



## PERFORMANCE-BASED BUDGETING AS SURVEILLANCE FOR THE ACCOUNTABILITY OF LOCAL GOVERNMENTS

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## Research Highlights

Performance accountability of local government presents budget allocation and realization to carry out the main tasks in achieving performance indicators. The achievement of these performance indicators can be accounted for and realized through performance-based budgeting (Young, 2003). However, in the implementation of performance-based budgeting required surveillance, control, responsibility, and accountability of the performance of government agencies (SOX 2002, Iman (2005). Internal control system helps to conduct surveillance against the course of governance and financial management are clean and responsible (IIA Standards, 2002). The purpose of this research is to find out whether performance-based Budgets and the Internal Control System effect on performance accountability of local government. The study proposed nine hypothesis and The results showed that the implementation of the budget, the budget reporting, control and monitoring activities (supervision) has an influence on performance accountability of government agencies. Budget planning, performance evaluation, control environment, risk assessment, information and communication has no effect on. performance accountability of local government

*Keywords: Performance Based Budgeting, Internal Control System, Accountability, Local Governments*

## Research Objectives

Based on the background and the problem has been addressed before, then the purpose of this research is:

1. To explain the effect of Budget Planning (X<sub>1</sub>) on Performance Accountability of local governments
2. To explain the effect of Budget Implementation (X<sub>2</sub>) on Performance Accountability of local governments
3. To explain the effect of Budget Reporting (X<sub>3</sub>) on Performance Accountability of local governments
4. To explain the effect of Budget Evaluation (X<sub>4</sub>) on Performance Accountability of gocal governments
5. To explain the effect of the Control Environment (X<sub>5</sub>) on Performance Accountability of local governments
6. To explain the effect of Risk Assessment (X<sub>6</sub>) on Performance Accountability of local governments
7. To explain the effect of Control Activities (X<sub>7</sub>) on Performance Accountability of local governments
8. To explain the effect of Information and Communication (X<sub>8</sub>) on Performance Accountability of local governments
9. To explain the effect of Supervision (X<sub>9</sub>) on Performance Accountability of local governments

## Methodology

The methods used in the design of this research is the multiple regression analysis with quantitative methods. The population used in this study is all Local Government civil servants in Banjarbaru City Inspectorates. Namely 65 civil servants and 39 samples will be





taken. The sampling technique used for performance-based budget variables and public accountability is purposive sampling. Validity of the test used to measure the validity of a questionnaire. Testing the validity of data-collecting instruments in this research using SPSS program 24.0 help for windows. The validity of the testing done by doing the bilivariate correlation between each score indicator with a total score of invalid constructs. Bilivariate correlation analysis results by looking at the output of the Pearson Correlation (Ghozali, 2015). The criteria if the value of the sig (2-tailed) on a total score of invalid constructs < 0.05 item questions or statements said invalid. Multiple linear regression aims to determine the functional relationship between independent variables together on the dependent variable.

## Results

The value of r table with  $n = 39$  at significance of 5%, it is found that the value of r table is 0.308 indicating that all item statements in the research instrument used have numbers calculated r values greater than r table. This means that all statement items are valid. The instrument reliability testing in this study used the Cronbach's Alpha technique. Reliability assessment criteria is if the reliability coefficient results are at least 0.6, the research instrument is reliable (Sugiyono, 2014: 220). The following is a recapitulation of the results of the instrument reliability. showed that all variables in the research instrument used had Cronbach's Alpha numbers above 0.6. Multiple Regression equations obtained from the influence of the variables ( $X_1$ ) budget planning, implementation of the budget ( $X_3$ ), the reporting of budget ( $X_4$ ), performance evaluation ( $X_6$ ), environmental Control ( $X_5$ ), risk assessment ( $X_6$ ), control activities ( $X_7$ ), Information and communication ( $X_8$ ), and monitoring ( $X_{10}$ ) on the performance accountability of government agencies (Y) is as follows.

$$Y = 30,318 + 0,599 X_1 + (-4,738) X_2 + 3,254 X_3 + 1,167 X_4 + (-0,179) X_5 + (-0,115)X_6 + (1,294)X_7 + (-0,211) X_8 + (-0,426)X_9$$

## Findings

The test results show that Based on the results of multiple regression. In this study the zero hypothesis ( $H_0$ ) and an alternative hypothesis ( $H_a$ ) stated as follows:  $H_0: b \leq 0$ , performance-based budget and the application of the system of internal controls has no effect against the positive performance accountability of local government agencies.  $H_a: b > 0$ , performance-based budget and the application of the system of internal control positive effect against the regional government agency performance accountability. Based on the results of hypothesis testing using multiple regression test, can be obtained at the following conclusions. Budget Planning, The control environment, Risk Assessment, Performance evaluation, Information and communication have no significant effect performance accountability of Local Governments and Budget implementation, Budget reporting, Control activities, Monitoring has a significant effect on the performance accountability of Local Governments.

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