

CHAPTER I

INTRODUCTION

A. **Research Background**

Government agencies are collective designations including work units, ministry, departmental organizational units, non-departmental government agencies, secretariat of state high institutions, and other government agencies, both central and local, including State-Owned Enterprises (BUMN), State-Owned Legal Entities and Regional-Owned Enterprises (BUMD). In the Guidelines for the Formulation of Regional Performance Assessment, a government agency is a collective of a unit of government organization that performs its duties and functions in accordance with applicable regulations, including the Coordinating Ministry, Ministry Department, non-Departmental Government Institution, Provincial Government, and government agencies that perform government functions using APBN and APBD. Philosophically one of the important meanings of state and government existence is to provide services to the citizens according to their needs. Similarly, the presence and role of the State can be felt by its citizens (Halachmi, 2002).

Every government agency or party that is given a mandate must provide an accountability report for the task entrusted to it by revealing that everything that is done, seen, is felt that reflects both success and failure. In other words, the accountability report is not just a compliance and fairness report on the implementation of duties in accordance with the applicable provisions, but also includes the performance of the implementation of a strategic management that

is able to answer fundamental questions about what must be accounted for. In this case the government agency must be able to report on the success that has been achieved and dare to reveal failures that occur related to the policies that have been issued by the higher parties (Wahid et al., 2016).

The performance of government agencies is now more in the spotlight, because many government agencies appear to be unconcerned about efforts to improve performance more efficiently because there are still many performance of government agencies that have not shown significant improvement. This situation raises the increasing demands put forward by the public to the government for better public services (Susanty et al, 2018). To realize accountability, in the regulation it was stated that media accountability can provide information on whether the program is implemented according to the plan used, namely the Government Agency Performance Accountability Report (LAKIP). Government Agency Performance Accountability Report (LAKIP) is a manifestation of the accountability of government officials to the public about the government's performance for one fiscal year. The preparation of LAKIP is intended to describe the implementation of strategic plans in the implementation of the main tasks and functions of the organization in each regional apparatus, as well as the success of the current achievements to accelerate the quality of performance achievements expected in the coming year (Hidayatullah, 2014). As recited in the Holy Quran surah Al-Mudtastsir verse 36-38:

نَذِيرًا لِلْبَشَرِ (٣٦) لِمَنْ شَاءَ مِنْكُمْ أَنْ يَتَقَدَّمَ أَوْ يَتَأَخَّرَ (٣٧) كُلُّ نَفْسٍ
بِمَا كَسَبَتْ رَهِينًا (٣٨)

“A warning to mankind. (36) To any of you that chooses to press forward, or to follow behind. (37) Every soul will be (held) in pledge for its deeds. (38)“

The phenomenon that occurs in the development of the public sector in Indonesia today is the strengthening demand for accountability of public institutions, both at the central and regional levels. Accountability can be interpreted as a form of obligation to account for the success or failure of the organization's mission in achieving previously set goals and objectives, through a medium of accountability carried out periodically (Stanbury, 2003).

In the first of millenium era, Indonesia has entered a period of recovery due to the prolonged economic crisis. All parties including the government itself try to overcome this by doing reforms in all fields. One effort to restore economic, social and political conditions is to restore public confidence to the government by trying to create a clean government and authoritative or known as Good Governance. The obligation of the government to account for its own performance is fulfilled by conveying relevant information in relation to the results of the programs implemented to the people's representatives as well as the community groups who are eager to assess the government's performance (Halachmi, 2002). At the end of the 90s began with the end of President Soeharto's regime in 1998, the rollout of reforms, the disclosure of information, the success of education, the awareness raising of citizens against the rights and

demands of the State to serve its citizens maximally. The phenomenon has led to demands for accountability for public institutions, both at the central and regional levels. The central government and local governments are required to provide the best services in a transparent and accountable manner. In order to realize good governance, the government has issued a package of laws in the field of state finance as well as the legal basis for reform of state financial management, namely Law No.17 of 2003 on State Finance, Law No.1 of 2004 on State Treasury and Law No .15 of 2004 on the Implementation of Financial Responsibility and Management. Besides, the government has also issued Presidential Instruction Number 29 of 2014 on Performance Accountability of Government Institutions.

In Presidential Instruction No. 29 of 2014, Performance Accountability of Government Institutions is the realization of a government agency to account for the success / failure of the implementation of the organization's mission in achieving the objectives and goals that have been determined through periodical accountability tools (Pong Leung & Adams, 2009). This regulation stated that for the implementation of good governance in Indonesia required performance accountability in every government agency.

Based on the statement of the LAN and BPKP in Oktiandra (2010) argued that financial accountability is the accountability of financial integrity, and disclosure in accordance with applicable legislation. Financial accountability is of course related to Accountability of Government Institution Performance (AKIP). Because when the government reports its performance in an

accountable manner, it will have an impact on the performance accountability reported in the Performance Accountability Report of Government Agencies (LAKIP).

According Oktiandra (2010), Competence is a model that identifies the skills, knowledge and characteristics required to perform a job. Competence of government apparatus has an effect on good performance of an institution. This can be proven in Oktiandra (2010) research who examined the competence of government officials in the performance accountability of local government agencies in the city of Dumai. The results of this study concluded that the competency variable of the government apparatus had an influence on the performance accountability of government agencies.

Kusumaningrum (2010), said that the control system that uses accounting information is referred to as an accounting based control system or accounting control system. Accounting control systems are all formal procedures and systems that use information to maintain or change the pattern of organizational activity. In this case which includes accounting control is a planning system, reporting system and monitoring procedures based on information. A good reporting system is needed to monitor and control the performance of managers in implementing the established budget. The Government is obliged to provide financial information and other information that will be used for economic, social, and political decision-making by interested parties (Saukkonen et al, 2018).

Haddad et al. (2017) has stated that another thing that has an influence on the performance accountability of government agencies is the compliance with laws and regulations. It is expected that the resulting accountability report will be appropriate in order to fulfill obligations to the central government and public information needs.

The use of information technology is the behavior / attitude of accountants to use information technology to complete tasks and improve their performance. The use of information technology is a benefit expected by users of information systems in carrying out their duties or behavior in using technology when doing work. The measurement is based on the intensity of utilization, frequency of utilization and the number of applications or software used. Appropriate use of information technology and supported by the expertise of the personnel who operate it can improve company performance and the performance of the individual concerned.

According to O'Brien (2006) technology is a computer network consisting of various information processing components that use various types of hardware, software, data management, and information network technology. The development of IT not only affects the business world, but also other fields, such as health, education, government, and others. The progress of IT also has a significant effect on the development of accounting. The more advanced IT has more influence in the accounting field.

Computer-based information technology is closely related to the performance accountability of government agencies. Because in conveying the

information needed need a tool that can process data accurately and effectively (Donnelly et al, 1994). In the current era of globalization, the current technology has experienced a significant increase from year to year. For this reason, it is necessary to use information technology that supports the performance of government officials in fulfilling financial accountability. Appropriate use of information technology and supported by the expertise of the personnel who operate it can improve the performance of government agencies.

According to Razi (2017) who conducted research on the influence of obedience to laws and regulations, utilization of information technology, accounting controls and competence of local government apparatus to accountability of performance of government institution (AKIP) at regional work unit (OPD) Indragiri Hulu. The results of his research indicate that compliance with statutory regulations, utilization of information technology, accounting controls and competence of local government apparatus have a significant influence on performance accountability of government agencies (AKIP).

Zirman, et al. (2010) conducted research on the influence of competence of local government apparatus, the application of financial accountability, work motivation, and obedience to the regulation on performance accountability of government institution of Indragiri Hulu regency. This research was conducted at 47 work units of local government of Indragiri Hulu regency. The results of the study indicate that regional government applied regional competence and financial accountability implementation have a negative effect on performance

accountability of government institution. While work motivation and adherence to the regulations produce a positive and significant influence on performance accountability government agencies.

This research is a compilation of previous studies, namely research conducted by Wahid, et al (2016), Rofika and Ardiantoro (2014), by adding accounting control variables. The difference between this research and previous research is that this study adds one independent variable from the research conducted by Rofika and Ardiantoro (2014) with the title of planning the implementation of financial accountability, utilization of information technology, competency of regional government apparatus and compliance with regulations. The independent variable is accounting control taken from Wahid, et al (2016) with the title of the influence of clarity of budget targets, accounting control, competence of local government apparatus, reporting systems, and compliance with laws and regulations on accountability of government support. The dependent variable in this study is the accountability of the performance of government institutions which is also the dependent variable in previous studies. In addition, in this study the measurement was different from the previous research, this study chose the object of research with different predicates so that the research results were as expected. Besides that, the other difference is the location of sampling which is different from the previous research made reference. Previous research selected locations in Agam regency, while in this study the sampling location was Bantul regency.

The background of the researchers took the Bantul OPD as an object of research because in the last 3 years the accountability value of the performance of the Bantul district government always earned the BB predicate and became one of 7 districts/cities out of a total of 163 regencies / cities in regional III which received the BB category. The evaluation results which show that the Bantul Regency Government obtained a value of 79.90 or BB category is an achievement achieved due to the commitment of work together of all parties, namely from the top of the leadership to the implementing level. The Bantul Regency Government refers to the direction of the Ministry of Administrative Reform (bureaucracy) and bureaucratic reform that, the key to building a good SAKIP in order to realize results-oriented goals/objectives lies in the measurement of clear and measurable performance. By measuring good performance, the organization will be realized based on performance, staff Management based on performance, budget based on performance, and reward and recognition based on performance.

Figure 1.1

**Tabel III.3 Rencana dan Realisasi Capaian Sasaran
Meningkatnya Kualitas Akuntabilitas Kinerja Pemerintah Daerah**

No	Indikator Kinerja Utama	Capaian 2016	2017			Target Akhir Renstra (2021)	Capaian s/d 2017 terhadap 2021 (%)
			Target	Realisasi	% Realisasi		
1.	Nilai Akuntabilitas Kinerja Pemerintah	73,66 (BB)	82 (A)	79,9 (BB)	95,00	89 (A)	87,53

Sumber : Bagian Administrasi Pembangunan, 2017, data diolah

Based on these problem the researcher would like to see as well as prove **“the effect of government apparatus competencies, accounting control,**

legislation compliance, and utilization of information technology towards performance accountability of the local government institution of Bantul regency”

B. Limitations of Problems

This research was conducted in some OPD in Bantul Regency, by taking the head of OPD, head of financing unit of OPD, and financing staff as a samples. The variables used are government apparatus competencies, accounting controls, legislation compliance, and utilization of information technology as independent variables and performance accountability of local government institution as the dependent variable.

C. Research Problems

Based on the above background, the researcher proposed the following problem formulation:

- a. Does the government apparatus competencies has possitive effect to the performance accountability of local goverment institution?
- b. Does accounting control has possitive effect to the performance accountability of local goverment institution?
- c. Does legislations compliance has possitive effect to the performance accountability of local goverment institution?
- d. Does utilization of information technology has possitive effect to the performance accountability of local goverment institution?

D. Research Objectives

Based on the above problem formulation, this study aims:

- a. To obtain empirical evidence about the influence of the government apparatus competencies on the performance accountability of the district government of Bantul.
- b. To obtain empirical evidence about the effect of accounting controlling on the performance accountability of the district government of Bantul.
- c. To obtain empirical evidence of the effect of legislation compliance on the performance accountability of the district government of Bantul.
- d. To obtain empirical evidence of the effect of utilization of information technology on the performance accountability of the district government of Bantul.

E. Research Benefits

1. Theoretical benefits

Theoretically, this research is expected to enrich the study for public sector accounting study especially related to performance accountability of government institution as well as increasing understanding to the public about the importance of transparency, accountability, and public participation to create a good governance government.

2. Practical Benefits

- a. For the Government, is expected to be an input in implementing regional autonomy, especially in improving accountability performance of local government agencies in order to realize the government good governance.
- b. For Academics, it is expected to provide input to academics to contribute to the development of public sector accounting literature and can be used as an basic for further researchers.
- c. For the Researcher, as an effort to develop and apply the knowledge that has been acquired during the study, and add insight into the effect of government apparatus competencies, accounting control, obedience to legislations, and utilization of information technology towards the performance accountability of government institutions.