The Importance of IT-Based Public Accounting Transformation in Supporting the Digitalization of Good Governance

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ABSTRACT
The writing of this article aims to analyze the importance of IT-based public accounting transformation in order to support the digitalization of good governance. The existence of a negative stigma that states that one day the role of accountants will be replaced by technological innovation products demands the role of public accounting to answer these challenges. To analyze this phenomenon, the author reviewed 15 journals from previous research and official data and government publications between 2019 and 2023. The author chooses literature review as a methodology in writing this article through a descriptive qualitative approach. The results of the review of the 15 journals show that IT-based public accounting transformation is needed in the implementation of digitalization of good governance. The adaptability of public accounting to the changes in this very dynamic era is considered capable of maintaining its existence in the midst of the digitalization storm. In relation to good governance, the application of IT-based public accounting can help accelerate the optimization of good governance if implemented consistently and sustainably. Digital track records that are difficult to eliminate can serve as a constant database for various public purposes.

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INTRODUCTION

Entering the industrial revolution 5.0 which is colored by the rapid development of technology and information has contributed to introducing new concepts of accounting. The development of the digital world encourages accounting transformation that is integrated with virtual network features such as cloud computing, big data, and real-time access (PPPK Ministry of Finance of the Republic of Indonesia, 2020; Sukoharsono, 2008). The existence of information technology is a challenge for public accounting in the future. The efficiency and effectiveness offered by these information technology products are considered to rival the vital role of an accountant in handling various accounting functions (Putri & Retnosari, 2023). This assumption then gives birth to a negative stigma that believes that one day digital products produced by information technology can replace the role of humans, especially in the accounting world (Cahyadi, 2019). In connection with this, public accounting is expected to give birth to public accountants who can adapt to the digital environment so that their popularity is not eroded by the flow of digitalization. This statement is supported by Bastian’s analysis (2022) which says that the existence of public accounting in the future must be more developed considering the wider and more complex the scope of these public organizations. This can be a great opportunity for Public Accounting graduates.

Bastian added, in line with the demands for reform that want democratization in public financial management in the form of transparency and accountability, it further strengthens the public paradigm of the importance of public information disclosure. According to the Inspectorate General of the Ministry of Industry of the Republic of Indonesia (2022), the demand for good and transparent public services is considered a form of public supervision of government organizations in the implementation of good governance. The implementation of good governance carries out fair, transparent, innovative, accountable, and responsible government management. The purpose of the concept of good governance is to realize the management of state resources that are effective and on target in striving for the prosperity and progress of the nation and state.

The Financial and Development Supervisory Agency of the Republic of Indonesia (2004) stated that today the role of public supervision is increasingly needed in line with increasing public demands for governance based on the principles of good governance. This shows the fundamentals of public accounting in the implementation of good governance. To maintain its existence in the midst of the digitalization storm, Putri and Retnosari (2023) argue that what public accounting must have and maintain is to uphold the code of ethics and profession in everything, especially in public financial management.

Moreover, to improve its functions in meeting the demands of long-term public service improvement, digitalization of public accounting is considered to have a considerable contribution in the implementation of digitalization of good governance today. Arif, et al (2022) assess that increasing the effectiveness of governance can be done through the use of technology trends as a financial information system while considering the advantages and disadvantages of
these tech trends. According to him, the use of techtrend can improve the quality of public financial reports, minimize all forms of fraud, and can increase accountability of financial reporting according to standards.

Based on the explanation above, the author tries to express ideas through an article entitled "The Importance of IT-Based Public Accounting Transformation in Supporting the Digitalization of Good Governance" with the aim of analyzing the urgency of mastering information technology for public accounting itself in responding to the challenges of the digitalization era of good government.

**THEORETICAL REVIEW**

**Public Accounting**

Public Accounting is an adaptation and analysis of accounting implemented in public financial management starting from the highest state institutions, local governments, SOEs and BUMDs, NGOs, as well as collaborative projects of these public sectors with private organizations (Bastian, 2022). According to Bastian, the elements of public sector accounting in public financial management are:

a. **Public Planning.** Contains the purpose and how to utilize resources to achieve public welfare goals.

b. **Public Budgeting.** Contains detailed planning related to sources of income and expenditure that can be accounted for.

c. **Realization of the Public Budget.** Relating to the disbursement of budgeted funds, revenue realization and program implementation.

d. **Procurement of Public Goods and Services.** Relating to procedures for the provision of public goods and services.

e. **Public Sector Financial Reporting.** Demonstrate the achievements of government performance and programs as well as increase in public budget realization.

f. **Public Sector Audit.** Is a routine evaluation and monitoring activity to detect the possibility of fraud.

g. **Public Accountability.** It is a manifestation of the government's responsibility to the public public financial reporting.

All elements of public organization activities above require the role of public accounting in its management. For this reason, public accounting cannot be separated from the governance of public organizations because of its contribution to efforts to achieve good and clean government.

**The Effect of IT on Public Accounting**

Referring to the definition of public sector accounting as conveyed by Bastian, public accounting plays an important role in the management of public funds. According to Sulistiani (2019), to be able to increase public accountability, organizations need good internal control. Internal control should be designed in such a way as to ensure the effectiveness and efficiency of public organizations. Sulistiani added, through the help of Accounting
Information Systems (SIA) that are relevant to organizational needs and technological advances, internal control objectives can be achieved. In public financial reporting activities, IT-based accounting can facilitate the publication of accountability reports to the public (Putri & Retnosari, 2023). In terms of auditing, Murfidyah, et al (2021) argue that the use of information technology (IT) in audit activities can accelerate audit activities and processes that are classified as complex. Thus, information technology innovation can be used as an instrument in increasing the effectiveness and efficiency of public accounting activities so that public data can be accessed quickly and accurately.

**Implementation of Good Governance Digitalization**

Larasati (2019) defines good governance as a form of stable and responsible governance, carrying out the principles of democratization and efficiency in development activities that are effective and on target and able to prevent corruption practices. Furthermore, Larasati elaborated on the characteristics of good governance as follows:

1) People have the freedom to inspire, associate, and participate in every public decision-making.
2) Uphold legal certainty.
3) Creating a transparent government through freedom and ease of access to public information.
4) Having a responsive public institution in serving stakeholders.
5) More oriented to the public interest.
6) Equal public rights to justice and welfare.
7) Prioritize the effectiveness and efficiency of state resource management.
8) All government activities are accountable in public in the form of financial statements.
9) Governance has a long-term vision.

From a number of characteristics of good governance described by Larasati, the author agrees with Manossoh (2015) that there are at least 4 principles that must be carried out to achieve good and correct governance management, namely fair, transparent, accountable, and responsible. To support the achievement of the implementation of good governance principles, it is appropriate for all government agencies and institutions to expand and enrich the design of digital-based information systems.

**METHODOLOGY**

The writing of this article uses literature review as a research method. The main data sources analyzed are some previous research results that are relevant to the title of this article. Literature review is a theoretical description obtained from various sources and findings which are then used as a benchmark in answering an issue or phenomenon. The data collection of this article is done through a manual search on Google Scholar. Keywords used in the article collection process include: 'public accounting innovation', 'public accounting challenges and opportunities', 'implementation of good government', and "digitalization of good governance". The research uses articles
in Indonesian published in the last 5 years (2019-2023) with qualitative and quantitative approaches.

Data 1. List of articles used in literature review

<table>
<thead>
<tr>
<th>No.</th>
<th>Writer</th>
<th>Title</th>
<th>Result</th>
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<tbody>
<tr>
<td>1</td>
<td>Afrida Putritama (2019)</td>
<td>Opportunities and Challenges of the Accountant Profession in the Big Data Era</td>
<td>Some action plans that can be done by the accounting profession to turn the challenges of the Big Data era into opportunities are debriefing and competence in the field of information technology for public accountants which is the result of collaboration and stakeholder support.</td>
</tr>
<tr>
<td>2</td>
<td>Dwi Sulistiani (2019)</td>
<td>Increasing Public Accountability Through Accounting Information Systems at Salafiyah Islamic Boarding Schools</td>
<td>Internal control at the Salafiyah Islamic Boarding School proved not good enough so it was necessary to design an outgoing cash SIA to bring order to its financial administration.</td>
</tr>
<tr>
<td>3</td>
<td>Iwan Fahri Cahyadi (2019)</td>
<td>The Role of Accounting Information Systems and Challenges of the Accountant Profession in the Era of Industrial Revolution 4.0 (A Phenomenological Study)</td>
<td>The adaptation of programming and algorithm learning can maintain the existence of the accounting profession in the digital era. Without an understanding of technology, the role of accountants has the potential to be displaced by robotic technology.</td>
</tr>
<tr>
<td>4</td>
<td>Dian Kristiyani &amp; Hamidah (2020)</td>
<td>Public Sector Accounting Application Model to Prevent Fraud in the Public Sector in the Digital Age</td>
<td>The implementation of public accounting is effective in preventing and minimizing various forms of fraud when paying attention to the factors that trigger fraud.</td>
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<td>5.</td>
<td>Almira Murfidyah, Amelia Nurlaily Virgitania Suntoro, Arista Amanda Putri, &amp; Cornelia Kristiana Putri (2021)</td>
<td>Implementation of IT-Based Audit in the Digital Era: Opportunity or Challenge?</td>
<td>The implementation of IT-based audits can be utilized by auditors in the audit process which can also improve their competence and expertise.</td>
</tr>
<tr>
<td>6.</td>
<td>Inas Tasya Firdaus, Melinia Dita Tursina, &amp; Ali Roziqin (2021)</td>
<td>Digital Bureaucratic Transformation during the Covid-19 Pandemic for Realizing the Digitalization of Indonesian Government</td>
<td>The encouragement of digital bureaucratic metamorphosis should be an opportunity for stakeholders to maximize the formation of science and creative technological innovation.</td>
</tr>
<tr>
<td>7.</td>
<td>Nurjanah &amp; Istianingsih Sastrodiharjo (2021)</td>
<td>The Effect of Public Sector Accounting Application, Good Governance, and Supervision of Financial Management against Fraud Prevention</td>
<td>Fraud prevention can be done through the implementation of public accounting that is inter-integrated with government governance and supervision and management of public finances.</td>
</tr>
<tr>
<td>9.</td>
<td>Ainun Khafifah, Haliah, Nirwana, &amp; Muh Alief Fahdal Imran</td>
<td>Implementation Model and Problems of Local Government Public Sector Accounting in Preventing Fraud in Weak technological knowledge in the past has opened wide the door for public blackmail by IT individuals who misuse their knowledge. In response to these problems, analysis of factors</td>
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<tr>
<td>10.</td>
<td>Oemar (2022)</td>
<td>the Digital Age triggering misrepresentation can be used by public accounting in preventing public blackmail.</td>
<td></td>
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<td>10.</td>
<td>Kusroh Lailiyah (2022)</td>
<td>Village Digitalization as an Effort to Accelerate Public Services in Realizing Good Governance</td>
<td>Digitalization activities through the use of reliable information systems can facilitate and improve the effectiveness and efficiency of local government performance in rural areas.</td>
</tr>
<tr>
<td>11.</td>
<td>Muhammad Raihan Budiman (2022)</td>
<td>Educational Innovation and Its Urgency in Facing Education in the Information Technology Era</td>
<td>In today's technological era, the use and mastery of information technology has become very important in the world of education. One form of educational innovation is the use of E-Learning in learning.</td>
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<td>12.</td>
<td>Neni Mulyani, Jeperson Hutahaean, Zulfi Azhar, Aulia Kartika, &amp; Ayu Ambarwati (2022)</td>
<td>Coaching Clinic: Digitalization of Administrative Governance and Community Services</td>
<td>Optimization of public services that can support the function of village government apparatus can be done through digital-based administrative management.</td>
</tr>
<tr>
<td>13.</td>
<td>Zalfa Khayliz Leviratna Arif, Nuventin Asna Putri, Rizky Anissa Rahmadhanti Salim, Shavira Dyah Pitaloka, &amp; Dhika Maha Putri</td>
<td>Techtrend-Based Accounting Digitalization as an Effort to Improve Governance</td>
<td>The trend of technological innovation can be used as a financial information system in government administration as long as it continues to evaluate the usefulness of these technological trends.</td>
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<tr>
<td>No.</td>
<td>Author(s)</td>
<td>Title</td>
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<tr>
<td>15.</td>
<td>Rahma Putri Wijayanti &amp; Supanji Setyawan (2023)</td>
<td>Literature Review: Internal Control Analysis and Public Sector Accounting Fraud Prevention Efforts</td>
<td>A good internal control system is an effective effort in preventing and minimizing accounting fraud in public sector organizations.</td>
</tr>
</tbody>
</table>

Source: Google Scholar, GARUDA (2019 – 2023)

To make it easier for the author to analyze these data, the author made the research framework flow as follows:

**Data 2. Research Framework**

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The Essence of Public Accounting in Realizing Good Governance  
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Based on the research framework above, the initial stage of this research is to start by collecting information relevant to the title of this article from several previous research results on the role of public accounting in supporting the creation of good governance as a benchmark. Furthermore, public accounting is faced with the challenge of implementing digitalization of good governance. And the final stage of this research is to provide an analysis of how important IT-based public accounting transformation is in supporting the digitalization of good governance.

According to Lailiyah (2022), good governance is a form of governance based on the principles of transparency, public accountability and participation between all devices, both government, public, and private. One of the efforts to accelerate the realization of good governance is through the implementation of digitalization of good governance. In this regard, public accounting has a large contribution in supporting the principles contained in the application of good governance. This is because public accounting seeks to
fulfill public rights through the products it produces, namely public financial reporting (University of Computer Science and Technology, 2022).

RESULTS AND DISCUSSION

The Essence of Public Accounting in Realizing Good Governance

Public accounting is an information system that can help fulfill the tasks of public organizations so that the goals of the organization can be achieved. According to Nurjanah & Istianingsih (2021), the existence of public accounting has a partial influence on good governance, fraud prevention, and supervision of public financial management. In the implementation of good governance, there are a number of principles that can be applied through the role of public accounting, including the principles of accountability, transparency, efficiency and effectiveness, as well as the strategic vision of public organizations (Haryadi & Handayani, 2021).

In line with JB's thinking, Sumarlin (in BPKP, 2004) that state financial management occupies a fundamental position in the process of development, defense, progress, and stability of the nation's economy, so the application of good governance principles cannot be separated from the issue of transparency and accountability. He added that the demand for reform is not only about the effectiveness of realizing the ideals of the nation and state, but more than that there is a desire to achieve a government free from all forms of fraud such as corruption, collusion and nepotism (KKN). This shows that public accounting and good governance implementation efforts are integrated and correlated with each other in order to create good, clean, and correct governance.

Digital Transformation of Good Governance as a Challenge

One of the impacts of technological advances on governance is indirectly forced to transform the digital bureaucracy. In the process towards a digital future, stakeholders must agree to accelerate this transformation (Firdaus, Melinia, & Ali, 2021). The rapid advancement of technology is still a major challenge for society regarding the benefits provided by artificial intelligence (Sachs, 2018). So it is not wrong if optimizing the use of digital technology is a priority scale of the Indonesian government in realizing good governance so that in the future the archipelago really fully implements digitalization of good governance that can build knowledge through creative technology innovation.

To optimize government administration activities, as mandated in PP No. 56 of 2005, it is indicated that all Regional Governments in Indonesia have utilized advances in information technology in the use of Regional Financial Information Systems. Arif, et al (2022) said that digitalization of good governance helps the government be more up to date with updates to applicable government accounting standards. In addition, digitalization can minimize various forms of fraud and play an important role in producing quality financial reporting. Improving computerized public services is considered to be able to accelerate the process of public services while making government performance more effective and efficient (Mulyani, et al, 2022).
In fact, digital transformation in the implementation of good governance is still a challenge. One of the supporting factors in digitalization is the availability of IT experts who can run information system programs and have the ability to adapt to current information technology innovations so as not to be left behind (Lailiyah, 2022). Based on research conducted by Mulyani, et al (2022) in Guntung Village, Batu Baru Regency, it shows that in this area, administrative activities and community services are still very slow because public service activities are still carried out manually. The inability of village officials to use computers is evidence of weak technological knowledge in the area. This fact is supported by a statement by the Ministry of Communication and Information Technology of the Republic of Indonesia (2020) which states that until now the digital divide is still one of the polemics faced by the archipelago. The digital divide is limited access to information through digital technology by people living in 3T (Disadvantaged, Frontier, and Outermost) areas, the elderly, and people with disabilities.

**Utilization of IT Advances as Opportunities**

In relation to Public Accounting, digitalization of good governance allows increased transparency of finances and public activities. According to Widjayanto (in Pardani &; Damayanthi, 2017), the effectiveness of an information system can be seen from its ability to produce acceptable, timely, accurate, and relevant information. The results of research conducted by Sukmadilaga, et al (2015) show that the disclosure of financial statements in ASEAN countries including Indonesia is still minimal, so progress is needed in the disclosure of these financial statements. Safkaur, et al (2019) stated that so far financial reporting activities by public agencies in Indonesia have not been carried out effectively because there are still a number of dishonesty in the recording process. According to him, this case can be resolved by applying the accrual basis in public accounting. In addition to the goal to increase public trust, it is also at the same time to achieve effectiveness, transparency and public accountability. Putri and Retnosari (2023) added that technical advances in digital-based accounting activities such as automation in the accounting process are expected to simplify, accelerate and increase the level of accuracy in the accounting process if all parties can make good use of technology products such as improving public services. In addition to the convenience it offers, technological innovation also requires proficiency in its use.

The Ministry of Communication and Information Technology of the Republic of Indonesia (2020) assesses the importance of digital literacy for the nation's children in welcoming their digital space. To improve digital literacy skills, access to information technology is needed, one of which can be obtained through the adoption of Information and Communication Technology. For this reason, the government can encourage the use of IT advances through digital literacy curriculum since elementary school age. Within the scope of public accounting, various stakeholders such as universities, public accountant associations, and the government are expected to collaborate with each other in equipping accountants with various digital innovation competencies.
(Putritama, 2019). Thus, in the future more and more IT professionals will be created who can apply their knowledge to the application of digitalization of good governance. In line with what was conveyed by Budiman (2022) that technological advances can be an innovation in producing competent and competitive human resources.

**The Importance of Limitless Innovation to IT Development**

In order to harmonize the implementation of good governance with the times, public accounting is required to always innovate in playing its role in supporting the optimization of the implementation of good governance. One tangible manifestation of public accountability is seen in the quality of performance of institutions and government in providing public services. Martiawan (in Mulyani, et al, 2022) said that one of the public service reform agendas is to integrate public needs and services through the use of technology. This support for advances in information technology allows for increased efficiency of government performance (Lailiyah, 2022). To improve its performance, government tools need to be equipped with technical capabilities, reliability, and adaptability to the development and renewal of information systems (Pardani & Damayanthi, 2017).

**Optimizing the Implementation of Good Governance Digitalization**

The four main points contained in the implementation of good governance are fairness, transparency, accountability, and responsibility. Public transparency can create public harmonization with the government. Public transparency can narrow corruption gaps, facilitate policy evaluation, and strengthen accountability in public service delivery. The public's insistence on obtaining easy access to information quickly and accurately is the background to the need for all public organizations to expand the reach of digital-based information systems.

Digitalization of good governance requires good internal control. According to Arif, et al (2022), internal control has a crucial role in good governance, so an appropriate Accounting Information System is needed. Sari (2015) stated that the manifestation of the application of the principles of accountability and transparency in good governance is evidenced by the quality of accounting information. As one way to increase accountability and transparency of government performance, Wijayanti and Setyawan (2022) argue that internal control in public organizations can be an effective effort in preventing or at least minimizing accounting fraud. Khafifah, et al (2022) added that digital/computer-based public accounting can prevent various forms of accounting fraud when considering several factors such as implementation responsibilities, special techniques, and fraud prevention procedures. Optimization of the implementation of good governance is achieved if the implementation of good governance principles is supported by the ability to adapt to technological advances without ruling out nationalism.
CONCLUSIONS AND RECOMMENDATIONS

Based on the analysis of the review that the author conducted on several previous research results, the author concludes that understanding and mastery of information technology has a fundamental role in accelerating the implementation of digitalization of good governance. Public accounting as one of the supporting elements for the creation of good governance optimization is required to continue to innovate in order to collaborate with innovation in information technology advances. The application of IT-based public accounting is considered to be able to help accelerate the optimization of good governance if implemented consistently and sustainably. Digital track records that are difficult to eliminate can be used as a constant database for various public purposes.

Based on the conclusions above, the author suggests that all stakeholders collaborate with each other in updating the Public Accounting curriculum according to the demands of information technology developments so that the existence and sustainability of public accounting can be maintained in the future.

FURTHER STUDY

Future research is expected to add research variables so that this research can be perfected.

ACKNOWLEDGMENT

Thank you to all those who have helped carry out this research that cannot be mentioned one by one.
REFERENCES


