

Systematic Literature Review: Factors Affecting The Quality Of Local Government Financial Reports In Indonesia

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Abstract

Research Objectives : This research uses a bibliometric Systematic Literature Review (SLR) which aims to determine the factors that influence the quality of regional government financial reports in Indonesia and then map these studies.

Method/Approach : This research is a bibliometric-based Systematic Literature Review (SLR) related to factors that influence the quality of local government financial reports in Indonesia and then mapping these studies.

Results : This study shows that it can be useful for local governments in making decisions to realize effective and efficient financial reporting management. With the regional financial accounting system partially significantly and positively influenced by three factors, namely attitude, motivation, and perception. Therefore, policy recommendations should focus not only on improving individual competencies but also on strengthening the system and governance framework synergistically to achieve transparent and reliable public financial reporting.

Practical Implications : Findings from 3 international and national journals show that factors influencing the quality of local government financial reports in Indonesia play an important role in strengthening integrated accounting and financial governance systems.

Originality/novelty : This research has a strong element of novelty compared to previous research because it combines a systematic literature review (SLR) approach with a very specific focus on the regional financial accounting system during the 2017-2025 period.

KEYWORDS: Regional financial accounting system.



INTRODUCTION

In managing state finances, the government carried out reforms by issuing Law Number 17 of 2003 concerning State Finances which requires the form and content of accountability reports for the implementation of the State Revenue and Expenditure Budget (APBN) or Regional Revenue and Expenditure Budget (APBD) to be prepared and presented with government accounting standards stipulated by government regulations. The government also issued Law No. 32 of 2004 concerning Regional Government. Based on this Law, the government issued Government Regulation No. 24 of 2005 concerning Government Accounting Standards (SAP). SAP is the accounting principles established in preparing and presenting government financial reports.

The accountability report for regional financial management during one fiscal year is presented in a Regional Government Financial Report (LKPD). The presentation of Regional Government Financial Reports must comply with Government Accounting Standards as stipulated in Government Regulation No. 24 of 2005. The purpose of implementing this standard is to ensure more accountable and high-quality regional financial management. The quality of government financial reports is greatly influenced by factors such as compliance with accounting standards, human resource capabilities, and the support of existing accounting systems. Report quality is also influenced by the dynamics of external changes that cannot be controlled by the organization.

Previous research suggests that it is expected to be beneficial for local governments in making decisions to realize effective and efficient financial reporting management (Anggraini et al., 2023). The regional financial accounting system is partially significantly and positively influenced by three factors: attitude, motivation, and perception (Riyadi et al., 2024). Therefore, policy recommendations should focus not only on improving individual competencies but also on synergistically strengthening governance systems and frameworks to achieve transparent and reliable public financial reporting (Mediaty et al., 2025).

Therefore, there is still room for research to explore the factors that influence the quality of local government financial reports in Indonesia so that they can play an important role in strengthening the integrated accounting and financial governance system.

Based on these empirical phenomena and findings, this study focuses on **“Systematic Literature Review: Factors Affecting the Quality of Regional Government Financial Reports in Indonesia”**. This study is expected to provide theoretical contributions to the development of accounting science and government

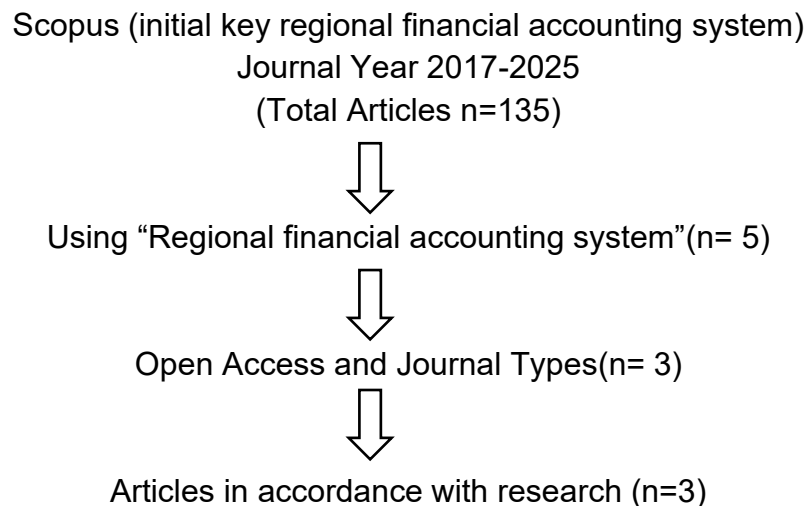


financial governance, as well as provide practical implications for regional governments in strengthening regional financial accounting system reporting.

RESEARCH METHODS

This study uses a *bibliometric Systematic Literature Review* (SLR) which aims to determine the role of *the Regional financial accounting system* and then map the research. The mapping in this study consists of; Type of Research conducted per year, Publication, Research Object and Type of detection used. The data source comes from journals indicated by *Scopus*. The use of the database is based on its reputation and excellent index. The time period used is from 2017 to 2025 to see how new research related to the role of *the Regional financial accounting system*. The keyword in the search engine in this study is "*Regional financial accounting system*". The sampling technique in this study uses a *purposive sampling technique*.

Chart 1: Search flow and article selection



THEORETICAL BASIS

Abstract of the 3rd journal:

This study aims to determine the influence of the financial accounting system and human resource values on the quality of government financial reports. The method used is descriptive and verification of several methods. The unit of analysis is the local government apparatus, and then the observation unit is the local government agency. The data processing method uses SEM, and the data used is primary data. The results show

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the influence of the applicable financial accounting system and human resource quality on the value of government financial reports. The results indicate that an optimal financial accounting system and competent human resources can influence the quality of financial reports. This research is expected to be useful for local governments in making decisions to realize effective and efficient financial reporting management.

Abstract of the 2nd journal:

The problems that emerged in Kadipaten District were related to behavioral aspects in operating the financial accounting system.

This study aims to determine how behavioral factors influence the use of the Regional Financial Accounting System.

in Kadipaten District. The population in this study is the Regional Work Unit (SKPD) of Kadipaten District. This research is a quantitative study. The type of data used in this study is primary data. The data collection method uses a questionnaire, the sampling technique uses purposive sampling, and data analysis uses multiple linear regression with the help of the SPSS program. The sample of this study amounted to 35 respondents who work in Kadipaten District. Based on the results of the multiple linear regression test, the regional financial accounting system is partially significantly and positively influenced by three factors, namely attitude, motivation, and perception.

Journal abstract 1:

This quantitative study examines the determinants of financial reporting quality in Indonesian local governments, focusing on good governance, local financial accounting systems, internal control systems, organizational commitment, and information technology utilization, with human resource competency as a moderator. Data were collected through a survey of 170 Regional Work Units (SKPD) in South Sulawesi Province, Indonesia. Using Structural Equation Modeling (SEM), the findings indicate that good governance, local financial accounting systems, internal control systems, organizational commitment, and information technology utilization all positively influence financial reporting quality. Importantly, human resource competency was found to significantly moderate the relationship between internal control systems and organizational commitment with financial reporting quality. However, this moderating effect was not significant for the relationship involving good governance, local financial accounting systems, and information technology utilization. These results highlight the critical role of human resource development and systemic improvement in fostering greater financial

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accountability and transparency in the public sector. Therefore, policy recommendations should focus not only on improving individual competencies but also on synergistically strengthening governance systems and frameworks to achieve transparent and reliable public financial reporting.

