

IMPROVING ACCOUNTABILITY IN PUBLIC SECTOR FINANCIAL REPORTING: THE ROLE OF DIGITAL TRANSFORMATION

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Abstract: In the public sector, accountability is not only a legal obligation, but also part of the effort to ensure that limited resources are managed in an effective and efficient manner. The use of technology is expected to facilitate the reporting system in the public sector. The digital transformation of public accountants makes changes in the delivery of government services, which involves the application of technology such as data analysis, the use of artificial intelligence, automation, which aims to optimize public services. The digital revolution in public administration has had a significant impact on government operations and public services. A number of fields such as politics, governance, health, education, and the economy have become more accessible thanks to digital technology. Everyone is encouraged to be transparent, effective, engaged and use data for decision-making. In addition, digital transformation provides opportunities for open, transparent and reliable government.

Keywords: Digital technology, Transformation, Public Accountant

Introduction

Accountability in public sector financial reporting is a key foundation in building public trust in government. Transparency in state financial management is not only an indicator of good governance, but also plays a role in increasing the effectiveness of public policies and preventing irregularities and corruption (Anggraini & Lawfirm, 2024). In the context of globalization and growing digitalization, public sector financial reporting accountability is becoming an increasingly complex issue, requiring innovation in a more efficient, transparent, and technology-based reporting system (Anggraini & Lawfirm, 2024).

In this modern era, digital transformation has become the main driver of change in various sectors, including in public sector financial management and reporting. Digitalization allows government financial systems to be more integrated, accurate, and accessible in real-time by various stakeholders. The application of technologies such as Enterprise Resource Planning (ERP), blockchain, big data analytics, and artificial intelligence (AI) further opens up opportunities to improve efficiency in recording transactions, automating the audit process, and analyzing more in-depth data to support data-driven decision making (Nurita et al., 2025).

One of the main benefits of digital transformation in public sector financial reporting is increased transparency and accountability (Ridwan & Nurhakim, 2014). With the use of digital-based systems, financial information can be published openly and easily accessible to the public, auditors, and other oversight institutions. In addition, automation in accounting and auditing processes reduces the risk of human error and the potential for data

manipulation, thereby increasing the reliability of financial statements. Currently, the government is starting to implement digital technology in the government financial management system, such as the implementation of e-budgeting, e-audit, and e-reporting, which has been proven to increase efficiency and narrow the gap for corrupt practices and budget abuse (Wiranti & Frinaldi, 2023).

However, although digitalization promises various conveniences, the implementation of digital transformation in public sector financial reporting also faces a number of challenges. Information technology infrastructure readiness, limited human resources with adequate digital literacy, and cybersecurity threats are some of the main obstacles in optimizing the use of technology in government financial reporting (Aziz & Zakir, 2022). In addition, differences in the level of technology adoption between regions or institutions that are more digitally advanced and those that still rely on manual systems also create gaps that need to be addressed so that digital transformation can be implemented thoroughly and effectively.

This study aims to deeply analyze the role of digital transformation in improving the accountability of public sector financial reporting. This study will examine the various technologies that have been implemented, the benefits obtained, and the challenges faced in the process of digitizing government financial reporting. Thus, digital transformation is not only a trend, but also a real solution in strengthening a more transparent, accountable, and reliable state financial governance system in the current digital era (Utari et al., 2024).

Literature Review

A. Digital Transformation in the Public Sector

Digital transformation in the public sector is a major focus in this modern era, especially related to increasing efficiency and transparency in state financial management. It is stated that the adoption of information technology in the public sector, especially in accounting and financial reporting systems, can have a significant impact in reducing dependence on manual methods, which tend to be time-consuming, error-prone, and less efficient (Susilawati et al., 2023). Public sector financial reports often do not present a clear picture of how public funds are used, which in turn affects the level of public trust in government. Therefore, improving the public sector financial reporting system must involve increasing transparency through technology that allows data to be more accessible and more accurate. The application of cloud computing-based systems can increase efficiency in budget management and accelerate the preparation of financial reports (Aji et al., 2022).

With a cloud-based system, financial data can be accessed in real-time, which allows governments and stakeholders to better monitor the use of funds. It also speeds up the time taken to produce financial reports, which is an important factor in accountability (Ibrahim, 2024).

Accountability and transparency in the public sector are two basic principles that form an important foundation in financial management (Anggraini & Lawfirm, 2024). Public accountability not only includes the preparation of accurate reports, but also involves processes that allow the public and related parties to monitor and evaluate the use of public funds. Transparency is very important in improving accountability, because with open information, the public can evaluate whether the management of state resources is in accordance with the expected goals (Ridwan & Nurhakim, 2014).

B. Challenges of Digital Technology Implementation in the Public Sector

Although many countries have started to implement cloud, blockchain and big data-based systems, they often face technical and non-technical barriers that require a more

structured and gradual approach. These obstacles in the use of digital technology are commonly experienced in developing countries (Hadiyat, 2014). Adoption of digital technologies in the public sector requires more than just investment in technical infrastructure. Factors such as resistance to change, lack of human resources, lack of supportive policies, and budget constraints often hinder the widespread implementation of digital systems (Hadiyat, 2014).

Method

This research uses Literature Review, which is a research method that aims to identify, evaluate, and synthesize the sources of previous research results. This literature review is the basis of research sourced from a collection of previous research journals as references. The author summarizes, analyzes, and synthesizes previous literature, makes an analysis of some literature and then summarizes the results obtained. In this journal we also include a Literature Review table that contains the names and years of researchers, research objectives, and research results.

Results and Discussion

Literature Review Table

No	Research Name	Research Title	Research Result
1	(Aji et al., 2022)	Development of a Cloud Computing-Based Village Budget Information System to Improve Transparency and Accountability of Bumiharja Village Financial Management	The results showed that the implementation of this system improved transparency and accountability in village financial management.
2	(Anggraini & Lawfirm, 2024)	Optimizing Good Governance through the Principle of Legal Accountability in State Financial Management	Better implementation of accountability in state financial management will contribute significantly to improving the efficiency and effectiveness of budget utilization, as well as strengthening public trust in government. The application of this principle can help create a climate of more open and accountable government, which is the essence of good governance.
3	(Aziz & Zakir, 2022)	Indonesian Research Journal on Education: Journal of Education Science	The digital Transformation series has become highly relevant in the context of economic management because it offers great opportunities to improve economic efficiency, competitiveness and sustainability in the modern era.
4	(Hadiyat, 2014)	The Digital Divide in Indonesia (Case Study in	Technological factors are related to infrastructure readiness, the quality

		Wakatobi Regency)	of ICT services, the community as ICT users, and the government as a policy maker in infrastructure development and community capacity building.
5	(Ibrahim, 2024)	Increased Financial Transparency: Implementation of a Cloud-Based Accounting Information System	The results of this study state that the use of Cloud-based AIS can affect the improvement of financial transparency.
6	(Nurita et al., 2025)	The Role of Environmental Accounting in the Disclosure of Sustainability Information in Financial Statements in the Digital Era	The results of the study state that environmental accounting plays an important role in improving the quality of disclosure of sustainability information in financial statements in the digital era.
7	(Ridwan & Nurhakim, 2014)	Implementation of E-Government in Realizing Transparency	The results of the study stated that e-government implementation has a positive impact on transparency.
8	(Susilawati et al., 2023)	Government Digital Transformation (Case Study: e-Government Implementation and Barriers)	Digital transformation in government performance in Indonesia is necessary, along with an increase in supporting factors.
9	(Utari et al., 2024)	Analysis of Accounting Information Systems in Improving the Efficiency of Financial Reporting of the Social Service of Labuhanbatu Utara Regency Faculty of Economics and Business, Accounting Study Program, Universitas Muslim Nusantara Labuhanbatu Utara Regency.	The results showed that the use of Accounting Information System technology significantly improved efficiency, accuracy, transparency, and security in financial reporting.
10	(Wiranti & Frinaldi, 2023)	Improving Public Service Efficiency with Technology in the Digital Age	The use of technology can greatly improve the effectiveness of public services in the modern digital era.

Conclusion

Based on the analysis summarized from supporting journals, it can be concluded:

1. Digital transformation is needed in the Public Sector.
2. Public sector financial reporting systems can increase transparency through technology that allows data to be more accessible and more accurate.
3. Implementation of cloud computing-based systems can increase efficiency in budget management and accelerate the preparation of financial reports

4. The use of digital technology facilitates the delivery of Financial Reporting to related parties.
5. Digital transformation can increase public trust.

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