

The Influence of Accounting Systems, Internal Control, And Transparency of Regional Financial Management on The Performance of Local Governments

(Study on the Office, Agency and Regional Secretariat of Financial Administration Officials at the Surakarta City Government)

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Abstract – This study aims to determine the effect of the Accounting System, Internal Control, and Transparency of Regional Financial Management on Local Government Performance.

The population in this case is the Financial Administration Staff and Officials who work in the Surakarta City Government Office, Agency, and Regional Secretariat. The sample used in this study was 101 samples. Sampling method used purposive sampling technique. The statistical method uses multiple linear regression analysis model using SPSS version 21.

The results show that the accounting system has a significant effect on the performance of local governments with a significant value of $0.000 < 0.05$, while internal control has no effect on the performance of local governments with a significant value of $0.369 > 0.005$ and transparency of regional financial management does not affect the performance of local governments with a significant value of $0.925 > 0.05$.

Index Terms - Accounting System, Surakarta City Government, Transparency Of Regional Financial Management.

I. INTRODUCTION

Recently, local governments have had many internal and external pressures, which include increasing optimal performance and the demands of the community who want local governments to be able to create prosperous community goals as an implication of the implementation of regional autonomy that prioritizes performance accountability and public service improvement (Hidayat, 2015).

Performance has become one of the keywords that are widely discussed in various organizations ranging from corporate organizations, government, and also universities. Likewise, performance is included in every socio-economic aspect of society. This condition can be seen from many organizations that include the word performance in their vision and mission. Performance achievement is not only expected for employees, but in the long term it is expected to be able to improve institutional performance Rosmawati: 2011 in (Hidayat, 2015).

Local government performance is said to be good if it is seen from the actual and maximal achievement of results. The performance that has been carried out must be in accordance with the vision and mission of the organization that has been set as the basis for carrying out the tasks that must be accounted for. Mohamad Mahsun, 2006:4 in (Putra & Indraswarawati, 2021). Performance measurement is a process of assessing the results that have been achieved. The success of local government performance can be assessed from development in the economic, political, social and cultural fields. The wider community assesses the success of development in the economic sector which is manifested in infrastructure development. Development does not only mean an emphasis on acceleration and success in the economic field, but includes the reorganization and renewal of the entire system and economic and social activities in the welfare of people's lives.

Measurement of local government performance is measured by indicators of input, process, output, results, benefits, and impacts Mahsun, 2006:77 in (Annisa & A, 2017) The first factor that affects the performance of local governments is the Regional Financial Accounting System. To support and strengthen performance, it is necessary to implement a Regional Financial Accounting System (SAKD). The application of the Regional Financial Accounting System (SAKD) is confirmed in Permendagri Number 13 of 2006 chapter XI article 232 paragraph 1 concerning Regional Financial Management Guidelines which states that the Regional Financial Accounting System (SAKD) is a series of procedures starting from the process of collecting data, recording, summarizing, up to financial reporting in the context of accountability for the implementation of the APBD which can be done manually or using a computer application.

Understanding the accounting system plays a role in the activities that will be carried out by local governments as well as measuring the performance of local governments. Governments in managing regional finances enable the achievement of an efficient and effective government administration mechanism by showing good managerial performance as well. To achieve this, the role of regional financial managers and regional financial accounting systems is needed. Usman and Lukman Pakaya 2014 in (Annisa & A, 2017), Regional Financial Accounting Systems affect the performance of local governments.

The passage of reform has increasingly revived the meaning of democracy in the life of the state. Democracy is synonymous with accountability. Implementing accountability means applying transparency as well so that between accountability and transparency there is a link between Mohamad et al., 2004:33 in (Adiwirya & Sudana, 2015). Accountability is the willingness to provide explanations and justifications for the wishes and actions of those concerned. Another thing with transparency is being accountable for what has been done by providing relevant information or reports that are open to outside parties or independent organizations (legislators, auditors, the public) and published. In the end, elements of accountability and transparency become a necessity in government management, including in the financial sector, especially in terms of performance-based budgeting.

However, the phenomenon that has occurred lately, there are many deviations related to the budget in a government agency. Sadjarto, 2000 in (Adiwirya & Sudana, 2015) states that abuse of authority in managing regional budgets often occurs and comes to the surface so that people often question the performance of regional leaders.

Research on the effect of the accounting system, internal control, and transparency of regional financial management on the performance of local governments has been carried out by many researchers. But there is a research gap that comes from differences in the results of previous studies.

Research (Yusuf, 2021) states that the Local Government Accounting System has a positive and significant effect on Government Performance Accountability. But research from (Sumaryati, Novitasari, & Machmuddah, 2020) states that the Accounting Information System and internal control system have no effect on the quality of the final statement in the Grobogan Regency Government. Research from (Muda, et al., 2017) states that the Regional Financial Accounting System (SAKD) mediates the effect of human resource competence not having a positive effect and a significant influence on the Quality of Financial Reports of the Regional Government of Labuhanbatu Regency. The Regional Financial Accounting System (SAKD) mediates the effect of the use of Information Technology which has no positive and significant effect on the Quality of the Local Government Financial Reports in Labuhanbatu Regency.

In research (Salamah, Sudarmanto, & Herlisnawati, 2021) stated that Internal Control has a positive and significant effect, so that to improve performance is to increase supervision because optimal supervision will have a good impact on the performance of government agencies. Simultaneous test results with the F test, namely the application of public sector accounting and internal control together have a positive effect on the performance of government agencies. And research from (Mifti, Lestariyo, & Kowanda, 2009) states that there is a positive and significant effect of internal control on the performance of the Inspectorate General of the Ministry of Home Affairs.

Research (Putra & Indraswarawati, 2021) states that transparency in regional financial management has a positive effect on local government performance at the Klungkung Regency Government Service. And research from (Audyta & Lismawati, 2013) states that financial management transparency has a positive and significant effect on the performance of the Bengkulu Provincial government. But research from (Benawan, Saerang, & Pontoh, 2018) states that Financial Transparency has a negative and insignificant effect on Employee Performance at the Transportation Service Office of Tidore Islands City.

II. IDENTIFY, RESEARCH AND COLLECT IDEA

In this section, the researcher identifies similar studies that have been carried out previously. Then found several previous research studies that can be used for comparison and reference in research. And able to avoid similarities with previous research. The previous research on this topic was found as below:

The first research conducted by Adiwira and Sudana (2015) by title "Accountability, Transparency, and Performance-Based Budgeting at the Denpasar City Regional Apparatus Performance Unit". The results show that simultaneously accountability and transparency have a positive effect on performance-based budgeting. Partially examined, it was found that accountability had no effect on performance-based budgeting while transparency had a positive effect on performance-based budgeting. This finding shows that accountability and transparency are indeed perceived to have a very important role in the preparation of performance-based budgeting. This study also found that respondents place openness or transparency as a more important factor than accountability.

The second research conducted by Benawan, Saerang, and Pontoh (2018) by title "The Effect of Supervision, Accountability and Financial Transparency on Employee Performance (Case Study at the Transportation Office of Tidore Islands City)". Based on

the results of hypothesis testing, it was found that Financial Supervision has a positive and significant influence on employee performance at the Transportation Service Office of Tidore Islands City. Based on the results of the hypothesis, it was found that Financial Accountability has a positive and significant influence on Employee Performance at the Transportation Service Office of Tidore Islands City. Based on the results of the hypothesis, it was found that financial transparency has a negative and insignificant effect on employee performance at the Transportation Service Office of Tidore Islands City. Based on the results of hypothesis testing, it was found that supervision, financial accountability had a positive or significant effect on employee performance, while financial transparency had a negative or insignificant effect on employee performance at the Department of Transportation of the City of Tidore Islands. So the hypothesis which states that Financial Transparency allegedly has a positive effect on Employee Performance is rejected.

The third research conducted by Umar, Syawalina, and Khairunnisa (2018) by title "The Effect of Accountability and Transparency of Regional Financial Management on the Performance of Aceh Inspectorate Agencies". The results of the study prove that accountability and transparency together affect the performance of the Aceh Inspectorate Office. Accountability partially affects the performance of the Aceh Inspectorate Office with a regression coefficient of 0.155. The results of this study will have an impact that accountability will have a real impact on improving the performance of the Aceh Inspectorate Office.

The fourth research conducted by Putra and Indraswarawati (2021) by title "The Effect of Regional Financial Supervision, Transparency of Regional Financial Management and Accountability on the Performance of the Klungkung Regency Government (Survey on the Klungkung Regency Opd)". The results of the study revealed that regional financial supervision had no effect on the performance of local governments at the Klungkung Regency Government Office. This shows that the higher the regional financial control, the more employees can feel depressed because of lack of opportunity for self-development thus making the performance of the local government at the Klungkung Regency Government Office will also decline. Transparency of regional financial management has a positive effect on the performance of local governments at the Klungkung Regency Government Office. This shows that the better the transparency of regional financial management, the performance of the local government at the Klungkung Regency Government Office will also increase. Accountability has a positive effect on the performance of local governments at the Klungkung Regency Government Office. This shows that the better the accountability, the performance at the Klungkung Regency Government Service will also increase.

III. WRITE DOWN YOUR STUDIES AND FINDINGS

A. Discussion of Research Results

1. Effect of Accounting System on Local Government Performance.

The results showed that the accounting system variable had a value of $t_{count} > t_{table}$ ($4.349 > 1.988$) with a significance level of $0.000 < 0.05$. Therefore, H_1 is accepted. So that the accounting system has a significant effect on the performance of local governments. This means that if the accounting system increases, the performance of the local government will also increase.

The results of this study are consistent with research (Yusuf, 2021), which shows the results of research that the Accounting System has a significant effect on Local Government Performance. However, this study does not support the results of research conducted by (Muda, et al., 2017), and (Sumaryati, et al., 2020) which states that the Accounting System has no significant effect on Local Government Performance.

2. The Effect of Internal Control on Local Government Performance.

The results showed that the internal control variable had a value of $t_{count} < t_{table}$ ($0.902 < 1.988$) with a significance level of $0.369 > 0.05$. Therefore, H_2 is rejected. So that internal control does not have a significant effect on the performance of local governments. This means that if the Internal Supervision is increasing, the performance of the Regional Government will also increase.

The results of this study do not support the results of research conducted by (Salamah, et al., 2021) and (Mifti, et al., 2009) which show the results of research that Internal Control has a significant effect on Local Government Performance.

3. The Effect of Transparency of Regional Financial Management on Local Government Performance.

The results showed that the regional financial management transparency variable had a value of $t_{count} < t_{table}$ ($-0.094 < -1.988$) with a significance level of $0.925 > 0.05$. Therefore, H_3 is rejected. So that the transparency of regional financial management does not significantly affect the performance of local governments. This means that increasing or decreasing transparency will not impact local government performance.

The results of this study are consistent with research (Benawan, et al., 2018), which shows the results of research that the transparency of regional financial management has no significant effect on Local Government Performance. However, this study does not support the results of research conducted by (Putra, et al., 2021) and (Audyta, et al., 2013) which state that the transparency of regional financial management has a significant effect on the performance of local governments.

IV. CONCLUSION

Based on the results of the research discussed in the previous chapter, the following conclusions can be drawn: LAMPIRAN

Lampiran, jika perlu, muncul sebelum pengakuan.

1. The accounting system has a significant effect on the performance of local governments. These results are evidenced by the value of $t_{\text{count}} > t_{\text{table}}$ ($4.349 > 1.988$) with a significance level of $0.000 < 0.05$. Therefore, H_1 is accepted. So that the accounting system has a significant effect on the performance of local governments.
2. Internal supervision has no significant effect on the performance of local governments. These results are evidenced by the value of $t_{\text{count}} < t_{\text{table}}$ ($0.902 < 1.988$) with a significance level of $0.369 > 0.05$. Therefore, H_2 is rejected. So that internal control does not have a significant effect on the performance of local governments.
3. Transparency of Regional Financial Management has no significant effect on Local Government Performance. These results are evidenced by the value of $t_{\text{count}} < t_{\text{table}}$ ($-0.094 < -1.988$) with a significance level of $0.925 > 0.05$. Therefore, H_3 is rejected. So that the transparency of regional financial management does not significantly affect the performance of local governments.

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Based on the results of data analysis and discussion in the previous chapter, several limitations were found which are not expected to reduce the purpose of the study. The limitations in conducting this research are as follows:

1. The data collection method used in this study only used a questionnaire survey method, so the results obtained only refer to the results of the questionnaire.
2. The sample used in this study was only the revenue treasurer, the expenditure treasurer, the assistant revenue treasurer and the assistant expenditure treasurer at the Surakarta City Government Office, Agency, and Regional Secretariat, so the results cannot be generalized to the profession or field as a whole.
3. The variables in this study are only the Accounting System, Internal Control, and Transparency of Regional Financial Management, even though there are other factors that affect the performance of local governments.

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