

**Application of The Local Government Financial Accounting System to The Quality of Local Government Financial Reports at The Kepuharjo Village Office, Karangploso District, Malang Regency**

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INDEXING	ABSTRACT
<p><b>Keywords:</b> Keyword 1: Accounting System Keyword 2: Local Government Financial Keyword 3: Quality Keyword 4: Financial Statements Keyword 5: Kepuharjo Village Office</p>	<p>This research examines various aspects of implementing the Regional Government Financial Accounting System on the Quality of Regional Government Financial Reports at the Kepuharjo Village Office, Karangploso District, Malang Regency. In this study, the independent variable examined is the Implementation of the Regional Government Financial Accounting System, while the dependent variable studied is the quality of financial reports. This research uses a descriptive and verificative analytical approach, using primary data from interviews and observations. This study employs a qualitative method. The results of this study indicate that the implementation of the government financial accounting system at the Kepuharjo Village Office, Karangploso District, Malang Regency, is in accordance with the proposed plan for the execution of various activities that aligns with the Budget Plan (RAB). The quality of the regional government financial reports at the Kepuharjo Village Office, Karangploso District, Malang Regency, is consistent with the budget allocated for implementing both physical and non-physical activities.</p>

**Article History**

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**INTRODUCTION**

Local Government Financial Reports assess the good and bad of a financial report in regional financial management in one budget period (Asiam, 2020). Quality Local Government Financial Statements can be seen from the opinion issued by the Financial Supervisory Agency (BPK) as an agency that examines and assesses LKPD (Local Government Financial Institutions) (Anggadini, Bramasto, and Aulia, 2021).

The quality of regional financial reports is an important factor that local governments must consider when implementing regional autonomy to provide decision-making information (Rahayu & Kanita, 2023). Several problems occur at the Kepuharjo Village Office, Karang Ploso District, including limited capacity and expertise, lack of adequate infrastructure, and inaccurate financial reporting.

A researcher named Lestari and Kalalo (2023) stated that local government financial accounting classifies, summarizes, measures, records, and reports related to a local government entity's financial transactions to make the necessary economic decisions. The purpose of this research is to determine the implementation of the local government financial accounting system and the quality of government financial reports at the Kepuharjo Village Office, Karangploso District, Malang Regency.

## LITERATURE REVIEW

### Local Government Financial Accounting System

The local government accounting system is a collection of various subsystems which contain stages, preparation steps, tools and regulations that must be followed in the framework of collecting and recording financial data which is then processed into various financial reports for external parties and parties within the local government, as well as described by Hakim (2016), Wibowo and Kirana (2022). The application of a financial accounting system is a process of using procedures and methods to manage, record, and report various financial transactions in a company. It covers various aspects, including recording income and expenses, asset management, tax planning, and financial reports (Iswoyo *et al*, 2019).

According to Asyik *et al* (2023), the quality of financial statements is a financial report that contains information presented to help stakeholders make social, political, and economic decisions so that the decisions taken can be better or of higher quality. Meanwhile, what is meant by local government financial statements is the result of various processes, measurement, identification, and recording of various transactions in accounting entities that exist in a local government. The quality of local government financial statements is a result of the process of recording, measuring, and identifying an economic or financial transaction in a local government, which is used as information to account for financial management in making economic decisions by those who need it (Surjono, 2021).

## RESEARCH METHODS

### 1. Research Design

The research method is planned through a series of steps starting from interviews, field observations, determining the type of data source, data collection methods, and forming a research model. In facing various research challenges, researchers need various approaches that guide the steps in solving a problem to achieve the expected goals (Hasanah, 2017). In this study, the main objective is to provide a detailed description of a case's background, characteristics and distinctive features. The method in this research is qualitative based, where the data collected is expressed in the form of surveys and interviews.

### 2. Type of Research

This research used qualitative methods. The purpose of this research is to understand in depth the processes and factors that influence the implementation of the local government financial accounting system and the quality of financial reports at the Kepuharjo Village Office, Karang Ploso District, Malang Regency.

### 3. Research Location

This research was located at the Kepuharjo Village Office, Karangploso District, Jl. Kapuharjo Village Hall, Wringin Anom, Malang Regency, East Java.



Figure. 1. The Government Office of the Kepuharjo Village  
Source: Author (2025)

#### **4. Data Source**

The data sources in this research include primary and secondary data

- Primary data is obtained directly by researchers through interviews, interviews and observations.
- Secondary data is obtained or already available at the research site.

#### **5. Data Collection Method**

The most important step in conducting research is collecting data. This study's data collection techniques can include observation (observation), interviews (interviews), and documentation.

### **RESULTS AND DISCUSSION**

#### **1. Overview of the Research Location**

Kepuharjo Village is one of the villages in the Karangploso district, Malang Regency. Kepuharjo Village has an area of 220.19 hectares with Longitude Coordinates 112.614155 and Latitude Coordinates -7.89091. Ngenep Village in Karangploso district borders the boundaries of Kepuharjo Village to the north, Tegalondo Village in Karangploso district and Tunggulwulung Village in Lowokwaru district to the south, Tunjungtirto Village in Singosari district and Tasikmadu Village in Lowokwaru district to the east, Ampeldento Village and Ngijo Village in Karangploso district to the west. Kepuharjo village consists of 6 hamlets, 14 RW, and 42 RT. The distance between the town and the sub-district capital is  $\pm 3.5$  km, between the village and the regency/city capital is  $\pm 15$  km, and between the town and the provincial capital is  $\pm 85$  km. The Petit Village area is at an altitude of +500 meters above sea level. The average rainfall is 1,000 mm, and the air temperature is  $\pm 18$  C to  $\pm 30$  C. The population of Kepuharjo Village is 7,210 people, with 2,032 households. The total female population is 3591, while the male population is 3,619.

#### **2. Research Results**

The research and discussion in this chapter can be described as the results of interviews, observations, and research. The research is on the Application of the Local Government Financial Accounting System to the Quality of Local Government Financial Statements. This research was conducted at the Kepuharjo Village Office, Karangploso District, Malang Regency, in 2024.

##### **a. Implementation of the Local Government Financial Accounting System at the Kepuharjo Village Office, Karangploso District, Malang Regency**

Based on the results of the research, the implementation of the Local Government Financial Accounting System at the Kepuharjo Village Office, Karangploso District, Malang Regency, the implementation of the financial accounting system is by the plan submitted for the implementation of all kinds of activities by the RAB (Draft Budget). The purpose of the RAB is to carry out all village development programs properly, transparently/openly, and effectively so that funds can be optimally used or spent. The PK (Activity Executor), who is assisted by the TPK (Activity Implementation Team), is implementing village activities. The purpose of the TPK is to survey and assist all PK activities.

"I think that in our village, the implementation of the Financial Accounting System is by the plan set out in the RAB, and the construction of meeting rooms and others have indeed been planned in the context of financial reports" (Kahamim, November 1, 2024).

**b. Quality of Local Government Financial Statements at the Kepuharjo Village Office, Karangploso District, Malang Regency**

Based on the results of the research, the Quality of Local Government Financial Statements at the Kepuharjo Village Office, Karangploso District, Malang Regency, the quality is by the budget that has been issued for the implementation both physical development (renovation of village offices, construction of meeting rooms, etc.) and non-physical (RT/RW budget allowances, device support, etc.).

"That the quality of local government financial reports at the Kapuharjo Village Office, KarangPloso District, Malang Regency, is by the budget that has been allocated for various activities, both physical and non-physical" (Kahamim, November 6, 2024).

**c. The Effect of the Application of Local Government Financial Accounting Standards on the Quality of Local Government Financial Statements at the Kepuharjo Village Office, Karangploso District, Malang Regency**

Based on the results of research with the Secretary of Kepuharjo Village, Karangploso District, Malang Regency, there is no effect of the application of the local government financial accounting system on the quality of local government financial reports at the Kepuharjo Village Office, Karangploso District, Malang Regency, because the application or expenditure of costs is by the RAB, which has been determined through the village Musrengbang (village development planning meeting). Musrengbang is an activity by the village government, the BPD, and the community to discuss various problems and the village's potential.

"the application of the local government financial accounting system does not affect the quality of financial statements at the Kepuharjo Village Office, Karang Ploso District, Malang Regency, because the expenditure of costs is by the Cost Budget Plan (RAB) determined through the village Musrengbang, which involves the participation of the village government, BPD, and the community" (Kahamim, November 8, 2024).

**3. Discussion**

**a. Implementation of the Local Government Financial Accounting System at the Kepuharjo Village Office, Karangploso District, Malang Regency**

Based on the results of the interviews above, the researcher believes that the application of financial accounting at the Kepuharjo Village Office, Karangploso District, Malang Regency, is by a predetermined plan according to procedures and methods in recording and reporting various financial transactions in a village, human resources and finance covering multiple aspects including recording expenditure income, asset management, tax planning, and financial reports. This is supported by researchers Ayu and Kusumawati (2020), Gusnita (2021), and Pudjianto *et al* (2023).

In the opinion of Putri and Simanjuntak (2023), researchers strongly agree with the findings in research on the Implementation of the Local Government Financial Accounting System, which has competence in human resources (human resources) and the quality of local government. This happened at the Kepuharjo Village Office, Karangploso District, Malang Regency, where accounting is applied by procedures and methods in recording and reporting various financial transactions in a village and competent human resources. In this case, human resources are significant in improving the application of the local government's financial accounting system.

**b. Quality of Local Government Financial Reports at the Kepuharjo Village Office, Karangploso District, Malang Regency**

Based on the results of the interviews above, we can describe that the quality of financial reports at the Kepuharjo Village Office, Karangploso District, is based on what has been applied in the Law and is to be used as information in accountability for

village financial management. This is supported by Firdaus *et al* (2020) and also Kurnia *et al* (2023). In this case, the quality of financial reports is necessary to avoid errors in preparing financial reports, provide helpful information in making economic decisions and ensure sound and complete financial information.

**c. The Effect of the Application of Local Government Financial Accounting Standards on the Quality of Local Government Financial Statements at the Kepuharjo Village Office, Karangploso District, Malang Regency**

Based on the results of interviews with the Village Head, Mr. Kahamim, at the Kepuharjo Village Office, Karangploso District, Malang Regency, the local government financial accounting system does not affect the quality of financial statements because the application or expenditure of costs is in accordance with the Law and the RAB (Draft Budget) that has been determined. This happened at the Kepuharjo Village Office, Karangploso District, Malang Regency, where the application or expenditure of costs is by the Law and the predetermined Draft Budget.

**4. The following are the Village Revenue and Expenditure Budget details for the 2023/2024 fiscal year**

**Table 1. Previous Year Financing/Silpa**

No	PREVIOUS YEAR FINANCING/SILPA	
1	DD Silpa	Rp. 63.089.390
2	ADD Silpa	Rp. 18.500.000
3	PBH Silpa	Rp. 21.874.144
4	Bank Interest	Rp. 2.666.793
<b>TOTAL FINANCING/SILPA</b>		<b>Rp.106.130.327</b>

*Source: The Government Office of the Kepuharjo Village (2024)*

**Table 2. Village Income**

No	VILLAGE INCOME	
1	Village Fund	Rp. 983.785.000
2	Village Fund Allocation	Rp. 625.974.000
3	PBH	Rp. 46.305.000
4	BKAD	Rp. 9.000.000
5	PAD	Rp. 43.200.000
<b>TOTAL REVENUE</b>		<b>Rp. 1.708.264.000</b>

*Source: The Government Office of the Kepuharjo Village (2024)*

**Table 3. Field Of Village Activities/Expenditures**

No	FIELD OF VILLAGE ACTIVITIES/EXPENDITURES	
1	Government Organization	Rp. 819.859.747
2	Village Development Implementation	Rp. 575.948.690
3	Community Development	Rp. 54.673.000
4	Community Empowerment	Rp. 147.407.200
5	Emergency and Urgent Disaster Management	Rp. 216.505.690
<b>TOTAL EXPENDITURE</b>		<b>Rp. 1.814.394.327</b>

*Source: The Government Office of the Kepuharjo Village (2024)*

**CONCLUSION**

Based on the results of research and discussion in the previous chapter, the application of the financial accounting system is a process of using procedures and methods in managing, recording, and reporting various financial transactions in a company. A financial statement is a financial report that contains information presented to help stakeholders (stakeholders) make social, political, and economic decisions so

that the decisions taken can be better or of higher quality. Implement the Local Government Financial Accounting System at the Kepuharjo Village Office, Karang Ploso District, Malang Regency; the financial accounting system is based on the plan submitted for implementing all kinds of activities by the RAB (Draft Budget).

The quality of the Local Government Financial Statements at the Kepuharjo Village Office, Karangploso District, Malang Regency, the quality is by the budget that has been issued for the implementation of various activities, both physical development (renovation of village offices, construction of meeting rooms, etc.) and non-physical (RT / RW budget allowances, device support, etc.). There is no influence on the application of the local government financial accounting system on the quality of local government financial reports at the Kepuharjo Village Office, Karangploso District, Malang Regency because the application or expenditure of costs is by the RAB, which has been determined through the village development planning meeting (Musrengbang village).

In preparing this research, the researcher realizes that there are still many shortcomings, so the researcher hopes for constructive criticism and suggestions from the readers. In addition, researchers hope that future researchers so that the object of research does not only focus on one institution or organization, but it is highly expected that future researchers can research several agencies/institutions to describe and explain in general / in detail the Application of the Local Government Financial Accounting System to the Quality of Local Government Financial Statements.

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