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Factors Influencing Accountability of Regional Financial Management in the Digital Era

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Abstract

This research aims to analyze and examine the effect of accrual-based government accounting standards, the concept of *value for money*, and the internal control system on the accountability of regional financial management in the digital era. This research was conducted at the Regional Financial and Asset Agency (BKAD) of South Sulawesi Province. This study using a quantitative approach with data collection techniques using a questionnaire. Data measurement scale with a Likert scale. Data were analyzed using multiple regression analysis with the help of the SPSS program version 24.0. The results showed that applying accrual-based government accounting standards, the concept of *value for money*, and the internal control system had a positive and significant effect on accountability for financial management in the digital era. Based on the research results, it is hoped that BKAD can maximize the application of Accrual-based Government Accounting Standards to increase the accountability of regional financial management. Then in every program, activity, or financial management, implementation can pay attention to all aspects of the economy, efficiency, and effectiveness so that the managed resources can be utilized. -both as a form of accountability for the management of regional assets, and it is hoped that it can continue to improve an internal control system that is genuinely adequate so that the division of labor can be efficient and effective and all forms of fraud can be avoided.



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1 Introduction

The digital era's presence provides many benefits, such as easy access to information so that transparency is created (Safkaur et al., 2019; Sari et al., 2020). Law Number 28, the Year 1999, explains that Indonesia's reform era's goal is to create a transparent, accountable government, free from corruption, collusion, and nepotism. Accountability is a form of transparency carried out by the government regarding the management of public resources through reporting and disclosure as a form of government accountability to the community (Ponamon, 2014; Mahmudi, 2016; Amran, 2018).

Government Regulation No.71 of 2010 is the basis for the obligation of all government agencies in Indonesia to implement an accrual-based accounting system (SAP), and this has been in effect since 2015. The full implementation of actualization in the public sector plays a significant role in creating transparent accountability, free from corruption, collusion, and nepotism. But on the other hand, the implementation of

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Government Regulation No. 71/2010 also encountered obstacles in its adoption because it was a new standard and needed adjustments to implement it optimally. The financial reports generated from the application of Accrual-Based SAP are intended to provide better benefits for stakeholders.

The application of Presidential Regulation Number 95 of 2018 concerning Electronic-Based Government Systems (SPBE) aims to realize clean, effective, transparent, and accountable governance and quality and reliable public services. Technological advances, including cloud-based data management, can manage risk into systems and processes within the organization. In particular, a transformation in particular digitization and technology impacts the operational model and governance of the entire organization. An organization that adopts a digital process has a goal of increasing risk management's effectiveness, creating accountability in line with the pace of change. According to the World Bank (Center for Democracy and Technology, 2002), the method of transforming financial management accountability in the digital era consists of three stages, namely: publish, interact, and transact.

The concept of value for money is a concept for measuring the economy, effectiveness, and efficiency of programs, activities, and organizations. The idea of value for money is such an important concept in public sector organizations that it is often referred to as the core of public sector performance measurement. To implement the idea of value for money in performance measurement, it is necessary to develop performance indicators. Performance indicators are generated from the organization's critical variables for related work units to determine performance achievement. The performance indicators are then compared with performance targets or performance standards. Value for money performance measurement can measure results by measuring the process. The hands of effectiveness are more qualitative, while the indicators of economy and efficiency are more quantitative.

Efficiency is an essential part of the three points of value for money. The ratio between output and input measures efficiency. The greater the output than the input, the higher the efficiency of an organization (Mardiasmo, 2009). The efficiency measure measures the cost of production. The efficiency measure measures how well the organization can utilize its resources to produce output (Mahmudi, 2007). In calculating the performance of value for money, efficiency can be divided into two, namely allocation efficiency (efficiency 1) and technical or managerial efficiency (efficiency 2). Allocation efficiency is related to the ability to utilize input resources at optimal capacity levels. The definition of efficiency is closely related to the concept of productivity. Efficiency measurement is activated by the ratio between the output produced and the input used. Productivity or efficiency measures do not indicate effectiveness. The efficiency indicator illustrates the relationship between the source input by the unit (staff organization, wages, administrative costs, and outputs) produced by these indicators providing information about the conversion of inputs into outcomes, namely the efficiency of internal processes. In its implementation, to measure public sector organizations' efficiency, specific techniques such as data envelopment analysis can be used.

Internal control is a process that exists within the organization, designed to assure that the organization's activities are following predetermined policy standards. Internal control that runs effectively and efficiently optimally will positively impact employee performance to produce better organizational performance. (Pandeni et al., 2017; Sholehah et al., 2020). Government Regulation No. 60 of 2008 states that the elements of the Internal control system in this Government Regulation refer to the Internal Control System aspects that have been practiced in government circles in various countries.

Stewardship theory assumes that there is a feeling of satisfaction and relief when an organization achieves success. The success of public sector organizations such as government organizations and other non-profits must focus on achieving organizational goals, not individual interests. Therefore, to gain public accountability, public sector organizations are obliged to provide information to fulfill public rights.

The enactment of Government Regulation no. 71/2010 concerning Government Accounting Standards states that reports from the central and regional governments are accountable for implementing the APBN and APBD (Muslim et al., 2019). This includes budget realization reports, balance sheets, cash flow reports, and notes on financial statements so that it is expected to minimize fraud and present correct information. -relevant can be understood. This explains the importance of accountable information from budget management in the Digital era through the implementation of Accrual-based Government Accounting Standards.

H1: Implementation of Government Accrual Accounting Standards has a positive and significant effect on Regional Financial Management Accountability in the Digital Era.

Value for money is a measure in an organization's budget. Value for money is a performance appraisal that includes efficiency, effectiveness, and economy. Performance indicators in companies that use value for money must describe achievement and service level at the best economical cost. This explains that with budget management with the concept of Value for Money, public sector organizations are running as they should be, namely in the interests of the principal community in Stewardship theory.

H2: The concept of Value for Money has a positive and significant effect on the Accountability of Regional Financial Management in the Digital Era.

The research results of Primayani et al. (2014) show that a sound internal control system will create and increase transparency. This explains that the better the internal control system implemented in a government agency will produce a more transparent and accountable financial report (Su'un et al., 2020). Because applying a sound, internal control system will ensure the reliability of financial statements and financial data and facilitate operations' efficiency and effectiveness government and accountability.

H3: The Internal Control System has a positive and significant impact on Regional Financial Management Accountability in the Digital Era.

2 Research Method

This type of research is included in the explanatory style, aiming to analyze the influence between one variable and another. This research was conducted at the Regional Finance Agency of the South Sulawesi Provincial Government. The total population in BKAD in South Sulawesi province is 109 people. We use primary data obtained through a survey by distributing questionnaires to all research respondents, amounting to 50 people. Determination of the sample using purposive sampling technique with specific considerations or criteria to obtain respondent accuracy and achieve the desired goals in this study (Sugiyono, 2010). As for BKAD Sulsel, there are 12 sub-fields, while researchers' considerations in sampling at BKAD Sul-Sel are 1) the area of accounting and regional reporting, 2) the field of monitoring and evaluation of regional reports, 3) the management of the restricted property. Hypothesis testing in this study was tested using multiple regression models (Ghozali, 2016). The independent variable consists of Accrual-based Government Accounting Standards, the Concept of Value for Money, and the Internal Control System. In contrast, the dependent variable is Accountability for Financial Management in the Digital era. All testing and analysis were carried out in several stages (e.g., descriptive statistical test, validity test, reliability test, normality test, heteroscedasticity test, autocorrelation test, hypothesis testing, discriminant test, simultaneous test, and partial test) with the help of the SPSS..

3 Result and Discussion

Result

Descriptive statistical analysis was carried out to provide an overview of the data collected, which consists of 4 variables: the application of accrual-based government accounting standards, the concept of value for money, internal control systems, and accountability financial management in the digital era. This study's mean value has a greater value than the standard deviation value, so it indicates a fairly good thing because the standard deviation is low exposure or high deviation of data. So it can be concluded that the data distribution shows normal and unbiased results. Validity testing uses the Pearson product-moment testing technique. Respondents used in this study are (n) = 44 respondents with $r_{table} > 0.2907$ with a significance level of 5%. The

questionnaire's statements or questions can be said to be valid if the r count is positive and greater than the r table.

The analysis results on the validity test show that all questionnaire questions on the variable Accrual-based Government Accounting Standards Application, Value for Money Concept, Internal Control System and Accountability of regional financial management in the digital era show r count greater than r table (0.2907). It can be concluded that all statement items and variable questions are declared valid, and the data collected can provide good results. A questionnaire is reliable or reliable if a person's answer to a question is consistent or stable over time—a measurement of reliability using Cronbach Alpha. A construct is said to be reliable if it gives a Cronbach alpha value > 0.60. All variables have a Cronbach Alpha value showing a number greater than 0.60. The Accrual-Based SAP Implementation variable (x1) has a Cronbach alpha value of 0.726, the Value For Money Concept variable (x2) is 0.744, the Internal Control System variable (x3) 0.720, and the Financial Management Accountability variable in the Digital era (y) 0.723. So it can be concluded that each statement item used will obtain consistent data so that if this statement is submitted again, it will get relatively the same answer. This shows that all statement items in the questionnaire are reliable. The normality test result based on the One-Sample Kolmogorov-Smirnov Test is 0.200, more significant than 0.05. So it can be concluded that the data are typically distributed. The distribution of data around the diagonal line and follows the direction of the diagonal line shows that the regression model has met the normality assumption.

Multicollinearity Test aims to test whether the regression model found a correlation between independent variables (independent). Based on the test results, the Tolerance value for the variables of Accrual-based Implementation of Government Accounting Standards, the Concept of Value for Money and the Internal Control System, obtained 0.519, 0.374, and 0.503, respectively greater than 0.05. The Variance Inflation Factor (VIF) value for the three independent variables, namely the Implementation of Accrual-based Government Accounting Standards, is 1.925, Value for Money with a VIF value of 2.673, and Internal Control System of 1.987 (less than 10.00). So it can be concluded that the regression equation model does not have multicollinearity problems and can be used in this study.

Heteroscedasticity Test aims to test whether the regression model has inequality of variance and residuals from one observation to another. The scatterplot graph shows that the data is spread above and below the number 0 (zero) on the Y-axis based on the heteroscedasticity testing results. There is no clear pattern in the distribution of the data. This means that the regression model is appropriate to predict financial management accountability in the digital era based on the variables that influence it, namely the Application of Accrual-based Government Accounting Standards, the Concept of Value for Money, and the Internal Control System.

Table 1. Multiple Linear Regression Test Results

		Coefficients ^a				
Model		Unstandardized Co Efficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1,774	4,335		-,409	,684
	Penerapan Standar Akuntansi Pemerintah berbasis Akrua1	,261	,070	,321	3,726	,001
	Konsep Value for Money x2	,399	,099	,409	4,035	,000
	Sistem Pengendalian Internal x3	,397	,109	,319	3,654	,001

a. Dependent Variable: Akuntabilitas pengelolaan Keuangan di era Digital

Based on table 1, it can be analyzed the regression estimation model of this study:

$$Y = -1,774 + 0,261 (x1) + 0,399 (x2) + 0,397 (x3)$$

The constant-coefficient is -1.774 with a negative value. The Accrual-based SAP application variable (x1) has a positive regression coefficient value of 0.261. The positive regression coefficient value shows that every one percent increase in the Accrual-based SAP application variable, assuming other variables remain, will increase the accountability of financial management in the Digital era by 0.261 or 26.1%. The Value for Money (x2) concept variable has a positive regression coefficient value of 0.399. The positive regression coefficient

value shows that every one percent increase in the Value for Money Concept variable, assuming other variables remain, will increase the accountability of financial management in the Digital era by 0.399 or 39.9%. The Internal Control System variable (x3) has a positive regression coefficient of 0.397. The positive regression coefficient value shows that every one percent increase in the Internal Control System variable, assuming other variables remain, will increase financial management accountability in the digital era by 0.397 or 39.7%.

The correlation coefficient test (R) aims to determine the relationship between two or more independent variables (X) and the dependent variable (Y) simultaneously. In contrast, the test of the coefficient of determination (R²) in multiple linear regression is used to determine the percentage contribution of the influence of the independent variable simultaneously to the dependent variable (Y). This coefficient shows how much the variation in the independent variable used in the model can explain the variation in the dependent variable. For regression with more than two independent variables, adjusted R² is used as the determination coefficient. If the adjusted R² value is equal to 0, then the variation in the independent variable used in the model does not explain the slightest variation in the dependent variable. Conversely, adjusted R² is equal to 1, then the variation in the independent variable used in the model explains 100% of the variation in the dependent variable.

Table 2. Correlation Coefficient (R) and Determinant Coefficient

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.920 ^a	.846	.835	1,410

Based on table 2, the correlation coefficient (R) value is 0.920, indicating that the relationship (correlation) between the independent variables and the dependent variable has a healthy relationship. So it can be concluded that the application of accrual-based government accounting standards (x1), the concept of value for money (x2), the Internal control system (x3) has a stable relationship with the accountability of regional financial management in the digital era. The adjusted R² value is 0.835, which indicates that the independent variables, namely the application of an accrual-based government accounting system (x1), the concept of value for money (x2), and the internal control system (x3), can explain changes of 83.5% in the variable of accountability for regional financial management in the digital era. Meanwhile, the 16.5% change is explained by other variables not included in this research model.

The simultaneous test results show a significance level of 5%, and degrees of freedom df1 = 3 and df2 = 40, then the value of F is based on table F with a probability of 0.05 (3; 40) = 2.84. In the calculation, it is obtained that F_{count} is greater than F_{Table}, which is 73.356 > 2.84, so that H₀ is rejected. Meanwhile, if seen from the calculated sig value is 0.000, which is <0.05, the decision also leaves H₀. So it can be concluded that the implementation of an accrual-based government accounting system (x1), The Concept of Value for Money (x2), the Internal Control System (x3) has a simultaneous and significant effect on accountability for financial management in the digital era.

The partial test analysis result shows that the Accrual-based Government Accounting Standards Application variable has a significant level of 0.001. The sig value of 0.001 is smaller than 0.05, and the t-count Value of 3.726 is greater than the t-table Value of 1.680. So it can be interpreted that the variable Accrual-based Government Accounting Standards Application has a positive and significant effect on financial management accountability in the Digital era. The Value for Money concept variable has a significant level of 0.000. The sig value of 0.000 is smaller than 0.05 and has an a t-count value of 4.035, which is greater than the t-table Value of 1.680. It can be concluded that the Value for money concept variable has a positive and significant influence on financial management accountability in the digital era. The internal control system variable has a significant level of 0.001, which is smaller than 0.05 and has a t-count Value of 3.654, which is greater than the t-table Value of 1.680. So it can be concluded that the Internal Control System variable has a positive and significant effect on financial management accountability in the Digital era.

Discussion

Our results found that the application of accrual-based government accounting standards has a positive and significant effect on regional financial management's accountability. These results indicate that the better the application of accrual-based government accounting standards, the better the accountability of regional financial management. These results follow the theory put forward by Mardiasmo (2009) that presenting information based on Accrual-based government accounting standards will produce comprehensive and relevant information in decision making in the economic, political, social, and cultural fields, which of course will further increase accountability. Financial management. The concept of Value for Money has a positive and significant effect on financial management accountability in the digital era. These results indicate that applying the principles of economics, efficiency, and effectiveness in financial management will increase regional financial management accountability (Wahba, 2008; Suharyono, 2019). Therefore, the concept of value for money will further improve the quality of agency accountability to the public in making the best use of regional resources. The Internal Control System has a positive and significant effect on financial management accountability; this means that the better internal control, the better the financial management accountability. The results of this study support the research of Martini et al., (2019), which states that simultaneously the control environment, risk assessment, control activities, information and communication, control monitoring have a positive and significant effect on financial management accountability. Village funds. Thus, it can be concluded that the Internal control system contributes to increasing the accountability of financial management accountability in the digital era with a systemic chart design to provide confidence that the activities carried out within the organization are following established policy standards (Sholehah et al., 2018; Yusuf & Kanji, 2020). Internal control that runs effectively and efficiently will optimally have a good impact.

4 Conclusions

This study's results indicate that the application of accrual-based government accounting standards implemented by government agencies is proven to increase accountability. The concept of Value for Money has contributed to increasing accountability or regional financial management in an era of easy access to information. It is hoped that it will further improve financial management quality by prioritizing economy, efficiency, and effectiveness. A sound internal control system can increase the accountability of financial management accountability in the digital era with a systematic chart design to provide confidence that the activities carried out within the organization are following the policy standards set by Internal Control, which runs effectively and efficiently optimally make a good impact.

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