



## Transparency and Accountability in Public Financial Reporting: Implementation and Challenges in the Digital Era: A Systematic Literature Review

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### ABSTRACT

Government agencies are tasked with carrying out government operational activities. Transparency and public accountability are very important to prevent fraud that is detrimental to the country. For this reason, a system is needed that is able to increase optimal performance. Transparent and accountable financial management is the key to realizing good governance. Digital technology supports transparency in government reporting. Public sector accounting systems play an important role in providing relevant and reliable information, helping government institutions to be accountable for their performance to the public. The implementation of public sector accounting is expected to increase transparency, accountability and better decision making. This research highlights the importance of integrating public sector accounting to strengthen accountability and transparency in government organizations.

## INTRODUCTION

Implementation is a process of implementation after careful planning. Implementation is carried out when something that is planned is considered feasible and perfect. A government agency is a tool used to carry out the responsibilities given to it by carrying out all government affairs. Apart from that, institutions are also needed to assess the effectiveness of achieving a country's goals and ideals. The results achieved by this government will be informed through accountability information. The government needs this accountability information regarding the accountability of government agency performance. However, we cannot deny that we live in the digital era, which is characterized by increasingly advanced advances in information and communication technology. This change will certainly have an impact on increasing demand for open and honest public services. In the digital era, transparency is very important to achieve better governance. The ability of the public to obtain information from the government that is available to the public is known as transparency. Transparent information makes it easier for the public to respond, monitor and assess government performance. This is considered important to maintain public trust in the government.

Openness of Public Information Law No. 14 of 2008 fulfills public demands for information transparency. Ensuring that the public has the legal right to access information is an important component of building transparent government. This right to information is crucial because the more open the government is to public scrutiny, the greater the level of accountability in its implementation. Building a reciprocal relationship between government and society benefits from transparency in the implementation of government obligations. Transparency has several benefits, some of which include reducing corruption, facilitating the evaluation of policies and identifying their advantages and disadvantages, and increasing the responsibility of government institutions for public services. In addition, a transparent mindset can encourage a stronger investment climate, increase public trust in government institutions, and provide certainty in the business sector.

We must utilize information technology in administering government in the current digital era because of its very rapid progress. Openness of public information requires all government agencies, both at the central and regional levels, to create electronic-based information systems, in line with the public's need for fast and easy access to information. In this way, the government can use it as a reference for making decisions and making improvements according to the obstacles faced by the community. In addition, the development of digital technology has changed the way the government interacts with citizens with the aim of increasing the efficiency, transparency and accessibility of public services.

However, it cannot be avoided that in the process of implementing this there will be various challenges, especially in the current digital era. This can be reinforced by inadequate infrastructure in certain areas. In addition, manual systems are also vulnerable to human error and misuse, which can reduce public trust in the government (Diana Nokas et al., 2022). By implementing digital technology, it is considered capable of helping overcome limitations, such as

helping the government to manage financial data more efficiently and accurately, as well as making it easier for the public to access financial information. With a digital-based system, all processes become more integrated and transparent. This technology also makes it possible to track in real-time so that it can increase internal and external monitoring of public use, thereby reducing the opportunity for fraud (Kuncahyo & Dharmakarja, 2022).

This systematic research aims to examine how the implementation of public sector accounting is important for maintaining transparency and accountability of information for government agencies and will be identified, understood and addressed in academic literature. By examining various studies, it is attempted to provide a more comprehensive understanding of the dynamics of this conflict and provide recommendations for future research and practical implementation.

The introductory section is here; You can provide logical and phenomenological reasons for conducting your research. You are also required to provide a clear explanation of the contribution of your paper to knowledge enrichment. It could be present in the description of a niche sample (capturing a unique sample), theory enrichment, or an interesting result (novelty if available). A brief and direct introduction to the subject matter is very important in this research.

## **LITERATURE REVIEW**

### **Stakeholder Theory**

Stakeholder theory is a conceptual framework that emphasizes the importance of recognizing and managing all matters related to government that are of common interest. Stakeholder theory is also linked to the right of governments to provide information about the activities they carry out. Stakeholder theory also states that assessing the success and survival of an organization really depends on its ability to balance various interests. This theory helps governments understand and balance the expectations of each of these groups. For example, the public expects easy and transparent access to services, while the government has an interest in maintaining accountability and efficiency. The application of stakeholder theory in government is important for better government performance, by carrying out government duties that can provide open access to information to the public which will increase government transparency and accountability.

### **Implementation**

Implementation is that we must utilize information technology in administering government in the current digital era because of its very rapid progress. Openness of public information requires all government agencies, both at the central and regional levels, to create electronic-based information systems, in line with the public's need for fast and easy access to information.

## Public Sector Accounting

The accounting system used by public entities to report to the public is known as the public sector accounting system. This government agency is under pressure from the public for the need for transparency and accountability of the information produced. The public sector covers a wider range of organizations than the private sector. This includes all government agencies as well as non-profit organizations. The public sector includes government institutions such as BUMN and BUMD, organizations and institutions, political and mass organizations, non-governmental organizations (NGOs), health services, and other non-profit organizations. Both sectors can carry out various tasks, but the public sector is still needed for various functions, such as those carried out by the government bureaucracy.

### Characteristics of Public Sector Accounting

#### 1. Relevant

Financial reports must be consistent. Close relevance means that the information produced must be able to encourage decision making and be a tool for evaluating past and future events.

#### 2. Reliable

Financial reports must contain information that can be considered with financial reports that have been prepared previously.

#### 3. Easy to understand

Financial reports must be easy for all interested parties to understand, not ambiguous which might provide wrong information to both internal and external parties.

#### 4. Objectives of Public Sector Accounting

The purpose of public sector accounting is to provide or provide the necessary information

## Transparency

Transparency is a principle that guarantees that everyone has access or freedom to obtain information regarding government administration, including knowledge about policies, the process of drafting and implementing them, as well as the results achieved (Umar & Syawalina, 2018). By implementing the concept of transparency in public communications carried out by the government and the ability of the public to access information, a transparent approach to the government will increase public confidence in the government's performance. Through financial transparency, the public can monitor the use of public funds directly, so that the government can be accountable for every financial decision taken (Zubaidah & Nugraeni, 2023). According to (Mahmudi, 2015) transparency is the provision of public services that must be open, easily accessible to all parties who need them, and provided adequately and easily understood.

## Accountability

According to (Mardiasmo, 2021) explains that the duty of the trustee (agent) to provide accountability is to present, report and disclose to the trustee (principal), who has the right and power to demand accountability, all activities and actions for which he is responsible. The following are program accountability, honesty accountability, legal accountability, process accountability and policy accountability as measures of performance accountability of government agencies. The idea of accountability relates to the use of external benchmarks to assess whether state administration's actions are appropriate. This accountability evaluates external individuals or organizations. Therefore, the term "objective responsibility" is often used to describe this accountability. External control that encourages or urges the organization to function well in order to achieve goals is a source of objective responsibility (Awaliah et al., 2019).

## Digital Era

The digital era is a period in history marked by the widespread use of digital technology in various aspects of life. This era is marked by the transformation from analog to digital systems, where computer technology, the internet, mobile devices and other digital-based tools become an inseparable part of daily activities. The digital era enables rapid and global exchange of information, facilitates communication, and supports economic, social and cultural development through technological innovation. This era also includes the industrial revolution 4.0 which includes automation, big data, artificial intelligence (AI), and the Internet of Things (IoT). Data shows that most people are open to using technology in their daily lives. The incorporation of modern information and communication technologies has changed the way information is collected, analyzed and exchanged (Myeong & Jung, 2019). This digital era refers to how information and communication technology indirectly changes the way users view things.

## METHODOLOGY

This research uses qualitative descriptive research with a systematic review method or literature study which aims to gain a deeper understanding of implementation in the digital era in maintaining transparency and accountability in government reporting. Select articles based on their relevance and usefulness in analyzing public values in a user-focused context. Article quality is assessed through article citations per year and their impact.

**Table 1. Research Result**

No	Authors	Year	Title	Result
1	Ghofur Rasyid, Haliah, Nirwana	2024	Tantangan dan Peluang Akuntan Publik di Era Digital	Reviews the challenges and opportunities of public accounting in the digital era, where technologies such as

				artificial intelligence and data analytics increase efficiency and transparency. However, challenges such as data security and the need for increased digital literacy are also emerging, requiring accountants to adapt to global standards and new technologies.
2	Muhammad Afif Failany, Dian Fahriani	2024	Penerapan Teknologi Digital dalam Mendukung Transparansi Keuangan Pemerintah	Discusses the application of digital technology to support government financial transparency, especially in the context of the Sidoarjo Regency DPRD Office. Using qualitative descriptive methods, this research found that digital technology accelerates the integration of financial data, makes it easier to access reports, and enables real-time tracking of funds. However, challenges such as limited technical skills and data security issues are still obstacles. For optimization, it is necessary to develop technological infrastructure and increase human resource capacity.
3	Fajri Mulia Ningsih, Safrina Muarrifah, Rini Meliana, Azka Nur Diana, Amanah Aida Qur'an	2024	Peran Teknologi Blockchain dalam Meningkatkan Transparansi dan Akuntabilitas Pengelolaan Zakat	This article discusses how blockchain technology can increase transparency and accountability in zakat management, enabling real-time tracking of funds and reducing misuse. Challenges such as regulations and infrastructure still exist, but this technology has the potential to increase

				public trust in zakat institutions.
4	Rini Utari, Junita Putri Rajana Harahap	2024	Analisis Sistem Informasi Akuntansi dalam Meningkatkan Efisiensi Pelaporan Keuangan Dinas Sosial Kabupaten Labuhanbatu Utara	This article shows that the implementation of the Accounting Information System (AIS) in the North Labuhanbatu Regency Social Service increases the efficiency, accuracy and transparency of financial reporting. Process automation through AIS reduces manual errors, speeds reporting, and supports better decision making.
5	Adhi Susano, Meida Rachmawati	2024	Transparansi dan Akuntabilitas Keuangan Desa Melalui Sistem Keuangan Desa (SISKEUDES)	This article discusses how the Village Financial System (Siskeudes) increases transparency and accountability in village financial management through electronic recording and real-time reporting, which allows the community to participate in monitoring the use of village funds and preventing misuse.
6	Djikit Prihartono	2023	Penerapan Pelayanan Publik	This research shows that the application of e-governance in the Industrial Revolution 4.0 era increases efficiency, transparency and public participation in public services, as well as reducing costs and corruption. However, major obstacles include limited infrastructure, human resources, and challenges in implementation.

## DISCUSSION

Huge opportunities to transform public accounting into digital also exist in open government. This concept includes responsiveness to new ideas and needs of society, access to government services and information, and transparency of government actions. Transparency is a public demand for the government with the hope that the information provided to the public is open and nothing is hidden from the public. This transparency is a pillar of public trust in the government's performance in carrying out its duties. Providing information transparently also increases accountability. This is in line with examples of cases that occurred in the city of Semarang, where the Regency/City Government was encouraged to open a public information openness (KIP) faucet down to the village level. In the socialization of increasing the role of Information and Documentation Management Officers (PPID), Indra emphasized that KIP is in line with the needs of today's society. This is also reinforced by the case in 2023, that there were 29 disputes regarding information regarding accountability reports for the use of village funds and APBDes.

Therefore, information and documentation management personnel are needed to create a village that is open to information. There have also been several cases of information disputes in the Central Java Pantura region which have resulted in attempts at extortion. This is caused by agencies that are less responsive in providing information. With this problem, we need to remember that information transparency really helps the public in accessing all kinds of public information. This is also supported by the results of the National Coordination Meeting on June 10 2024. The agenda for discussing strategic matters related to cooperation in public information disclosure in administering the country towards a Golden Indonesia 2045 is the main emphasis on the results of the National Coordination Meeting. Implementing open government is one of the key components in achieving the 2025–2045 Golden Indonesia RPJPN, according to Donny (Chair of the Central KI). Furthermore, Donny stated "the implementation of open government needs to be carried out considering that information is a basic need for everyone, both for personal development and the social environment, and is an important part of national resilience.

As the main speaker at the KI-15 National Coordination Meeting, Marshal TNI (Ret.) Hadi Tjahjanto, Coordinating Minister for Political, Legal and Security Affairs of the Republic of Indonesia, emphasized the importance of information transparency in creating an accountable society, a government that is transparent and responsive to the community. He continued, one of the keys to growing public trust in the government is information transparency. The Governor of South Kalimantan, Sahbirin Noor, supports this idea, stating that good governance in the current era of globalization relies heavily on openness.

One of the main challenges faced by the government in maintaining transparency and accountability in financial reporting, especially in the current digital era, is the lack of adequate infrastructure, especially in areas that are still given little attention by the government. This also has an impact on the lack of digital literacy among the public, thereby hampering individuals' ability to understand and use digital-based public services effectively. Especially for

people who are not used to using technology or have minimal understanding of technology, the process of adapting to digital public services can be difficult (Susilawati et al., 2024). Human resources (HR) is another issue facing digital transformation. Workers must have analytical and creative skills, computer skills, and the ability to use online platforms to keep up with developments in digital technology. Training and education are needed to help human resources keep up with these developments (Sepriano et al., 2023).

Collaborative efforts between the government, non-governmental organizations and the private sector are important in facing this challenge. In this case, it is necessary to jointly develop technological infrastructure to increase accessibility to digital-based public services. Apart from that, it is necessary to review programs that will help the community, such as training and education programs regarding digital so that the community is able to use public services effectively. With the restrictions and solutions implemented, it is hoped that people will be able to access these services easily and feel the benefits in their daily lives. In the ever-growing digital era, ensuring that everyone has the same opportunity to access and use digital public services is the key to ensuring justice and equitable prosperity for all of society (Prihartono, 2023).

## CONCLUSIONS AND RECOMMENDATIONS

Implementation of public services in terms of digital-based financial reporting in public sector organizations can be done in several ways. First, the government first needs to develop a more adequate technological infrastructure to support digital-based public services, in this case guaranteeing an internet network that is widely accessible and safe. Second, organizations, especially in the public sector, need to design and implement digital forms that are more user-friendly. Third, which is no less important is training on digital literacy to improve people's ability to use public services online.

To overcome challenges and maximize the potential of digital-based public services, especially in Indonesia, collaborative efforts are needed from various parties, in this case the government, society, private sector, and others. Equitable expansion of technological infrastructure, increasing digital literacy in society, and developing more user-friendly platforms are key steps that need to be taken to achieve the goal of providing more effective public services in this digital era. (Susilawati et al., 2024). As a result, digital transformation has a big impact on organizations because it brings both good things and challenges that can build government performance. This must be addressed together to achieve success in implementing digital transformation in the public sector. Human resources (HR) is another issue facing digital transformation. Workers must have analytical and creative skills, computer skills, and the ability to use online platforms to keep up with developments in digital technology.

Training and education are needed to help human resources keep up with these developments (Sepriano et al., 2023). Technology-based systems enable real-time data access, increase transparency of financial information, and support compliance with applicable accounting regulations. In addition, accounting

information technology strengthens financial data security and simplifies the budget evaluation and monitoring process (Utari & Harahap, 2024).

In public reporting, the main challenge that must be considered is how the government can be transparent and accountable in carrying out its duties, especially in conveying information for access by the public. This is a pillar in maintaining public trust in the government. In the current digital era, it is especially easy for people to access public information openly. However, even so, this implementation raises various challenges that need to be better considered. With this situation, there needs to be awareness from all parties to work together so that the implementation process can be carried out effectively (Ningsih et al., 2024).

## ADVANCED RESEARCH

First on Technological Infrastructure Development: In-depth research is needed to identify solutions to infrastructure problems in remote areas. This research may involve the development of cost-effective and easy-to-implement technologies. Second, Training and Improving Digital Literacy: Further studies could explore the best training methods to improve the digital literacy of employees and society, as well as their impact on financial transparency and accountability

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