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THE MEDIATING ROLE OF SIPD IN GOVERNANCE AND FINANCIAL REPORTING QUALITY IN LOCAL GOVERNMENT

Moh. Halim[1*], Riyanto Setiawan Suharsono[2], Ahmad Izzuddin[3]
halim@unmuhjember.ac.id*
Universitas Muhammadiyah Jember, Indonesia[1,2,3]

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Abstract

This study examines the impact of government governance on the quality of financial reporting, considering both direct effects and indirect effects through the adoption of the Regional Government Information System (SIPD). It integrates Good Governance theory with the Technology Acceptance Model within a local government context. Data were collected using a structured questionnaire from 120 employees at the Bondowoso Regency Education Office who were involved in financial management, selected through purposive sampling. The analysis used Partial Least Squares Structural Equation Modeling (PLS-SEM) in SmartPLS 4.0. Results indicate that governance significantly influences SIPD implementation and directly improves reporting quality, while SIPD implementation itself strongly enhances reporting quality. The significant indirect effect of governance through SIPD indicates partial mediation, accounting for 57.2% of the total effect, suggesting that SIPD serves as a crucial transmission mechanism rather than merely a technological tool. Local governments should pursue governance reforms alongside digital investments; SIPD administrators should focus on system stability, module integration, and staff training. Additionally, the Inspektorat Daerah and the Badan Pengelola Keuangan Daerah should strengthen independent audits and standardize reconciliation processes. By conceptualizing SIPD as a mediator rather than a direct predictor of reporting quality and expanding the Technology Acceptance Model from individual to organizational levels, this research clarifies the institutional and technological pathway linking governance and reporting quality in a decentralized, moderate-capacity regency.

Keywords: *Government Governance; Regional Government Information System (SIPD); Financial Reporting Quality; Mediation; PLS-SEM*

*Correspondence Author

By Authors

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1. Introduction

Globally, reform in public financial management has intensified since the adoption of accrual-based accounting, aiming to enhance transparency, accountability, and the usefulness of government financial data (Cohen et al., 2019). This transition boosts reporting quality, especially when supported by strong governance and institutional capacity (Manes-Rossi et al., 2020). However, many developing countries face challenges with weak internal controls and fragmented information systems (Polzer et al., 2022). In Indonesia, the Regional Government Information System (SIPD) is a significant step toward digital governance and better financial reporting (Jatmiko et al., 2017). Nationwide, SIPD spans 542 provincial, regency, and city governments, though the level of adoption varies by region (Hastuti et al., 2026). BPK's latest report states that out of 546 regional governments, 545 submitted financial statements for 2024, but only 491 obtained unqualified opinions (Pambudi et al., 2024). Field studies identify ongoing challenges in SIPD implementation, including limited infrastructure, inadequate staff skills, and resistance from institutional officers (Annisa & Nor, 2025). Recurring audit findings highlight that weak internal controls and non-compliance with accounting standards compromise local financial reporting quality (Badewin et al., 2025). Nonetheless, governance quality remains a key factor affecting the accuracy of public sector financial reports (Cuadrado-Ballesteros et al., 2020).

Understanding this issue is essential because governance and digital systems are often studied separately, even though governance is expected to influence how information systems are adopted and used (Di Giulio & Vecchi, 2023; Ferry & Ahrens, 2022). Previous research shows mixed results: some suggest governance alone can enhance reporting accuracy (Badewin et al., 2025; Cuadrado-Ballesteros et al., 2020), while others indicate that integrated systems primarily drive error reduction (Naida et al., 2024; Tum & Ondabu, 2023), leaving the underlying mechanism unclear. This inconsistency stems partly from treating SIPD as a direct predictor instead of a mediator between governance and outcomes, and from limited integration of governance theory with the Technology Acceptance Model outside administrative contexts (Júnior et al., 2026; Sonjaya et al., 2025). To clarify these relationships, this study considers SIPD as a mediator to determine whether governance impacts reporting quality directly or via digital system implementation (Amali et al., 2022; Kimathi, 2025). The education sector is chosen due to its complex budgeting and high

accountability needs (Lala et al., 2025; Manes-Rossi et al., 2020). This approach contributes to the public sector accounting literature by elucidating how institutional and technological factors jointly influence reporting quality (Cohen et al., 2019; Polzer et al., 2022).

This study investigates governance, SIPD implementation, and financial reporting quality at the Bondowoso Regency Education Office. It combines Good Governance theory with the Technology Acceptance Model and analyzes data using PLS-SEM. Education agencies have unique financial management features, overseeing decentralized budgets, teacher payroll, and infrastructure expenses that require careful oversight (Cohen et al., 2019; Manes-Rossi et al., 2020). SIPD implementation is particularly challenging here because it must unify planning, budgeting, and reporting modules across multiple units with varying administrative capacities (Lala et al., 2025; Naida et al., 2024). Digitalization of financial reporting in Indonesian regional governments varies widely, as many agencies are still transitioning from manual to integrated electronic systems with limited technical resources (Di Giulio & Vecchi, 2023; Jatmiko et al., 2017). Bondowoso was chosen because it exemplifies a moderate-capacity regency amid this digital transition, reflecting governance and infrastructure conditions common across many Indonesian regencies rather than an atypical, resource-rich area (Polzer et al., 2022; Schmidthuber & Hilgers, 2020). This context offers valuable insights into how governance and digital systems together influence reporting quality under real decentralized conditions.

This paper is organized as follows: Section 2 presents the literature review based on Good Governance theory and the Technology Acceptance Model, and formulates hypotheses regarding the relationships among governance, SIPD implementation, and financial reporting quality. Section 3 explains the research methodology, including sampling, variable operationalization, and the use of PLS-SEM. Section 4 presents the results of the descriptive and structural model analyses. Section 5 interprets the findings in relation to existing literature and underlying mechanisms. Finally, Section 6 offers conclusions with both theoretical and practical implications, discusses limitations, and suggests directions for future research.

Literature Review and Hypothesis Development

Good Governance theory underpins this study, framing accountability, transparency, and internal control as core institutional elements that shape how

public organizations manage information and resources (Anđelković, 2023). It views governance not just as a compliance tool but as the structural environment that affects whether technological and reporting practices operate effectively in decentralized government settings (Nkundabanyanga et al., 2019). The Theory of Acceptance Model (TAM) complements this by explaining how governance conditions lead to system use, with perceived usefulness and ease of use influencing officials' adoption of SIPD despite institutional support (Skynyrd & Suwarno, 2025). TAM connects the macro-level governance framework with micro-level user acceptance, showing why governance alone cannot ensure successful digital implementation without individuals embracing the technology (Amali et al., 2022). Theoretically, SIPD acts as a mediator, shaping institutional readiness and user acceptance that enable effective system use and thereby mediating the influence of governance on reporting quality (Ferry & Ahrens, 2022). This mediation approach aligns with the idea that indirect effects more accurately represent the causal process than direct effects, highlighting SIPD's role as an intermediary between governance and reporting results (Coutts & Hayes, 2022).

Previous research highlights different focuses: Badewin et al. (2025) prioritize accountability and internal controls as vital for improving reporting. In contrast, Tum and Ondabu (2023) suggest that integrated information systems influence reporting accuracy more than governance alone. These approaches are rarely combined in a single model. Empirical findings also differ: Cuadrado-Ballesteros et al. (2020) report a consistent positive link between governance and reporting in OECD countries, while Naida et al. (2024) find that SIPD implementation alone does not significantly improve reporting quality without strong internal controls. This indicates that similar factors can produce different effects depending on the institutional context. The research gap is evident: studies often treat SIPD either as a standalone predictor of transparency (Sonjaya et al., 2025) or as a governance outcome (Lala et al., 2025), without considering its role as a mediator between governance and reporting outcomes. This study addresses that gap by explicitly modeling SIPD as a mediator, exploring whether governance impacts reporting quality directly, indirectly via digital tools, or both, and offering a more comprehensive explanation than previous fragmented studies (Manes-Rossi et al., 2020; Polzer et al., 2022).

Government Governance and SIPD Implementation

Based on Good Governance theory, institutional quality—marked by transparency, accountability, and internal controls—forms the foundation for successful technology adoption in public organizations (Ferry & Ahrens, 2022). Governance influences this process through several interconnected channels: clear accountability structures help clarify responsibilities, reducing resistance to new digital procedures (Nkundabanyanga et al., 2019); regulatory compliance urges agencies to formalize data practices, aligning naturally with SIPD's standardized reporting modules (Polzer et al., 2022); and internal control systems establish monitoring routines that make staff more receptive to system-enforced discipline (Wongsinhirun et al., 2026). These factors interact with the behavioral logic of TAM, as organizational support and a strong governance climate boost perceived usefulness and ease of use, which in turn promote user acceptance of government information systems (Amali et al., 2022). Therefore, governance quality not only coexists with SIPD adoption but actively constructs the institutional readiness, procedural clarity, compliance pressures, and monitoring capacity necessary for smooth, sustainable digital system implementation across decentralized government agencies.

H_1: Government governance has a positive and significant effect on SIPD implementation.

SIPD Implementation and Financial Reporting Quality

TAM indicates that effective system use boosts organizational performance when users see tools as beneficial and accessible, leading to better technology adoption outcomes (Schmidthuber & Hilgers, 2020). Mechanistically, SIPD enhances reporting quality through multiple channels: combining budgeting, accounting, and reporting functions minimizes manual re-entry and reconciliation errors that often compromise data accuracy (Tum & Ondabu, 2023); centralized data storage speeds up consolidation among spending units, reducing the time from transaction recording to report creation (Lala et al., 2025); and standardized input formats enhance comparability and completeness of disclosures across departments (Naida et al., 2024). These technical upgrades are supported by governance-driven accountability pressures, which encourage consistent and disciplined system use rather than superficial compliance (Sonjaya et al., 2025). Overall, SIPD serves not just as a data-processing tool, but as an integrative mechanism that transforms organizational and procedural

improvements into concrete gains in the accuracy, timeliness, and completeness of financial reports.

H_2: SIPD implementation has a positive and significant effect on financial reporting quality.

Government Governance and Financial Reporting Quality

Governance components like clear accountability, regulatory adherence, and internal controls establish structural conditions that directly boost the credibility and dependability of financial disclosures, regardless of any digital tools (Ferry & Ahrens, 2022). These effects occur through several reinforcing pathways: strong accountability structures push officials to record and justify financial choices, reducing manipulation and increasing trust in disclosures (Kimathi, 2025); transparency-driven governance fosters regular disclosure routines that enhance the accuracy and timeliness of financial statements even before technology is used (Badewin et al., 2025); and internal controls identify and rectify errors early in the reporting process, preventing them from affecting final reports (Manes-Rossi et al., 2020). These structural benefits are particularly pronounced in decentralized governments, where governance quality compensates for variations in technical capacity across regions, promoting standard reporting practices despite infrastructural differences (Cuadrado-Ballesteros et al., 2020). Ultimately, governance influences reporting quality by embedding discipline, oversight, and accountability into administrative routines, functioning independently of the role digital systems may play.

H_3: Government governance has a positive and significant effect on financial reporting quality.

Mediating Role of SIPD between Government Governance and Financial Reporting Quality

Integrating Good Governance theory with TAM indicates that governance influences reporting quality both directly and indirectly. The indirect effect occurs through the institutional environment, which shapes the adoption and utilization of digital systems (Mergel et al., 2019). Theoretically, SIPD is expected to mediate this relationship because governance alone does not automatically lead to better reporting; it must first be expressed through accountability-driven system use, transmitting its impact on quality (Coutts & Hayes, 2022). Governance principles become reflected in measurable reporting results when institutional accountability mechanisms prompt officials to adopt and depend on

SIPD, positioning the system as a transmission channel rather than an independent tool (Sarstedt et al., 2017). This mediating process supports TAM's idea that institutional support influences behavioral system use, which then affects performance outcomes. Thus, governance benefits for reporting quality partly rely on successful technology adoption (Amali et al., 2022). Digital government systems act as strategic enablers, transforming institutional governance quality into improved reporting performance through a sequential process rather than a direct one (Di Giulio & Vecchi, 2023).

H_4: SIPD implementation mediates the relationship between government governance and financial reporting quality.

2. Research Method

The sample size of 120 respondents was chosen based on established guidelines for PLS-SEM estimation, not an arbitrary choice. According to the common 10-times rule, the minimum number of respondents should be ten times the highest number of structural paths targeting any single latent construct. Since the maximum of four paths point toward financial reporting quality, the minimum needed is 40 respondents, which this study greatly exceeds (J. Hair & Alamer, 2022). Further, power analysis suggests that samples over 100 offer sufficient statistical power to detect medium effects in mediation models with three latent constructs (Hair et al., 2021). Purposive sampling was used instead of probability sampling methods like simple random or stratified sampling because the study specifically requires respondents with direct, practical experience in financial reporting and active SIPD use. Random selection could include uninformed respondents, adding noise to governance- and technology-related measurements (Sarstedt et al., 2017). This focused approach aligns with survey-based public-sector research that prioritizes respondent expertise over statistical representativeness when examining specialized institutional processes (Amali et al., 2022; Coutts & Hayes, 2022).

Indicators for each construct were selected based on their established use in prior governance and technology adoption studies, ensuring alignment with the theoretical definitions of Good Governance and TAM. Governance indicators (transparency, internal control, regulatory compliance, accountability) were adapted from validated institutional measures used in public-sector accountability research (Ferry & Ahrens, 2022; Nkundabanyanga et al., 2019).

SIPD indicators (module integration, data access, accuracy, reporting speed) were derived from technology acceptance tools that emphasize perceived usefulness and system performance (Amali et al., 2022). This process involved translating items into Bahasa Indonesia, rewording for SIPD-specific terms and regional government reporting procedures, and pilot testing with finance staff for clarity. Content validity was evaluated by experts—academics and practitioners experienced in regional financial management—who reviewed relevance and clarity, following standard survey validation procedures (El-Den et al., 2020). Indicators were also checked against Indonesian regulations on regional financial reporting to ensure they fit the context of decentralized government practices, not just corporate settings.

PLS-SEM was preferred over covariance-based SEM (CB-SEM) due to several methodological reasons specific to this study's data and aims. First, the Likert-scale questionnaire data did not meet the strict multivariate normality assumptions required by CB-SEM's maximum-likelihood estimation, while PLS-SEM does not require normally distributed data and remains robust in such cases (Hair et al., 2021). Second, with 120 respondents, PLS-SEM's variance-based algorithm provides stable, efficient parameter estimates even when the sample size is too small for CB-SEM to reliably converge, especially in models with multiple latent variables and indirect effects (Sarstedt et al., 2017). Third, this study's goal is mainly predictive and exploratory, aiming to explain variance in financial reporting quality and test a relatively new mediating mechanism. PLS-SEM is designed for such purposes, whereas CB-SEM is more suited for confirmatory testing of established models (J. Hair & Alamer, 2022). Finally, PLS-SEM better handles complex mediation structures and offers stronger predictive validity for models still under theoretical development (Coutts & Hayes, 2022; Di Giulio & Vecchi, 2023).

To mitigate potential common method bias from single-source, single-instrument data collection, a full collinearity assessment was performed by analyzing variance inflation factor (VIF) values for all constructs; VIF values under the strict threshold of 3.3 suggest that common method bias is unlikely to significantly impact the results (Hair et al., 2021). Additional robustness tests were conducted to enhance the reliability of the structural estimates: a quadratic-effect test checked for nonlinearity in the governance-reporting link; a Gaussian Copula approach assessed possible endogeneity between governance and SIPD implementation; and a Finite Mixture (FIMIX-PLS) analysis explored unobserved

differences among respondent subgroups. Collectively, these procedures confirmed that the reported path estimates are not artifacts of methodological limitations (Sarstedt et al., 2017).

3. Results and Discussion

Distribution of Respondent Demographic Data

Table 1 outlines the demographic characteristics of the 120 respondents. As indicated, 40% were aged 31–40, 25% were aged 20–30, another 25% were aged 41–50, and 10% were over 50. The gender split was 55% male and 45% female. Regarding education, 55% held bachelor's degrees, 18% held master's degrees, 15% held diplomas, 10% had completed senior secondary education, and 2% held doctoral degrees. In terms of roles, half were financial staff, 20% were treasurers, 15% were heads of finance sub-divisions, and the remainder were in administrative or other roles. A high 90% reported using SIPD frequently or very frequently.

Table 1. Distribution of Respondent Demographic Data (n = 120)

Category	Value	Percentage (%)
Age	20–30 years	0.25
	31–40 years	0.40
	41–50 years	0.25
	> 50 years	0.10
Gender	Male	0.55
	Women	0.45
Education	High School/Vocational School	0.10
	D3	0.15
	S1	0.55
	S2	0.18
	S3	0.02
Departments	Finance Staff	0.50
	Treasurer	0.20
	Head of Finance Subdivision	0.15
	Financial Administration Officer	0.10
	Others	0.05
Long Time Working	1–5 years	0.30
	6–10 years	0.35
	11–15 years	0.20

Category	Value	Percentage (%)
	> 15 years old	0.15
Experience in Preparing Financial Reports	1–3 years	0.28
	4–6 years	0.37
	7–10 years	0.22
	> 10 years	0.13
SIPD Usage Rate	Never	0.00
	Sometimes	0.10
	Frequent	0.45
	Very Often	0.45
Total		100%

Source: processed data, 2026

Respondent Answer Description

Table 2 shows the respondents' answer descriptions for each construct. The governance variable has mean scores from 4.317 (transparency of financial information) to 4.483 (clarity of accountability). The SIPD implementation ranges from 4.200 (integration facilitating consolidation) to 4.342 (data accuracy and consistency). Financial reporting quality indicators range from 4.225 (accuracy and absence of material misstatement) to 4.350 (completeness of reporting components). All mean scores are above 4.0 on the five-point Likert scale, reflecting generally high perceived governance, system use, and reporting performance among respondents (Keathley-Herring et al., 2024).

Table 2. Respondent Answer Description

Variable / Indicator	Dominant Response	Mean
Governance (X)		
X_1 – Transparency of financial information	Agree	4.317
X_2 – Effectiveness of internal control	Agree	4.383
X_3 – Compliance with regulations/SOPs	Strongly agree	4.450
X_4 – Clarity of accountability	Strongly agree	4.483
SIPD Implementation (Z)		
Z_1 – Integration facilitating consolidation	Agree	4.200
Z_2 – Fast, stable data access	Agree	4.250
Z_3 – Data accuracy and consistency	Agree	4.342
Z_4 – Acceleration of report preparation	Agree	4.267

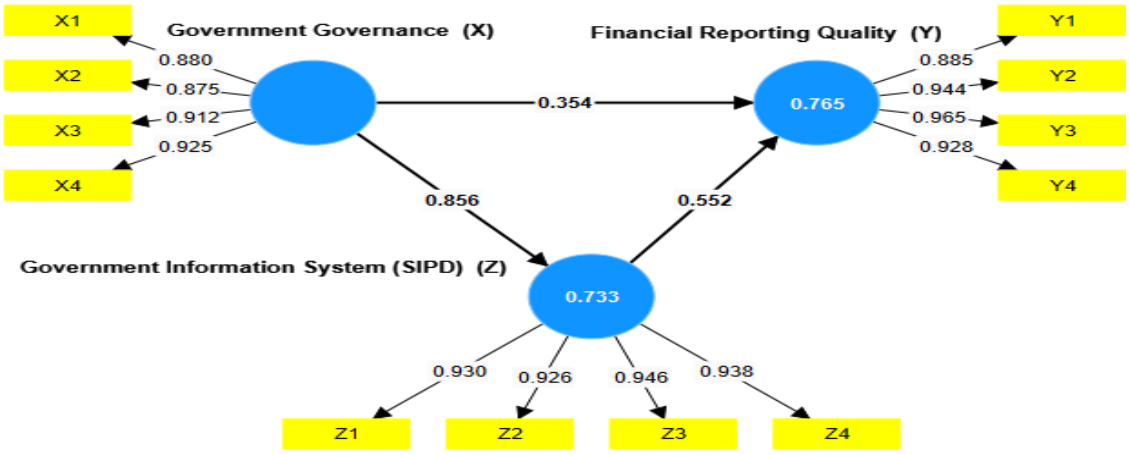
Variable / Indicator	Dominant Response	Mean
Financial Reporting Quality (Y)		
Y_1 – Accuracy, free of material misstatement	Agree	4.225
Y_2 – Completeness of reporting components	Agree	4.350
Y_3 – Timeliness of report submission	Agree	4.292
Y_4 – Relevance for decision-making	Agree	4.325

Source: Data processed, 2026

The evaluation of the measurement model confirms that convergent validity, discriminant validity, and reliability are established across all constructs. Outer loadings for governance (X_1–X_4), reporting quality (Y_1–Y_4), and SIPD (Z_1–Z_4) range from 0.875 to 0.965, which surpass the 0.70 threshold (J. Hair & Alamer, 2022). The Average Variance Extracted (AVE) values of 0.807, 0.867, and 0.874 also exceed the recommended 0.50 (Lala et al., 2025). Both Composite Reliability (0.923–0.953) and Cronbach's Alpha (0.920–0.952) are well above 0.70, indicating strong internal consistency (Sarstedt et al., 2017). Discriminant validity, evaluated using the Fornell–Larcker criterion, demonstrates that each indicator loads more highly on its respective construct, as shown in Appendix A, Tables A2–A4.

The assessment of the structural model using R^2, Q^2, f^2, path coefficients, and bootstrapped t-statistics demonstrates strong explanatory power. The R^2 values for reporting quality (0.765) and SIPD implementation (0.733) are classified as substantial (Naida et al., 2024). Q^2 values of 0.679 and 0.729, both above zero, confirm excellent predictive relevance (Herdanita et al., 2025). Effect size (f^2) shows that SIPD has a large impact on reporting quality (0.345), governance has a moderate effect on reporting quality (0.142), and governance has an extremely large influence on SIPD (2.746), as detailed in Table 3 and Appendix A, Tables A5–A8.

Figure 1. Structural Equation Model Output Using SmartPLS



Mediation was examined using bootstrapping to compare direct and indirect effects. As shown in Table 3, governance significantly influences SIPD implementation (β = 0.856; t = 30.844; p = 0.000), confirming H_1. SIPD also significantly impacts reporting quality (β = 0.552; t = 5.296; p = 0.000), supporting H_2. Additionally, governance has a direct effect on reporting quality (β = 0.354; t = 3.535; p = 0.000), validating H_3. The significant indirect effect through SIPD (β = 0.473; t = 5.378; p = 0.000) indicates partial mediation, supporting H_4 and aligning with PLS-SEM mediation procedures (Di Giulio & Vecchi, 2023).

Table 3. Summary of Hypothesis Testing Results

Hypothesis	Path	β	t-statistic	p-value	Result
H_1	Governance (X) → SIPD (Z)	0.856	30.844	0.000	Supported
H_2	SIPD (Z) → Reporting Quality (Y)	0.552	5.296	0.000	Supported
H_3	Governance (X) → Reporting Quality (Y)	0.354	3.535	0.000	Supported
H_4	Governance (X) → SIPD (Z) → Reporting Quality (Y) (indirect)	0.473	5.378	0.000	Supported

Source: Data processed, 2026

The mediation results indicate partial mediation, with both the direct effect (β = 0.354) and the indirect effect via SIPD (β = 0.473) positive and statistically significant. The Variance Accounted For (VAF) is 57.2% (0.473/0.827), indicating partial mediation since it falls within the 20-80%

range, and highlighting SIPD as a meaningful, but not sole, transmission pathway. As the indirect effect exceeds the direct effect, governance's impact on reporting quality operates primarily through SIPD, suggesting that digital system implementation should be regarded as a key structural mechanism rather than merely a byproduct of governance reform, as shown in Appendix A, Table A10.

Common method bias test

We assessed common method bias using a full collinearity test that examined variance inflation factor (VIF) values across all structural paths. The VIF for governance predicting SIPD (X → Z) is 1.000, while the paths into reporting quality (X → Y and Z → Y) have VIF values of 3.746. These levels are below the typical threshold of 5, which usually indicates problematic collinearity, though they slightly surpass the more conservative cutoff of 3.3. This indicates that common method bias is unlikely to significantly distort the findings, but caution is advised when interpreting the combined effects of governance and SIPD on reporting quality, as detailed in Appendix A, Table A11.

Robustness check

The robustness was further assessed through three complementary tests. A quadratic-effect test revealed no significant nonlinearity across the three structural paths, supporting the assumption of linearity in the model. A Gaussian Copula test found no evidence of endogeneity in the paths leading to reporting quality, although the governance-to-SIPD path exhibited a significant copula term, suggesting potential unobserved confounding—this should be noted as a limitation. Additionally, a Finite Mixture (FIMIX-PLS) analysis comparing models with one to five segments identified a two-segment solution as the most justified, based on entropy and classification quality. This indicates moderate heterogeneity that remains manageable and does not compromise the validity of the combined structural model, as detailed in Appendix A, Tables A12–A14.

Discussion

Government Governance and SIPD Implementation

This study confirms that governance significantly influences SIPD implementation, aligning with evidence that institutional quality promotes technology adoption in the public sector (Ferry & Ahrens, 2022). However, at Bondowoso Education Office, this relationship is uneven: accountability procedures and internal controls have elevated adoption to a functional level, but full utilization is limited by disparities in digital literacy among school operators and reliance on a small group of proficient staff—patterns typical of moderate-capacity Indonesian regencies (Nkundabanyanga et al., 2019). Organizational factors, especially leadership commitment to enforcing procedures and coordination between the central office and schools, are more critical for successful implementation than governance policies alone (Amali et al., 2022). These findings extend Good Governance theory by demonstrating that institutional arrangements lead to technology adoption only when supported by organizational capacity, refining TAM's assumption that a supportive climate automatically encourages system use (Skynyrd & Suwarno, 2025). For local government financial management, this suggests that governance reforms should be paired with targeted investments in operator training and infrastructure to turn institutional quality into operational digital systems (Di Giulio & Vecchi, 2023).

SIPD Implementation and Financial Reporting Quality

Implementing SIPD significantly enhances the quality of financial reporting, aligning with research showing that integrated information systems reduce errors and improve timeliness (Lala et al., 2025; Tum & Ondabu, 2023). However, at the Bondowoso Education Office, this improvement varies across school units: schools with dedicated finance staff and reliable internet see faster reconciliation, while smaller schools still depend partially on manual checks during busy reporting periods. This variation points to organizational capacity as the main constraint rather than the system's technical design (Schmidthuber & Hilgers, 2020). Frequent updates and system downtime further limit consistent use, highlighting that TAM's expectation of simple performance improvements from perceived usefulness relies on a stable technical infrastructure—something rarely present in decentralized settings (Naida et al., 2024). These insights expand Good Governance theory by

showing that gains in reporting quality from institutional reform are influenced more by technology reliability than by governance goals alone. They also indicate that factors like staff turnover and inter-unit routines can independently affect reporting outcomes. For local government financial management to sustain these improvements, ongoing investments in system stability, alongside governance reforms, are essential (Di Giulio & Vecchi, 2023).

Government Governance and Financial Reporting Quality

Governance directly influences reporting quality, reinforcing evidence that accountability standards enhance financial discipline in decentralized governments (Cuadrado-Ballesteros et al., 2020). At the Bondowoso Education Office, this is evident in routine budget documentation and internal audits conducted independently of SIPD, especially in smaller schools where digital tools are underused. Supervisors' consistent enforcement of reporting deadlines, rather than system access alone, appears to be the key factor associated with reporting discipline (Badewin et al., 2025). A common challenge is that these manual accountability routines rely heavily on individual supervisors' diligence, leading to inconsistencies when personnel change. This vulnerability isn't reflected in formal governance indicators (Kimathi, 2025). This pathway broadens Good Governance theory by illustrating that institutional accountability can improve reporting independently of technology, setting a boundary condition for TAM, whose behavioral logic is less relevant when disciplined reporting is maintained through non-digital administrative practices (Ferry & Ahrens, 2022). It also highlights that mechanisms outside the governance-SIPD-TAM model, like supervisory culture and staff continuity, should be explicitly theorized. For local government financial management, maintaining reporting quality involves institutionalizing these routines regardless of digital maturity (Manes-Rossi et al., 2020).

Mediating Role of SIPD between Government Governance and Financial Reporting Quality

SIPD partially mediates the governance-reporting relationship because the direct effect remains significant ($\beta = 0.354$) even after accounting for SIPD. This suggests that governance also influences reporting through non-digital channels, such as routine audits and supervisors' enforcement of deadlines at

the Bondowoso Education Office, which operate independently of the information system (Hair et al., 2021). Factors like uneven digital literacy among school operators and staff turnover in finance roles likely explain why some governance effects bypass SIPD. System limitations—such as periodic downtime and reliance on a small group of skilled operators—limit the impact the system can have (Coutts & Hayes, 2022). Additionally, unmeasured factors like supervisory culture and inter-unit coordination routines may directly affect reporting quality without involving governance or SIPD (Sarstedt et al., 2017). Theoretically, this partial mediation expands Good Governance theory by demonstrating that governance works through both institutional and technological pathways, rather than a single route, and extends TAM to organizational contexts beyond individual user adoption (Mergel et al., 2019). In practice, for local government financial management, this indicates that Bondowoso and similar regencies should pursue governance reforms and SIPD investments simultaneously, rather than relying on just one (Di Giulio & Vecchi, 2023).

4. Conclusion

This study demonstrates that government governance enhances financial reporting quality at the Bondowoso Regency Education Office through two main channels: directly, via institutional accountability and internal controls, and indirectly, through the Regional Government Information System (SIPD), which mediates part of this influence and explains 57.2% of the overall governance impact. By integrating Good Governance theory with the Technology Acceptance Model, the research offers four key insights: firstly, institutional and technological pathways work synergistically rather than in opposition; secondly, SIPD is modeled as a mediator instead of just a predictor; thirdly, it clarifies the effects of institutional and technological factors on financial reporting quality in local government; and lastly, it expands TAM from individual to organizational reporting outcomes. Practically, the findings suggest that local governments should pursue governance reforms alongside digital investments rather than separately. SIPD administrators should focus on ensuring system stability, integrating modules, and training operators to avoid downtime and dependence on a narrow skill pool. The Inspektorat Daerah should enhance independent audits to foster reporting discipline beyond SIPD. The Badan Pengelola Keuangan Daerah should standardize reconciliation procedures across spending

units to minimize disparities between well-resourced and under-resourced units. Finally, the Ministry of Home Affairs should provide technical guidance, infrastructure funding, and monitoring frameworks that consider varying capacity levels among regencies.

Despite these contributions, several limitations must be acknowledged when interpreting the results. The cross-sectional design captures governance and SIPD relationships at a single point in time, so it cannot reveal how these dynamics change as digital maturity advances. The study relies only on respondents' perceptions of governance, SIPD use, and reporting quality, which may introduce bias due to self-assessment and method variance, especially since no objective measures like audit opinions or error rates were employed to validate perceptions. Data were collected exclusively from the Bondowoso Regency Education Office, so the findings are specific to this context and may not apply to other regions or local governments with different resources, infrastructure, or leadership styles; SIPD implementation likely varies across regions with different capacities. Future research should involve multiple local governments and sectors through comparative studies to verify if the mediation pattern holds across various institutional settings. Including moderating factors such as organizational culture, staff skills, and leadership commitment could explain differences in the governance-SIPD-reporting relationship. Longitudinal studies following SIPD implementation over multiple reporting cycles would clarify causal links and show how digital maturity influences governance over time. Lastly, future models could incorporate other aspects of digital governance—such as data security, interoperability with national systems, and transparency features—to provide a more comprehensive understanding of digital transformation in public financial management.

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