
The Implementation of Public Sector Accounting, Internal Control, and Transparency on the Performance of Government Institutions: Evidence from the Jakarta Provincial Government

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Abstract

This study aims to examine the influence of public sector accounting, internal control, and transparency on the performance of financial reporting within the Jakarta Provincial Government. The population of this research consists of employees of the Jakarta Provincial Inspectorate. A total of 45 respondents were selected as the research sample using a questionnaire distribution method. The collected data were processed using SPSS software and analyzed through multiple linear regression techniques. The findings indicate that competency in human resources, accountability, and supervision have a positive and significant effect on the performance quality of financial reports within the Jakarta Provincial Government.

Keywords: Public Sector Accounting, Internal Control, Transparency

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1. Introduction

Since the late 1990s, particularly following the reform era in 1998, Indonesia has undergone significant and fundamental transformations in the governance sector. These changes are marked by an increasing demand for accountability and transparency in public sector management (Aswar et al., 2021; , (Arifin et al., 2015; , (Darwis et al., 2022; , Safkaur et al., 2019; . The concept of good and clean governance is often interpreted as a manifestation of government integrity and honesty. Good governance is characterized by three interrelated and mutually reinforcing pillars: participation, transparency, and accountability (Darwis et al., 2022; , Safkaur et al., 2019; , Inata et al., 2022; , Safkaur & Sagrim, 2019; .

The primary objective of performance accountability reporting in government institutions is to assess the extent to which organizational vision, mission, and goals are achieved. This, in turn, supports the realization of an effective, efficient, clean, and accountable governance system (Haryanto et al., 2023), (Karyatni & Handajani, 2020; , (Gamayuni, 2019; , Safkaur et al., 2019; . In accordance with Law Number 23 of 2014 concerning Regional Government, the decentralization and empowerment of local governments require a balance between operational efficiency and financial transparency (Arifin et al., 2015; , Arifin et al., 2013; , Safkaur et al., 2020), (Darwis et al., 2022; .

The Jakarta Provincial Government represents one of the reporting entities obligated to prepare and present financial statements in compliance with prevailing regulations. However, findings from the Audit Board of Indonesia (Badan Pemeriksa Keuangan/BPK) reveal recurring issues related to asset inventory management (Supriono et al., 2023), (Hanif et al., 2023; , (Aswar et al., 2021; , Haryanto et al., 2023). These problems have persisted over the years, often due to obstacles in asset transfer processes involving various stakeholders (Arifin et al., 2013; , Qomariyah & Amar, 2023; , Karyatni & Handajani, 2020; , Safkaur & Sagrim, 2019; .

Based on the Governor Regulation of Jakarta Province Number 76 of 2008, developers or land-use permit holders (Surat Izin Penunjukan Penggunaan Tanah/SIPPT) are

required to transfer assets, including social facilities (fasos) and public facilities (fasum), to the Jakarta Provincial Government. Despite Jakarta achieving an Unqualified Opinion (Wajar Tanpa Pengecualian/WTP) from BPK for six consecutive years, challenges related to accountability—particularly in asset inventory recording—remain evident Hanif et al., 2023; , Supriono et al., 2023), Haryanto et al., 2023), (Aswar et al., 2021; .

The implementation of public sector accounting plays a crucial role in recording, reporting, and managing financial resources within public entities, including regional governments and public institutions (Gamayuni, 2019; , Safkaur et al., 2020), Dharma et al., 2021; , Karyatni & Handajani, 2020; . In this context, government financial reporting must provide clear, comprehensive, and reliable information. According to Government Regulation (PP) No. 71 of 2010, government financial reports should present useful information for stakeholders to evaluate accountability and support decision-making processes, whether economic, social, or political Safkaur et al., 2019; , (Aswar et al., 2021; , (Darwis et al., 2022; , Safkaur & Sagrim, 2019; . This includes information on the sources, allocation, and utilization of financial resources, as well as the adequacy of revenues to finance expenditures within a given period (Gamayuni, 2019; , Supriono et al., 2023), Safkaur et al., 2020), Hanif et al., 2023; .

Furthermore, transparency contributes to reducing uncertainty in decision-making processes, particularly in financial management (Darwis et al., 2022; , Inata et al., 2022; , Safkaur & Sagrim, 2019; , Safkaur et al., 2019; . The dissemination of information that was previously accessible only to government authorities enables public participation and oversight. Such participation not only enhances democratic decision-making but also reduces the potential for corruption by increasing accountability within public institutions (Arifin et al., 2015; , Arifin et al., 2013; , Safkaur et al., 2020), Karyatni & Handajani, 2020; .

Literature Review

According to Novarian and Kurniawan (2020), performance can be defined as the achievement of activities that meet or exceed predetermined standards or targets. In the context of government organizations, performance also reflects the extent to which programs and activities provide tangible benefits to society as the primary stakeholders Haryanto et al., 2023), Karyatni & Handajani, 2020; , (Gamayuni, 2019; , Dharma et al., 2021; . Government performance is further defined as the measurable outcomes of programs and activities carried out in relation to budget utilization, both in quantitative and qualitative terms, as stated in Government Regulation No. 8 of 2006 Haryanto et al., 2023), Arifin et al., 2013; , Safkaur et al., 2019; , Safkaur & Sagrim, 2019; .

Based on this definition, the performance of government institutions represents the outcomes of public sector activities that deliver value to the community. Performance dimensions within government organizations are reflected in their ability to acquire inputs economically, implement activities efficiently, and produce outputs effectively in accordance with established objectives (Gamayuni, 2019; , Dharma et al., 2021; , Safkaur et al., 2020), Karyatni & Handajani, 2020; . Government performance encompasses financial performance, quantitative performance, and qualitative performance Safkaur et al., 2019; , Haryanto et al., 2023), Safkaur & Sagrim, 2019; , Hanif et al., 2023; .

In the implementation of public sector accounting, government entities are required to present financial information in a clear and transparent manner (Aswar et al., 2021; , (Darwis et al., 2022; , Inata et al., 2022; , Safkaur et al., 2020). Referring to Government Regulation (PP) No. 71 of 2010, government financial reporting should provide relevant information to assess accountability and support decision-making across economic, social, and political dimensions (Gamayuni, 2019; , Safkaur et al., 2019; , Supriono et al., 2023), Safkaur & Sagrim, 2019; . This includes detailed information regarding the sources, allocation, and utilization of financial resources, as well as the sufficiency of current revenues

to cover expenditures (Aswar et al., 2021; , Hanif et al., 2023; , Qomariyah & Amar, 2023; , Haryanto et al., 2023).

Financial statements are prepared to provide relevant information about the financial position and all transactions conducted by a reporting entity within a specific period (Darwis et al., 2022; , Safkaur et al., 2019; , Safkaur & Sagrim, 2019; , Safkaur et al., 2020). These reports are primarily used to assess the economic resources utilized in government operations, evaluate financial conditions, measure efficiency and effectiveness, and ensure compliance with applicable laws and regulations (Gamayuni, 2019; , Karyatni & Handajani, 2020; , Dharna et al., 2021; , Supriono et al., 2023).

2. Methods

Prior to conducting the study, the researcher carried out preliminary observations. This research was conducted at the Government of Jakarta Province, specifically within the Regional Financial Management Agency (Badan Pengelola Keuangan Daerah/BPKD). This location was selected based on the relevance of issues concerning the implementation of public sector accounting, internal control, and transparency in relation to the performance of government financial reporting.

The research was conducted over a period of approximately three (3) months, starting from September 2023 until December 2023, including the stages of data collection and analysis.

This study employed a quantitative research method. According to Purwohedi (2022), in *Metode Penelitian: Prinsip dan Praktik*, quantitative research involves data collection techniques such as surveys, experiments, corporate documents, and published quantitative data. The primary objective of quantitative research is to test predetermined hypotheses. Similarly, Rappingah et al. (2022) define quantitative research as a systematic investigation of phenomena through the collection of numerical data and the application of statistical or computational techniques. This approach is rooted in the positivist paradigm, which emphasizes statistical methods such as inferential statistics, hypothesis testing, experimental design randomization, and structured questionnaires with predefined response options.

The variables used in this study consist of:

- **Independent variables:**
 - Public Sector Accounting Implementation (X1)
 - Internal Control (X2)
 - Transparency (X3)
- **Dependent variable:**
 - Financial Reporting Performance (Y)

The development of the research instrument included operational definitions, indicators, question items, and measurement scales. This study utilized both primary and secondary data. The primary data were collected through questionnaires distributed to respondents, while secondary data were obtained from relevant documentation.

The questionnaire consisted of structured questions designed to capture respondents' perceptions. The respondents in this study were accounting staff of the Jakarta Provincial Government. The collected data were quantified using a Likert scale and subsequently analyzed using SPSS version 26.

3. Results and Discussion

3.1 The Effect of Public Sector Accounting on Government Agency Performance

The implementation of public sector accounting implies that the government is responsible for providing useful information to stakeholders in assessing accountability and making decisions—whether economic, social, or political. This includes information regarding the sources, allocation, and utilization of financial resources, as well as the adequacy of current revenues to finance expenditures.

The first hypothesis (H1) in this study states that public sector accounting implementation has a significant effect on government agency performance. Based on the results of statistical testing, the public sector accounting variable shows a significant influence on the performance of government agencies. Therefore, H1 is supported.

3.2 The Effect of Internal Control on Government Agency Performance

Internal control can be defined as a process designed to ensure that organizational and managerial objectives are achieved. It involves mechanisms to ensure that activities are carried out in accordance with established plans. This definition highlights the close relationship between planning and control (Yahya, 2016).

Based on the statistical analysis conducted in this study, the second hypothesis (H2) is accepted. The findings indicate that internal control has a positive and significant effect on government agency performance. This is evidenced by a significance value below the threshold level and a positive regression coefficient. These results suggest that effective internal control contributes to improved performance of government institutions. Consequently, the Regional Financial Management Agency has demonstrated accountability through proper supervision of its financial reporting.

3.3 The Effect of Transparency on Government Agency Performance

According to the Regulation of the Minister of Home Affairs (Permendagri) No. 113 of 2014 concerning Regional Financial Management Guidelines, transparency is defined as the principle of openness that enables the public to access information about regional financial management as broadly as possible. Transparency ensures that individuals have the right and freedom to obtain information regarding government administration, including policies, decision-making processes, implementation, and outcomes.

The third hypothesis (H3) states that transparency has a significant effect on government agency performance. Based on the test results, the transparency variable shows a significance value below the acceptable level and a positive coefficient value. This indicates that transparency has a positive and significant effect on government agency performance. Thus, H3 is supported.

4. Conclusion, Implications, Limitations, and Recommendations

4.1 Conclusion

This study aims to examine the effect of public sector accounting implementation, internal control, and transparency on the performance of government agencies. The sample consisted of accounting staff from the Jakarta Provincial Financial Management Agency (BPKD), who are directly involved in financial management.

Data were collected using primary data through questionnaires, with a total of **30 respondents** participating in this study. The findings indicate that all three independent variables—public sector accounting implementation, internal control, and transparency—have significant positive effects on government agency performance.

4.2 Implications

For the Regional Financial Management Agency, this study provides practical implications as an evaluation tool to maintain and improve accountable financial reporting and high-quality

audit reports. Furthermore, strengthening internal control systems and enhancing transparency are expected to contribute to continuous improvement in organizational performance over time.

4.3 Research Limitations

This study has several limitations. First, the research relies solely on questionnaire data based on respondents' perceptions. As a result, the data may not fully reflect actual conditions. Additionally, there is a possibility of response bias, as some respondents may not have provided fully focused or accurate answers, leading to less precise findings.

4.4 Recommendations for Future Research

Future researchers are encouraged to expand this study by incorporating additional variables that may influence government agency performance. Further studies should not be limited to the variables examined in this research but should explore other relevant factors to provide a more comprehensive understanding of performance determinants in the public sector.

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