

Analysis of the Impact of the Implementation of Government Accounting Standards and the Use of Budget on the Performance Accountability of Government Institutions

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Abstract

This study was conducted to explore how the implementation of government accounting standards and the quality of financial reporting impacts the accountability of the performance of government institutions. The focus of this study is employees at the Regional Civil Service Agency (BKD) of West Sumatra Province, by selecting a sample of 40 employees through convenience sampling. This research uses multiple regression tests for data analysis. Research findings show that compliance with accounting standards has a positive impact on the level of accountability for the performance of government institutions, and the quality of financial reports also has a positive impact on this level of accountability. This research seeks to provide valuable insights, advocating the priority implementation of government accounting standards and the production of high-quality financial reports to improve overall employee performance through increased accountability.

Keywords: Accounting Standards, Budget Usage, Performance Accountability of Government Institutions, Government Accounting



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Introduction

The change in the view of bureaucratic implementation that was initially work-oriented (output) to a bureaucracy that focuses on results (results) is the core of performance accountability. Presidential Instruction Number 7 of 1999 reveals that every government is obliged to carry out performance accountability. Performance accountability itself is the fulfillment of the government's duties to account for success or failure to achieve the goals set by the organization. In addition, it is also stated in Government Regulation Number 8 of 2006 article 20 which states that performance reports are produced from a system called the Government Institution Performance Accountability System (SAKIP). SAKIP is listed for Presidential Regulation Number 29 of 2014 in which it is stated that SAKIP is a series of activities, tools, and mechanisms designed for a goal in determining, calculating, collecting data, grouping, inferring, and presenting performance in government institutions (Meliana, 2022).

Performance reporting is mandated by several regulations, including Regulation Number 8 of 2006 concerning financial reporting and administration in government institutions, Presidential Decree Number 29 of 2014 concerning the performance accountability framework of government institutions, and Ministerial Regulation Number 53 of 2014 concerning Implementation Technical Guidelines. Performance Contracts, Reporting Results, and Reporting Procedures for Government Agencies. To improve accountability in the areas of ministries and institutions, Bureaucratic Reform and the Ministry of State Apparatus Empowerment have established Performance and Financial Accountability as a central element in assessing Bureaucratic Reform efforts carried out by these ministries and institutions.

The main indicators for Financial Performance and Accountability are the Opinion of the Financial Audit Board (BPK) and the Performance Accountability Value (SAKIP) (Noormansyah, 2022).

Accountability for the performance of government agencies can be interpreted as the responsibility of individuals or authorities in managing public resources and related matters. This requires the ability to address problems related to their accountability as a means of monitoring activities, especially in achieving results in public services. Performance accountability is formed by various factors, such as the application of public accountants, quality and compliance with laws and regulations, financial reporting standards, government accounting standards, clarity of budget objectives and accounting control, competition between local government officials, work motivation, compliance with laws and regulations, among others (Herawati, 2019).

The problem of instability of accountability in the performance of government institutions is an important problem to be investigated. One of the important cases in the government is the Implementation of the Government Institution Performance Accountability System (SAKIP) in 186 local governments in Region III, which resulted in considerable budget savings of Rp 6.9 trillion in 2018. These savings are achieved through the simplification of cross-sectoral programs, then refined through refocusing initiatives to align budgets with targets more accurately. SAKIP changes the government's performance paradigm, shifting the focus from just implementing budgeted programs to achieving targets in the most effective and efficient way. This efficiency is related to the savings realized through SAKIP not including leakage. On the other hand, SAKIP ensures that the budget is allocated to fund major programs or activities that are conducive to the realization of development targets. Budget savings are realized through stopping unnecessary activities, which do not contribute to the performance of the institution. The presentation of the results of the SAKIP evaluation is not a competition centered on numbers and values; instead, it became a milestone that paved the way for performance-driven change. This evaluation categorizes government agencies, not solely for assessment purposes, but to measure the level of performance management implementation in each agency, thereby facilitating improvement initiatives in the implementation of SAKIP. The process of implementing SAKIP begins with the formulation of the strategy of each government institution that is adjusted to the national development target. These strategies are complemented by clear success metrics and measurable goals, allowing institutions to ensure their performance outcomes. Achieving bureaucratic efficiency requires more than just cutting budgets in the medium term. Practices that lead to efficiency must be developed systematically, as interim policies may not guarantee the achievement of sustainable efficiency. Efforts to improve efficiency must begin with improving the pattern of budget use during performance planning. In 2018, to accelerate the implementation of performance accountability, technical guidance and support have been provided to 83 ministries or institutions covering 418 work units, 34 provincial governments consisting of 1,027 operating units (OPDs), and 518 districts or cities with 20,756 OPDs (Yunita, 2019).

Government Institution Performance Accountability is the obligation of government agencies to be responsible for the achievement and failure in achieving the organization's mission and achieving predetermined goals and objects. This is stipulated in Presidential Instruction Number 7 of 1999. Mudrikah (2020) noted that this accountability is closely related to the government's annual budget cycle, which reflects progress towards the goals and targets set by government agencies. Relevant government agencies are obliged to provide explanations and explanations regarding the level of performance achieved. The results of this performance are then documented in the Government Institution Performance Accountability Report (LAKIP) (Putra, 2020).

From the study (Darma, 2019) it was found that the implementation of government accounting norms has a good and important impact on the performance responsibility of government institutions. These findings indicate that when government accounting standards are implemented effectively, it ensures that all parties involved are operating in accordance with the set standards, thereby increasing accountability.

Public sector financial statements play a crucial role in encouraging public sector accountability. Increased focus on public accountability has consequences for public sector management, especially in the delivery of information to the public, including financial statements. (Langelo et al, 2015). Public sector accounting has a central role in compiling financial statements as part of the public accountability mandate. To ensure strong accountability, the financial reports presented must meet high quality standards. The quality of financial reports has been established as a normative standard that must be achieved in the delivery of accounting information in order to achieve its objectives, in accordance with Government Regulation Number 71 of 2010. Because financial reports play an important role as a basis for decision-making, it is important for government financial reports to be presented in a timely and reliable manner.

Based on several previous studies such as the study conducted by (Ridzal, 2020) it was found that the quality of financial reports has a positive and significant impact on the level of accountability of the performance of government institutions, showing a strong relationship between the two factors. On the contrary, there is a difference in the findings related to the variable "Application of Government Accounting Standards to Accountability

Performance of Government Institutions," as revealed in the study of Mudrikah and Karlina (2020), which concluded that the implementation of Government Accounting Standards has a positive and visible impact on the accountability of the performance of government institutions.

The difference between the previous study and this study is in the observation period and the object of study taken. The previous study was conducted in 2020 and the object of the Binjai city study. Meanwhile, this study is in 2022 and the object of study is in West Sumatra Province. The uniqueness and strength of the study is that the author writes that this study is very important to carry out because it is one of the instruments in observing the accountability of the performance of government institutions in an institution to get a success.

Methods

This study utilizes a quantitative approach by applying multiple regression data analysis techniques. The population of this study is employees who work at the Regional Civil Service Agency of West Sumatra Province, with sample selection through convenience sampling, where respondents are selected based on their willingness to take part in the questionnaire survey. Primary data were collected through observation, documentation, and questionnaire distribution, where respondents were asked to answer a number of written questions. The validity and reliability of the data instruments were assessed through validity and reliability tests, which determined the suitability of the question items to determine the variables and ensured the stability and consistency of the respondents in answering.

Results and Discussions

1. Results

a. Test Data Instrument

1) *Validity Test*

Validity tests are utilized to ascertain whether the study instrument is effective in measuring the intended construct. Instruments with high validity accurately measure the targeted aspect or variable.

a) Validity Test for the Implementation of Government Accounting Standards

The reference value in table r with a significance level of α (0.05) is 0.312, while the results of the validity test of variable X are as follows:

Table 1. Results of the Validity Test for the Implementation of Government Accounting Standards

Question Items	r- calculate	R – 5% table	Information
X1.1	0.71833	0.312	Valid
X2.2	0.87562	0.312	Valid
X3.3	0.84826	0.312	Valid
X4.4	0.87038	0.312	Valid
X5.5	0.82258	0.312	Valid
X6.6	0.88865	0.312	Valid
X7.7	0.87045	0.312	Valid

Source: Primary data processed by spss version 15,2023

Based on the results of the validity test of the variables of the implementation of government accounting standards, it can be concluded that the value of r-calculation is greater than the value of the r-table (0.312), showing that all questions have been in accordance with the validity criteria set.

b) Budget Use Validity Test

With an r-table value with a significance level of α (0.05) of 0.312, the following are the results of the validity test of the Y variable:

Table 2. Results of the Budget Use Validity Test

Question Items	r - calculate	R – 5% table	Information
Y2.1	0.875028	0.312	Valid
Y2.2	0.74685	0.312	Valid
Y2.3	0.741071	0.312	Valid
Y2.4	0.824837	0.312	Valid
Y2.5	0.767747	0.312	Valid
Y2.6	0.826732	0.312	Valid
Y2.7	0.838917	0.312	Valid
Y2.8	0.876938	0.312	Valid
Y2.9	0.844732	0.312	Valid
Y2.10	0.744156	0.312	Valid

Source: Primary data processed by spss version 15,2023

Based on the validity test on the budget use variable, it was concluded that the r-count value exceeded the r-table value (0.312), which informed that all questions had adequately met the validity criteria that had been set.

c) Government Institution Performance Accountability Validity Test

With the value of r-table with a significance level of α (0.05) which is 0.312, here are the results of the validity test of the Z variable:

Table 3. Results of the Performance Accountability Test of Government Institutions

Question Items	r- calculate	r-table 5%	Information
Z.1	0.88158	0.312	Valid
Z.2	0.77783	0.312	Valid
Z.3	0.74625	0.312	Valid
Z.4	0.80398	0.312	Valid
Z.5	0.7618	0.312	Valid

Z.6	0.76441	0.312	Valid
Z.7	0.78579	0.312	Valid
Z.8	0.88058	0.312	Valid
Z.9	0.81518	0.312	Valid
Z.10	0.73818	0.312	Valid

Source of primary data processed by spss version 15,2023

The validity test on the financial report quality variable showed that the r-calculated value exceeded the r-table value (0.312), indicating that all questions had met the validity criteria that had been set.

2) Reliability Tests

Reliability tests are carried out on questionnaire items that have been declared valid to assess the reliability of the measuring tools used. In this study, reliability analysis used Cronbach's alpha formula through SPSS software, and the following are the results.

Table 4. Reliability Test Results on All Variables

Variable	Assigned values	Cronbach alpha value	Conclusion
Implementation of Accounting Standards (X)	0.06	0.952	Reliable
Use Budget (Y)	0.06	0.940	Reliable
Institutional Performance Government (Z)	0.6	0.934	Reliable

From these results, it can be seen that the independent variables, namely the implementation of accounting standards (X) and the use of budget (Y), have a Cronbach's alpha value greater than 0.6. Similarly, the dependent variable, namely the performance of government institutions (Z), also has a Cronbach's alpha value greater than 0.6. Then, it can be concluded that these variables can be considered reliable.

b. Classic Assumption Test

1) Normality Test

According to (Abdullah, 2015), the data normality test serves as a tool to assess whether the data in the study has been distributed normally, both covering multivariate and univariate aspects. In addition, the normality test is also important as evidence that data samples are taken from populations with normal distribution patterns. In this study, researchers selected the Kolmogorov-Smirnov test of one sample. If the value exceeds 0.05, it means that the data distribution is normal; On the other hand, if the value is below 0.05, the data distribution curve is considered not normal.

Table 5. One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		40
	Mean	.0000000

Usual Parameters(a,b)	Std. Deviation	3.42942354
Most Extreme Differences	Absolute	.124
	Positive	.124
	Negative	-.122
Kolmogorov-Smirnov Z		.783
Asymp. Sig. (2-tailed)		.575

a Test distribution is Normal.
b Calculated from data.

From the results of the normality test using the Kolmogorov-Smirnov one-sample test with a significance value (2-tailed) of 0.951, which exceeds 0.05, it can be concluded that the residual distribution is normal.

c. Hypothesis Test

1) Test T

At a significance level of 5%, this test is intended to determine whether the independent variable shows a partial impact on the bound variable. If the calculated t-value is higher than the critical t-value, the independent variable has been shown to have a significant impact on the dependent variable, according to the test results alternative hypothesis (Ha). On the other hand, if the calculated t-value is lower than the critical t-value, then the null hypothesis (Ho) is accepted, and the alternative hypothesis (Ha) is not accepted, indicating that the independent variable does not have a significant partial impact on the dependent variable (Priyatno, 2014). The following are the results of the evaluation of the partial impact of independent variables, such as the implementation of accounting standards (X) and the use of budgets (Y), on the bound variable, namely the accountability of government agency performance (Z), as presented in the table below:

Table 6. Results of the Persian Test (Test t)

Variable	T-table	T-count	Tilapia i	Sig	Conclusion
Implementation of accounting standards	2,026	3,802	0,05	0,001	H1 accepted
Use of Budget	2,026	3,229	0,05	0,003	H2 accepted

Source: Primary data processed by spss version 15, 2023

From the table, the results of hypothesis testing can be explained as follows:

- With a significance level of $0.05/2 = 0.025$ and degrees of freedom (df) = $n - k$ or $40 - 2 = 38$, a critical value of 2.026 was obtained from the T table. The t-value calculated in the table is 6.215. Because the t-value of the calculation (6.215) exceeded the critical t-value (2.026) and the significance level (0.000) was less than 0.05, H1 was accepted while Ho was rejected. Thus, it can be concluded that in some cases, the application of accounting standards specifically plays a role in increasing the level of accountability of institutional performance in the Regional Civil Service Agency of West Sumatra Province.
- With a confidence level of 95% ($\alpha = 0.05$), the critical value of table T is 2.026 with degrees of freedom (df) = 38. The calculated t-value from the table is -0.345. Since the calculated t-value is less than the critical t-value, as well as the significance level is greater than 0.05, the alternative

hypothesis (H2) is rejected and the null hypothesis (Ho) is accepted. The conclusion is that the quality of financial reports does not have an impact on the accountability of the performance of government agencies in West Sumatra Province.

2) Multiple Linear Regression Analysis

Sujarweni (2016), explained that regression is a multivariate regression test that aims to evaluate the effect of several independent variables on bound variables. The results of the regression test can be explained through the regression equation listed below:

Table 6. Multiple Regression Test Results

Independent variables	Unstandardized coefficients	
	B	Relationship
(constant)	5,396	
Implementation of accounting standards	0,449	Positive
Use of Budget	0,421	positive

Source: Primary data processed by spss version 15,2023

From the results of the table below, the multiple regression formula can be obtained as follows:

$$Y = 5.396 + 0.449 X + 0.421Z \quad (1)$$

Using the formula that has been produced, the conclusion can be interpreted as follows:

- In the equation, the constant value of 5.396 indicates the basic level of accountability for the performance of government institutions, without taking into account independent variables such as the application of accounting standards and the use of the budget.
- In the constant model, an increase of one unit of variable in the application of accounting standards will increase the accountability of the institution's performance by 0.449, according to the regression coefficient of X1 which is 0.449.
- Specifically, an increase in one unit of budget use was associated with a decrease in institutional performance accountability of -0.0421, as indicated by the regression coefficient X2 of -0.0421.

3) Determination Coefficient Test (R2)

According to (Mansuri, 2016), the determination coefficient explains the extent of the variation of the variable from the independent variable to the bound variable. The R Square number serves as the measure used in the determination coefficient, which reflects the model's efficacy in explaining the variance of bound variables. The adjusted R Square value, which is sourced from the model summary table, is used to account for the number of predictors in the model.

Table 7. Determination Coefficient Test (R2)

Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.767	.589	.566	3.52089

a Predictors: (Constant), Quality of financial statements, Implementation of government accounting standards

From the table, the R-Squared adjustment rate of 0.566 indicates that 56.6% of the variation of the bound variable can be exposed by the independent variable. The rest, amounting to 43.4%, was offset by other factors that were not included in this study model. Thus, the conclusion is that the percentage contribution of the implementation of accounting standards and the quality of financial statements together to the accountability of the institution's performance is 56.6%, with the remaining 43.4% affected by variables not explained in this study.

According to the results of the study that has been carried out, 56.6% (0.566) of the variability of the variable of accountability for the performance of government institutions (Z) can be explained by the variables of the application of accounting standards (X) and financial statements (Y), while the remaining 43.4% is represented by other external variables in the regression model.

2. Discussions

a. The Impact of the Implementation of Accounting Standards on the Performance Accountability of Government Institutions

Statistical analysis shows that if the significance value of the application of the minimum accounting limit of 0.001 does not reach the standard $\alpha = 0.05$ so that it is accepted H1. The findings of the study indicate that there is a significant and positive correlation between the implementation of accounting standards and the level of accountability of government institutions. This illustrates if the increase in implementation leads to increasing accountability within the scope of the Regional Civil Service Agency (BKD) of West Sumatra Province.

The findings of this study are in line with previous studies conducted (Dito Aditia Darma, 2019) and (Juliastuti, 2022) which show a positive relationship between the implementation of accounting standards and the accountability of government institutions. It illustrates that the effective implementation of government accounting standards, ensuring compliance with the norms set by all stakeholders, can lead to increased accountability.

b. The Impact of Budget Use on the Performance Accountability of Government Institutions

Judging from the output of statistical processing, the significance value related to the quality of financial reports > 0.05 , which is 0.003, which thereby supports H2 revenue. The results have a meaning, namely that the use of the budget has a positive impact on the Y variable, namely the accountability of the institution's performance. Therefore, better quality financial reporting is correlated with increased accountability within the scope of the Regional Civil Service Agency (BKD) of West Sumatra Province.

The findings of this study are also in line with studies conducted by (Peilouw, 2023) and (Reza, 2022) which stated that the quality of financial reports has a negative impact on the accountability of the performance of government institutions.

Conclusion

Judging from the results of tests conducted by researchers, it was found that compliance with accounting standards significantly increases the accountability of government institutions' performance, this shows that better implementation will increase accountability. Budget use is positively correlated with government agency accountability, and higher report quality has a beneficial impact on accountability.

This study aims to be a valuable reference for other researchers or future researchers who conduct similar studies. To help future study efforts, the authors recommend choosing the right time to conduct the study to ensure relevance and timeliness. In addition, it is also recommended to include

related variables in this study, as the accountability of institutional performance is affected by various factors beyond the factors explored in this study.

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