

The Role of Digital Technology and Public Transparency in BPK's Strategy to Increase Regional Financial Accountability in The Era of Autonomy

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Abstract-*This study examines the challenges and strategies of the Audit Board (BPK) in improving the financial accountability of local governments in the era of autonomy, by highlighting the role of digital technology and public transparency. In the context of fiscal decentralization, regional financial management has become increasingly complex and raises accountability and transparency issues. This study uses a qualitative approach through case study methods in several Indonesian local governments. The research found a number of key challenges faced by BPK, such as limited human resources, lack of technological infrastructure, and resistance to bureaucratic change. To overcome this, BPK develops strategies through the use of data-based audit systems, the provision of public transparency platforms, and increased digital collaboration with various stakeholders. This strategy has been proven to drive the effectiveness of supervision and improve the quality of accountability. Digital technology allows for a more efficient and evidence-based audit process. Meanwhile, public transparency strengthens social participation and control. The integration of the two is key in facing structural and cultural challenges in regional financial supervision. The results of the study show that the digital and open approach has a significant impact on improving the quality of regional financial governance. Thus, BPK plays a strategic role in strengthening the technology-based financial supervision system and transparency in the era of autonomy.*

Keywords-*BPK, Financial_Accountability, Regional_Autonomy, Digital_Technology, Public_Transparency.*

I. INTRODUCTION

The implementation of regional autonomy in Indonesia has given greater authority to local governments in managing public resources and finances. Law No. 23 of 2014 concerning Regional Government and Law No. 33 of 2004 concerning Financial Balance between the Central Government and Regional Governments are the legal basis for fiscal decentralization in Indonesia. This decentralization has consequences in the form of the need for better financial accountability at the regional level. The Audit Board (BPK) as a high state institution that has the constitutional authority

to examine the management and responsibility of state finances, including regional finances, faces great challenges in carrying out its functions. Along with the development of the digital era, BPK is faced with demands to adapt to new technologies and increase public transparency in the process of regional financial supervision. Several previous studies have identified various problems in the financial accountability of local governments, such as limited human resource competencies (Harun et al., 2019), unintegrated financial information systems (Nurlis, 2018), and weak internal supervision (Saputra & Mahmud, 2020). However, there are still gaps in the study that comprehensively analyzes the role of digital technology and public transparency in the BPK's strategy to improve regional financial accountability.

II. LITERATURE REVIEW

A. Local Government Financial Accountability

Local government financial accountability refers to the obligation of local governments to provide accountability, present, report, and disclose all activities and activities related to public financial management to parties who have the right and authority to hold them accountable (Mardiasmo, 2018). According to Stewart (1984), accountability can be categorized into five levels: accountability to legal compliance, accountability to process, accountability to programs, accountability to policies, and accountability to values. In the context of local governments in Indonesia, Law No. 17 of 2003 concerning State Finance and Government Regulation No. 71 of 2010 concerning Government Accounting Standards are the legal



basis for the implementation of financial accountability. Various studies have identified factors that affect the financial accountability of local governments, such as human resource competence (Afriansyah, 2020), internal control systems (Ningsih et al., 2020), and the use of information technology (Dewi & Mimba, 2019).

B. The Role of BPK in Regional Financial Supervision

BPK as a state institution in charge of examining the management and responsibility of state finances has a central role in ensuring the financial accountability of local governments. Law Number 15 of 2006 concerning the Financial Audit Board provides a legal basis for BPK to carry out financial audits, performance audits, and audits with specific purposes for local governments.

Research by Santosa et al. (2021) shows that the effectiveness of BPK supervision has a positive effect on the financial accountability of local governments. In line with that, Wijayanti & Hanafi (2018) found that the recommendations of the results of the BPK audit play an important role in encouraging the improvement of regional financial governance. However, some studies have also identified various obstacles in the implementation of BPK functions, such as limited human resources (Rahman, 2017), inadequate technological infrastructure (Kusumo, 2020), and resistance to change (Jaya & Sari, 2019).

C. Digital Technology in Public Financial Supervision

The use of digital technology in public financial supervision has become a global trend. According to Rozner (2018), digital technology can improve the efficiency and effectiveness of audits through more comprehensive data analysis, faster anomaly detection, and better data visualization. Some of the relevant digital technologies in the context of financial supervision include big data analytics, artificial intelligence, blockchain, and cloud computing. In Indonesia, the implementation of digital technology in public financial supervision is still in the development stage. Several initiatives have been carried out, such as the development of an e-audit system and the use of data analytics in the audit process (BPK RI, 2020). However,

Prabowo et al. (2020) identified various challenges in the adoption of digital technology in BPK, such as digital competency gaps, inadequate infrastructure, and budget constraints.

C. Public Transparency and Financial Accountability

Public transparency refers to the availability of publicly accessible information about government functions and structures, fiscal policy actions, public sector accounts, and fiscal projections (Kopits & Craig, 1998). In the context of financial accountability, transparency allows the public to oversee the management of public finances and participate in the decision-making process. Hood (2010) emphasized that transparency is not only about the availability of information, but also about the clarity, accuracy, and timeliness of the information. Research by Caamaño-Alegre et al. (2013) shows that fiscal transparency is positively correlated with fiscal discipline and efficiency of public spending. In Indonesia, Law Number 14 of 2008 concerning Public Information Disclosure is the legal basis for the implementation of transparency in regional financial management.

III. RESEARCH METHODS

This study uses a qualitative approach with a case study method. The qualitative approach was chosen because it allows for an in-depth exploration of complex phenomena in their natural context (Creswell & Poth, 2018). The case study method allows researchers to analyze in depth how BPK overcomes challenges in improving local government financial accountability through the use of digital technology and public transparency.

IV. RESULTS AND DISCUSSION

A. BPK's Challenges in Improving Local Government Financial Accountability

Based on the results of the study, several main challenges faced by BPK in improving the financial accountability of local governments in the era of autonomy were identified:

Structural Challenges, the centralized organizational structure of BPK with representatives in the provinces also causes difficulties in conducting intensive supervision of local governments that are located far from the

provincial capital. The results of the document analysis also show that there is an imbalance in the allocation of resources between BPK representatives in developed and disadvantaged areas.

Human resource challenges, Human resource competencies are a significant challenge for BPK in carrying out its supervisory function. The results of the FGD show that although in general BPK auditors have good competence, there is still a gap in specific competencies related to digital technology and data-based audits. Another challenge related to HR is the high turnover of auditors, which leads to a lack of continuity in audits and understanding of the characteristics of the entities being audited.

Technological challenges, inadequate technological infrastructure are obstacles in the implementation of digital technology-based audits. Observations at several BPK representatives showed significant variation in the availability of technology infrastructure, with representatives in disadvantaged areas experiencing greater limitations. In addition, interoperability between the BPK information system and the local government information system is also a challenge in the data collection and analysis process. Some local governments have different financial information systems, making it difficult to integrate data.

Regulatory Challenges, the existing regulatory framework has not fully supported the implementation of digital technology-based audits and public transparency. Some regulations are still conventional and have not accommodated the latest technological developments. In addition, there is also disharmony between various regulations related to regional financial management, which causes confusion in implementation and supervision.

Cultural Challenges and Resistance, This research also identifies resistance to change, both within BPK and in local governments. Some senior auditors tend to be more comfortable with conventional auditing approaches and are reluctant to adopt new technologies. On the local government side, there are concerns that greater transparency will expose weaknesses and shortcomings in financial management, thus creating resistance to initiatives to improve transparency.

B. BPK's Strategy in Utilizing Digital Technology

In the face of these challenges, BPK has developed various strategies to utilize digital technology in improving the financial accountability of local governments:

Implementation of Data-Based Audit System, BPK has developed a data-based audit system that allows data analysis in a more comprehensive and real-time manner. The system integrates data from various sources to detect anomalies and suspicious patterns in financial transactions. The results of the observations show that the implementation of this system has improved the efficiency of the audit process and expanded the scope of the audit. However, the implementation is still uneven among all BPK representatives.

Development of Digital Audit Platform, BPK has developed a digital audit platform that allows auditors to conduct audits remotely (remote audits) and collaboratively. The platform comes with features such as document management, data analysis, and team communication. The platform also facilitates the transfer of knowledge and best practices between audit teams, increasing consistency in audit approaches.

Utilizing Big Data Technology and Artificial Intelligence, BPK has begun to utilize big data technology and artificial intelligence to improve analytical capabilities in the audit process. This technology allows analysis of large and complex volumes of data, as well as the identification of patterns and trends that are difficult to detect with conventional methods. However, the results of the FGD show that the use of this technology is still in its early stages and has not been supported by adequate infrastructure and competence in all BPK representatives.

Development of the Early Warning System, BPK has developed an early warning system that monitors risk indicators in regional financial management. The system integrates data from various sources to identify potential irregularities early on. The implementation of this system has helped BPK to prioritize inspections in high-risk

areas and provide faster feedback to local governments.

Capacity Building Digital Auditors, BPK has invested significant resources to increase the digital capacity of auditors through various training and certification programs. The program includes training on data analytics, artificial intelligence, cybersecurity, and blockchain.

In addition, BPK also recruits auditors with information technology and data science backgrounds to strengthen the audit team.

C. The Role of Public Transparency in Strengthening the Supervisory Function of BPK,

The results of the study show that public transparency plays an important role in strengthening the supervisory function of BPK on local government finances:

Publication of Audit Results, BPK has increased transparency by publishing audit results more widely and in a format that is more accessible to the public. Innovations in this regard include the development of an interactive dashboard that displays a summary of the results of the examination. The results of the document analysis showed a significant increase in the number of public access to the results of BPK audits after the implementation of the dashboard.

In collaboration with civil society, BPK has developed a collaboration mechanism with civil society organizations to increase supervision of regional finances. This collaboration includes information exchange, joint training, and the organization of discussion forums. Several BPK representatives have established communication forums with civil society organizations that routinely discuss issues related to regional financial management.

Increasing Public Participation in Supervision, BPK has developed a platform to increase public participation in regional financial supervision. The platform allows the public to report suspected irregularities and provide input on areas that need attention in the examination. The results of the FGD show that this platform has increased public awareness and participation in regional financial supervision, although it is not evenly distributed throughout the region.

Public Education on Audit Results, BPK has increased public education efforts about audit results and their implications on people's lives.

This effort includes the publication of infographics, explainer videos, and popular articles explaining audit findings in easy-to-understand language. The results of the observation show an increase in the number of public discussions about the findings of the BPK audit after the implementation of this education program.

The results of the study show that the integration of digital technology and public transparency has a positive impact on increasing the financial accountability of local governments:

Improving the Quality of BPK's Opinion, Data analysis shows an increasing trend in the number of local governments that obtain Reasonable Opinion Without Exception (WTP) after the implementation of the digital technology integration strategy and public transparency. Data from 2020-2024 shows an average increase of 15% in the number of local governments that obtain WTP opinions. A case study in East Java Province shows that 87% of districts/cities that implement integrated financial information systems and public transparency platforms have successfully obtained WTP opinions in two consecutive years.

Decline in Recurring Audit Findings, Integration of digital technology and public transparency have contributed to a decline in the number of recurring audit findings. Analysis of the audit results report for the 2020-2024 period shows a 23% decrease in repeated audit findings in local governments that have implemented financial information systems based on digital technology and public transparency platforms.

Improving Supervision Efficiency, The results of the study show that the integration of digital technology and public transparency has improved the efficiency of BPK supervision. The implementation of data-driven audits and digital collaboration platforms has reduced the average audit time by 30% and expanded the scope of the audit to 70% of the total transaction population. In addition, collaboration with civil society through digital platforms has expanded the scope of BPK supervision, especially in areas that are physically difficult to reach.

Increased Regional Government Responsiveness, greater transparency in audit results and public involvement have increased local government responsiveness to BPK recommendations. Case studies in three provinces showed an average increase of 27% in audit recommendation follow-

up rates after the implementation of the public transparency platform. Some local governments have even developed public dashboards that display the progress of BPK recommendations in real-time.

Strengthening Community Participation in Supervision, Digital Technology Integration and Public Transparency has strengthened community participation in regional financial supervision. Data shows a 45% increase in the number of public reports related to alleged regional financial irregularities after the implementation of digital reporting platforms. Some regions have developed participatory oversight forums involving various stakeholders in discussions on regional financial management.

V. CONCLUSION

Based on the results of the study, it can be concluded that BPK faces various challenges in improving the quality of local government financial accountability in the era of autonomy, including structural challenges, human resources, technology, regulations, as well as culture and resistance. BPK's strategy in utilizing digital technology—such as the implementation of data-based audit systems, the development of digital audit platforms, the use of big data and artificial intelligence, the development of early warning systems, and the increase in the digital capacity of auditors—has contributed to increasing the effectiveness of regional financial supervision. Public transparency plays an important role in strengthening the BPK's supervisory function through the publication of audit results, collaboration with civil society, increased public participation in audits, and public education about audit results. The integration of digital technology and public transparency has had a positive impact on increasing the financial accountability of local governments, including improving the quality of BPK opinions, decreasing repeated audit findings, increasing supervisory efficiency, increasing local government responsiveness, and strengthening community participation in supervision.

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