

The Effect of Accountability, Transparency, and Oversight on The Value for Money Budget Management Concept

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Abstract: The purpose of this research is to determine the partial and simultaneous effects of accountability, transparency, and oversight on the value for money budget management concept. The research design was causal-associative and the research method used was a survey questionnaire. The population for the research were all of the employees who worked at the Financial and Regional Assets Management Agency (*Badan Pengelola Keuangan dan Aset Daerah*) of Kendari Municipality, which amounted to 104 individuals. The sample, which was determined through the use of purposive sampling, was 71 people who were competent in the field of finance and accounting. The results show that accountability has a partially significant effect on the value for money budget management concept (t-count 5.535 > t-table 1.667 at a significance level of 0.000 < 0.005), transparency has no significant effect on value for money (t-count 0.148 < t-table 1.667 at a significance level of 0.883 > 0.05), and oversight partially affects the value for money budget management concept (t-count 2.759 > t-table 1.667 at a significance level of 0.007 < 0.05). The results of the analysis show that the variables of accountability, transparency, and oversight simultaneously affect the value for money budget management concept (F-count 54.630 > F-table at a significance level of 0.000 < 0.05). From the study, we conclude that this research model can be used to predict because the independent variables (accountability, transparency, and oversight) simultaneously affect the value for money budget management concept.

1 INTRODUCTION

Government administration is conducted by arranging activities as outlined in a government budget, while budget implementation must be accounted for in the form of a government accountability report. The consequences of economic progress and community development mean that the implementation of a government budget is required in order to ensure that the accountability and transparency of the management of government finances is enhanced and timely (Mothe, 2004).

Accountability, transparency, and oversight are expected to be realized in local financial management, and the form of accountability, transparency, and oversight of budget management with regard to community services is the financial accountability report.

Accountability relates to the obligation to demonstrate accountability or to answer for and explain the performance and actions of a person, agency, collective leadership, or organization to a party who has the right or authority to request information or accountability (Simbolon, 2006). The activities of governmental and non-governmental institutions produce information required by interested parties, and therefore transparency is needed (Reddel & Geoff, 2004; Sabo & DeRose, 2012). Transparency signifies openness and honesty to the community based on the consideration that the community has the right to open and thorough information relating to the accountability of the government with regard to the resources entrusted to it and its compliance with legislation (Hafiz, 2000).

Accountability and transparency require oversight as a means of linking the targets and realization of each program, activity, or project that the government implements. The implementation of oversight management is one of the most important

factors for the success of a policy; without implementation, public policy will be mere documentation, and therefore oversight is an integral part of the management of state or regional finances (Sukrisno, 2005).

2 LITERATURE REVIEW

According to Wasistiono (2003), public services relate to the provision of services either by government, private parties on behalf of the government, or private parties to the public, with or without payment, in order to meet the needs and interests of the community. Public services can therefore be interpreted as providing services to, or serving the needs of, people or communities who have an interest in the organization, in accordance with rules and procedures that have been established.

Public accountability is the obligation of an agent holder to provide accountability through presenting, reporting, and disclosing all activities and actions to the principal, who has the right and authority to ask for accountability (Mardiasmo, 2002, p. 20),

According to Andrianto (2007, p. 20), transparency means real and thorough openness as well as providing space to all levels of the community so that they can actively participate in the process of managing public resources. When linked to budgets, transparency can be defined as an openness to communities that includes government functions and structures, fiscal policy objectives, and the projections of the public finance sector.

The oversight process relates to the empowered and effective monitoring, inspection, and evaluation by the leadership of a unit or organization of work activities or programs in order to determine weakness or deficiencies; by so doing, such issues can be improved by authorities higher up the ladder so as to achieve previously formulated goals (Nawawi, 1994, p. 8).

Value for Money (VFM) is an important concept in public sector organizations. According to Andrianto (2007, p. 89), the concept of VFM relates to an appreciation of money, in that every currency should be properly valued and used as efficiently as possible. Mardiasmo (2002, p. 4) maintains that VFM, as a concept of public sector organizational management, is based on three main elements: economy, efficiency, and effectiveness, while VFM is at the core of performance measurement in government organizations. In this sense, government

performance cannot be judged on the output side only, but inputs, outputs, and outcomes must be considered holistically.

3 RESEARCH METHODS

This research utilized a causal-associative research method, which intended to test hypotheses relating to the relationship between two or more variables. In this regard, the present research tested hypotheses for the relationship between four variables: Accountability, Transparency, Oversight, and the Value for Money Budget Management Concept.

3.1 Population and Samples

The population for this research was 104 civil servants working at the Financial and Regional Assets Management Agency (Badan Pengelola Keuangan dan Aset Daerah) of Kendari Municipality.

The sampling technique used in this research was purposive sampling, in which a group of subjects is chosen based on certain characteristics considered to have a close relationship with the characteristics of a population that are known beforehand (Margono, 2004, p. 128).

The criteria specified in determining the sample were: a) civil servants; b) period of work ≥ 2 years; and c) 71 people who were competent in the field they handled.

3.2 Operational Definition

The operational definition of a variable is based on the observable characteristics of that variable. The operational definition of the variables in this research are as follows:

3.2.1 Accountability (X1)

Accountability relates to the obligation of a person or an organizational unit to account for the management and control of resources and the implementation of entrusted policies in order to achieve the objectives or goals that have been set out in the planning document through the form of periodic accountability.

3.2.2 Transparency (X2)

Transparency is a principle that ensures public access or freedom to obtain information relating to

governance so as to encourage the public to participate in regional development programs.

3.2.3 Oversight (X3)

Oversight is an activity undertaken by the leader or supervisor of work units towards all subordinate employees with the purpose of knowing, assessing, and evaluating that established activities or work programs have been implemented in accordance with applicable legislation.

3.2.4 Value for Money Budget Management Concept (Y)

The Value for Money budget management concept refers to the implementation of budget management that prioritizes the achievement of result and considers inputs, outputs, and outcomes holistically in relation to three main elements: the economy, effectiveness, and efficiency of the performance of an organizational unit's programs or activities.

4 RESULTS

The regression tests results (Table 1) are as follows:

Table 1: Regression test results.

| Coefficients ^a | | | | | | |
|---------------------------|------------|-----------------------------|------------|---------------------------|-------|------|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .735 | .323 | | 2,277 | .026 |
| | AKT (X1) | .472 | .085 | .559 | 5,535 | .000 |
| | TRA (X2) | .013 | .089 | .013 | .148 | .883 |
| | PEN (X3) | .363 | .132 | .327 | 2,759 | .007 |

a. Dependent Variable: VFM (Y)

The regression model can be described as follows:

$$Y = 0,735 + 0,472x_1 + 0,013x_2 + 0,363x_3 \quad (1)$$

Listings:

Y = Value for Money

x₁ = Accountability

x₂ = Transparency

x₃ = Oversight

4.1 Accountability (X1)

Based on the equation results from the first regression analysis, relating to the relationship between the variables Accountability and Value for Money Budget Management Concept (Y), the tcount value for accountability at 0.000 significance is 5.535, while the ttable value at $\alpha = 0.05$ is 1.667. Thus, it can be see that tcount > ttable (5.535 > 1.667), with a t significance level of $0.000 < \alpha = 0.05$. This result shows that accountability has a partially significant effect on the Value for Money

budget management concept, and therefore H1 is accepted.

4.2 Transparency (X2)

Based on the equation results from the second regression analysis, relating to the relationship between the variables Transparency and Value for Money Budget Management Concept (Y), the tcount value for Transparency at 0.883 significance is 0.148, while the ttable value at $\alpha = 0.05$ is 1.667. Thus, it can be seen that tcount < ttable (0.148 < 1.667), with a t significance level of $0.883 > \alpha = 0.05$. This result shows that transparency has a partially non-significant effect on the Value for Money budget management concept, and therefore H2 is rejected.

4.3 Oversight (X3)

Based on the equation results from third regression analysis, relating to the variables Oversight and Value for Money Budget Management Concept (Y), the tcount value for Oversight at 0.007 significance is 2.759, while the ttable value at $\alpha = 0.05$ is 1.667. Thus, it can be seen that tcount > ttable (2.759 > 1.667), with the t significance level of $0.007 < \alpha = 0.05$. This result shows that oversight has a partially significant effect on the Value for Money budget management concept, and therefore H3 is accepted.

4.4 Simultant Test (F Test)

For further analysis, an F test was used to test the effect of the independent variables simultaneously, and the regression results are as follows:

Table 2: Simultant test results.

| ANOVA ^a | | | | | | |
|--------------------|------------|----------------|----|-------------|--------|-------------------|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 5,695 | 3 | 1,898 | 54,360 | .000 ^b |
| | Residual | 2,340 | 67 | .035 | | |
| | Total | 8,035 | 70 | | | |

a. Dependent Variable: VFM (Y)

b. Predictors: (Constant), PEN (X3), TRA (X2), AKT (X1)

Based on Table 5.11 above, the Fcount value is greater than the Ftable value (54.360 > 2.74), with significance value = 0.000, which is lower than the significance level = 5% (0.000 < 0.05). Therefore, it can be concluded that, with a confidence level of 95%, accountability, transparency, and oversight, when expressed simultaneously, have an effect on the Value for Money budget management concept, meaning that H4 is accepted.

5 CONCLUSIONS

Based on the results described in the previous section, the following conclusions have been obtained:

1. Accountability has a positive and partially significant effect on the Value for Money budget management concept.
2. Transparency has a positive and partially non-significant effect on the Value for Money budget management concept.
3. Oversight has a positive and partially significant effect on the Value for Money budget management concept.
4. Using multiple linear regression data analysis, accountability, transparency, and oversight simultaneously have a positive and significant effect on the Value for Money budget management concept.

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