

CHAPTER I

INTRODUCTION

A. Background

Accountability in administering state finance is regulated by Law Number 32 of 2004 concerning the obligation of each regional head to submit a draft regulation regarding accountability for the implementation of the State Budget to the House of Representatives and the public in the form of a financial report that has been examined by the Audit Board of Indonesia. Following the principles of decentralization and regional autonomy, organized regions in Indonesia are given the authority by the Central Government to manage their finance. With the autonomy of regency and city areas, financial management is entirely the responsibility of the regional government because regency and city areas are directly related to the community. Implementing regional autonomy requires a good accounting system because the accounting system is a supporter of creating accountable regional financial management and managing finances using a decentralized system in a transparent, efficient, effective, and accountable manner (Isnanto et al., 2019).

In Indonesia, performance measurement is carried out in response to the Decree of the People's Consultative Assembly of the Republic of Indonesia Number IX/MPR/1998 concerning the implementation of a regional government that is free from corruption, collusion, and nepotism and Law Number 28 of 1999 concerning the similar matter. In response to this mandate,

Presidential Instruction Number 7 of 1999 concerning Performance Accountability of Government Agencies was issued, which requires government agencies, both central and regional, to be accountable for their successes and failures in carrying out the organization's mission to achieve its goals and objectives in the form of reports through the Government Agency Performance Accountability System (SAKIP). The final product of SAKIP is the Government Agency Performance Accountability Report (LAKIP), which is a form of accountability of government officials to the public regarding government performance during one budget year which aims to describe the implementation of strategic plans in carrying out the main tasks and functions of the organization in each regional work unit.

Budget goal clarity is very relevant and essential in the government's scope since it impacts government accountability related to the government's role in providing services to the community. According to Kenis (1979), budget goal clarity is the extent to which organizational goals are set clearly and precisely so that they will facilitate budget implementation in accounting for all programs that have been implemented. Having clear budget targets will make it easier to take responsibility for the success or failure of organizational tasks to achieve previously determined goals and objectives. Unclear budget targets can lead to confusion, unease, and lack of satisfaction at work, significantly affecting organizational members' performance and leading to poor performance and difficulty achieving goals.

A control system that uses accounting information is called an accounting-based control system (accounting control). Accounting controls are all formal procedures and systems that use the information to maintain or change an organization's activity patterns. Accounting control is an integral part of realizing good accountability for the performance of government agencies. Accounting control will help the government implement regulations better, organize activities more effectively, estimate the costs and benefits of success, and decide on the best alternative in every event and problem to improve performance. According to Mardiasmo (2009), improving planning and control of activities by improving the public sector accounting system is expected to help increase transparency, efficiency, and effectiveness of local governments, especially in providing information and disclosure of activities and financial performance of local governments in realizing accountability for the performance of government agencies.

The reporting system reflects the obligation to present and report the performance of all activities and resources that need to be accounted for. A good reporting system is needed to monitor and control managers' performance in implementing the budget that has been set. The government is obliged to provide financial and other information that will be used for economic, social, and political decision-making by interested parties. A reporting system is needed to monitor the work results of the responsibility center. The report must show the results of the work of the responsibility center along with its budget so that how the budget is kept is possible to be monitored. The existence of a

regional financial management system that includes a reporting system will create transparent and accountable financial management (Pratama et al., 2019). A good reporting system will include an explanation of the causes of deviations, the actions taken to correct unfavorable deviations, and the time required for corrective actions to be more effective.

Many organizations are now making information technology the main choice in creating robust information systems capable of generating competitive advantages amidst increasingly fierce competition in this era of globalization. The use of information technology by the central and regional governments is regulated in Government Regulation Number 65 of 2010 concerning Regional Financial Information Systems, which is an amendment to Government Regulation Number 56 of 2005 concerning Regional Financial Information Systems. In order to realize accountability and transparency in government, the use of information technology is a need that must be met with a variety of benefits that can be obtained, one of which is to help process data more quickly, effectively, and efficiently.

In an article revealed by Adminwarta on September 27, 2022, on the Yogyakarta City Government News Portal, the Yogyakarta City Government received an award from the Indonesian Ministry of Finance for achieving Unqualified Opinions (WTP) 13 times in a row from 2008 to 2022. This award was handed over directly by the Minister of Finance of the Republic of Indonesia, Sri Mulyani, and received by the Regional Secretary of Yogyakarta City, Aman Yuriadijaya. The award from the Ministry of Finance is given to

regions that have received WTP at least 10 times in a row from the Financial Audit Agency (BPK). This award is an appreciation for the Yogyakarta City Government in maintaining and managing finances in an accountable and transparent manner. Aman stated that the award achieved should be a motivation to improve performance in serving the citizens of Yogyakarta City in accordance with the main objectives of the Yogyakarta City Government by maintaining responsibility and continuing to be committed to implementing good governance.

Table 1.1
Results of Performance Accountability Assessment of Regional Government Agencies

No	Local Government	2015	2016	2017	2018	2019	2020	2021
1.	Special Region of Yogyakarta	A	A	AA	AA	AA	AA	AA
2.	Yogyakarta City	B	BB	BB	BB	A	A	A
3.	Bantul Regency	B	BB	A	A	A	A	A
4.	Sleman Regency	B	BB	A	A	A	A	A
5.	Kulon Progo Regency	B	BB	A	A	A	A	A
6.	Gunungkidul Regency	CC	B	BB	BB	BB	BB	BB

Source: bpkp.go.id

Meanwhile, according to data from the performance accountability assessment of regional government agencies (AKIP) obtained from bpkp.go.id, the Yogyakarta Special Region Provincial Government has received an AA score from 2017 to 2021 consecutively. According to the Minister of PANRB, the AA score shows that Good Governance has been realized, where all performance is managed very satisfactorily in all work units, a dynamic,

adaptive, and efficient government (Reform) has been formed and performance measurement has been carried out at the individual level. A grade indicates that the government/work unit can lead change with performance measurement up to echelon four or sub-coordinator. BB grade shows that AKIP is very good in two-thirds of work units, both main and supporting. Budget efficiency is achieved with an information technology-based performance management system and measurement up to echelon three or coordinator. B grade indicates that AKIP is good in one-third of the main work units, with some improvements and commitment to performance management. Performance measurement up to echelon two or work unit. CC grade shows that AKIP is quite good and requires many improvements, especially in work unit performance accountability. In fact, the AKIP of the Yogyakarta City Government received an A grade starting in 2019. Thus, it can be concluded that the AKIP score of the Yogyakarta City Government has not been able to match the AKIP score of the Yogyakarta Special Region Provincial Government.

In addition, an article revealed by Redaktur on December 15, 2023, on beritamerdekaonline.com, stated that the Yogyakarta City Inspectorate responded to the issue of Over Pay or Excess Payment, regarding several audit findings from the Audit Report (LHP) on the 2022 Regional Government Financial Report (LKPD). The Inspectorate is an institution responsible for carrying out inspections, supervision, and evaluation of various aspects implementation of duties and functions in an organization or government agency. According to the Inspector of the Yogyakarta City Inspectorate, Fitri

Paulina Andriani, an issue of overpay has been raised. Overpay will be seen or examined first whether the error is simply an error or inaccuracy in administration, an inaccuracy in internal control, or an indication of deliberate intent to be an indicator in determining sanctions. If there are indications of intent, in addition to returning it to the Regional Treasury, an audit with a specific purpose or investigation will also be carried out, the recommendation of which, apart from being returned to the Regional Treasury, will also be a disciplinary penalty in accordance with applicable regulations. Currently the Inspectorate is strengthening risk management at the regional apparatus level and the strategic level of the Yogyakarta City Government to minimize the risks occur which could hinder the achievement of development targets and programs.

The concept of accountability in Islam states that humans, as holders of trust, must also act fairly. In line with the word of Allah SWT in surah An-Nisa verse 58 regarding trust, namely:

* إِنَّ اللَّهَ يَأْمُرُكُمْ أَنْ تُؤَدُّوا الْأَمَانَاتِ إِلَىٰ أَهْلِهَا وَإِذَا حَكَمْتُمْ بَيْنَ النَّاسِ أَنْ تَحْكُمُوا بِالْعَدْلِ إِنَّ اللَّهَ نِعِمَّا يَعِظُكُمْ بِهِ إِنَّ اللَّهَ كَانَ سَمِيعًا بَصِيرًا

Meaning: "Indeed, Allah orders you to convey the trust to the party who received the trust and (orders you) to make decisions fairly. Indeed, Allah will give you the best possible teaching. Indeed, Allah is All-Hearing, All-Seeing." (QS. An-Nisa: 58).

As a servant of Allah SWT, this verse advises that whatever humans do, their good and bad deeds will be recorded. This verse reminds us to be

trustworthy and fair in all our actions. In the sense that accountability is also a mandate where local government officials are required to deliver and serve the public by existing regulations, as a form of internal or external mandate, namely from the public. Fair treatment is in line with self-efficacy, namely that a person is asked to focus on the vision and mission to achieve goals and apply fairly to the work to avoid being influenced by other situations.

There are several researches on the accountability of local government performance. Several previous researches showed inconsistent results, such as research conducted by Pratama et al. (2019), which shows that the results of accounting control and reporting systems have a positive effect on the accountability performance of government agencies. Meanwhile, budget goal clarity has a negative effect on the accountability of government agency performance in Padang Pariaman Regency. Precelina and Wuryani (2019) also conducted the same research, where accounting control and budget goal clarity positively affect government agencies' accountability performance. Meanwhile, the reporting system has a negative effect on the accountability of government agency performance in Jombang Regency.

This research will examine whether budget goal clarity, accounting controls, reporting systems, and information technology utilization influence government performance accountability. Based on previous research which only focuses on budget goal clarity, accounting control, and reporting system. Research regarding the use of information technology refers to Handayani et al. (2020) and Septiyani et al. (2020) where the implementation of information

technology in organizations increases the performance and narrows the gap for fraud in the organization which revealed on the research result indicating that the utilization of information technology has a significant effect on government accountability performance.

This research will involve the Yogyakarta City Government since the Yogyakarta City Regional Government has received more than 13 Unqualified Opinions (WTP) and has been awarded by the Indonesian Ministry of Finance for its achievements. In addition, the Yogyakarta City Government was chosen because it received an A grade on AKIP but cannot be said to have realized good governance compared to the AKIP achievement of the Yogyakarta Special Region Provincial Government and there is an issue regarding overpay. The research will be conducted in Yogyakarta City to determine whether there are challenges and problems in the performance accountability of the Yogyakarta City government and to ensure that the budget used is truly efficient and there is no waste in effort to realize good governance government. Therefore, if the performance accountability is good, it will undoubtedly be used as a model for other regions to improve agency performance accountability.

B. Research Questions

Based on the background that has been described, the problem formulation is as follows:

1. Does the budget goal clarity affect the government accountability performance?

2. Does accounting control affect the government accountability performance?
3. Does the reporting system affect the government accountability performance?
4. Does the utilization of information technology affect the government accountability performance?

C. Research Objectives

Based on the research question, this research aims to examine whether:

1. To examine whether the budget goal clarity affects the local government performance accountability.
2. To examine whether budget accounting control affects local government performance accountability.
3. To examine whether the performance reporting system affects local government performance accountability.
4. To examine whether the utilization of information technology affects the local government performance accountability.

D. Research Benefits

The research conducted is expected to provide benefits both theoretically and practically for various parties. The benefits that can be obtained from this research are as follows:

1. For the researchers

It is hoped that the results of this research can improve and develop knowledge and insight regarding matters that influence the government agencies performance accountability and that the knowledge obtained can be applied in preparing research to achieve the expected results.

2. For the readers

The results of this research can be useful in adding to the literature in the field of science and can be used as a reference and representative material, especially those related to government agencies performance accountability for future researchers.

3. For the government

It is hoped that it can be used as information, consideration, and evaluation material for the Yogyakarta City Regional Government regarding the importance of budget goal clarity, accounting control, reporting systems, and utilization of information technology to improve or maximize the performance accountability of Yogyakarta City Regional Government.