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**| RESEARCH ARTICLE**

## **Implementation of Local Management Information System (SIMDA) in Quality Improvement of Financial Report of Buol Regencial Government**

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**| ABSTRACT**

The present study aims to explore the implementation of the Local Management Information System (SIMDA) in the improvement of the quality of financial reports of the Buol Regencial Government. It examines the planning, organizing, mobilizing, and supervising the implementation of SIMDA in financial management as an effort to improve the quality of the Local Government Financial Report. Employing a descriptive-qualitative approach, the research conducted in-depth interviews with expert informants, observed the process of preparing financial reports, and analyzed relevant references, policies, regulations, and other supporting documents. The data were analyzed by the following steps: data reduction, data presentation, conclusion formulation. The data were validated by extended observation, data triangulation, and focus group discussion. The results of the study indicate that: a) planning aspects have been implemented properly, especially on indicators for regional financial management planning which have been prepared annually; b) in the implementation aspect, the implementation of SIMDA is still not optimal; this highlights that the improvement of compliance of SIMDA management officers in each Regional Apparatus Organization (OPD) is crucial; c) in the aspect of mobilization, it was found that efforts to implement SIMDA in regional financial management still need to be improved even though several points were implemented optimally; hence, support from the leaders is very influential; d) in the aspect of supervision, supervision efforts in the implementation of SIMDA in each OPD have been optimal in improving the quality of local government financial report.

**| KEYWORDS**

SIMDA Implementation, Quality, Financial Report

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### **1. Introduction**

The current public sector reform has emphasized the demand for transparency and public accountability from all bureaucratic activities in the reporting stage as a form of government accountability to the public (Irfan et al., 2020). In public sector organizations, the performance of government agencies is representative of the level of achievement of the goals or objectives of the agencies as an elaboration of the vision, mission, and strategies indicating the extent of success of activities implemented in accordance with the established programs and policies (Novatiani, A., Rusmawan Kusumah, RW, & Vabiani, D. P, 2019). With the increasing demand for accountability and transparency in the aforesaid sectors, therefore, the aspect of financial management has grown more and more crucial.

A professional and modern local asset management is expected to be able to increase public trust and other stakeholders to the government. Therefore, to optimize asset management, the Financial and Development Supervisory Agency (henceforth referred to as BPKP) has developed a computer software named Local Management Information System (henceforth, SIMDA). SIMDA is a comprehensive system aiming to present much broader information compared to historical accounting information. The management information system uses electronic data processing technology that features a high level of work efficiency. This system is expected to integrate all the outputs generated from each subsystem into a complete set of information needed for management in the decision-making process.

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The Local Financial and Asset Management Agency (henceforth, BPKAD) of Buol Regency is one of the local government agencies that apply the SIMDA software issued by the BPKP in local government financial management in order to compose the financial report. BPKAD is a government agency with duties and responsibilities are to assist local governments in carrying out some of the authorities or local government affairs based on the principle of autonomy in the areas of Revenue and Management of Regional Assets. Transparency and accountability in the public sector amid the current regional autonomy era have become the essential objective of public sector reform in Indonesia (Maimunah, M., Kadir, S. A., Bastian, I., & Wahyudi, T, 2018).

There are several obstacles in the implementation of BPKAD, i.e., lack of Human Resources (HR) in administration, financial management, and regional assets, lack of transparency and accountability in government financial management, regulations that cause overlapping authorities, and lack of improvement and refinement of the processes of budget planning, administration, and preparation of financial reports.

## **2. Literature Review**

### **2.1. Concept of Management and Public Policy**

According to James F. Stoner (2004), the notion of management refers to the process of planning, organizing, and employing other organizational resources in order to achieve organizational goals. In other words, management refers to a process of coordinating and integrating work activities that are completed efficiently and effectively by other people. Henry Fayol (2010) proposes that all managers carry out at least five management functions, namely designing, organizing, directing, coordinating, and controlling. The functions are elaborated below:

1. **Planning:** Planning can be defined as a process to determine the goals and objectives to be achieved and to take strategic steps to achieve these goals. Through planning, a manager will be able to know what to do and how to do it.
2. **Organizing:** Organizing is the process of giving orders, allocating resources, and coordinating activities for each individual and group to implement a mutually agreed plan. The organizing stage includes three activities, namely (1) dividing the components of activities needed to achieve goals and objectives into groups, (2) dividing tasks for managers and subordinates to carry out the grouping tasks, and (3) establishing authority among groups or organizational units.
3. **Directing:** Directing is a process to foster enthusiasm and motivation in employees so that they can work hard in conducting the activities to achieve goals effectively and efficiently. Through direction, a manager creates commitment and encourages efforts that support the achievement of goals.
4. **Controlling:** This stage is intended to see whether the organization's activities are in accordance with the previous plan. The control function includes four activities, namely (1) determining achievement standards; (2) measuring the achievements that have been achieved so far; (3) comparing the achievements that have been achieved with the standard of achievement; and (4) making improvements if there are deviations from the established achievement standards (Batlajery, 2016).

The policy can be defined as a series of program plans, activities, actions, decisions, and attitudes to perform or to avoid by policy actors to solve the problems (Ramdhani, A., & Ramdhani, MA, 2017). Public policy regulates common or public life by state administrators to solve the community's problems and achieve the desired goals and objectives. Public policy always relates to the government's real actions, not merely at the ideation stage.

Policies provide guidance to the government on various actions and provide a relationship of mutual accountability between the government and its citizens (Andhika, L. R, 2019). Public policy is a guide to act; it correlates with a broader framework that involves the application of philosophies, principles, visions, and decisions that are translated into various programs, projects, and activities. A policy requires a broad statement of future goals and actions and disclosing ways to achieve them (Khan and Khandaker, 2016).

The implementation stage is essential to analyze various policies that have been established. Implementation studies will inevitably cover the realm of conflict issues, difficult and tough decisions, and the issue of what the in-charged person will get from a policy. (Igirisa et al., 2020). Udoji, a policy expert from Africa, evidently elaborated that policy implementation is more vital than policy-making. That is why the policies that have been designed and compiled are only a mere "pipe dream" if it is not implemented (Abdul, 2017). Fundamentally, policy implementation is the activity conducted by individuals (or groups) in public or private sectors to achieve the goals. At this point, policy implementation reflects the achievement of policy objectives through agreed operational planning. In other words, implementation is not only a managerial or administrative matter, but also a political process related to a certain thing or person, about the time of its implementation, about the "how, where, and for whom" the policy is made or targeted. Implementation is considered an evolution if it creates or brings changes (Chigudu, 2015).

Discussing and reviewing the problem of implementing a policy narrows down to applying a rule in bureaucratic institutions. It also occurred in the study of the application of the SIMDA (Regional Management Information System) in improving the quality of local government financial reports. Grindle (1980) provides an overview that implementation is a general process of administrative action that can be investigated in a particular program. The implementation process can be started when: goals and objectives have been agreed, a program of activities has been prepared, and funds are ready to be distributed. It is in line with the

locus and focus (change) and the views of experts; Van Meter and Van Horn, quoted by Parsons (1995), state that policy implementation is an action taken by the government and private (organizations) both individually and in groups intended to achieve goals. (Akib, 2012).

## **2.2. Concept of Public Sector Financial Management**

Public financial management is all of the gove in managing various government affairs such as management, revenue/expenditure, and financing procurement policies. Public financial management is stated in a public financial budget that is further regulated in Government Regulation Number 12/2019 concerning Regional Financial Management of Regional Finance. The regulation states that all rights and obligations of the region in administering regional government can be valued in money, and all forms of wealth can be used as the regional asset.

Pursuant to Government Regulation No. 71/2010, financial reports are prepared to provide relevant information regarding the financial position and all transactions made by a reporting entity during one reporting period. Financial reports are used to compare the realization of revenues, expenditures, transfers, and financing with a predetermined budget, assess financial condition, evaluate the effectiveness and efficiency of a reporting entity, and help determine its compliance with laws and regulations.

## **2.3. SIMDA Implementation and Quality of Financial Reports**

SIMDA Application continuously develops the design and maintenance programs as follows:

### **2.3.1. The main application in Regional Financial Management**

This software program integrates financial management, including budgeting, administration, accounting, and reporting. The outputs of this application are A. budgeting, B. administration, and C. accounting and reporting. The SIMDA Finance application serves to accommodate the Regulation of the Minister of Home Affairs Number: 20 of 2020 concerning the Acceleration of Handling Corona Virus Disease 2019 and the Regulation of the Minister of Home Affairs Number 90 of 2019 concerning the Classification, Codification, and Nomenclature of Regional Development Planning and Finance.

### **2.3.2. SIMDA Regional Properties/Assets (SIMDA BMD) Application**

This application is used to manage the regional properties or assets in planning, procurement, administration, elimination, and accounting. The outputs of this application are: a. planning. b. procurement. c. Administration. d. deletion/elimination. e. Accountancy. The development of the SIMDA BMD Application that was released in May 2020 was a refined application from the previous one based on the latest regulations on Regional Property

### **2.3.3. SIMDA Salary Computer Software Program**

The SIMDA Salary computer application was developed based on the needs of the local government in managing the payroll of its employees. This application will assist the local governments in processing payroll quickly and accurately and producing reliable payroll documents. The application's outputs are: a. Salary List, Back Pay, Continuing Salary, Tax Calculation. b. Employee List c. Register.

### **2.3.4. SIMDA Revenue Computer Software Program**

The rationale for developing this application is optimizing local taxes/retributions. Thus, local governments can provide reliable revenue reports and receivable management as supporting documents. The outputs of the application are: A. data collection. B. determination. C. administration.

### **2.3.5. SIMDA Planning Software Program**

The SIMDA Planning application is designed as an integrated medium-term (five-year) and short-term (annual) planning to form and generate the ceiling priorities as the basis of regional revenue and expenditure budgets.

### **2.3.6. SIMDA Dashboard Software Program**

The SIMDA Dashboard application bestows the managerial information, such as the Realization Report of the Revenue and Expenditure Budget as well as the local government financial ratios and per Regional Apparatus Organization (OPD) to assist in decision making

### **2.3.7. SIMDA CMS (Cash Management System) Software Program/Online Regional Treasury/Online Fund Disbursement Order (SP2D).**

The SP2D Online application is a banking service application to facilitate the SP2D disbursement process from the Regional General Treasury Account (RKUD) to the destination/targeted account (regional work unit accounts and third parties) at the Bank with the Real-Time Online concept. SP2D Online speeds up the process of creating a Tax Billing ID and Depositing Taxes to the State Treasury to obtain a State Revenue Transaction Number (NTPN) as the effortless way to make payments with the Non-Cash Transaction (TNT) mechanism.

The financial report is a structured report of financial position and transactions accomplished by a reporting entity. The general objective of financial reports is to provide information about the financial position, budget realization, cash flow, and financial

performance of a reporting entity that is expedient for policymakers in composing and evaluating funds allocation. Under the Government Regulation No. 71 of 2010 concerning Government Accounting Standards, financial reports are prepared to impart the relevant information regarding the financial position and all transactions done by a reporting entity during one reporting period. In essence, financial reports are used to compare the realization of revenues, expenditures, transfers, and financing with a predetermined budget, assess financial condition, evaluate the effectiveness and efficiency of a reporting entity, and help determine its compliance with laws and regulations.

The quality of local government financial reports based on Government Regulation Number 71 of 2010 can be seen from: the information presented is understandable, can assist the decision making, is free from the misleading notion, is free from material errors, and is reliable so that the financial reports are comparable with previous periods.

### **3. Methodology**

This section should contain detailed information about the procedures and steps followed. It can be divided into subsections if several methods are described. This research was conducted using descriptive qualitative methods to reveal phenomena related to SIMDA management. To collect data, researchers conducted observations on SIMDA implementation activities, conducted in-depth interviews with several informants, and reviewed policies or documents related to SIMDA implementation. From the results of interviews and observations, researchers conducted data reduction and presented data according to the focus and sub-focus of the research. The research results are then compared with the theory, the results of observations, and previous studies, so that the researchers conclude in accordance with the research findings.

### **4. Results and Discussion**

A study on the application of Regional Management Information Systems (SIMDA) to enhance the Quality of Financial Reports of Buol Regency can be distinguished through:

#### **4.1. Planning**

From a management perspective, the planning section becomes an initial and weighty part that needs to be done to create a strong and durable organization, achieve the targeted goals through specific methods, and assist the decision making. Likewise, planning is vital to determining policies, products, services, tools, expenses, schedules, locations, personnel, and organizational relationships. This initial process is found and done by BPKAD Buol Regency, which one of the plans carried out is creating a budget plan. It helped the BPKAD of Buol Regency measure and estimate their funds' capabilities. BPKAD Buol Regency has accomplished the management functions through planning which can be seen from the services provided, improvement and creativity in work, and preparation for all changes or shifts in financial management.

However, the obstacles that hinder the implementation are still there. The technical department is still experiencing problems in increasing employee creativity and innovation. When the employees are overwhelmed by the work, they mostly hold the responsibility or assign guilt to BPKAD. It implies that participating in technical guidance related to financial management has not provided an in-depth level of understanding for employees. Besides, the human resources (trainers) are minimal. Consequently, the technical department should provide training on government financial reports based on PSAP standards to reduce factors that dwindle the quality of financial reports.

#### **4.2. Organizing**

Organizing is one of the management functions conducted by looking at how the distribution of functions and responsibilities of each person in the organizational structure. The findings reveal that the SIMDA management in BPKAD has formed yet is still substandard due to unclear or unspecific division of each structure's functions. This section requires reliable people who can do their duties properly.

In addition, the organization also accommodates employee rotation or employee placement according to the field of expertise. It aims to measure the relevance of education to the level of ability based on the task. Mistakes in mapping and assigning employees will have an impact on work results, especially in the field of budget management. It also causes overlapping authority and works for individuals who are in-charged. Human resources and employee rotation are also considered less concerned with skills and the relevance of education.

#### **4.3. Actuating**

Actuating is part of requiring employees/members of the organization to achieve goals according to the plans that have been set. Efforts to implement SIMDA in regional financial management still need to be improved. In optimizing the SIMDA Finance software program, administration becomes obligatory, such as the preparation of a letter of provision of funds, procedures for composing a payment request (invoice), letter of responsibility (SPJ), and financial report. The SIMDA Finance administration process at BPKAD actually demonstrates a good result, although some parts are substandard. According to the type, classification, and designation based on the SIMDA application guidelines, there are still errors in entering data into transaction posts. However, that error can

still be tolerated due to the flexibility of adjustment built into the application. The application may detect the errors to be fixed and revised based on the principles. It means that the correlation of application (input, process, and output aspects) and the user/operator of the system are vital.

#### 4.4. Controlling

Supervision, the last stage of the management process, aims to evaluate and assess the effectiveness of SIMDA. Through supervision, problems can be easily identified and solved. Supervision is usually conducted into two types: internal and external. Supervision of SIMDA held by BPKAD of Buol Regency is gradually conducted on each Local Apparatus Organization to improve the quality of local government financial reports. Virtually, the supervision process is divided into two categories: internal supervision and external supervision. Internal supervision is conducted by the Head of department and Head BPKAD of Buol Regency. Meanwhile, external supervision is accomplished by BPKP through SIMDA. Supervision is conducted by looking at the presentation of financial reports sent by BPKAD every three months. In further, BPKP implements an internal control system that aims to: obtain a level of financial accountability and performance of SKPD and obtain local government performance reports in the form of public opinion (unqualified, qualified, without opinion).

#### 5. Conclusion

The present study aims to explore the implementation of the Local Management Information System (SIMDA) in the improvement of the quality of financial reports of the Buol Regency Government. The results of the study indicate that: a) planning aspects have been implemented properly, especially on indicators for regional financial management planning which have been prepared annually; b) in the implementation aspect, the implementation of SIMDA is still not optimal; this highlights that the improvement of compliance of SIMDA management officers in each Regional Apparatus Organization (OPD) is crucial; c) in the aspect of mobilization, it was found that efforts to implement SIMDA in regional financial management still need to be improved even though several points were implemented optimally; hence, support from the leaders is very influential; d) in the aspect of supervision, supervision efforts in the implementation of SIMDA in each OPD have been optimal in improving the quality of local government financial report. As this study is only limited to a certain area, then it suggests that further study be conducted in a different area in Indonesia.

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