these questions, the study conducts an in-depth analysis of the SIPD AKLAP module's impact on financial reporting practices within the Tojo Una-Una Regency Government. This analysis emphasizes the system's role in enhancing financial transparency, improving accountability measures, and streamlining operational efficiency. Additionally, the study highlights significant barriers to SIPD implementation, such as the limited competencies of human resources (HR) and gaps in technological infrastructure, which hinder optimal adoption and use of the system. Based on these findings, the study aims to formulate strategic recommendations to address these challenges and optimize the functionality and effectiveness of SIPD in achieving its intended goals.

B. METHODS

This study adopts a qualitative descriptive approach with an inductive method to explore challenges and strategies for optimizing the use of the Regional Government Information System (SIPD) in achieving high-quality accrual-based financial reporting. By integrating theoretical concepts and practical insights, the methodology seeks to provide a comprehensive understanding of the SIPD implementation process within the Tojo Una-Una Regency Government.

The analysis incorporates a SWOT framework to evaluate the internal and external factors influencing SIPD's effectiveness. As outlined by Kotler & Armstrong (2008), SWOT analysis examines organizational strengths, weaknesses, opportunities, and threats, offering a structured approach to identifying critical areas for improvement. David (2006) emphasizes that recognizing internal strengths and weaknesses is essential for formulating actionable objectives and strategies.

Additionally, the study applies the principles of accounting information systems as defined by Romney & Steinbart (2018), focusing on six core components: system personnel, data processing procedures, data management, software tools, IT infrastructure, and internal control mechanisms. These elements form the basis for evaluating SIPD's capacity to support financial management and reporting.

The study is grounded in regulatory guidelines, including Government Regulation No. 56 of 2005 and the Ministry of Home Affairs Regulation No. 70 of 2019, which establish the role of SIPD as part of the broader Regional Financial Information System (SIKD). These regulations highlight SIPD's role in streamlining financial planning, budgeting, implementation, and accountability. Furthermore, Government Regulation No. 71 of 2010 defines high-quality financial reports, emphasizing relevance, reliability, comparability, and understandability as key attributes.

The research employs a qualitative descriptive method to capture in-depth insights into the challenges of implementing SIPD and identify strategies for overcoming these obstacles. This approach leverages real-world observations and experiences to derive practical solutions for improving regional financial reporting.



A purposive sampling method was used to select seven key participants with relevant expertise and experience in using SIPD. These participants include: The Head of BPKAD, acting as the Budget User, Head of the Treasury Division, Head of the Accounting Division, Head of the Reporting Subdivision, Head of the Budgeting Subdivision, Accounting staff and Revenue and Expenditure Treasurers at BPKAD.

The data collection techniques used in this study include semi-structured interviews, direct observations, and documentation analysis, each contributing to a comprehensive understanding of the challenges in SIPD implementation. Semi-structured interviews were conducted with the selected participants to gather insights into their personal experiences, the challenges they encountered, and the strategies they proposed for improving the implementation of SIPD. These interviews allowed for a deep exploration of the participants' perspectives and provided valuable qualitative data for analysis.

In addition to interviews, direct observations were carried out to examine work processes in real-time. These observations helped identify operational barriers and inefficiencies in the use of SIPD. By observing the actual use of the system in the field, the study was able to uncover issues that might not have been highlighted through interviews alone, providing a more nuanced understanding of the implementation challenges.

Furthermore, documentation analysis played a crucial role in the data collection process. Secondary data sources, such as financial reports, relevant regulations, SIPD-related documents, and audit opinions from the Audit Board of the Republic of Indonesia (BPK), were reviewed. This documentation provided context and corroborated the findings from interviews and observations, helping to validate the study's conclusions.

For data analysis, the study followed the interactive qualitative model developed by Miles and Huberman (1992), which consists of three key stages: data reduction, data display, and conclusion drawing with verification. During the data reduction stage, the data from interviews, observations, and documents were filtered to focus on the most relevant information that aligned with the research objectives. In the data display stage, the reduced data was structured to highlight patterns, relationships, and trends. Finally, in the conclusion drawing and verification stage, the findings were synthesized into actionable strategies, and their consistency and validity were verified to ensure the robustness of the results.

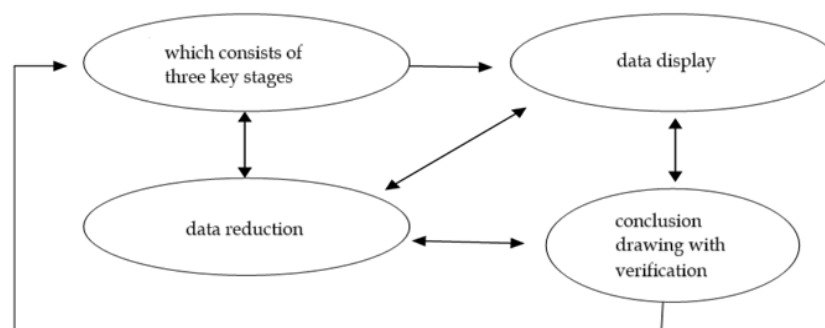


Figure 1. Interactive Data Analysis Model

Through this comprehensive approach, the study provided a detailed understanding of the challenges faced in SIPD implementation and offered strategic recommendations to enhance transparency, accountability, and efficiency in regional financial reporting.



C. RESULTS AND DISCUSSION

The implementation of the Regional Government Information System (SIPD) in the Tojo Una-Una Regency Government has brought about significant improvements in the presentation of high-quality financial reports. These financial reports now reflect key characteristics such as relevance, reliability, comparability, and understandability, making the information not only accessible but also highly beneficial for decision-making processes. The analysis of SIPD's implementation focuses on identifying the system's strengths, weaknesses, opportunities, and threats, providing a comprehensive understanding of the challenges and strategies for enhancing financial reporting quality.

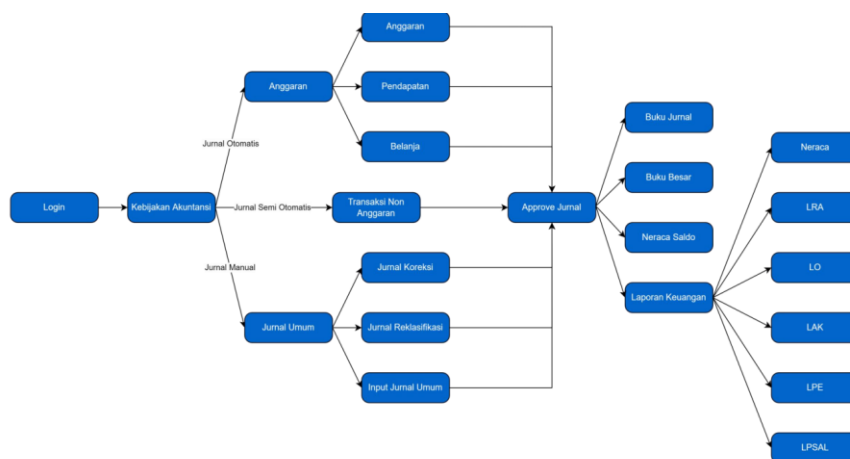


Figure 2. Accounting and Reporting Cycle (AKLAP)

SIPD's strengths lie primarily in its ability to increase transparency and accountability in financial management. The Accounting and Reporting (AKLAP) module streamlines the preparation of accrual-based financial reports, ensuring speed and accuracy while reducing the risk of recording errors that are common with manual systems. The system also facilitates data integration across Regional Work Units (OPDs), improving coordination and administration. With real-time features, SIPD empowers regional leaders to make data-driven decisions quickly and accurately. These findings are consistent with research by Nasrun Naida et al. (2023), which highlighted the positive impact of SIPD on the quality of regional financial reports. The system's capabilities enhance transparency, accountability, and the preparation of accrual-based reports with fewer errors, confirming its effectiveness in supporting sound financial management.

However, SIPD implementation also faces weaknesses, especially due to the uneven competency levels of human resources (HR) across various OPDs. Many staff members lack familiarity with information technology, and the training programs available are inadequate for meeting the operational needs of SIPD. This results in challenges when operating SIPD modules, particularly those related to accounting and reporting, which require technical expertise. Additionally, infrastructure challenges such as unstable internet connectivity in certain regions hinder the efficiency of financial reporting processes. These weaknesses emphasize the need for improved HR training and better infrastructure to ensure the effective use of SIPD. These issues echo the findings of Wurara et al. (2020), which identified insufficient HR quality and limited technical training as significant obstacles to the optimal operation of SIPD, underscoring the urgency of addressing these shortcomings.



On the other hand, SIPD presents substantial opportunities, particularly with the strong support of the central government. Regular policy updates and capacity-building programs provide a solid foundation for optimizing SIPD implementation. Ongoing system updates and technical training enable regions to adapt to technological advancements more effectively. Furthermore, the broader trend toward digitization in government administration opens up new possibilities for SIPD development, especially as technological infrastructure continues to improve. SIPD not only enhances efficiency but also acts as a strategic tool to strengthen public transparency and accountability. This aligns with Government Regulation No. 12 of 2019, Article 214, Paragraph (2), which mandates the inclusion of financial information such as budgeting, budget execution, and financial reporting. SIPD facilitates easier access to financial data, fostering public trust and enabling accurate, data-driven decision-making.

Despite these opportunities, there are several threats to SIPD's successful implementation. Resistance to technological change among HR remains a significant challenge. Many staff members are accustomed to manual financial management methods and are hesitant to transition to a modern digital system. This resistance can delay SIPD adoption, diminishing its effectiveness in promoting transparent and accountable financial management. Moreover, frequent regulatory changes at the national level present additional challenges. Each update or adjustment in SIPD modules requires time for adaptation by the OPDs, which can disrupt established workflows and reduce efficiency. Research by Tumija et al. (2023) also indicates that some critical features of the AKLAP module, particularly reporting menus, are still not fully accessible, posing a threat to the smooth preparation of financial reports and limiting SIPD's potential benefits. These findings emphasize the importance of continuous HR training and the development of flexible strategies to address policy changes and ensure seamless SIPD implementation.

This comprehensive analysis of SIPD's strengths, weaknesses, opportunities, and threats highlights its vital role in improving the quality of financial reporting in the Tojo Una-Una Regency. While SIPD offers substantial advantages, addressing the identified weaknesses and threats will be crucial to maximizing its potential and achieving long-term improvements in financial management.

D. CONCLUSION

The conclusion drawn from the SWOT analysis of the challenges and strategies for preparing high-quality financial reports through the implementation of SIPD in Tojo Una-Una Regency indicates that SIPD has significant potential to improve transparency, accountability, and efficiency in regional financial management. The primary strength of SIPD lies in its ability to generate relevant and reliable financial reports through integrated, data-driven processes, which support faster and more accurate decision-making.

However, key challenges remain, particularly the limited competency of human resources (HR) and the uneven technological infrastructure across Regional Work Units (OPDs), which could hinder the optimal implementation of SIPD. Despite these challenges, substantial opportunities exist to leverage central government regulatory support and the growing trend of digitalization to enhance SIPD implementation. Nevertheless, threats such as resistance to technological change and rapid regulatory updates must be effectively managed to ensure the sustainability and long-term success of SIPD adoption.

The limitations of this study include its focus on a single region, which may limit the generalizability of the findings to other areas. Additionally, this research primarily



emphasizes accounting and reporting aspects of SIPD, leaving other dimensions of the system largely unexplored. For future studies, it is recommended to conduct more comprehensive investigations, including comparative analyses across multiple regions, to provide broader insights into SIPD implementation.

Practical recommendations include the development of targeted training programs to enhance HR capabilities and investments in improving technological infrastructure to ensure equitable access across all OPDs. Additionally, proactive strategies to address resistance to technology and adapt to regulatory changes are essential for maintaining the effectiveness and continuity of SIPD implementation. Future research could explore the integration of SIPD with broader governance systems to maximize its potential impact on public sector management.

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F.AUTHOR CONTRIBUTIONS

The contributions of team members to the research activities and article writing process are as follows:

- Data collection through interviews and observations: NN, DS
- Data analysis and identification of challenges: NN, DS
- Drafting the initial concept of the article: NN
- Presentation of research findings: NN
- Revision and refinement of the article: NN, DS.

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