

Effect of Competency, Clarity of Budget Objectives and Effectiveness of Internal Control on Accountability and Transparency in Village Revenue and Expenditure Budget Management in Bengkalis Regency

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Abstract. The purpose of this study was to determine and analyze the effect of Competence Influence, Clarity of Budget Goals and Effectiveness of Internal Control on Accountability and Transparency in Village Budgeting (APBDesa) Management. The extent of the application of the Competency Factor, Clarity of Budget Objectives and Internal Control Systems using the Accountability Framework and to find out the constraints faced by village government officials in increasing Accountability and Transparency in APBDes Management. This research uses explanatory research. The research location is Bengkalis Regency with a population of 136, while the sample is 102 with a random sampling technique. The analysis technique used is Multiple Linear Regression, hypothesis testing uses significance level $\alpha = 0.05$ with the help of SPSS version 22. The results of hypothesis testing analysis show that the apparatus Competency variable does not have a significant effect on Accountability and Transparency in APBDesa Management. For the variable Clarity of the Target Budget has a positive influence on Accountability and Transparency in the Management of APBDesa, while the variable Internal Control System has a positive influence on Accountability and Transparency in APBDesa Management.

Keywords: Competence · Budget Goals · Internal Control · Accountability · Transparency

1 Introduction

Based on Law of The Republic of Indonesia Number 6 of 2014, villages are owned by communities which have territorial boundaries approved and regulated by the government, community interests based on community initiatives, original rights, and/or traditional rights of the Unitary State of the Republic of Indonesia [18]. The village as an autonomous government gets special rights, one of which is related to the management of the APBDesa. The village revenue and expenditure budget is the responsibility of the village management holder to provide information on all village activities and activities to the village community on the management of village funds and implementation in the form of program plans financed with village money. In the APBDesa it contains village revenue, expenditure and financing.

The policy on allocating Village Funds is contained in Law No. 6 of 2014. This means that every year villages throughout Indonesia receive funding from the central

government. In practice, the implementation of Law No. 6 which was passed in 2014 still has many problems. Among other things, the amount of the budget stipulated in the law and the issue of disbursement of funds have not yet been fulfilled. Review of the Indonesian Parliament's State Financial Accountability Agency (BAKN) on the results of the examination of the Indonesian Supreme Audit Board (BPK) on the Development and Supervision of Village Fund Management (DD) activities for the 2015 fiscal year to 2018 in 80 districts, 5 cities and 1,006 districts in 33 provinces throughout Indonesia found that there were some major problems in managing Village Funds, both in the guidance and supervision aspects (<http://www.dpr.go.id>).

Problems in the aspect of fostering the management of Village Funds include the absence of regulations for the determination of village government accounting standards and the absence of regulations for the administration and fostering of village officials that are complete, up-to-date and in accordance with higher regulations. In addition, Village Fund planning has also not been carried out based on mapping of village problems and needs. The implementation of the program development activities have not been fully aligned with the priority scale of the use of the Village Fund. Problems in the aspects of oversight of Village Fund management include the planning of supervision by regional governments that have not yet considered risks. This can be seen from the fact that there are still local governments that do not have plans and mapping problems in making surveillance activities.

In the case of managing village budget funds, the Village Heads must be more careful so that no maladministration occurs. But it also did not make the village heads reluctant to release the budget sourced from the central government. Maladministration is behavior or actions against the law, exceeding the authority, using the authority for other purposes than the purpose of the authority, including negligence or neglect of legal obligations in the administration of public services performed by public services State Officials and governments that cause material and / or immaterial losses to the public and / or individuals.

Based on the Ombudsman report, many community reports related to the village, most of them concerned with the management of village funds. The increase in community reports related to village funds is caused by, among others, allegations of non-transparency, mark-up, fiction, projects that are not in accordance with needs, are not in accordance with the rules in the management of village funds by unscrupulous village heads. The existence of this problem has the potential to cause a crisis of confidence in the village head. This was then reported by villagers to the Ombudsman (<https://www.ombudsman.go.id>).

Accountability becomes a full apparatus control over everything that has been done in a government, so that the role of government as an agent becomes an important factor in accountability of the performance of government to the principal or the people. To support the success of accountability and transparency in a government, many factors can influence both aspects.

2 Theoretical Review

According to Halim and Abdullah [4], in the agency relationship, there are two parties who make agreement or contract, the one who provides authority or power

(principal) and the one who receive the authority (agent). Agency relationship in the government can be showed in the relationship between the people (as the principal) and the government (as the agent). The relationship is a result of contract between the people who utilize the government to provide services needed by the people. Halim and Abdullah [4] mention that in the government, law is the implicit form of contract among the executive, legislative and public.

According to Anjarwati [2], there is a conflict of interest or clash of interest between principal and agent. The conflict often time poses financial loss for many parties, thus, both internal and external mechanism are needed to fix it. The main problem in the relationship between agent and principal is the existence of information asymmetry. To solve this problem, a good accountability is needed. According to Mardiasmo [7], public accountability is the responsibility of agent to provide the accountability, present report and disclose all activities under their responsibility to the principal who has a right to ask for the accountability.

2.1 Competencies of the Government Apparatus

Cheng et al. [3] states that the competencies of the government apparatus also influence the accountability and transparency of the village government. This is supported by findings presented by the Indonesia Action-Corruption Forum (IACF 2010) which mentions the potential misuse of Village Funds due to the lack of knowledge possessed by the village government apparatus and the internal control system.

An equally important factor is the control system in government, because the existence of a control system can affect the internal decision making of the village government and can have implications for the accountability and transparency of the village government. Furthermore, Kalbers and Forgaty [5] add that the existence of internal control in a government also influences the level of public accountability and transparency. The leadership in an organization has a form of control so that in the planning system (village budgeting) the resulting output has a beneficial contribution to the village community.

On the other hand, based on PP No. 60 of 2014, the village government will be given funds to be managed to finance the implementation, construction implementation, community development and community empowerment [12]. When referring to PP No. 60 of 2014 it is quite clear that the allocation of funds given to each village is very large, which is calculated based on the number of villagers, the number of village areas, the village poverty rate and the level of geographical difficulties. This fund is large enough to be used by the village government to improve the welfare of residents in their respective villages.

2.2 Clarity of Budget Objectives

The budget becomes very important and relevant in village government, because the budget is related to performance Government that gives commitment to the community. The budget is a political document or contract between the government and the village community, for the foreseeable future (Mardiasmo, 2018).

Kenis (1979) in Putra [14] said that there are several characteristics of the budgeting system. One of the characteristics of a budget is the clarity of budget targets. In the context of village government, budget targets are included in the Village Medium Term Development Plan (RPJMDesa) and the Village Government Work Plan (RKPDesa).

Primayoni [8] in his research on the effect of budget target and the effectiveness of internal control against the accountability of the performance of the government institution revealed that both partially and simultaneously the clarity of the budget target and the effectiveness of internal control have a positive effect on the performance accountability of the government of Klungkung Regency. With the clarity of specific, clear budget targets and the effectiveness of good internal controls, the accountability of performance of government agencies will be even better. An effective local budget must be a benchmark for achieving the expected performance, so regional budget planning must be able to clearly describe performance targets. Clarity of budget objectives reflects the extent to which budget targets are stated specifically, clearly, and can be understood by those responsible for developing and implementing them.

2.3 Effectiveness of Internal Control

According to Government Regulation number 8 of 2006 concerning financial reporting and performance of government agencies, the internal control system is a process that is influenced by management created to provide adequate confidence in achieving effectiveness, efficiency, adherence to applicable laws and regulations, and the reliability of the presentation of Government financial statements [11]. Effective internal control in a government will be able to create a good overall process of activities, so that it will provide adequate confidence for the creation of the security of State assets and the reliability of government financial statements, in this case will have a positive impact on the accountability of the performance of government agencies.

The Purpose of Government Internal Control System According to PP No. 60 of 2008 is to provide adequate confidence regarding; effective and efficient activities, reliable financial reports, securing state assets and compliance with laws and regulations [10]. As for the elements of the Government Internal Control System, namely Environmental Control, Risk Assessment, control activities, information and communication and Internal Control Monitoring.

2.4 Transparency and Accountability

According to the Presidential Regulation No. 29 of 2014 regarding Government Agency Performance Accountability System, performance is the output or result of activities/ programs that have been or will be achieved related to the use of budget with measurable quantity and quality [13]. Performance accountability is the manifestation of government agency responsibility for the success or failure in performing the programs and activities to achieve measurable organizational mission, with the predetermined targets stated in the periodical performance report.

Transparency means the openness of the government in providing information related to public resource management activities to those who need information. The government is obliged to provide financial information and other information that will

be used for decision making by interested parties. Transparency, accountability and fairness are separate attributes. However, the first two terms are not independent, because the implementation of accountability requires transparency [16]. Meanwhile, Suharyanto states that the essence of democracy is accountability, while the essence of accountability is transparency [17].

2.5 Hypothesis

Based on the description in the Literature Review section, the following is the formulation of a hypothesis.

- H1: Competencies of the government apparatus has a positive effect on transparency and accountability in village budget management.
- H2: Clarity of budget objectives has a positive effect on transparency and accountability in village budget management.
- H3: Effectiveness of internal control positively influences transparency and accountability in village budget management.
- H4: Competencies of the government apparatus, clarity of budget objectives, and effectiveness of internal control have a positive effect on transparency and accountability in the management of the village budget.

3 Research Method

This study is a quantitative study performed using scientific method to build hypothesis and proved it. The data analyzed in this study is secondary data. The variables used in this study consisted of the dependent variable and the independent variable. The dependent variable in this study is transparency and accountability of village budget management (Y). The independent variables in this study are Competencies of the government apparatus (X1), clarity of budget objectives (X2), and effectiveness of internal control (X3). The measurement of variables uses a Likert scale wherein the respondent states the level of agreement or disagreement regarding the existence of statements regarding behavior, objects, or events. Answers will be given a score: Score 1 = strongly disagree, Score 2 = disagree, Score 3 = neutral, Score 4 = agree, Score 5 = strongly agree.

In this study we determined the object of research in all village governments in Bengkalis Regency. Number of villages in Bengkalis Regency. 136 villages. Using the Slovin formula, the number of samples in this study were 102 villages. Sampling was done using random sampling techniques. We employ multiple linear regression to test the effect of independent variables on the dependent variable. The data is processed using SPSS 22.

4 Result

4.1 Classic Assumption Test

Following is the hypothesis testing procedure. Multicollinearity test results can be seen in the following table 1.

Table 1. Multicollinearity test results.

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
X1	.713	1.402
X2	.713	1.402
X3	.713	1.402

Based on the test results in table 1, because the VIF value for all variables has a value smaller than 5, it can be concluded that there are no multicollinearity symptoms between the independent variables. While the results of heteroskedasticity testing in this study can be seen in Figure 1.

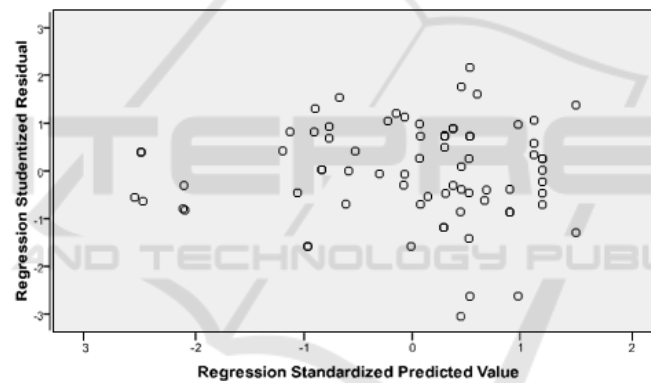


Fig. 1. Scatterplot.

Based on the scatterplot diagram above, visible points spread randomly and scattered both below and above the 0-axis Y. This shows that there is no heteroskedasticity of the regression model, so the regression model is feasible to predict transparency and accountability in the APBDesa management based on the input of independent variables. Normality test is carried out to determine whether the data is normally distributed or not. The results of the normality test are presented in Table 2.

Table 2. The result of normality test.

Model	Sign	Descriptions
X1	.64	Normal
X2	.90	Normal
X3	.71	Normal
Y	.54	Normal

From the results of table 2 above it can be explained that the Kolmogorov-Smirnov values above can be concluded that the data has a normal distribution because the value of Kolmogorov-Smirnov has a significant level greater than 5%.

4.2 Hypothesis Test

Hypothesis test results partially carried out referring to the t test. The t test is also called the individual significance test. This test shows how far the effect of partially independent variables on the dependent variable. Test results on the SPSS 22.0 output can be seen in table 3.

Table 3. The result of t test.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
(Constant)	7.514	2.893		.739	.018
X1	.148	.242	.143	1.225	.228
X2	.195	.148	.166	2.541	.000
X3	.679	.129	.662	5.266	.000

Based on table 3, it can be seen hypothesis test 1 that the competencies of the government apparatus variable has a t-test of 1.225 with a significance level of 0.228 that is greater than 0.05, meaning that it is not significant, where the value of t-count (2.206) is greater from the t-table value; As for the t-table value (significance of 5% with (df) = 102-3-1 = 98) is 1.985. Not significant here means the hypothesis is rejected. This means that the competencies of the government apparatus do not significantly influence the transparency and accountability of village budget management. Thus, the first hypothesis stating the presentation of the competencies of the government apparatus has a significant effect on the transparency and accountability of village budget management is rejected. The results of this study indicate that the competencies of the government apparatus do not have implications for increasing transparency and accountability in village budget management. This supports the research conducted by Widyatama [19].

Based on table 3, it can be seen the results of hypothesis 2 test that the variable clarity of budget objectives has a t-count of 2.541 with a significant level of 0,000 that is smaller than 0.05, meaning that it is significant, where the value of t-count (2.541) is greater than the value of t -table. The t-table value (significance of 5% with (df) = 102-3-1 = 98) is 1,985. Significant here means the hypothesis is accepted. This means that the budgetary objectives have a significant effect on the transparency and accountability of village budget management. Thus, the second hypothesis which states the clarity of budget objectives has a significant effect on transparency and accountability in the management of the APBDesa proven and accepted. The results of this study are in line with research conducted by Kusumaningrum [6]. In this study shows that the clarity of budget targets has a significant positive effect on the accountability of the performance of the Central Java Province government agencies. This study also supports research conducted by Putra [13] which shows that the clarity

of budget targets has a significant positive effect on managerial performance of the work unit in the Padang City area.

Based on table 3, it can be seen the results of hypothesis 3 test that the effectiveness of internal control variable has a t-test of 5.266 with a significant level of 0.000 which is smaller than 0.05, meaning that it is significant, where the value of t-count (5.266) is greater than the value t-table. The t-table value (significance of 5% with $(df) = 102 - 3 - 1 = 98$) is 1,985. Significant here means the hypothesis is accepted. This means that the effectiveness of internal control has a significant effect on transparency and accountability in village budget management. Thus, the third hypothesis stating the effectiveness of internal control has a significant effect on transparency and accountability in the management of the APBDesa proven and accepted. The results of this study are in line with research conducted by Tresnawati [18], which shows that the effectiveness of internal control has a positive effect on the performance of the Bandung City Revenue Service. The results of this study also support Primayoni [8] research which states that both partially and simultaneously the Clarity of Budget Objectives and the Effectiveness of Internal Control have a positive effect on the Performance Accountability of the Klungkung Regency Government Agencies.

To support hypothesis test 4, the following table 4 shows the results.

Table 4. The result of F test.

Model	Sum of Squares	df	Mean Square	F	Sig
Regression	56.437	3	28.218	25.883	.000
Residual	40.338	99	1.090		
Total	96.775	102			

Based on table 4, it can be seen that the test results show an F-count of 25,883 with a significance level of 0,000 that is smaller than 0.05. Where the calculated F-value (25,883) is greater than the F-table value; As for the F-table value (significance of 5% with $df\ 1 = 4 - 1 = 3$, and $df\ 2 = 102 - 3 - 1 = 98$) is equal 2,696, then H_a is accepted. Means competencies of the government apparatus, clarity of budget objectives, and the effectiveness of internal control together or simultaneously have a positive effect on transparency and accountability in the management of the village budget. Thus, the third hypothesis stating the competencies of the government apparatus, clarity of budget objectives, and the effectiveness of internal control together or simultaneously has a positive effect on transparency and accountability in the management of the APBDesa proven and accepted. The results of this research support the research conducted by Suharyanto [17] dan Mujiono [8].

5 Conclusion

Based on the results of data analysis and hypothesis testing described in the previous chapter, the authors draw the following conclusions:

1. Competencies of the government apparatus does not have a positive and significant effect on transparency and accountability in village budget management. This is supported by the t-value of 1.225 at a significance level of

0.228 which is greater than 0.05, which means that the t-value is smaller than the t-table value of $1.225 < 1.985$.

2. Clarity of budget objectives has a positive and significant effect on transparency and accountability in village budget management. This is supported by the t-count value of 2.541 at a significance level of 0,000 which is smaller than 0.05 which means that the t-count value is greater than the t-table value of $2,541 > 1,985$.
3. Effectiveness of internal control has a positive and significant effect on transparency and accountability in village budget management. This is supported by the t-test value of 5.266 at a significance level of 0.000 which is smaller than 0.05 which means that the t-value is greater than the t-table value of $5.266 > 1.985$.
4. Competencies of the government apparatus, clarity of budget objectives, and the effectiveness of internal control together or simultaneously have a positive effect on transparency and accountability in the management of the village budget. This is supported by the F-calculated value of 25.883 at a significance level of 0.000 which is smaller than 0.05, which means that the F-calculated value is greater than the F-table value of $25.883 > 2.696$

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