



Factors Affecting the Preparation of Government Financial Statements: Application of Government Accounting Standards, Utilization of Information Technology, and Internal Control System (*Literature Review of State Financial Management*)

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Abstract: Previous research or relevant research is very important in a research or scientific article. Previous research or relevant research serves to strengthen the theory and phenomena of relationships or influences between variables. This article aims to review the factors affecting the preparation of government financial statements, namely: the application of government accounting standards, the use of information technology and internal control systems, a literature study of State Financial Management. The purpose of writing this article is to build a hypothesis of influence between variables to be used in future research. The results of this literature review article are: 1) The application of Government Accounting Standards affects the Preparation of Government Financial Statements, 2) The use of Information Technology affects the Preparation of Government Financial Statements, 3) The Internal Control System affects the Preparation of Government Financial Statements.

Keywords: Preparation of Government Financial Statements, Government Accounting Standards, Information Technology and Internal Control System

INTRODUCTION

The preparation of financial statements is one of the important things for a company. The financial statements provide information about the company's financial position, financial performance, and the company's cash flow in a certain period. Financial statements are one of the reference materials for internal and external parties of the company, such as management, investors, banks, governments, and others in making decisions related to the company. Financial statements are one of the important tools in business decision making and are an accurate representation of the company's financial performance in a certain period of time.

As an accounting entity that organizes state treasury activities, both the central and local governments are required to compile financial statements as a form of accountability for the implementation of the APBN / APBD they manage. The preparation of financial statements for accounting entities has been required by laws and regulations.

The financial statements prepared consist of the Budget Realization Report (LRA), Cash Flow Statement (LAK), Operational Report (LO), Equity Change Report (LPE), Statement of Changes in Budget Balance (LPSAL), Balance Sheet and Notes to Financial Statements (CaLK).

Based on the empirical experience, many students and writers have difficulty in finding supporting articles for writing their scientific papers as previous research or as relevant research. Relevant articles are needed to strengthen the theory under study, to see the relationship or influence between variables and build hypotheses. This article discusses the effect of the application of government accounting standards, the use of information technology, and the Internal Control System on the preparation of government financial statements, a literature review study in the field of State Financial Management.

Based on the background of the problem described above, the problems that will be discussed can be formulated in order to build a hypothesis for further research, namely:

1. What is the Application of Government Accounting Standards to the Preparation of Government Financial Reporting?
2. What is the Use of Information Technology in the Preparation of Government Financial Reporting?
3. What is the Internal Control System for the Preparation of Government Financial Reporting?

THEORETICAL STUDIES

Preparation of Financial Statements

The preparation of the Financial Statements aims to provide relevant information regarding the financial position and all transactions carried out by a reporting entity during one reporting period. Financial statements are used primarily to determine the value of economic resources used to carry out government operational activities, assess financial condition, evaluate the effectiveness and efficiency of a reporting entity, and help determine its compliance with laws and regulations (Fauziah:2018).

Has been regulated in the Government Regulation of the Republic of Indonesia PP Nomor 71 Tahun 2010 tentang Standar Akuntansi Pemerintahan, financial statements consisting at least of:

1. LRA;
2. LPE;
3. LO;
4. Neraca;
5. CaLK.

Government Accounting Standards

Government Regulation of the Republic of Indonesia Number 71 Tahun 2010 tentang Standar Akuntansi Pemerintahan Article 1 paragraph 3 states that government accounting standards (SAP) are accounting principles applied in compiling and presenting government financial statements. Furthermore, article 1 paragraph 11 states that the government accounting system is a systematic series of procedures, organizers, equipment and other elements to realize accounting functions from transaction analysis to financial reporting within government organizations.

Government Accounting Standards are prerequisites that have legal force in an effort to improve the quality of government financial statements in Indonesia. In addition, government accounting standards also aim to improve the accountability and reliability of government financial statement management through the preparation and development of government accounting standards, including supporting the implementation of these standards. According to Tanjung (2012) in Permana (2020) stated that: government accounting standards are accounting principles applied in compiling and presenting government financial statements, consisting of Central Government Financial Statements (LKPP) and Local Government Financial Statements (LKPD), in the context of transparency and accountability of government accounting implementation, as well as improving the quality of LKPP and LKPD.

Information Technology

Information technology is a technology related to the processing of data into information and the process of distributing data / information within the boundaries of time and space (Swastika, et el: 2016).

Information technology is a variety of computer technologies and applications to store, study / analyze, retrieve, manipulate data and or information in the form of words / sounds (audio / video), documents and / or images as well as send / distribute, receive and process / process again according to the needs of users / users of information electronically (Basgaskoro: 2019).

Internal Control System

According to the Professional Standards of Public Accountants in SA Section 319 per 06 states that internal control is a process carried out by the board of commissioners of management, and other personnel of the entity designed to provide adequate assurance about the achievement of the following three classes of objectives: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

Internal control is a set of policies and procedures to protect the company's assets or assets from all forms of abuse actions, guarantee the availability of accurate company accounting information, and ensure that all legal / legal provisions (regulations) and management policies have been complied with or carried out properly by all company employees (Hery: 2014).

Previous Research

Tabel 1: Penelitian terdahulu yang relevan

No	Author (year)	Previous Research Results	Similarities with this article	Differences with this article
1	Anggadini, Bramasto, and Aulia (2021)	From the discussion and research results, the Internal Control System and the implementation of the Regional Financial Accounting System affect the quality of the Financial Statements of the West Bandung Regency Government.	The Internal Control System and Government Accounting Standards affect the preparation of government financial statements.	
2	Baturante, Kamase, and Nasarudin (2018)	With the results of the analysis, it can be concluded that simultaneously the competence of human resources, the application of the Internal Control System,	The Internal Control System, the application of Government Accounting Standards, and the use of Information Technology affect the preparation of	The competence of human resources, the results of reviews of financial statements, and bureaucratic culture have an influence on the preparation of

		the application of Government Accounting Standards, the use of Teknologi Information, the results of reviews on financial statements, and bureaucratic culture have a significant influence on the quality of the Financial Statements of the Regional Government of South Sulawesi Province	government financial statements.	government financial statements.
3	Siti Qomah and Ismunawan (2021)	The implementation of Government Accounting Standards and Sistem Control Internal has a significant influence, while the competence of human resources and the use of Information Technology have an insignificant influence on the quality of the Financial System of Local Government of Boyolali Regency	The application of Government Accounting Standards, Internal Control System, and the use of Information Technology affect the preparation of government financial statements.	The competence of human resources has an influence on the preparation of government financial statements.
.4	Agung and Gayatri (2018)	Leadership style, human resource competence, Internal Control System, commitment to the organization and utilization of Technology Information have a positive and significant effect on the quality of the local Government's Report.	Internal Control System and utilization of Information Technology affect the preparation of government financial statements	There is an influence of leadership style, human resource competence and organizational commitment to the preparation of government financial statements
.5	Rahman Pura (2021)	Internal Control System Accounting Information System, and financial supervision have a positive and significant effect on the quality of government financial statements.	The Internal Control System has an influence on the preparation of government financial statements	Accounting Information System and financial supervision affect the preparation of government financial statements.
6	Bame, Mokodompit, and Wuriasih (2021)	The competence of human resources and the application of Government Accounting Standards have a positive effect on the quality of Local Government Financial Statements while the use of Information Technology has a negative effect.	The application of Government Accounting Standards and the use of Information Technology affect the preparation of government financial statements.	The competence of human resources has an influence on the preparation of government financial statements.

METHODS

This method of writing scientific articles uses qualitative methods and *library research*. The author examines the theory and effects or relationships of variables in journals and books both online, such as *Google Scholar* or other media, or offline in libraries.

In qualitative research, literature review should be used consistently with methodological assumptions. This means that it must be used inductively so that it does not direct the questions that the researcher asks. Qualitative research is descriptive where the data collected is in the form of words, pictures instead of numbers. Even if there are numbers, it is only for support. Danim (2022) explained that one of the most important reasons for

conducting qualitative research is that qualitative research emphasizes the importance of research focus that is directly related to human life problems.

DISCUSSION

Based on theoretical studies and relevant previous research, the discussion of *this literature review* article in the concentration of State Financial Management is:

1. Effect of Application of Government Accounting Standards on the Preparation of Government Financial Reporting.

The implementation of Government Accounting Standards in a government entity determines the quality of a government financial statement. Even Anggadini et al (2021) stated that the implementation of a good accounting system has a great influence in the preparation of government financial reporting so that all financial management agencies in the regions must prioritize always making improvements. Kuntadi (2022) explained that the *reliability* of financial information presented in budget calculations is also very low because the accounting system that has been implemented has not been based on accounting standards and is not supported by adequate data tools and processes.

Government Accounting Standards are accounting principles applied to compile and present every government financial report that has legal force in an effort to improve the quality of government financial statements in Indonesia as explained by Baturante et. al. (2018). One of the problems in the implementation of Government Accounting Standards according to Bame et al (2021) is the government's unpreparedness in implementing accrual-based accounting due to limited human resource capabilities owned by the government.

Therefore, good government financial statements are subject to high knowledge by government entities of Standar Akuntansi Pemerintahan. Based on research conducted by Qomat et.al. (2021), the competence to understand a Government Accounting Standard owned by employees or leaders of an organization or government has an impact on whether financial statements or report quality is bad. A good Government Accounting Standard will make good government financial statements as well.

2. The Effect of Information Technology Utilization on the Preparation of Government Financial Reporting.

The use of Information Technology in all fields of work in the present time is commonplace. The advancement of Information technology has drastically changed the conventional order and business model that has built the world over several periods according to Kuntadi (2022). By utilizing advances in Information Technology, it is hoped that it can produce a faster and more accurate work result, including in the process of preparing government financial reporting.

One of the positive influences of the use of Information Technology on the quality of financial statements is that it can improve the financial management capabilities of local and central governments with the total volume of the Regional / State Budget (APBD / N) which shows the volume and quantity of transactions that are increasingly complicated and complex (Baturante et.al, 2018). In addition, according to Agung and Gayatri (2018), the better the use of information technology carried out by the government, the more optimal the quality of decision-making on government financial statements.

However, Qomah and Ismunawan (2021) explained that indeed these various information technologies can make it easier for parties related to the preparation of financial statements to manage data and information more quickly and more accurately and minimize errors and facilitate the transaction process and help the timeliness of the preparation of

financial statements. . However, the higher the use of Information Technology by employees cannot guarantee the quality of financial statements.

3. Effect of Internal Control System on Government Financial Reporting Preparation.

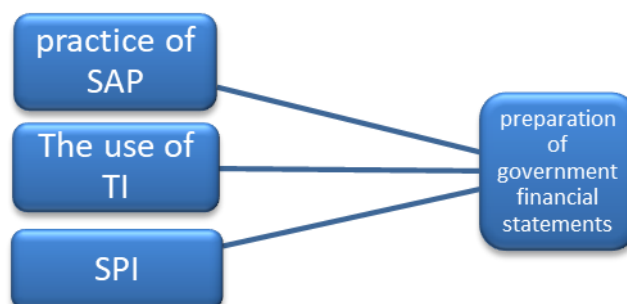
Surastiani and Handayani (2015) stated that to increase public trust and confidence in a company or organization, company management needs to present reliable information in financial statements. Oleh therefore, one of the efforts made is to effectively implement the Control System Internal. The government exercises internal control to maintain and direct government activities in accordance with established objectives and programs. Continuous monitoring is necessary to ensure the proper operation of the Internal Control System. Qomah and Ismunawan (2021) added that a good or quality system is created by an adequate control structure that can prevent a mistake in order to create reliability.

Baturante et.al, (2108) explains that the Internal Control System is an important part of the accounting system to ensure the accuracy and quality of the financial statements presented. If you are good at the P engendalian Internal that is run, it will make financial statements more qualified (Anggadini et.al., 2021). It is further explained in Government Regulation Number 60 of 2008 that the purpose of the internal control system is to improve the reliability of the presentation of financial statements as mentioned by Pura (2021).

Through a good internal control system, it will also reduce the risk of errors and errors in the preparation of financial statements. A well-designed internal control system must also be in line with related parts and functions that can integrate with each of its tasks and responsibilities so that the system that has been designed can run well as well. (Agung and Gayatri, 2018).

Thinking Framework

The author determines the Preparation of Government Financial Statements as the focus. In the process of preparing government financial statements, it is influenced by several factors, namely the application of Government Accounting Standards (SAP), information technology (IT) utilization factors, and internal control system (SPI) factors. According to the focus of the problem, in this article can be described the thinking model in the following figure.



Based on the picture of the framework above, then: The application of Government Accounting Standards, Utilization of Information Technology, and Internal Control System affects the Preparation of Government Financial Statements.

Apart from these three exogen variables that affect the preparation of Government Financial Statements, there are many other variables that affect it including:

- a) Human Resource Competencies: Baturante, Kamase, and Nasarudin (2018); Siti Qomah and Ismunawan (2021); Agung and Gayatri (2018); and Bame, Mokodompit, and Wuriasih (2021).

- b) Commitment and Culture Organization: Baturante, Kamase, and Nasarudin (2018); and Agung and Gayatri (2018).
- c) LK review results and Financial Supervision: Baturante, Kamase, and Nasarudin (2018); and Rahman Pura (2021).
- d) Leadership Style: Agung and Gayatri (2018).

CONCLUSIONS AND SUGGESTIONS

Conclusion

Based on the theoretical studies that have been explained, the relevant articles presented and discussed can be formulated hypotheses for the next research are:

1. The application of Government Accounting Standards affects the Preparation of Government Financial Statements.
2. The use of Information Technology affects the Preparation of Government Financial Statements.
3. The Internal Control System affects the Preparation of Government Financial Statements.

Suggestion

Based on the conclusions above, the suggestion in this article is that there are still many other factors that affect the preparation of government financial statements, apart from the application of Government Accounting Standards, the use of Information Technology, and the Internal Control System. Therefore, further studies are still needed by analyzing broader data to find out what other factors can affect the preparation of government financial statements in addition to the variable ones studied in this article. Other factors include human resource competence, organizational commitment and culture, financial statement review results and financial supervision, and leadership style.

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