

CHAPTER IV

RESEARCH RESULTS AND DISCUSSION

A. General Description of Research Object and Research Subject

This study used primary data that obtained by distributing questionnaires to respondents. The respondents in this study consisted of employees at the Regional Apparatus Organization (OPD). The selected respondents were employees of financial sub-division or the employees of planning sub-division. This was because the financial sub-division and the planning sub-division are directly involved in preparing the budget so the respondents were understand to what was studied. Based on Ciamis Regional Regulation No. 8 of 2016 there are 28 OPDs. Therefore, the questionnaires were distributed to 28 OPDs in Ciamis Regency. Data collection has been carried out by distributing questionnaires directly to the Head of Agency, Head of Financial Subdivision, and Head of Planning Subdivision. The questionnaires were distributed at the end of September to the middle of November with the following results:

Table 4. 1
Questionnaire Rate of Return

Questionnaire	Amount	Percentage
Questionnaire sent	112	100%
Questionnaire that cannot be processed	19	16.96%
Questionnaire that can be processed	93	83.04%

Source: Primary Data Processed, 2019

As seen in table 4.1, 112 questionnaires were distributed, but 19 questionnaires could not be processed. 19 questionnaires that could not be processed were declared invalid because there were a number of question items that were not answered and there were some respondent identities (besides name

of respondents) that were not filled out. Out of the 112 questionnaires distributed, only 93 questionnaires could be processed.

1. Analysis of Respondent Characteristics.

Characteristics of respondents are information or a description of respondents. There were several characteristics of the respondents observed in this study, including: age of the respondent, gender, latest education, length of working time in the agency where the respondent currently works and the occupation of the respondent in the agency where the respondent currently works.

a. Age of respondent.

Based on the age of the respondents, respondents can be classified as table 4.2:

Table 4. 2
Classification of Respondents by Age

No.	Age	Amount	Percentage
1.	<20	-	-
2.	20-35	12	12,90%
3.	36-50	58	62,37%
4.	>50	23	24,73
Total		93	100%

Source: Primary Data Processed, 2019

Table 4.2 shows that there was no respondent aged less than 20 years, there were 12 people or 12,9% respondents who aged 20 to 35 years, while 58 people or 62,37% respondents who aged 36 to 50 and 23 people or 24,73% respondents who aged > 50 years. This shows that OPD employees who aged 36-50 years dominated the study.

b. Gender of respondents

Based on the gender, the respondents can be classified in table 4.3 as follows:

Table 4. 3
Classification of Respondents by Gender

No	Gender	Amount	Percentage
1	Male	51	54,84%
2	Female	42	45,16%
Total		93	100%

Source: Primary Data Processed, 2019

Table 4.3 shows that male respondents accounted for 51 respondents or 54,84% of the total respondents, while women accounted for 42 respondents or 45,16% of the total respondents. This shows that the majority of respondents in this study were male.

c. Latest education of Respondents

Based on the latest education, respondents can be classified in table 4.4 as follows:

Table 4. 4
Classification of Respondents Based on Level of Education

No	Level of Education	Amount	Percentage
1	Senior High School	18	19,35%
2	Associate's Degree	4	4,30%
3	Undergraduate	48	51,61%
4	Graduate	23	24,73%
5	Post Graduate	-	-
TOTAL		93	100%

Source: Primary Data Processed, 2019

Table 4.4 shows that respondents whose latest education was senior high school were 18 people or 19,35%. Respondents who completed their Associate's Degree were 4 people or 4,30%.

Respondents who took the latest education of undergraduate were 48 people or 51,61%, then the respondents who took the latest education of graduate were 23 people or 24,73%, while respondents who took the latest education of postgraduate were none or 0%. This shows that OPD employees with the latest education of undergraduate dominated this research.

d. Working time of respondents

Based on working time, respondents can be classified in table 4.5 as follows:

Table 4. 5
Classification of Respondents Based on Working Time

No	Working Time	Amount	Percentage
1	1 - 5 years	35	37,63%
2	6 - 10 years	14	15,05%
3	11- 15 years	24	25,81%
4	>15	20	21,51%
		93	100%

Source: Primary Data Processed, 2019

Table 4.5 shows that respondents who worked for 1 to 5 years were 35 people or 37,63%, while respondents who worked for 6 to 10 years were 14 people or 15,05% then respondents who worked for 11 to 15 years were 24 or 25,81% and respondents those who work for more than 15 years were 20 or 21,51%. This shows that respondents were dominated by OPD employees who had worked for 1 to 5 years.

e. Occupation of respondents

Based on occupation, respondents can be classified in table 4.6 as follows:

Table 4. 6
Classification of Respondents Based on Occupation

No	Occupation	Amount	Percentage
1	Chief of financial sub-division	24	25,81%
2	Chief of planning sub-division	20	21,50%
3	Staff of financial sub-division	24	25,81%
4	Staff of planning sub-division	25	26,88%
Total		93	100%

Source: Primary Data Processed, 2019

Table 4.6 shows that respondents who served as chief of financial sub-division were 24 people or 25,81%. Respondents who served as chief of planning sub-division were 20 people or 21,50%. Respondents who served as financial sub-division staff were 24 people or 25,81%. Respondents who served as sub-division planning staff were 25 people or 26,88%.

B. INSTRUMENT AND DATA QUALITY TESTING

1. Data Quality Test

a. Descriptive Statistic of Independent Variables

Descriptive statistic of independent variables are in table 4.7 are as follows:

Table 4. 7
Descriptive Statistics Test Results of Independent Variables

Variable	N	Minimum	Maximum	Mean	Std. Deviation	Variance
Budgetary Participation	93	19	39	30.01	4,069	16,554
Accessibility of Financial Reports	93	21	40	31.16	3,690	13,615
Internal Control	93	42	60	49.15	3,962	15,694
Transformational Leadership	93	35	65	52.82	5,389	29,042

Source: Primary Data Processed, 2019

Based on table 4.7, the descriptive statistic test results can be explained as follows:

1) Budgetary Participation

Budgetary participation variables showed that the minimum and maximum values were 19 and 39 respectively. This means that the minimum and maximum values chosen by respondents in 8 questions. Budgetary Participation variables with a range of 1-5 were 19 and 39. The average value of the budgetary participation variable was 30,01 while the standard deviation was 4,069. The variance value for the budgetary participation variable was 16,54 related to data variation, so the greater the variance value, the higher the data variation.

2) Accessibility of Financial Reports

The accessibility of financial reports variable showed that the minimum and maximum values were 21 and 40. It is the minimum and maximum values chosen by respondents in 8 questions of accessibility of financial report variable with a range of 1-5 were 21 and 40. The average value of the accessibility of financial report was 31,16 while the standard deviation was 3,690. The variance value for the accessibility of financial report variable was 13,615 which means that the accessibility of financial report variable has more data variation when compared to the regional financial accountability variable.

3) Internal Control

Internal control variables indicated that the minimum and maximum values were 42 and 60. This means that the minimum and maximum values were chosen by respondents in 12 questions of internal control variables with a range of 1-5 were 42 and 60. The average value of the internal control variable was 49,15 while standard deviation was 3,962. The variance value for the internal control variable was 15,694 which means that the internal control variable has a higher variation of data when compared to the accessibility of financial report variable.

4) Transformational Leadership

The transformational leadership variable showed that the minimum and maximum values were 35 and 65. This means that the minimum and maximum values were chosen by respondents in 13 questions of transformational leadership variables with a range of 1-5 were 35 and 65. The average value of the transformational leadership variable was 52,82 while the standard deviation was 5,389. The variance value for the transformational leadership variable was 29,042 which means that the accessibility of financial report variable has the most variation in data when compared to other variables.

b. Descriptive Statistic Analysis of Dependent Variable.

Descriptive statistic analysis of dependent variable test results of the research is in table 4.8 as follows:

Table 4. 8
Descriptive Statistics of Dependent Variable

Variable	N	Minimum	Maximum	Mean	Std. Deviation	Variance
Regional Financial Accountability	93	25	40	33,61	3,166	10,022

Source: Primary Data Processed, 2019

As presented in table 4.8 the regional financial accountability variable showed that the minimum and maximum values were 25 and 40. This means that the minimum and maximum values were chosen by respondents in 8 questions of regional financial accountability variables with a range of 1-5 were 25 and 40. The average value of the regional financial accountability variable was 33,61 while the standard deviation was 3,166. The variance value for the variable was 10,022 which means that the regional financial accountability variable has the lowest data variation when compared to other variables.

Descriptive statistic of dependent variable items test results of the research are in table 4.9 as follows:

Table 4. 9
Descriptive Statistics of Dependent Variable Items

No	Question	Strongly disagree/ disagree		Neutral		Agree/ strongly agree	
		Total	%	Total	%	Total	%
1.	The budget management stage has involved stakeholders (including community elements).	1	1,1%	8	8,6%	84	90,3%
2.	The budget is presented correctly to all stakeholders (including the public)	3	3,2%	8	8,6%	82	88,2%
3.	The public interest is the main concern in managing the budget.			5	5,4%	88	94,6%
4.	Indicators of performance results to be achieved have been used to evaluate the budget.			4	4,3%	89	95,7%
5.	The budgeting process and budgetary accountability are monitored on an ongoing basis.			3	3,2%	90	96,8%
6.	The budget presentation has included past information	3	3,2%	6	6,5%	84	90,3%
7.	In evaluating the budget, carried out by comparing the target with the realization / actual					93	100%
8.	The budget is accounted for by a higher authority			3	3,2%	90	96,8%

Source: Primary Data Processed, 2019

As presented in table 4.9 dependent variable in this study was measured using 8 items of question.

- 1) Question items about the process of making a decision of budget received responses of strongly agree or agree from 84 respondents or 90,3%. 8 respondents or 8,6% answered neutral and there was 1 respondent or 1,1% who chose disagree or strongly disagree. The majority of respondents agreed that the budget management stage had involved stakeholders (including community elements).

- 2) Questions items about the accuracy and completeness of the budget information received responses of strongly agree or agree from 82 respondents or 88,2%. 8 respondents or 8,6% answered neutral and there were 3 respondent or 3,2% who chose disagree or strongly disagree. The majority of respondents agreed that the budget is presented correctly to all stakeholders (including the public)
- 3) Question items regarding to the allocation of budget expenditures oriented to the public interest received strongly agree or agree responses from 88 respondents or 94,6%. A total of 5 respondents or 5,4% answered neutral and there was no respondent who disagree or strongly disagree. The majority of respondents agreed that public interest is the main concern in managing the budget.
- 4) Question items about the performance results as a tool to evaluate the budget get responses of strongly agree or agree from 89 respondents or 95,7%. 4 respondents or 4,3% answered neutral and there was no respondent who disagree or strongly disagree. The majority of respondents agreed that the performance results have been used to evaluate the budget.
- 5) Question items about the management information system and monitoring mechanism received strongly agree or agree response from 90 respondents or 96,8%. 3 respondents or 3,2% answered neutral and there was no respondent who disagree or strongly disagree. The majority of respondents agreed that the budgeting

process and budgetary accountability are monitored on an ongoing basis.

- 6) Question items about clarity of the policy objectives that have been taken received strongly agree or agree responses from 84 respondents or 90,3%. 6 respondents or 6,5% answered neutral and there were 3 respondents or 3,2% who disagree or strongly disagree. The majority of respondents agreed that the budget presentation has included past information
- 7) Questions items about government methods to evaluate the budget received strongly agree or agree response from 93 respondents or 100%. There was no respondent who answered neutral, disagree or strongly disagree. All respondents agreed that evaluating the budget, carried out by comparing the target with the realization /actual value.
- 8) Question items regarding authorization as controlling system of budget received responses of strongly agree or agree from 90 respondents or 96,8%. 3 respondents or 3,2% answered neutral and there was no respondent who disagree or strongly disagree. The majority of respondents agreed that the budget is accounted by higher authority.

c. Validity Test.

Validity test was done to determine how valid the question item in measuring the variables. An item can be said to be valid if the value of $r\text{-score} > r\text{ table } (0,2039)$. The validity test results are as follows:

Table 4. 10
Validity Test

Variable	Item	r-score	Information
Budgeting Participation	P1	0,492	Valid
	P2	0,679	Valid
	P3	0,665	Valid
	P4	0,599	Valid
	P5	0,601	Valid
	P6	0,747	Valid
	P7	0,733	Valid
	P8	0,720	Valid
Accessibility of Financial Report	AFR1	0,670	Valid
	AFR2	0,744	Valid
	AFR3	0,678	Valid
	AFR4	0,710	Valid
	AFR5	0,511	Valid
	AFR6	0,708	Valid
	AFR7	0,705	Valid
	AFR8	0,560	Valid
Internal Control	IC1	0,664	Valid
	IC2	0,644	Valid
	IC3	0,596	Valid
	IC4	0,633	Valid
	IC5	0,592	Valid
	IC6	0,667	Valid
	IC7	0,597	Valid
	IC8	0,688	Valid
	IC9	0,688	Valid
	IC10	0,396	Valid
	IC11	0,633	Valid
	IC12	0,450	Valid
Transformational Leadership	TL1	0,642	Valid
	TL2	0,677	Valid
	TL3	0,698	Valid
	TL4	0,730	Valid
	TL5	0,772	Valid
	TL6	0,663	Valid
	TL7	0,693	Valid
	TL8	0,513	Valid
	TL9	0,403	Valid
	TL10	0,669	Valid
	TL11	0,661	Valid
	TL12	0,611	Valid
	TL13	0,688	Valid
Regional Financial Accountability	RFA1	0,732	Valid
	RFA2	0,789	Valid
	RFA3	0,723	Valid
	RFA4	0,812	Valid

Variable	Item	r-score	Information
	RFA5	0,782	Valid
	RFA6	0,423	Valid
	RFA7	0,751	Valid
	RFA8	0,702	Valid

Source: Primary Data Processed, 2019

Based on table 4.10 about the validity test, it can be stated that all question items in this study have a correlation value $\geq 0,2039$. Therefore, all question items in this study were declared valid.

d. Reliability Test

Below is a table of the reliability test results of each variable using the coefficient of cronbach's alpha:

Table 4. 11
Reliability Test

No	Variable	Cronbach's Alpha	Information
1	Budgetary Participation	0,808	Reliable
2	Accessibility of Financial Report	0,818	Reliable
3	Internal Control	0,842	Reliable
4	Transformational Leadership	0,872	Reliable
5	Regional Financial Accountability	0,852	Reliable

Source: Primary Data Processed, 2019

Based on table 4.11 the value of cronbach's alpha of variable budgetary participation, accessibility of financial reports, internal control, transformational leadership, and regional financial accountability $> 0,7$. This shows that all variables have a fairly high reliability. Therefore, all variables can be declared reliable.

2. Classic Assumption Test

The classic assumption test is one of the requirements that must be met before conducting the multiple linear regression analysis. In this study, the classical assumption test consisted of:

a. Normality Test

Normality test functions to test whether observations were normally distributed or not, normality tests were carried out at the residual value and not on each variable. This test used the sig value of the Kolmogorov-Smirnov statistical test results. The results of the normality test can be seen in the table below.

Table 4. 12
One Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		93
Normal Parameters ^{a,b}	Mean	0,0000000
	Std. Deviation	2,17529210
Most Extreme Differences	Absolute	,73
	Positive	,73
	Negative	-,059
Kolmogorov-Smirnov Z		,073
Asymp. Sig. (2-tailed)		,200

a. Test distribution is Normal.

Source : Primary Data Processed, 2019

The normality test results in table 4.12 show that the sig value of 0,200 or 20% is greater than the α value of 0,05 or 5%. It can be concluded that the residuals are normally distributed.

b. Multicollinearity Test

Below is a table of multicollinearity test results for budgetary participation, accessibility of financial report, internal control, transformational leadership, and regional financial accountability using the tolerance and VIF values of the regression test. Regression models do not contain multicollinearity if the VIF value < 10 and tolerance value $> 0,1$. Multicollinearity test results can be seen in the table below.

Table 4. 13
Multicollinearity Test

Variable	Collinearity Statistic		Conclusion
	Tolerance	VIF	
Budgetary Participation	0,856	1,168	Free from Multicollinearity
Accessibility of Financial Report	0,652	1,534	Free from Multicollinearity
Internal Control	0,575	1,739	Free from Multicollinearity
Transformational Leadership	0,724	1,382	Free from Multicollinearity

Source: Primary Data Processed, 2019

Based on table 4.13 all variables have a tolerance value $> 0,10$ and a VIF value < 10 . These results indicate that the regression model does not experience multicollinearity between independent variables.

c. Heteroscedasticity Test

Below is a table of heteroscedasticity test results for each variable using the glejser test after transform the data used logarithms.

Table 4. 14
Heteroscedasticity Test

Variable	Sig Value	Conclusion
Budgetary Participation	0,064	Free from Heteroscedasticity
Accessibility of Financial Report	0,011	Free from Heteroscedasticity
Internal Control	0,715	Free from Heteroscedasticity
Transformational Leadership	0,118	Free from Heteroscedasticity

Source: Primary Data Processed, 2019

Based on the results of the heteroscedasticity test in table 4.14 all independent variables have a significant value more than 0,05. This proves that the regression equation model does not experience heteroscedasticity so the regression model is feasible to use to predict regional financial accountability based on the independent variables that influence it.

C. HYPOTHESIS TESTING AND DATA ANALYSIS

1. Multiple Regression Analysis.

Hypothesis testing is done using multiple linear regression. The test examined the influence of the independent variable (X) consisting of budgeting participation (X1), accessibility of financial report (X2), internal control (X3), and transformational leadership (X4) on regional financial accountability (Y) variables. The regression equation was:

$$\text{RFA} = 4,815 + (-0,030\text{BP}) + 0,106\text{AFR} + 0,250\text{IC} + 0,267\text{TL} + e$$

2. Determinant Coefficient Test (*Adjusted R²*)

The result of *Adjusted R²* is:

Table 4. 15
Result of Determinant Coefficient Regression Test
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,727 ^a	,528	,506	2,224

A. Predictors: (Constant), Budgetary Participation (X1), Accessibility of Financial Report (X2), Internal Control (X3), Transformational Leadership (X4)

Source: Primary Data Processed, 2019

Table 4.14 above shows that the adjusted R^2 value is 0,506. This means that 50,6% of the regional financial accountability variables can be explained by the independent variables namely budgetary participation, accessibility of financial reports, internal control, transformational leadership. The remaining of 49,4% is explained by other variables that did not exist in this study.

3. Simultaneously Test (F-Test)

Table 4. 16
The results of simultaneously test is:
Simultaneously Significant Test (F - Test)
ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	486,730	4	121,683	24,597	,000 ^b
Residual	435,334	88	4,947		
Total	922,065	92			

A. Dependent Variable: Regional Financial Accountability (Y)

Source: Primary Data Processed, 2019

Table 4.16 shows that the test results have a significance level of 0,000 $< \alpha$ (0.05) so it can be said that all of the independent variables including budgetary participation, accessibility of financial report, internal control,

transformational leadership together or simultaneously have an influence on regional financial accountability.

4. Partial Test (T-Test)

The results of the partial test is:

Table 4. 17
Partial Test (T-Test)
Coefficients^a

Model	Unstandardized Coefficients		Sig
	B	Std. Error	
(Constant)	4,815	3,145	,129
Budgetary Participation (X1)	-,030	,062	,632
Accessibility of Financial Report (X2)	,106	,078	,178
Internal Control (X3)	,250	,077	,002
Transformational Leadership (X4)	,267	,051	,000

a. Dependent Variable: Regional Financial Accountability (Y)

Source: Primary Data Processed, 2019

Based on table 4.17 above, it can be seen that the budgetary participation and accessibility of financial report has no effect on regional financial accountability, while internal control and transformational leadership has a positive effect on regional financial accountability. Therefore, the hypothesis testing results are as follows:

a. Hypothesis 1 (H₁)

Based on table 4.17 above the budgetary participation variable has a significance value of 0,632 > α (0,05) with a coefficient value of -0,030. Then it can be concluded that budgetary participation has no negative effect on regional financial accountability. **The result shows that H₁ is rejected**

b. Hypothesis 2 (H₂)

Based on table 4.17 above the accessibility of financial report variable has a significance value of $0,178 > \alpha (0,05)$ with a coefficient value of 0,106. It can be concluded that the accessibility of financial report has a positive effect on regional financial accountability. **The result shows that H₂ is rejected.**

c. Hypothesis 3 (H₃)

Based on table 4.16 above the internal control variable has a significance value of $0,002 < \alpha (0,05)$ with a coefficient value of 0,250. It can be concluded that internal control has a positive effect on regional financial accountability. **The result shows that H₃ is accepted.**

d. Hypothesis 4 (H₄)

Based on table 4.17 above the transformational leadership variable has a significance value of $0,000 < \alpha (0,05)$ with a coefficient value of 0,267. It can be concluded that transformational leadership has a positive effect on Regional Financial Accountability. **The result shows that H₄ is accepted.**

D. DISCUSSION (INTERPRETATION)

This study was conducted to determine the effect of budgetary participation (X1), accessibility of financial report (X2), internal control (X3), and transformational leadership (X4) on regional financial accountability (Y) variables in Ciamis Regional Apparatus Organization. Based on the research hypothesis in this study, it shows that the results of the budgetary participation

and accessibility of financial report variables do not affect regional financial accountability, while internal control and transformational leadership have a positive effect on regional financial accountability.

1. The Effect of Budgetary Participation on Regional Financial Accountability

The results of multiple linear regression test show that variable of budgetary participation did not have a positive effect on regional financial accountability in Ciamis Regency. This means, the level of involvement of employees in the preparation of the budget will not affect regional financial accountability improvement. The results of this study are not in line with research conducted by Zeyn (2011) which showed that good governance (in which there is a participation dimension) influenced financial accountability with organizational commitment as moderating.

The results of this study does not support the theory which stated that involving individuals in budgeting would increase accountability in financial management. The lack of participation in budgeting on financial accountability in this study was allegedly due to indications of pseudo participation in budget preparation. The practice of pseudo participation in budgeting is a condition where superiors give freedom to subordinates to actively provide input in the budgeting process but such participation is ignored/under-taken into consideration in the final budget decision (Hayuwati and Halim, 2018).

Pseudo-participation practices can be seen by comparing the responses of respondents to the questionnaire in the research instrument. In

the indicators of the frequency of discussions related to the budget with superiors (question items no. 4 and 5) respondents tend to answer in agreement, so it can be concluded that subordinates actively contribute in the budgeting process. However, when it compared to the indicators related to the magnitude of influence they have on the final budget (question items no. 6 and 7) the average respondent answers neutral, so that when it viewed from the magnitude of influence on the final budget determination, the respondent does not sure of their influence in the final budget decision. Therefore, it can be concluded that the high freedom of subordinates to provide input on the budget is not accompanied by a high influence of the employee on the final budget determination.

2. The Effect of Accessibility of Financial Reports on Regional Financial Accountability

The results of multiple linear regression test show that the accessibility of financial reports has no positive effect on regional financial accountability. In other words, the assessment of regional financial accountability was not caused by the level of accessibility of financial report.

The results of this study do not support the theory that revealed that the ease of accessing financial reports can increase transparency and accountability regional financial accountability by local governments that have been chosen by the people. The inability of financial statement accessibility to influence the financial accountability in this study was allegedly because the research respondents tended to have quite high an

access to the financial report. Respondents consisting of employees of the financial sub-division and employee of planning sub-division of the Apparatus Regional Organization (OPD) as an internal stakeholders in Ciamis Regency have fairly high access to the financial report of the local government.

The high accessibility of financial reports occurred because research respondents were involved and directly in contact with the Apparatus Regional Organization (OPD) financial report preparation process, which is part of the local government financial reports. In addition, the ease of using IT to access the existing mass media add the ease of access to local government financial reports.

The high level of accessibility of local government financial reports is not necessarily followed by increased assessments of financial management accountability. Although respondents tend to have high financial report accessibility, each respondent's assessment of accountability in regional financial management actually has a quite high variation. This difference in financial management accountability assessment is thought to be caused by differences in the amount of accountability demanded from each individual. The higher the demand for accountability in regional financial management, the higher the criteria used by someone in providing an assessment of regional financial management. Regional financial management that is considered quite clear by a respondent is likely to be considered less clear by other respondents who demand higher accountability.

3. Effect of Internal Control on Regional Financial Accountability

The results of multiple linear regression test show that internal control has a positive effect on the regional financial accountability in the Regional Apparatus Organization of Ciamis Regency. These results indicate that the increase in internal control will along with the increased of regional financial.

Based previous research, Ramon (2014) found that the internal control system had a positive and significant effect on financial accountability. Furthermore, Pramudita (2017) found that the internal control system had a positive and significant effect on the accountability of regional financial management. Local government as (steward) chosen by the community (principal) must provide, present, and report all works both financial and non-financial to the public.

The results of this study support the theory that explained an internal control system is needed to achieve an effective, efficient, transparent and accountable financial management. Internal control represents the plans, methods and procedures used by the organization to achieve its mission, goals and objectives then serves as the first line of defense in safeguarding assets, preventing and detecting fraud, waste, misuse, errors, and mismanagement. Internal control system is needed to help ensuring that the local government in carrying out the regional financial management is in accordance with the laws, policies and related objectives so that the

information presented by the local government to the public truly represents the implementation of the mandate that has been carried out clearly.

4. The Effect of Transformational Leadership on Regional Financial Accountability

The results of multiple linear regression test show that the transformational leadership variable has a positive effect on regional financial accountability in Ciamis Regency. This shows that the implementation of transformational leadership will be in line with an increase of accountability in regional financial management.

This research is in line with research of Aziz *et al.*, (2015) who found there were connections of accountability with the integrity of the system, internal control systems and leadership qualities. Research by Aimbu, Saerang and Gamaliel (2016) stated that transformational leadership has a positive effect on regional financial management accountability. Furthermore Kakisina and Bastian (2018) research found that the organizational commitment and transformational leadership have proven to not moderate the effect of accountability on the performance of public primary schools in Nias Island.

The results of this study support the theory that revealed the transformational leadership can increase the regional financial accountability by local governments (as steward) that have been chosen by the people (as principal). In the theory of COSO, the organizational structure will relate to the objectives or goals of organization (including the financial

accountability). Leaders not only can influence the use of all available resources for policy implementation, but far beyond a leader also has the power that can be used to force other resources. Therefore, a leader must be able to have a way to be able to move employees and the community in order to achieve goals.