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Determinants of the Quality of the Maluku Provincial Government Financial Statements

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Abstract. *This study empirically examines the effects of Regional Government Information System (SIPD) implementation and information technology utilization on the quality of the Maluku Provincial Government financial statements. A quantitative explanatory survey was conducted among 150 financial management officials selected purposively from 30 regional government agencies. Data were collected using a five-point Likert-scale questionnaire and analyzed with descriptive statistics, validity and reliability tests, classical assumption tests, and multiple linear regression using SPSS. The findings indicate that SIPD implementation has a positive and significant effect on local government financial statement quality ($\beta = 0.37$; $t = 7.54$; $p < 0.001$). Information technology utilization also has a positive and significant effect ($\beta = 0.37$; $t = 3.62$; $p < 0.001$). These results confirm that integrated financial information systems and effective technology use support the accuracy, reliability, relevance, and timeliness of public financial reporting. The study implies that the Maluku Provincial Government should strengthen user competence, network reliability, system integration, technical assistance, and data backup procedures to optimize SIPD-based financial reporting and public accountability.*

Keywords: *Financial Statement Quality; Information Technology Utilization; Public Accountability; Regional Government; SIPD Implementation.*

1. INTRODUCTION

The quality of local government financial statements is a key indicator of accountability in the management of public resources. Government Regulation of the Republic of Indonesia Number 71 of 2010 stipulates that information in government financial statements must be relevant, reliable, comparable, and understandable. These characteristics are necessary so that financial statements can be used by the public, legislatures, auditors, and other stakeholders to evaluate budget implementation, financial position, asset management, and local government performance. From an agency theory perspective, local governments act as agents that are obliged to account for the management of resources to the public as principals (Jensen & Meckling, 1976).

The Audit Board of the Republic of Indonesia does not merely assess whether financial statements are presented in accordance with Government Accounting Standards, but also evaluates the adequacy of disclosures, compliance with regulations, and the effectiveness of internal control systems. Receiving an unqualified opinion does not mean that all reporting risks have been eliminated, because auditors may still issue findings and recommendations for improvement. This condition indicates that the quality of financial statements must be maintained through continuous improvements in processes, human resources, and information systems. The Maluku Provincial Government has demonstrated improvements in its audit opinion, but it still faces challenges related to data consistency, personnel readiness, network reliability, and application stability. SIPD implementation began gradually and was

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subsequently expanded from planning and budgeting to administration, accounting, reporting, and accountability. SIPD is designed to integrate regional development and financial information in order to reduce duplication, improve standardization, accelerate consolidation, and strengthen transparency in financial management (Tumija et al., 2023).

Information technology utilization is another factor that determines reporting quality. Hardware, software, networks, databases, and user capabilities enable transactions to be processed more quickly, reduce manual errors, store data systematically, and present reports in a timely manner. However, these benefits can only be achieved when technology is used consistently, securely, and in an integrated manner, and is supported by competent personnel and data backup procedures. Previous studies have shown that the implementation of regional information systems and the utilization of technology are associated with improved reliability and quality of government financial statements (Hendri & Erinos, 2020; Maydiyanti et al., 2020; Yulianda et al., 2022).

The novelty of this study lies in simultaneously testing SIPD implementation and information technology utilization within the context of the Maluku Provincial Government after SIPD use was expanded to the reporting and accountability stages. This study aims to analyze the effects of SIPD implementation and information technology utilization on the quality of local government financial statements. The findings are expected to strengthen empirical evidence in public sector accounting and provide a basis for improving policies, user competence, infrastructure, system integration, and oversight of regional financial reporting.

2. THEORETICAL REVIEW

Agency Theory

Agency theory explains the contractual relationship between a principal as the party granting authority and an agent as the party receiving that authority. In the public sector, citizens and representative institutions act as principals, while local governments act as agents that manage budgets and provide public services. Information asymmetry may arise when the government possesses more complete information than the public. Therefore, relevant and reliable financial statements are required as mechanisms of accountability, oversight, and reduction of information asymmetry (Jensen & Meckling, 1976; Mardiasmo, 2018). SIPD implementation and information technology utilization are viewed as instruments that help agents present information more accurately, transparently, and promptly.

Quality of Local Government Financial Statements

The quality of local government financial statements reflects the extent to which financial information complies with Government Accounting Standards and meets user needs. Under Government Regulation Number 71 of 2010, this quality is represented by relevance, reliability, comparability, and understandability. Relevant reports provide feedback and predictive value and are presented in a timely manner. Reliable reports are free from material misstatement, faithfully represent the substance of transactions, and can be verified. Comparability enables evaluations across periods and governments, while understandability concerns the systematic and clear presentation of information.

Implementation of the Regional Government Information System

SIPD is an integrated system that supports the management of regional development, financial, and governmental information. SIPD implementation covers its use in budgeting, administration, accounting, reporting, supervision, and the provision of information for decision-making. An effectively implemented system can improve data consistency, reduce duplication, accelerate consolidation, provide audit trails, and improve reporting timeliness. Studies by Hendri and Erinos (2020), Wulandari and Yuliati (2023), and Katili et al. (2025) demonstrate that the implementation of regional government information systems contributes to the quality of financial statements.

H1: The implementation of the Regional Government Information System has a positive and significant effect on the quality of local government financial statements.

Information Technology Utilization

Information technology utilization refers to the use of computer hardware, applications, databases, and communication networks to collect, process, store, secure, and distribute information. In regional financial reporting, technology supports transaction processing, reconciliation, consolidation, validation, backup, and report presentation. Optimal utilization can improve accuracy, speed, traceability, and cost efficiency. The findings of Maydiyanti et al. (2020), Binawati (2023), and Pakawaru (2024) show that information technology utilization is positively associated with the quality of local government financial information and statements.

H2: Information technology utilization has a positive and significant effect on the quality of local government financial statements.

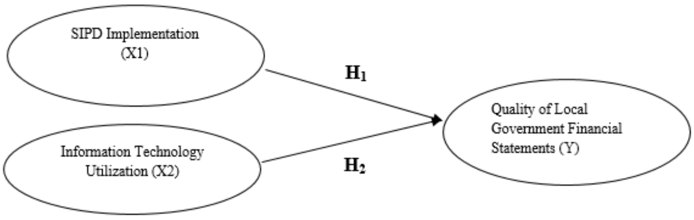

Figure 1. Research conceptual framework.

3. RESEARCH METHOD

This study employed a quantitative approach with an explanatory design to examine the causal relationships among SIPD implementation (X1), information technology utilization (X2), and the quality of local government financial statements (Y). Primary data were collected through a survey using a closed-ended questionnaire with a five-point Likert scale, ranging from 1 = strongly disagree to 5 = strongly agree. The unit of analysis consisted of personnel directly involved in financial management and reporting within the regional government agencies of the Maluku Provincial Government.

The study population comprised personnel working in regional government agencies within the Maluku Provincial Government. The sample was selected using purposive sampling, with the criterion that respondents understood regional financial management, preparation, presentation, or accountability processes. Respondents consisted of agency heads, heads of finance divisions, heads of finance subdivisions, treasurers, and financial statement preparers. Five respondents were selected from each agency, resulting in 150 respondents from 30 regional government agencies.

SIPD implementation was measured using 12 statements representing process integration, ease of use, access speed, data accuracy, reporting support, and information transparency. Information technology utilization was measured using six statements concerning device availability, application use, network reliability, data processing, storage, and information distribution. Financial statement quality was measured using eight statements based on the characteristics of relevance, reliability, comparability, and understandability as stipulated in Government Regulation Number 71 of 2010.

Data were analyzed using SPSS version 24. The analytical stages included descriptive statistics, validity testing through item-total correlations, reliability testing using Cronbach's alpha, tests of normality, multicollinearity, and heteroscedasticity, and multiple linear regression. A hypothesis was accepted when the significance value of the t-test was below 0.05. The regression model was formulated as $Y = \alpha + \beta 1X1 + \beta 2X2 + \varepsilon$.

4. RESULTS AND DISCUSSION

Descriptive Statistics

The descriptive statistics show that all variables were in the good category. Financial statement quality had an observed range of 17–40, a mean of 31.63, and a standard deviation of 6.20. SIPD implementation ranged from 29–60, with a mean of 46.18 and a standard deviation of 8.32. Information technology utilization ranged from 14–30, with a mean of 23.06 and a standard deviation of 3.90. Standard deviation values lower than the respective means indicate that respondent answers were relatively concentrated around the mean.

Table 1. Descriptive statistics of the research variables.

Variable	Minimum	Maximum	Mean	Std. Deviation
Financial statement quality (Y)	17	40	31.63	6.20
SIPD implementation (X1)	29	60	46.18	8.32
Information technology utilization (X2)	14	30	23.06	3.90

Validity and Reliability Tests

All statement items had correlation coefficients above 0.30 and significance values below 0.01; therefore, the instruments were declared valid. Cronbach's alpha was 0.98 for financial statement quality, 0.95 for SIPD implementation, and 0.91 for information technology utilization. All values exceeded the 0.70 threshold, indicating excellent internal consistency.

Table 2. Validity and reliability test results.

Variable	Correlation Range	Sig.	Cronbach's Alpha
Financial statement quality (Y)	0.91–0.95	0.000	0.98
SIPD implementation (X1)	0.74–0.89	0.000	0.95
Information technology utilization (X2)	0.73–0.90	0.000	0.91

Classical Assumption Tests

The Kolmogorov-Smirnov test produced an Asymp. Sig. value of 0.20, which was greater than 0.05, indicating that the residuals were normally distributed. Both variables had a tolerance value of 0.96 and a VIF value of 1.03. These results indicate the absence of multicollinearity because tolerance was greater than 0.10 and VIF was below 10. The scatterplot also showed that the residual points were randomly distributed above and below zero, indicating that the model did not exhibit heteroscedasticity.

Table 3. Summary of classical assumption tests.

Test	Indicator	Result	Conclusion
Normality	Asymp. Sig. (2-tailed)	0.20	Normal
Multicollinearity X1	Tolerance; VIF	0.96; 1.03	No multicollinearity
Multicollinearity X2	Tolerance; VIF	0.96; 1.03	No multicollinearity

Heteroscedasticity	Scatterplot pattern	Random	No heteroscedasticity

Regression Analysis and Hypothesis Testing

Table 4. Multiple linear regression results.

Variable	Coefficient	t-statistic	p-value	Decision
Constant	5.77	1.59	0.110	–
SIPD implementation (X1)	0.37	7.54	<0.001	H1 accepted
Information technology utilization (X2)	0.37	3.62	<0.001	H2 accepted

Based on the analysis, the regression equation is $Y = 5.77 + 0.37X1 + 0.37X2 + \varepsilon$. The positive coefficients indicate that improvements in SIPD implementation and information technology utilization are followed by improvements in financial statement quality. The processed results report an R^2 of 0.51 and an adjusted R^2 of 0.26. Because the difference between these two measures is relatively large for a model with two predictors, the values should be verified against the original SPSS output before the manuscript is submitted to the journal. The following inferential discussion is based on the reported coefficients, t-values, and significance levels.

Effect of SIPD Implementation on Financial Statement Quality

SIPD implementation has a positive and significant effect on financial statement quality, with a coefficient of 0.37, a t-value of 7.54, and $p < 0.001$. This result indicates that the better SIPD is used in budgeting, administration, accounting, and reporting processes, the higher the quality of the resulting financial information. Data integration through SIPD helps personnel reduce duplicate recording, accelerate consolidation across agencies, improve transaction traceability, and provide more consistent and timely information.

From an agency theory perspective, SIPD supports local governments as agents in fulfilling their accountability obligations to citizens and stakeholders as principals. An integrated system reduces opportunities for information asymmetry because financial processes and data can be traced more systematically. This finding is consistent with Hendri & Erinos (2020), Yulianda et al. (2022), Wulandari & Yuliati (2023), & Katili et al. (2025), who found that the implementation of regional government information systems supports the reliability and quality of financial statements.

In practical terms, improving quality requires more than merely providing an application. Local governments must ensure the alignment of work procedures, continuous improvement of user competence, the availability of technical assistance during disruptions, periodic data reconciliation, appropriate access-rights management, and evaluation of inter-module integration. These measures are necessary so that SIPD functions not only as a data-entry tool but also as a control and reporting infrastructure that supports accountability.

Effect of Information Technology Utilization on Financial Statement Quality

Information technology utilization has a positive and significant effect on financial statement quality, with a coefficient of 0.37, a t-value of 3.62, and $p < 0.001$. Technology enables faster transaction processing, more consistent calculations, large-scale data storage, and easier document tracing. Effective technology use also improves reporting timeliness and reduces the risk of errors arising from manual processes.

This result is consistent with Maydiyanti et al. (2020), Binawati (2023), Nasution (2023), & Pakawaru (2024). From an agency theory perspective, technology strengthens the agent’s capacity to provide verifiable and accountable information. However, the benefits of technology depend on network stability, data security, device suitability, user skills, and recovery procedures when system disruptions occur.

The Maluku Provincial Government should prioritize the maintenance of devices and networks, improvements in data security and backup, the development of standardized operating procedures, and problem-oriented training. Such support will reduce dependence on particular individuals and accelerate the completion of reports in each reporting period.

5. CONCLUSION

This study demonstrates that the implementation of the Regional Government Information System and the utilization of information technology have positive and significant effects on the quality of the Maluku Provincial Government financial statements. SIPD helps integrate financial processes and data, while technology utilization accelerates processing, improves accuracy, and supports the timeliness and traceability of information. The contribution of this study lies in providing empirical evidence regarding the importance of alignment between government applications and technology utilization in improving the accountability of regional financial reporting. Accordingly, local governments need to strengthen user competence, technical assistance, network reliability, system integration, security, and data backup. Future studies are encouraged to expand the research setting to district and municipal governments, use verified statistical outputs, and incorporate variables such as human resource competence, internal control systems, organizational commitment, or governance quality.

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