

Analysis of Financial Accountability through E government in West Java Province, Indonesia

¹ Dini Verdania Latif, ² Djoko Roespinoedji, ³ Muhammad Ali

Abstract

Financial accountability refers to controlling the use of financial resources properly. The government must be responsible for the public funds it manages. Receipts and disbursements of public funds must be in accordance with the law. Therefore, to ensure accountability, the government must provide information needed by the public for monitoring. This study aims to examine financial accountability through e government. Content analysis is used to examine whether the e government has fulfilled the content related to accountability or not. The research sample is 27 e government of municipal and district in West Java, Indonesia. The results showed that e government in the West Java region has not shown satisfactory results. Of the 27 websites studied, only 5 websites met accountability requirements. Even so, the public in the region has never claimed their right to disclose public information. This can happen because the public does not really understand their rights. For this reason, it is important to be socialized about the importance of government accountability to the public.

Keywords: *e government, financial accountability, new public management, West Java*

1. Introduction

At the end of 2019, there was a polemic on the regional income and expenditure budget of the Jakarta Special Capital Region (DKI Jakarta). In the budget, there is an expenditure of Rp. 82 billion for the purchase of aibon glue, which will be used for State Elementary School Education Operational Costs. The information is contained in the DKI Jakarta government web site. According to Almas Sjafrina, Researcher of Indonesia Corruption Watch (ICW), the total budget of Rp. 82 billion is only for one procurement, there are still many other irregularities which amount to Rp. 126 billion.[1]

The same thing was said by Yenny Sucipto, Director of the Institute for Budget Transparency and Accountability, that the budget was an absurd budget. With these findings, Yenny hopes that the Ministry of Internal Affairs will make the role of the inspectorate effective in supervising the transition period. According to him this pattern could have also occurred in other areas [2]. Likewise, according to deputy Chairman of the DKI Jakarta Regional Representative Council, Zita Anjani, said that the budget proposal the odd thing is only a small part of it is revealed. In reality, the budget of the Aibon glue has only peaked from the iceberg of DKI's financial accountability issues [3].

Previously, the Governor of DKI Jakarta, Anies Baswedan had given directions so that each Regional Work Unit (SKPD) was responsible for prioritizing financial accountability for the budget to be used. Accountability is important for the government. Accountability can show that government performance that has been achieved target properly. Accountability evaluation shows how the ability of government agencies in managing the budget so that it can be accounted for providing services and benefits to the community. This evaluation can also show the level of effectiveness and efficiency in the use of the budget. The results of the accountability evaluation are divided into 7 categories as seen in table 1.

¹ Faculty of Economics and Business, Widyatama University, Indonesia. E-mail: dini.verdania@widyatama.ac.id

^{2,3} Faculty of Economics and Business, Widyatama University, Indonesia

Category	Score
AA	90-100
A	80-90
BB	70-80
B	60-70
CC	50-60
C	30-50
D	0-30

The AA category is the highest value indicates that the region has demonstrated effective and efficient use of the budget [4]

In 2020, based on data from the Ministry of State Apparatus Empowerment and Bureaucratic Reform, from 27 municipal and district in West Java no one received the category A, only six regions received the BB category, the other received a B category [5]. If an area gets a value that is lacking or good enough, then the area needs to make four improvements. First, the area needs to improve performance cascading to the individual level. Second, the completion of local government level performance targets through a cross cutting program. Third, there is periodic monitoring and evaluation of the performance of regional ranking organizations. Finally, there is the use of integrated planning and budgeting applications.

The Minister of Administrative Reform and Bureaucratic Reform of the Republic of Indonesia, Syafruddin, stated that the evaluation of government performance accountability has changed the paradigm of government performance. The government is no longer just implementing a program of budgeted activities, but is doing the most effective and efficient way to achieve these targets. Efficiency is not just about cutting budgets, but also applying performance-based management through implementing e-government to avoid unreasonable programs that have the potential to harm the country. "But the reality is, e-government has not been fully integrated with performance outcomes, so it has not been able to prevent wastefulness [6]

Based on the description above which shows that the evaluation of government performance in municipal and districts in West Java has not shown the maximum value, this study aims to examine information about financial accountability in e government of municipal and district in West Java, Indonesia. The less than optimal performance might occur due to the implementation of e-government that has not functioned to prevent fraud. This study aims to provide input to the municipal and district governments in West Java regarding the weaknesses in the implementation of e government.

2. Literature Review

2.1 Government and Public Sector Management

E-Government is the use of computer technology to improve government structures, processes and functions. E government is a modern public sector management that can improve the efficiency of government transactions with government, business and citizens [7]. So, E government can be said as a public sector reform that can encourage quality public services and governments that are more responsible for their decisions and actions [8]. The concept of public management is often associated with a government because the public sector is part of a country's economy which is controlled by the government. The public sector consists of government organizations tasked with utilizing resources effectively to achieve predetermined goals and objectives [9].

The new public management approach is based on the principle that public managers must have the skills and exercise active control in carrying out their duties. In carrying out their duties the public manager is able to set a goal and standard for measuring his performance by making indicators of the success of his performance. The objectives and standards made are generally in the form of an operational budget that shows the allocation of resources. The next step is its implementation in the supply of goods and services. The level of success is measured by the achievement of objectives. Therefore the public manager should do his job from the point of view of accountability which is oriented to outputs that

have been clearly specified using performance indicators. New public management principles also emphasize the separation of units and decentralization in the public sector [10]. The concept of public sector management is the management of recording and reporting management activities for accountability purposes [11].

The obstacle that often arises in public management is inefficient bureaucracy. In developing countries this will have an impact on the high costs due to inefficient bureaucracy. Therefore, the concept of financial accountability is very important for developing countries [12].

2.2 Accountability

Accountability is defined as the process of disclosure by a person or group of people regarding what activities they have carried out. In accountability, a person is held accountable not only for his actions but also if no action occurs. Thus the concept of accountability connotes an obligation of someone who is empowered to provide satisfactory performance [9]. So, in accountability there is a relationship between the agent and the principal where the agent provides information or justification for his actions.

In government, accountability means that all government officials are given positions based on public trust. This means that the government as a public service provider must be accountable to the public. Accountability is a requirement in public administration reform, which is a fundamental value for good governance in public organizations. Accountable public organizations are organizations that are able to ensure the suitability of the functions and the level of monitoring by key stakeholders [8].

In modern public management accountability is an important element. Public management must focus on management performance and not just focus on inputs as before. This change in focus caused the regulatory body to be required to play an important role. The regulatory body must be able to ensure that public resources can be demonstrated transparently and reliably in accordance with their allocation under the law. Therefore public management emphasizes transparency and control that focuses on results [11]

Good public sector management is one that has adequate financial management that makes an important contribution to achieving public financial accountability. In this public sector management there is an agency relationship. The Principal delegate authority to the agent, and the agent can act on behalf of the principal. Agency problems can occur if the principal objectives are not in line with the agent. Based on agency theory, agents, namely the government, will act and be accountable to their citizens who act as principals [13].

2.3 Financial Accountability

Financial accountability is the provision of information about government financial activities and performance aimed at interested parties. The government must provide transparent information to fulfill public rights. This financial accountability requires internal control from the public, because the public will receive the impact of the government's performance [14]. The task of the government is to maximize the welfare of its citizens with limited resources. Therefore the government needs to exercise control in order to be able to benefit from the use of available resources. The control tool for accountability is the budget. The budget is defined as a projection of the future of government organizations [15].

The budget contains a projection of income and expenditure that is adjusted to a government program that aims to influence the lives of citizens in a predetermined period. Before being implemented, the budget is first approved by the executive. The budget serves as a guide for each activity carried out by each responsibility unit. In order for the budget implementation to be effective, each institution operates as a responsibility unit. Each of these units must be responsible for their actions and operations, and at the end of the period, the actions taken will be evaluated and their performance

assessed. Evaluation can be done by ensuring that the use of funds can be identified. This makes it easier to track misappropriation of funds [15].

The government must be responsible for the management of public funds including that all receipts and disbursements of funds must be in accordance with the law, it must be clear the authority that delegates them. In its implementation, revenue and expenditure must be handled based on the principle of control in order to achieve targets and be able to provide services that can be accepted by the public [9].

Financial accountability means coercion for anyone dealing with public funds must be held accountable for their use and reporting and reporting. Financial accountability in the government environment refers to controlling the proper use of financial resources, preventing financial corruption so that assets can be protected, and transparent financial reporting [16]. To guarantee financial accountability, an autonomous and independent control system is needed [13].

2.4 E Government and Financial Accountability

In public sector management, accountability is the main key. Prerequisites that must be fulfilled in public sector management are financial transparency and citizen involvement in budget processes and decisions. The government often faces obstacles to fulfill these prerequisites. Most citizens cannot access information and cannot know the complex problems faced by the government in making budget decisions. At present, these obstacles can be reduced by implementing e government. With the existence of e government, the government can encourage the creation of financial accountability by providing information about the budget transparently and how to monitor the budget to the public [17].

E-government can be an instrument of financial transparency, accountability, and citizen participation because it is an application that provides facilities such as accessibility, information provision, transaction processing. With this application the government can provide information about resource allocation decisions and practices for their use and facilitate citizens to be involved in decision making and monitoring implementation [17]. Thus, E government is a very useful tool to increase accountability. With e-government, timely information can be more available to all interests. Government information contained in e-government can increase surveillance activities, monitoring by the public. Thus e government is expected to be able to increase public participation in the decision making process which will ultimately encourage public trust in the government [8]. In addition, E government can prevent corruption by promoting good governance, because it can improve relations between government employees and community members, enabling the public to monitor and control government behavior [13].

3. Research Methods

This study aims to examine the financial accountability of e government municipal and district in West Java, using content analysis. Content analysis is a research technique that can describe a website objectively, systematically and quantitatively. This content analysis is used to analyze whether a website has provided financial accountability information, which includes:

- Easy access to information for the public
- Roles and responsibilities of government employees are clearly defined
- Employee performance targets are clearly defined in the budget
- There is a process of monitoring the implementation of the budget
- Reliable and timely performance reporting
- Performance evaluation
- Follow up on performance results

The sample is the e government of municipal and district in the Province of West Java, Indonesia. West Java Province consists of 9 municipalities and 18 district which all have government websites. The sample selection is based on the consideration that based on the accountability evaluation data by the Ministry of Administrative Reform and Bureaucratic

Reform, from 27 municipal and district in West Java, none won the category A, only six regions received the BB category, and others received a B.

4. Results and Discussion

The results using content analysis are presented in table 1. Content analysis was carried out by analysing websites belonging to municipal and district governments in West Java, Indonesia. The websites examined were 27 websites consisting of 9 municipal websites and 18 district websites.

Table 1. Results of Website Content Analysis

Content on the website	Number of websites that meet the criteria	Percentage
Easy access to information for the public	19	70.3
Roles and responsibilities of government employees are clearly defined	8	29.6
Employee performance targets are clearly defined in the budget	12	44.4
There is a process of monitoring the implementation of the budget	7	25.9
Reliable and timely performance reporting	7	25.9
Performance evaluation	7	25.9
Follow up on performance results	5	18.5

Based on information presented on websites belonging to municipal and district governments in West Java, Indonesia, it shows that government levels of accountability are still low. Accountability requires easy access for the public to obtain information on what the government has and will do. Only 70.3% can be easily accessed. There are 5 websites that are totally inactive and 3 websites that cannot be accessed easily. This certainly raises a question mark for the public, why information that is so important is not shared with the public. If the website is easy to access, then the public can find out what is responsible and who is responsible. Based on these responsibilities, then the target of each central responsibility unit is made. The results also show that not all websites that can be accessed provide adequate information. Websites that provide this information only amount to 29.6 percent.

After the targets are set in the budget, the next step is to implement the budget. In its implementation, the public should be given the opportunity to supervise, by participating in submitting a report if there is a budget that is felt to be not in accordance with the target. There are only a few websites in the province of West Java that provide facilities for monitoring activities, which is 25.9 percent. The results of the implementation of the budget set forth in performance reporting that can be used to evaluate performance. Only 25.9 percent of websites provide information about performance reports and evaluation results. In fact, information about government performance is very important, because from the report the public can find out whether the financial resources used by the government have been efficient and effective. Based on performance reports, the next stage is to improve performance if there are found weaknesses in the implementation of the budget. The website that presents a follow-up plan of performance is only 18.5%.

Overall, the results of the content analysis showed that only 5 (18.5%) websites provided complete accountability information. This shows that government accountability to the public is still low. Even so, the public has never demanded complete information about this accountability, even though the government has enacted Law Number 14 of Law Number 14 of 2008 concerning Public Information Openness. The reason for his reluctance to make demands is due to the lack of socialization from the Law so that the public does not understand that the government's accountability to the public is very important, so there is no misuse of financial resources whose funds come from the public (Saudi, 2018).

5. Conclusions

There was a polemic as a result of an unreasonable budget which the DKI government website caused the public to ask who should be responsible for the problem. Actually, the budget contained in the DKI website is only the tip of the iceberg, because it is possible that many of these events also occurred in other areas. It should be every The Regional Work Unit (SKPD) must pay attention to financial accountability for the budget that will be used. Accountability shows that the government has been able to allocate resources effectively and efficiently. So that it can be accounted for in order to provide benefits to the public. The results of the evaluation of the accountability of municipal and districts in West Java showed unsatisfactory results. Of the 27 municipal and districts in West Java, Indonesia, only six regions are ranked well.

This research aims to analyse the accountability of municipal and districts in West Java through the e government they have. Content analysis method is used to determine whether websites in the West Java region have met the requirements of public accountability. Public accountability requires easy access for the public to find out information related to the budget, and its implementation, so that the public can conduct surveillance in case of irregularities.

The results showed that the accountability contained in e government of municipal and district in West Java was not very good. Of the 27 existing websites, only 5 websites meet accountability requirements. Nevertheless, the public has never sued the government, even though a law for public information disclosure has been established. This happens because there is still a lack of public understanding of the importance of government accountability to the public. For this reason, it is best to socialize the law to the public, so that the public can understand the importance of government accountability to the public.

References

- [1] M. Y. Manurung, "Bukan Rp 82 Miliar, ICW Temukan Anggaran Lem Aibon Rp 126 Miliar," *Tempo.Co*, 2019.
- [2] A. N. Dzulfaroh, "Alasan Salah Ketik Anggaran Rp 82 Miliar untuk Lem Aibon Dinilai Tak Masuk Akal," *Kompas*, 2019.
- [3] I. N. Jelita, "Soal Aibon, PAN DKI: Masih Banyak PR soal Transparansi Anggaran," *Media Indonesia*, 2019.
- [4] Mediacenter, "Batam Pertahankan Nilai B untuk Evaluasi SAKIP," *mediacenter.batam*, 2020.
- [5] N. Nurulliah, "Jawa Barat Kembali Dapat Predikat A untuk SAKIP," *Pikiran Rakyat*, 2020.
- [6] Y. Dinta, "Lewat SAKIP, Pemerintah Sukses Cegah Pemborosan dan Program 'Siluman,'" *Jawa Pos*, 2019.
- [7] Z. GHERASIM and L. IONESCU, "The Financial Accountability of e-Government: The Information Transparency of Decision-making Processes in Public Organizations," *Ann. Spiru Haret Univ. Econ. Ser.*, vol. 19, no. 3, pp. 23–32, 2019, doi: 10.26458/1937.
- [8] T. Al-Shbail and A. Aman, "E-government and accountability: How to mitigate the disorders and dysfunctions of accountability relationships," *Transform. Gov. People, Process Policy*, vol. 12, no. 2, pp. 155–190, 2018, doi: 10.1108/TG-09-2017-0057.
- [9] E. S. I. Ejere, "Promoting Accountability in Public Sector Management in today's democratic Nigeria," *Tour. Manag. Stud. Int. Conf. Algarve*, vol. 3, pp. 953–965, 2012.
- [10] M. Fatemi and M. R. Behmanesh, "New Public Management Approach and Accountability," *Int. J. Manag. Econ. Soc. Sci.*, vol. 1, no. 2, pp. 42–49, 2012, [Online]. Available: <http://www.ijmess.com>.
- [11] M. A. Jorge de Jesus and J. S. B. Eirado, "Relevance of accounting information to public sector accountability: A study of Brazilian federal public universities," *Tekhne*, vol. 10, no. 2, pp. 87–98, 2012, doi: 10.1016/j.tekhne.2012.10.001.
- [12] V. Fedosov and T. Paientko, "Government financial accountability: key problems and main trends in post-communist countries," *Zesz. Teoretyczne Rachun.*, vol. 2018, no. 99 (155), pp. 25–40, 2018, doi:

10.5604/01.3001.0012.2930.

- [13] S. Dzumira, "Financial accountability & governance in an emerging country," *Corp. Ownersh. Control*, vol. 14, no. 3, pp. 204–208, 2017, doi: 10.22495/cocv14i3c1art6.
- [14] C. L. Kewo, "Internal Control Implementation and Managerial Performance on Financial Accountability Local Government in Indonesia," *Int. J. Econ. Financ. Issues*, vol. 7, no. 1, pp. 293–297, 2017, [Online]. Available: <http://www.econjournals.com>.
- [15] L. I. Amaefule, "Responsibility Accounting: a Tool for Promoting Accountability and Transparency in the Public Sector," 2013.
- [16] S. Kim, "Understanding and Operationalizing Financial Accountability in Government Contracting Systems," *Glob. Encycl. Public Adm. Public Policy, Gov.*, pp. 1–7, 2019, doi: 10.1007/978-3-319-31816-5_3795-1.
- [17] J. B. Justice, J. Melitski, and D. L. Smith, "E-Government as an Instrument of Fiscal Accountability and Responsiveness," *Am. Rev. Public Adm.*, vol. 36, no. 3, pp. 301–322, 2006, doi: 10.1177/0275074005283797.
- [18] Saudi, M.H.M., Sinaga, O. & Rospinoedji, D., The role of tax education in supply chain management: A case of Indonesian supply chain companies, *Polish Journal of Management Studies* 18(2):304-319 , December 2018.