

# THE EFFECT OF CLARITY ON BUDGET TARGETS AND REPORTING SYSTEMS ON PERFORMANCE ACCOUNTABILITY WITH INTERNAL CONTROLS AS INTERVENING VARIABLES IN THE SKPD OF THE KOTABARU REGENCY GOVERNMENT

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Received: March 18, 2022; Revised: April 25, 2022; Accepted: April 30, 2022

**Abstract:** This study aims to examine the clarity of budget targets and reporting systems that affect performance accountability. This study also examines whether the internal control system mediates the effect of the clarity of budget targets and the reporting system. This study is of the type of associative causality and is carried out through a survey method by distributing questionnaires to the compilers of the performance accountability report of government agencies in Kotabaru. The population of this study was all SKPD in the Kotabaru Regency Government, totaling 30 SKPD consisting of 82 sample respondents. This study uses descriptive statistical analysis and partial least squares (SEM-PLS) analysis. Analysis powered by Smart-PLS 3.0. The results of this study show that the clarity of budget targets and internal controls affect the performance accountability of government agencies, while the reporting system does not affect performance accountability. Clarity of budget targets, and reporting systems affect internal control. Internal control as an intervening variable can affect the clarity of budget objectives and reporting systems on performance accountability.

**Keywords:** clarity of budget targets, government performance reporting and accountability system, internal control system, public sector organizations

## INTRODUCTION

Local government as an organization or institution that operates the government with the community as a source of legitimacy. On this basis, people who trust the government need to get a balance through good performance so that services can be optimized effectively and touch citizens regardless of background. This matter is also clarified through the implementation of a

decentralized system in government, especially in relation to regional autonomy.

The Kotabaru Regency Government is included as an organization in the public sector that implements regional autonomy based on the regulations and authorities of the autonomous region to regulate and manage the interests of the community according to its own initiative based on the aspirations of the community.

Application of Law no. 23 years(2014)regarding Local Government.

In general, local governments face problems controlling ineffectiveness, budget use, and waste. This can be seen through the accountability of the performance of Kotabaru Regency in 2017 to 2019. The value of evaluating the performance accountability system of government agencies (SAKIP) of the Kotabaru Regency Government for the 2017-2018 period was CC (good enough) and in 2019 the accountability of the performance of the Kotabaru Regency Government institutions increased from CC (good enough) to B (good).

The issue of performance accountability within the Kotabaru Regency Government from 2017 - 2019 reviews the clarity of budgeting targets and the reporting system for performance accountability since August 2020 describing the results of strategic achievements of the Kotabaru Regency Government SKPD in 2017, spending absorption is only 82.27%, spending plans do not realized 17.73%, in 2017 based on the Regional Government Financial Report (LKPD) Kotabaru Regency in 2017 Kotabaru Regency has obligations in the form of short-term debt or regional obligations to third parties due to the inability of the regional government to make payments due to unavailability of regional cash.

Budget realization targets that are not achieved and the increase in short-term debt is one form of performance accountability which is one of the factors of the problems studied. In 2017, the realization of expenditure was 82.27%, the expenditure target was not achieved 17.73%, while the short-term debt in 2017 was Rp31,802,772,834.47 In 2018 the short-term debt owned by Kotabaru Regency was Rp. 25,850,827,081.00 with a budget realization of 86.32% with an unrealized budget of 13.68%. In 2019 the budget was not realized 13.67% with short-term debt of Rp60,247,980,881. budget realization 86.33%.

The description above shows that there is a phenomenon that must be studied further in

relation to the accountability of the performance of the SKPD of the Kotabaru Regency Government, which is affected by the clarity of budget targets, reporting systems with internal control as an intervening variable. The study that will be carried out as a result of the development of Kaltsum & Rohman's study,(2014)by incorporating a reporting system that affects performance accountability as an update from previous studies. In the previous study by analyzing the Effect of Clarity of Budget Targets on Performance Accountability of Government Agencies through the Internal Control System as an Intervening Variable (Empirical Study on the Salatiga City Regional Apparatus Work Unit). The results of this study show that the clarity of budget targets affects the internal control system. The internal control system affects the performance accountability of government agencies. The clarity of budget targets affects the accountability of government performance. The clarity of budget targets affects the accountability of government performance through the internal control system which is the intervening variable.

In addition to the study phenomenon that has been described, there is a research gap from several previous studies. Kusumaningrum (2009), the results of his study show that the clarity of budget targets has a positive and meaningful impact on the accountability of government performance. In contrast to Jumiri's study (2012) which explains that the clarity of budget targets is not significantly related to performance accountability. Herawati (2011) examines the clarity of budget targets that affect the performance accountability of the Jambi City government. Give a conclusion if the clarity of budget targets has a negative impact and can be noticed through its significant level: without meaning for performance accountability. Paramitha (2016) said if the influence of the accuracy of budget targets, the public sector managerial control system, and the reporting system on performance accountability, that the reporting system has a positive and meaningful

impact on SKPD performance accountability. Setiawan(2013)added that the clarity of budget targets, accounting controls, and reporting systems affect the performance accountability of government agencies. The results of the study explain that the clarity of budget targets has a significant effect on the accountability of government performance, accounting control has a significant effect on the accountability of the performance of government agencies, and the reporting system without affecting the accountability of government performance.

Based on previous studies which show that there is inconsistency in each study, it is explained that there are other variables that act as intermediaries between the clarity of budget targets for government performance accountability and reporting systems for performance accountability. Ghozali, (2014) explained that there is no integral from the results of the budget study because the link between the budget and managerial performance depends on certain factors or often referred to as contingency variables. The study model intends to examine contextual factors that affect the relationship between control systems and performance accountability. The control system, including the budget and the contingency approach, has the opportunity to bring up other variables that act as intervening variables.

Based on the phenomenon above and the research gap from several previous studies, the researcher raised the title of the study The Effect of Clarity of Budget Targets and Reporting Systems on Performance Accountability with Internal Controls as Intervening Variables in the SKPD of the Kotabaru Regency Government.

This study aims to:

1. Testing and analyzing the clarity of budget targets that affect the accountability of the performance of the Kotabaru District Government SKPD.
2. Testing and analyzing the reporting system that affects the accountability of the

performance of the Kotabaru District Government SKPD.

3. Testing and analyzing the clarity of budget targets that affect the internal control of the Kotabaru District Government SKPD.
4. Test and analyze the reporting system that affects the internal control of the Kotabaru District Government SKPD.
5. Testing and analyzing internal controls that affect the accountability of SKPD performance in the Kotabaru Regency Government.
6. Testing and analyzing the clarity of budget targets that affect performance accountability with internal control as an intermediary variable in the SKPD of the Kotabaru Regency Government.
7. Testing and analyzing reporting systems that affect performance accountability with internal control as an intermediary variable for the SKPD of the Kotabaru Regency Government.

### **Agency Theory**

Agency Theory is the relationship between two parties in a transaction activity. One party is often known as an agent, namely the party who has the authority to carry out certain activities that are supervised by another party: the principal. The principal is the party who authorizes the agent to act and supervise the agent's actions. Parties who transact with agents are known as third parties. Regarding agency problems, the practice of reporting finances in a public sector organization is a concept based on agency theory (Budi Santoso, 2015).

### **Contingency Approach**

This study uses a contingency approach as a grand theory. The emergence of the contingency approach stems from the basic premise of the general perspective approach which explains that controls can be assigned to any company criteria and are environmental conditions anywhere (Susmitha, 2012). Due to the interest in this contingency approach, the researchers sought to

determine the level of reliability of the independent variables that often affected in each condition or not on the dependent variable. According to this cognition theory, there is an assumption that situational factors have the opportunity to interact in influencing certain conditions.

### **Regional Financial Accounting**

Regional financial accounting includes all activities of planning, implementing, managing business, accounting, reports, responsibilities, and supervision of regional finances (Abdul Halim, 2007). Regional financial governance, especially related to accounting, responsibility, and reporting leads to statutory regulations, such as Law no. 17 years (2003) concerning State Finance, Law no. 15 years (2004) concerning Audit of State Finance Management and Responsibility, Law no. 23 years (Law of the Republic of Indonesia, 2014) concerning Regional Government, Government Regulation no. 58 years old (2005) concerning Regional Financial Management, Government Regulation no. 8 Year 2006 (2006) regarding Financial Reporting and Performance of Government Agencies, Permendagri No. 13 years old (2006) regarding Guidelines for Regional Financial Management and Permendagri No. 64 Years (2013) concerning Accrual-Based Government Accounting Standards in Regional Governments, Public Sector Accounting, Regional Financial Accounting (Abdul Halim, 2007), Public Sector Management Accounting (Indra Bastian (2017).

### **SKPD Financial Accounting**

The work unit is an accounting element that is obliged to record transactions within the work unit in the regional financial accounting system. Regional financial accounting systems are divided into two types, including regional work units (SKPD) and regional financial management work units (SKPKD). Accounting activities in SKPD consist of recording income, expenditure, assets, and other than deposits/cash. The stage in recording accounting in the SKPD is carried out by the financial administration officials of the regional work unit

(PPK-SKPD) based on source documents obtained through the treasurer and the power of the regional general treasurer (Kuasa BUD). PPK-SKPD records income transactions in the cash collection journal, expenditure transactions in the cash expenditure journal, asset transactions, and other than cash in the general journal.

### **Preparation of Regional Financial Budget**

Budget is a statement related to estimating the performance to be obtained during a certain period and turned out to be financially (Pratiwy, Kelvin, 2013). During the preparation of the budget, the government needs to be based on thinking for the interests and welfare of the community (Mardiasmo, 2009). The public sector budget becomes an instrument to achieve goals in the form of services for the community. Bring budgeting and planning as a unified stage because the result of planning is budgeting. Budgets in the public sector need to represent changes in the focus of the needs and desires of the community, and can determine central/regional government revenues and expenditures (Halim, 2014).

### **Clarity of Budget Goals**

Mardiasmo (2009) explained that the realization of implementing regional autonomy is the use of resources that are carried out effectively, fairly and economically in order to obtain public accountability. Budgets are needed to manage resources as optimally as possible in order to obtain performance that is in accordance with community expectations, and generate accountability to the community. Clarity regarding budget targets can facilitate accountability for the success or failure of organizational tasks in order to achieve predetermined goals and targets. Unclear budget targets can cause budgeting difficulties in working (Suhartono, Ehrmann; Solichin, 2006).

### **Internal control**

Government Regulation no. 60 Years (2008) regarding the Government's Internal Control System. The internal control system is a stage that becomes one of the activities and actions that are

carried out continuously by the leadership and all workers to ensure the achievement of organizational goals through efficient activities, reliable financial reports, safeguarding state assets, and complying with laws and regulations. Mulyadi (2017) said that the internal control system consists of coordinated procedures and measurements to secure assets, organizational structure, careful checking and reliable accounting data, efficiency, and leads to compliance with management policies.

### **Financial Reporting System**

In the public sector, financial reports have an important role in generating accountability. The financial information contained in the financial statements becomes the basis for considering decisions. Financial information as a tool to carry out public accountability as effectively as possible, and is not included as the final goal of public sector accounting.

### **Financial Performance Accountability**

Accountability for government performance is a must to provide accountability or delivery of answers and descriptions of the performance or actions of individuals or legal entities or organizational leaders to those who have the right or ownership of authority to ask for explanations/responsibility. According to the definition that has been described, all government agencies, state institutions, agencies, as well as central/regional are based on the main task, namely understanding the scope of accountability. Accountability requests, such as success or failure in carrying out the objectives of the relevant agency (Harahap, Rudy M, 2013).

### **Previous Research Results**

This study leads to previous studies which are suspected to have conformity and support the current study. The Effect of Clarity of Budget Targets and Reporting Systems on Performance Accountability with Internal Controls as Intervening Variables in the SKPD of the Kotabaru Regency Government". Conclusions, differences and similarities with

previous studies can be clarified according to the following description.

1. Study Hidayattullah & Herdjiono (2015) with the title The Effect of Clarity of Budget Targets, Accounting Controls and Reporting Systems on Performance Accountability of Government Agencies in Merauke with the independent variables being budget target clarity, internal control and reporting systems and the dependent variable being government agency performance accountability. the reporting system has a positive and significant effect on the accountability of the performance of government agencies, either partially or simultaneously. The similarity with this study is that they both use the clarity of budget targets and the reporting system as independent variables and the performance accountability of government agencies as the dependent variable.
2. Study Yulianti et al., (2014) with the title The Effect of Clarity of Budget Targets, Difficulty of Budget Targets, Accounting Control and Reporting Systems on Performance Accountability of Government Agencies (Study on Pelalawan District SKPD). The results of this study explain that the budget target clarity variable affects the performance accountability of government agencies with the independent variables being budget target clarity, budget target difficulty, accounting control and reporting systems, while the dependent variable is local government performance accountability, the similarities with the current study are in the performance accountability dependent variable while the difference with previous research, namely the current study using the independent variable clarity of budget targets and reporting systems with internal control as the intervening variable.
3. Study Herawati (2011) entitled The Effect of Budget Clarity, Accounting Control and Reporting System on Performance Accountability of Jambi City Government

Agencies. The results of the research on the clarity of budget targets and accounting control have a negative effect on AKIP, the reporting system has a positive effect on AKIP, the similarities with current research are the independent variable clarity of budget targets, reporting systems and the dependent variable of government agency performance accountability. accounting controls and the addition of internal control variables as intervening variables.

4. Study Paramitha (2016) entitled *The Effect of Budget Target Accuracy, Public Sector Managerial Control System and Reporting System on Performance Accountability*. The results of the study show that if the accuracy of budget targets has a positive and significant effect on the accountability of the performance of the SKPD in Tabanan Regency, the public sector managerial control system has a positive and significant effect on the accountability of the performance of the SKPD. The results of this study also show that the reporting system has a positive and significant effect on SKPD performance accountability, the equation with current research lies in the dependent variable performance accountability, in the independent variable the equation is the accuracy of budget targets and reporting systems,
5. Study Setiawan (2013) entitled *Clarity of Budget Targets, Accounting Control and Reporting System on Performance Accountability of Pelalawan Regency Government Agencies*. The results of the study make it clear that the budget target has a significant effect on the accountability of government agency performance, accounting control has a significant effect on the performance accountability of government agencies and the reporting system has no effect on the performance accountability of government agencies in Pelalawan Regency, the difference with current research and previous research, namely, in previous research. accounting control as one of the independent variables, while in the current study internal control as an intervening variable. And for the equation on the same dependent variable using the performance accountability variable.

The framework of the study is described systematically as presented in the following figure 1.

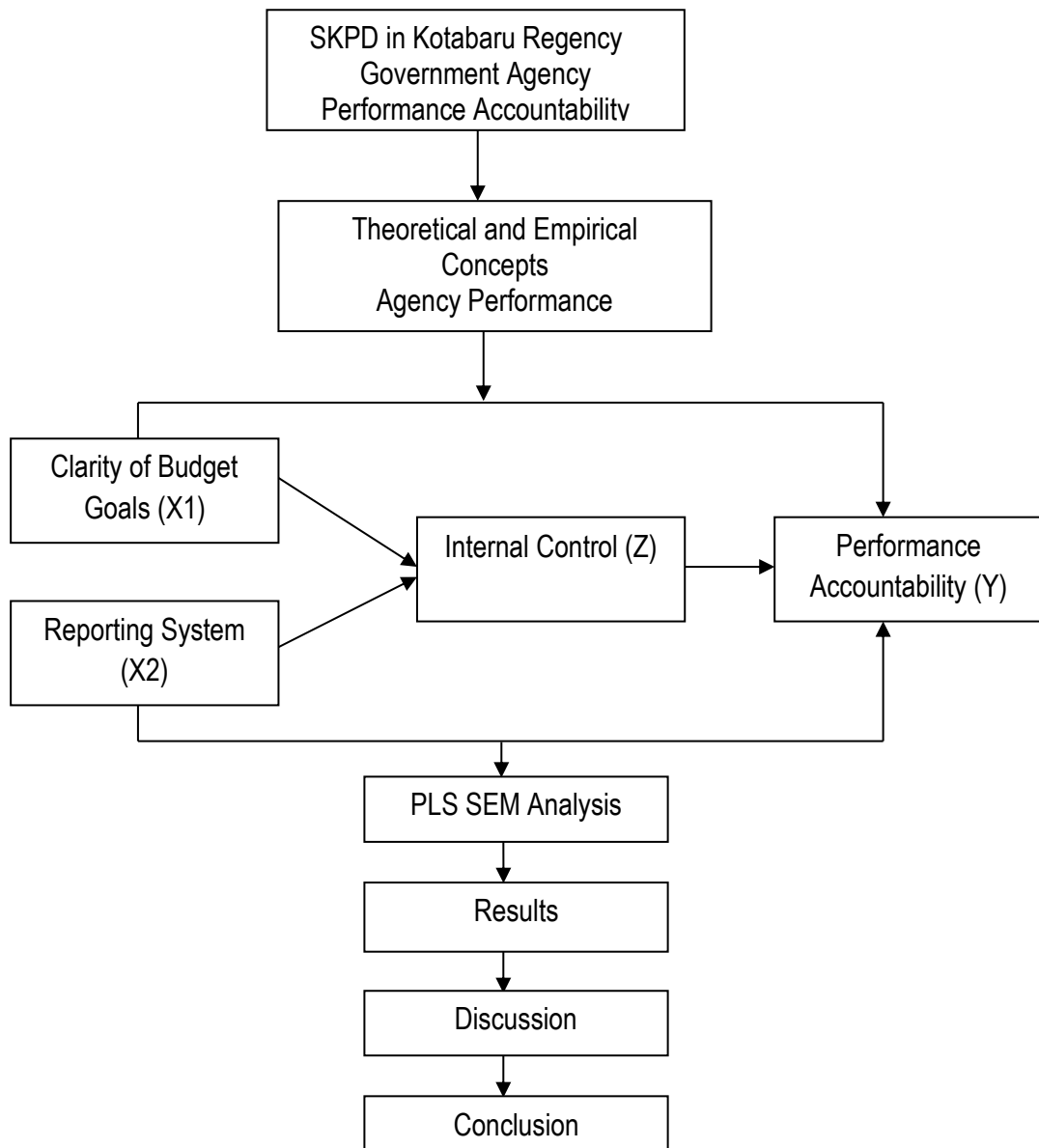
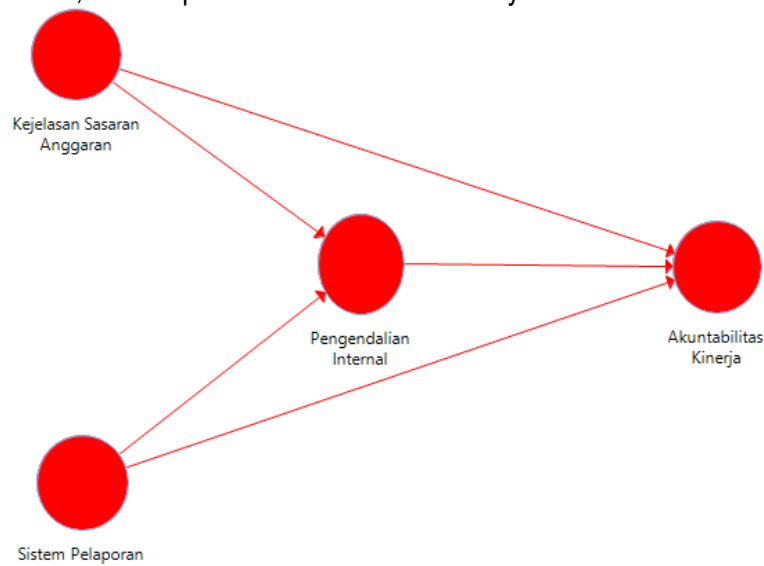


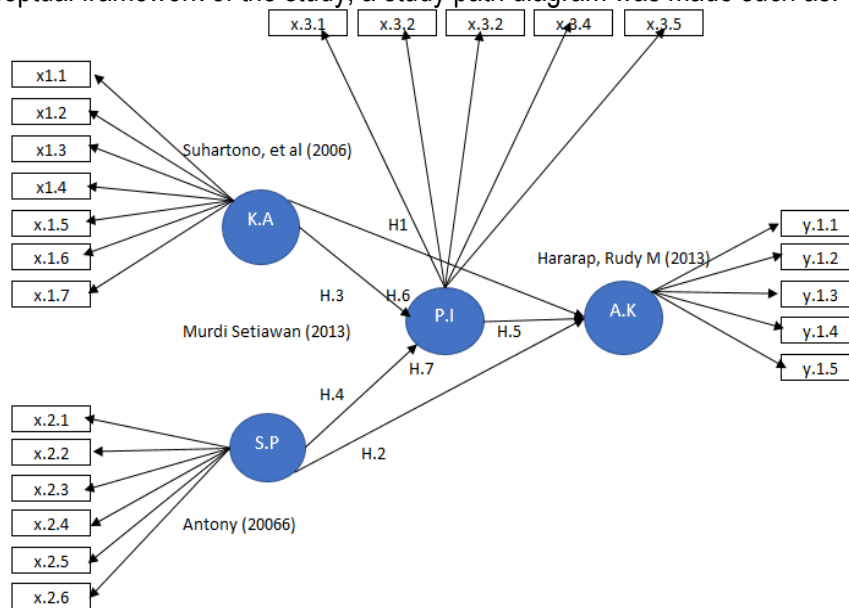
Figure 1 Framework of thinking

Based on this framework, a conceptual framework for the study can be made which is described as:



**Figure 2 Conceptual Framework**

From the conceptual framework of the study, a study path diagram was made such as:



**Figure 3 Study Path Chart**

Based on the conceptual framework of the study, which was prepared in accordance with expert opinion, and the results of previous studies, the study hypotheses were formulated, namely:

H1: The clarity of budget targets has a significant impact on the accountability of the performance of the Kotabaru District Government. Kenis (1979) in Suhartono, Ehrmann; Solichin (2006) said that the clarity of budget targets as a calculation of how far the

budgeting objectives are determined in real and detailed terms so that the budget can be understood by those responsible for obtaining budget targets, so that it can trigger employees to act as well as possible to achieve the desired goals. According to Pangumbalerang & Pinatik (2014), the results of his research show that the clarity of budget targets has a positive but not significant impact on the accountability of the performance of the government of DIPENDA and BPKBMD of Bitung City. Own study Yulianti



et al., (2014) explain if the clarity of budget targets affects the accountability of government performance.

H2: The reporting system has a significant impact on the accountability of the performance of the Kotabaru District Government. Mardiasmo (2009) said that accountability is a manifestation of the government's responsibility for activities that have been carried out for a period of one year which are composed of reporting media. Study Setiawan (2013) shows that the reporting system does not affect the performance accountability of Pelalawan Regency. Study Yulianti et al., (2014) explain if the clarity of budget targets, difficulty of budget targets, accounting controls, and reporting systems affect the accountability of government performance.

H3: Clarity of budget targets has a significant impact on the internal control of the Kotabaru Regency Government. Hidayattullah & Herdjiono (2015) said if the clarity of the budget target as an assessment of how far the budget objectives were determined in a clear and detailed manner so that the budget could be understood by the party responsible for obtaining the budget target. Kaltsum & Rohman (2014), the results of his study show that the clarity of budget targets also has a significant impact on internal control. The clarity of budget targets without a basis also affects the accountability of government performance through intervening variables from the internal control system. Study Herawati (2011) shows that the clarity of budget targets has a negative impact on government performance accountability.

H4: The reporting system has a significant impact on the internal control of the Kotabaru Regency Government. Financial and accounting reports contain definitions as the stage of collecting, managing, as well as communication and information systems that are useful for making decisions, as well as

evaluating organizational performance (Mardiasmo, 2009). Juanda (2019) through the results of his study, explained that the accounting information system variable had a positive and significant impact on the effectiveness of internal control sales of PT Indosat (Tbk) Medan. Study Yendrawati (2013) explain when the system of internal control without significant impact on the quality of financial reporting information.

H5: Internal control has a significant impact on the accountability of the performance of the Kotabaru District Government SKPD, Government Regulation no. 60 of 2008 describes the internal control system as a stage that is connected to activities and actions that are carried out continuously by the leadership and by all employees in order to provide confidence in the effective achievement of organizational goals, reliable financial reporting, secure state assets, and compliance with laws and regulations. Next, according to Government Regulation no. 58 of 2005 concerning Regional Financial Management, explained that for the sake of improving performance, transparency, and accountability in managing regional finances, regional heads need to manage and implement an internal control system within the local government that he leads. Anggraini et al (2015) said that the implementation of regional accounting systems, internal controls, and reporting systems affected the accountability of government performance. The results show that the internal control variables affect the accountability of the Pekanbaru City government's performance. The results of other studies show different results in the study Santoso (2016), if the government's internal control system utilizes information technology and human resource capabilities affect financial accountability, the result is that the government's internal control system has no significant positive effect on regional financial accountability.

H6: Internal control mediates the effect of clear budget targets on performance accountability in the SKPD of the Kotabaru Regency Government. Hidayattullah & Herdjiono (2015) said that the clarity of the budget targets as an assessment of how far the budget objectives are determined in detail with the intention of those who are responsible for them can understand them, especially regarding the acquisition of the budget targets. (Suhartono, Ehrmann; Solichin, 2006), public accountability is an effort to provide information and disclose the effectiveness and financial performance of the government to interested parties. (Herawati, 2011) said that efforts to increase the accountability of local government financial reports must apply an internal control system to avoid fraud. According to Amijaya, (2019) through his study, it is clear that the internal control variable has a positive influence on the accountability of local government financial statements with the government, either as an intervening simultaneously or separately.

H7: Internal control mediates the influence of the reporting system to have a significant effect on performance accountability in the SKPD of the Kotabaru Regency Government. Anthony & Govindarajan (2009) said that the reporting system is a reporting system that explains the responsibility system of employees to the leadership. In study Kusumaningrum (2009) shows that accounting controls have a positive effect on government performance accountability. However, Herawati (2011) explain when accounting controls without affecting the accountability of government performance.

## METHODS

The scope of this study is that all SKPDs within the Kotabaru Regency Government are 30 (thirty) SKPDs, including 19 Departments, 6 Agencies, Inspectorates, RSUD, Satpol PP, and 2 Secretariats. This

study focuses on the performance accountability of the Kotabaru Regency government with the variables studied, namely performance accountability, budget clarity, reporting systems, with internal control intervening variables.

The approach in this study is a quantitative approach. This study analyzes quantitative data in the form of numbers from the calculation of each attribute of the measurement variable (Chandarin, 2018). This study is an associative quantitative type. The study with a quantitative approach emphasizes the analysis of numerical data obtained through statistical procedures. Research according to the level of explanation aims to explain the position of the analyzed variables and the relationship/influence or compare each variable. Daulay & Pure (2010) stated that associative studies are studies with the aim of finding out the relationship between two or many variables. The linkage in question is a causal relationship that describes and analyzes the effect of one variable on other variables.

This study can be grouped into survey research, which is a study carried out on the population with the observed data coming from the sample Sugiyono (2015). The data used is primary data as data obtained by researchers directly (from first hand). This data was obtained through a questionnaire distributed through the WhatsApp messaging application by filling out a Google Form <https://forms.gle/S9uUCjmZW46G2P XK6>.

The process of collecting data in this study was carried out through various procedures, namely the distribution of 82 questionnaires to respondents via the whatsapp message application with google form to the SKPD of the Kotabaru Regency Government, totaling 30 SKPD. Each SKPD type A received 3 questionnaires: the head of the SKPD, the head of the planning subsection, and the head of the finance subsection and the type B SKPD received 2 questionnaires: the head of the

SKPD and the head of the planning and finance subsection. Based on the set time limit, the questionnaire sent via WhatsApp by filling in the Google Form questionnaire. The 82 questionnaires sent, all questionnaires returned (100%).

Characteristics of respondents in this study are budget users, planning and financial

managers of SKPD Kotabaru Regency. Through the data collected from the descriptions of the participants, they are divided into gender, age of the respondent, the last education of the respondent, educational background, group in employment, position, and years of service.

**Table 1 Characteristics of Respondents**

No.	Characteristics	Amount	Percentage (%)	
1	Gender	a. Man	49	59,80
		b. Woman	33	40,20
			82	100.00
2	Age	a. 25 - 35 years	0	00.00
		b. 36 - 45 years old	15	18.30
		c. > 45 years old	67	81.70
			82	100.00
3	Last education	a. Diploma III	0	00.00
		b. Bachelor	39	47,50
		c. Postgraduate	34	41.50
		d. Other	9	11.00
			82	100.00
4	Educational background	a. Accountancy	24	29.30
		b. Management	21	25,60
		c. Social	12	14.60
		d. Other	25	30,50
			82	100.00
5	Rank/Class	a. Group III	47	57.30
		b. Group IV	35	42.70
			82	100.00
6	Position	a. Head of Department/Agency	30	30,60
		b. Head of Finance Subdivision	22	26,80
		c. Head of Planning Subdivision	22	26,80
		d. Head of Subdivision of Planning and Finance	8	9.80
			82	100.00
7	Years of service	a. 6 - 10 years	1	1.20
		b. 11 - 15 years	12	14.60
		c. > 15 years	69	84.20
			82	100.00

**Description of Research Variable Statistics**

The results of the descriptive test can be seen through Table 2.

**Table 2 Description of Statistics**

	N Statistic	Minimum Statistic	Maximum Statistic	Mean		Std. Deviation Statistic	Variance Statistic
				Statistic	Std. Error		
Kejelasan_SA	82	2	5	4,30	,067	,605	,366
Sistem_Pelaporan	82	2	5	4,43	,055	,498	,248
Pengendalian_Internal	82	2	5	4,47	,066	,599	,359
Akuntabilitas_Kinerja	82	2	5	3,75	,083	,755	,570
Valid N (listwise)	82						

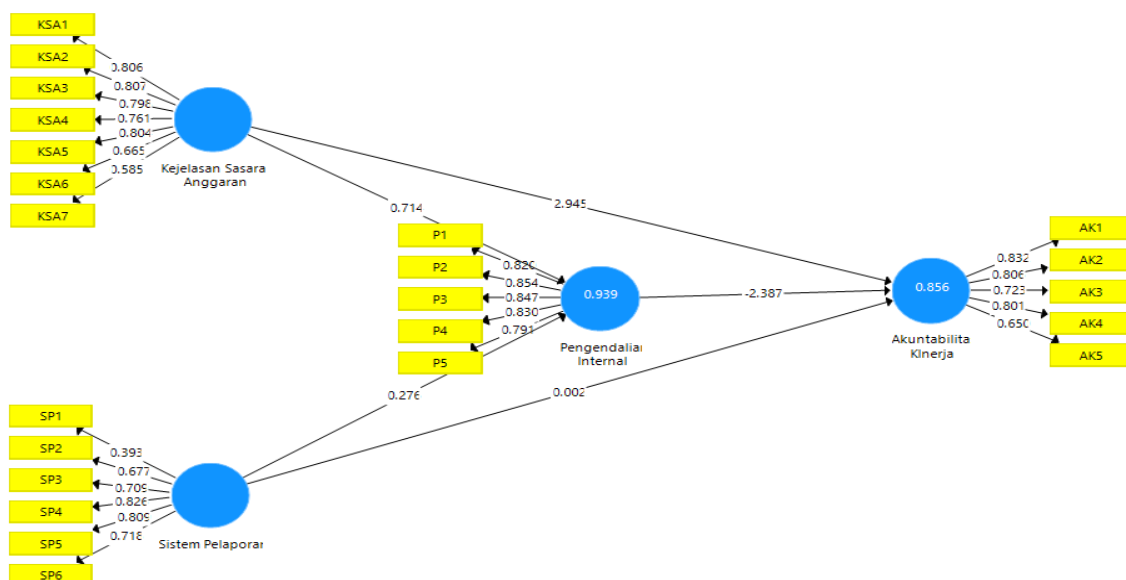
Source: Data processed 2021

**RESEARCH RESULT**

The results of descriptive statistical analysis in this study describe the maximum, minimum, mean, and standard deviation values. The budget target clarity variable has the lowest score from the respondent's answer, which is 2 while the maximum score from the participant's answer is 5 so that the mean total score for the answer is 4.30 with a standard error of 0.067 and a standard deviation of 0.605. The reporting system variable has the lowest (minimum) score from the respondent's answer, which is 2 and the maximum score from the participant's answer is 5 so that the average number of answer scores is 4.43 with a standard error of

0.055 and a standard deviation of 0.498. The internal control variable has a minimum score of participants' answers that is 2 and the maximum score of participants' answers is 5 so that the average number of answers scores is 4.47 has a standard error of 0.066 and a standard deviation of 0.599. The performance accountability variable has a minimum score of 2 from participants' answers and the highest maximum score from participants' answers is 5 so that the average number of answers scores is 3.75 with a standard error of 0.083 and a deviation value of 0.755.

Hypothesis testing in this study uses PLS analysis with the smartPLS 3.0 program, and the scheme is according to Figure 4.



**Figure 4 Outer Loading Schematic Model to 1**

This model details the relationship between latent variables and their indicators. It can be said that if the measurement model explains each variable indicator related to its latent variable, the tests carried out in the outer model include:

In order to test convergent validity, use the value of the outer loading or loading factor.

The indicator turns out to be in accordance with convergent validity in a good category if the outer loading value is more than 0.7. Ghozali, (2014) said that if the outer loading value is in the range of 0.5 to 0.6, it is assumed that it meets the requirements of convergent validity. Attached are the outer loadings values of each indicator in the study variable:

**Table 3 1st Outer Loading Results**

<b>Variable</b>	<b>Indicator</b>	<b>Outer Loading</b>
Budget System Clarity	KSA1	0.806
	KSA2	0.807
	KSA3	0.798
	KSA4	0.761
	KSA5	0.804
	KSA6	0.665
	KSA7	0.585
Reporting System	SP1	0.393
	SP2	0.677
	SP3	0.709
	SP4	0.826
	SP5	0.809
	SP6	0.718
Internal control	P1	0.820
	P2	0.854
	P3	0.847
	P4	0.830
	P5	0.791
Performance Accountability	AK1	0.832
	AK2	0.806
	AK3	0.723
	AK4	0.801
	AK5	0.650

Source: SmartPLS 3 output, data processed 2021

According to the description above, it is clear that each indicator of the majority study variable has an outer loading value of less than 0.7. However, there are still indicators in the variable that have an outer loading of more than 0.7. Ghozali, (2014) said that if the value of the outer loading ranged from 0.5 to 0.6, it was assumed that it met the convergent validity

requirements. In Table 3 it is found that the value < 0.5 on the SP1 reporting system indicator, the indicator on SP1 is 0.393 invalid so it is not suitable as an indicator that describes the reporting system variables, then SP1 is dropped from the reporting system variable indicator section, so that the results of the outer loading to -2 got:

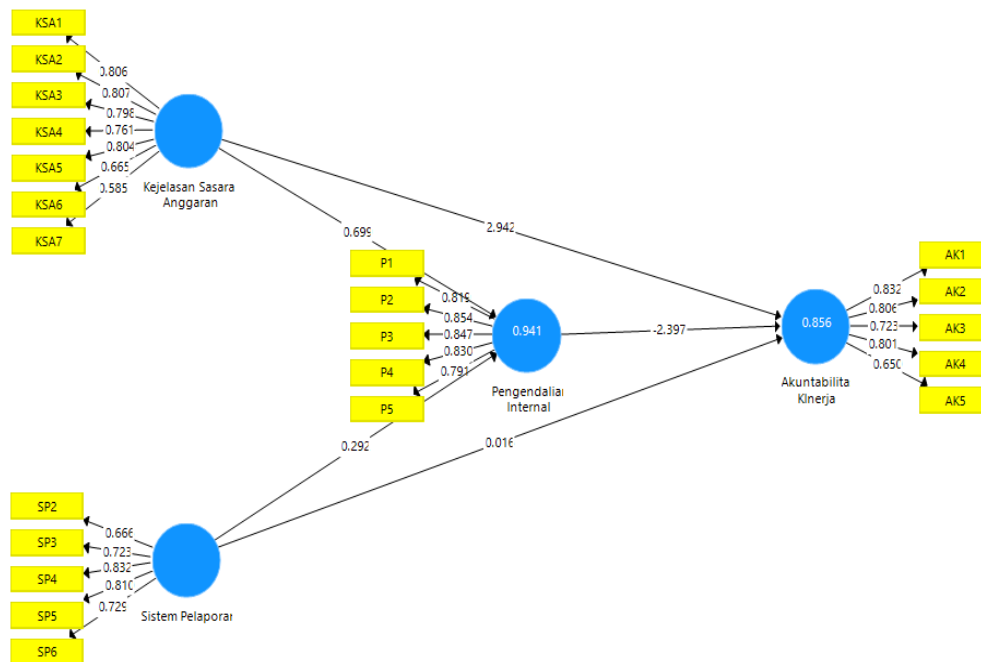


Figure 5 2nd Outer Loading Schematic Model

Table 4 2nd Outer Loading Results

Variable	Indicator	Outer Loading
Budget System Clarity	KSA1	0.806
	KSA2	0.807
	KSA3	0.798
	KSA4	0.761
	KSA5	0.804
	KSA6	0.665
	KSA7	0.585
Reporting System	SP2	0.666
	SP3	0.723
	SP4	0.832
	SP5	0.810
	SP6	0.729
Internal control	P1	0.820
	P2	0.854
	P3	0.847
	P4	0.830
	P5	0.791
Performance Accountability	AK1	0.832
	AK2	0.806
	AK3	0.723
	AK4	0.801
	AK5	0.650

Source: SmartPLS 3 output, data processed 2021

The discriminant validity test uses the cross loading value. The indicator turns out to be in accordance with discriminant validity if the value of the cross loading indicator in the

variable is the largest compared to other variables. Attached in Tabel 5 is a description of the cross loading values in each indicator.

**Table 5 2nd Outer Loading Results**

Indicator	Variable			
	Budget System Clarity	Reporting System	Internal control	Performance Accountability
KSA.1	0.806	0.456	0.473	0.391
KSA.2	0.807	0.412	0.385	0.360
KSA.3	0.798	0.205	0.202	0.333
KSA.4	0.761	0.327	0.293	0.257
KSA.5	0.804	0.237	0.264	0.488
KSA.6	0.665	0.456	0.473	0.488
KSA.7	0.585	0.412	0.385	0.412
SP.2	0.525	0.666	0.487	0.377
SP.3	0.626	0.723	0.566	0.448
SP.4	0.807	0.832	0.804	0.360
SP.5	0.798	0.810	0.807	0.333
SP.6	0.564	0.729	0.627	0.198
P1.1	0.806	0.706	0.819	0.391
PI.2	0.807	0.832	0.854	0.360
PI.3	0.798	0.810	0.847	0.333
PI.4	0.761	0.733	0.830	0.257
PI.5	0.709	0.723	0.791	0.488
AK.1	0.665	0.473	0.456	0.832
AK.2	0.585	0.385	0.412	0.806
AK.3	0.334	0.202	0.205	0.723
AK.4	0.419	0.293	0.205	0.801
AK.5	0.362	0.264	0.237	0.605

Source: SmartPLS 3 output, data processed 2021

According to the description above, it can be concluded that the cross loading indicator value in the variable is the largest compared to other variables. This explains that the indicators used in this study already have good discriminant validity when compiling each variable.

*Composite reliability* is a part to test the value of the reliability of indicators in a variable. The variable is found to be in accordance with composite reliability if the composite reliability value is more than 0.6. Attached in Table 6 are the composite reliability values of each variable in this study.

**Table 6 Results Composite Reliability**

<b>Variable</b>	<b>Composite Reliability</b>
Performance Accountability	0.875
Clarity of Budget Goals	0.899
Internal control	0.916
Reporting System	0.868

Source: Data processed 2021

Based on this presentation, it can be explained if the composite reliability value for all variables in this study is more than 0.6. This case shows that if each variable is in accordance with composite reliability, it can be concluded that all variables have a high enough reliability value.

The construct is considered to have high reliability if the AVE is more than 0.50. A description of the AVE value for all variables is presented in Table 7.

**Table 7 Average Variance Extracted (AVE)**

<b>Variable</b>	<b>Composite Reliability</b>
Performance Accountability	0.586
Clarity of Budget Goals	0.564
Internal control	0.686
Reporting System	0.569

Source: Data processed 2021

According to the description, it is explained that if the AVE value for all variables is above 0.50 it means that all variables are said to be reliable.

The collinearity statistics test is carried out to find out the relationship between indicators that multicollinearity occurs, namely through the VIF value. If the VIF value is less than 5, it can be said that there is no collinearity. If the VIF value is more than 5, it means that there is collinearity. Attached in Table 8 is the VIF test results.



**Table 8 Collinearity Statistics (VIF) Results**

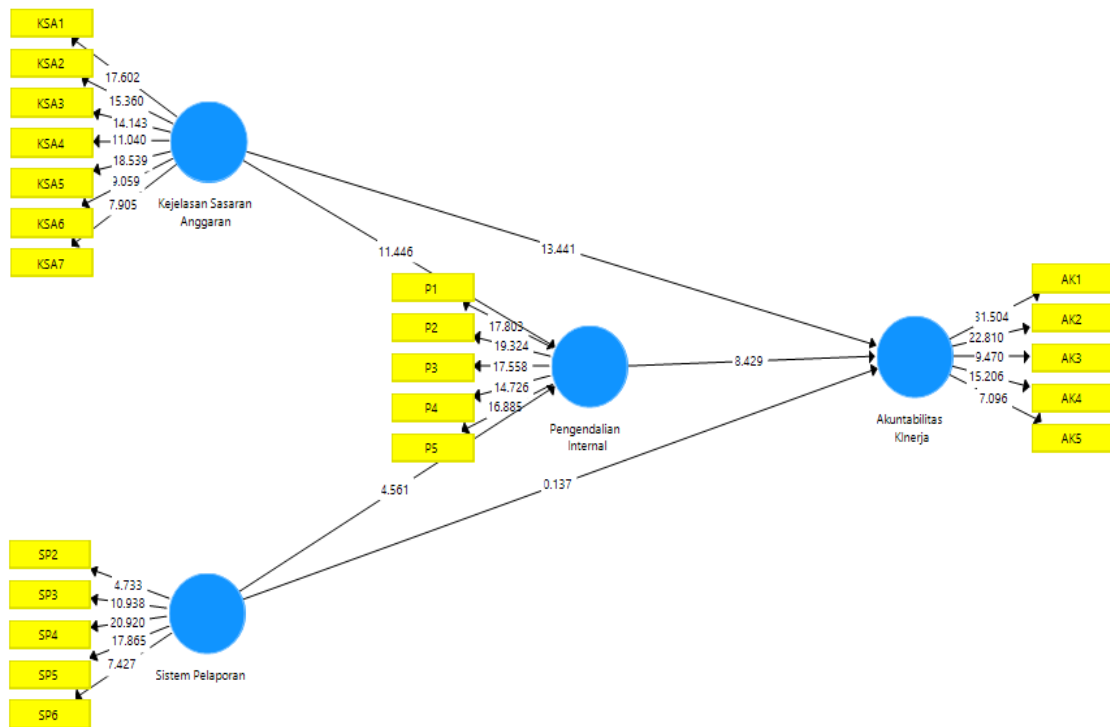
Indicator	VIF
KSA.1	2,166
KSA.2	2,470
KSA.3	2,552
KSA.4	2,521
KSA.5	2,118
KSA.6	1,836
KSA.7	1,654
SP.2	1.522
SP.3	1.558
SP.4	2.012
SP.5	1,919
SP.6	1,586
P1.1	2.063
PI.2	2,442
PI.3	2,373
PI.4	2,436
PI.5	1,879
AK.1	1,792
AK.2	1,661
AK.3	1,820
AK.4	2,347
AK.5	1,619

Source: Data processed 2021

According to the description, it explains if all indicators in this study are worth less than 5 or without multicollinearity problems.

The structural model test was carried out in order to be able to observe the relationship between the constructs, the significance value, and the R-square of the study model. The structural model was evaluated using R-square for the bound constructs of the t-test and the significance of the coefficients of the structural path indicators.

Patch Coefficient Test Path coefficient evaluation aims to show whether the independent variable strongly influences the dependent variable. The use of coefficient determination intends to determine the number of endogenous variables affected by other variables. Ghozali, (2014) explained that if the results of the determination coefficient were more than 0.67 for endogenous latent variables in the structural model, it gave an indication that exogenous variables affected endogenous variables and were categorized quite well. If the results obtained are 0.33 to 0.67, it is in the medium category, and if it has 0.19 to 0.33 results, it is in the weak category.



**Figure 6 Patch Coefficient Value**

According to the description, it is explained that if the path coefficient value is greatest shown through the clarity of budget targets that affect performance accountability of 13,441, then the smallest path coefficient value is shown by the reporting system that affects performance accountability of 0.137. According to the picture above, it is clear that all the variables in this model have a positive numbered

path coefficient. It shows that the greater the value of the path coefficient in one independent variable on the dependent variable, the stronger the independent variable affects the dependent variable.

Based on data processing, there is a translation of the interpretation of values (Table 9).

**Table 9 R Value Interpretation Tabulation**

No.	Coefficient Interval	Relationship Level
1	0.800-1,000	Very high
2	0.600-0.799	Tall
3	0.400-0.599	Low
4	0.200-0.399	Currently
5	0.00-0.1999	Very low

Source: Sugiyono (2009)

The R-Square value interpretation is obtained using smartPLS 3.0, resulting in an R-Square value (Table 10).

**Table 10 R-Square Value Results**

Variable	R-Square
Performance Accountability	0.856
Internal control	0.941

Source: Data processed 2021

Based on the explanation above, it shows that the R-Square value of the performance accountability variable is 0.856. This value describes if the percentage of the performance accountability variable which is clarified by the clarity of budget targets, reporting systems, and internal control is 85.6%, then the R-Square value is categorized as very high or good. The internal control variable obtained an R-square value of 0.941, meaning that the R-Square value was categorized as very good. This value explains that the percentage of the internal control variable clarified by the clarity of the budget target and reporting system is 94.1%, while the rest is influenced by other variables.

The goodness of fit value is obtained through the Q-Square value as the same value as the R-Square in the regression analysis. The

higher the Q-Square, it means that the model can be said to be getting better/fit with the data. Based on the calculation above, the Square value of 0.941 is obtained, clarifying the diversity of study data as clarified by the study model of 94.1%. The remaining 5.9% is explained by other factors outside the study model. On that basis, the results reveal that the study model has a good goodness of fit.

According to data processing, the results obtained are to provide answers to the hypotheses in this study, namely looking at the value of T-Statistics and the value of P-Values. Acceptance of the hypothesis in this study if the P-Values value is less than 0.05. Attached in Table 11 is the hypothesis testing obtained from the inner model.

**Table 11 Hypothesis Test Results**

Variable	Original Sample	Sample Mean	Standard Deviation(STDEV)	T-Statistics (O/STDEV)	P-Value
Clarity of Budget Goals -> Performance Accountability	2,942	2,949	0.219	13,441	0.000
Reporting System -> Performance Accountability	0.016	0.012	0.114	0.137	0.891
Clarity of Budget Goals -> Internal Control	0.699	0.692	0.061	11,446	0.000
Reporting System ->Internal Control	0.292	0.300	0.064	4,561	0.000
Internal Control -> Performance Accountability	-2.397	-2,408	0.284	8,429	0.000

Source: Data processed 2021

The test in PLS was carried out statistically for each hypothesized relationship

through simulation: the implementation of the bootstrap procedure on the sample. Testing

using bootstrap is intended to reduce the problem of abnormality in the study data. The test results using bootstrapping through PLS analysis are decomposed according to the following points:

H1: The clarity of budget targets has a significant impact on the accountability of the performance of the Kotabaru District Government. The test results of the budget target clarity variable on performance accountability obtained a p-value of 0.000 less than 0.05 or it is clear that if the clarity of the budget target has a positive and significant impact on performance accountability, the magnitude of the effect is 2.942, then the decision of the first hypothesis is accepted. This result also makes it clear that increasing clarity of budget targets can trigger an increase in the performance accountability of the Kotabaru Regency Government.

H2: The reporting system has a significant impact on the accountability of the performance of the Kotabaru District Government. The results of testing the budget reporting system variable on performance accountability obtained a p-value of  $0.891 > 0.05$  or it makes it clear that if the reporting system is not meaningful for performance accountability, the second hypothesis is rejected. This case explains if the reporting system negatively affects performance accountability. These results explain if the reporting system at the local government does not function to optimize accountability to the Kotabaru Regency Government.

H3: Clarity of budget targets has a significant impact on the internal control of the Kotabaru Regency Government. The test results of the budget target clarity variable on internal control obtained a p-value of 0.000 less than 0.05 or the clarity of the budget target has a

positive and significant impact on internal control, the magnitude of the effect is 0.699, the third hypothesis is accepted. These results make it clear that increasing clarity of budget targets can trigger improvements to internal control by ensuring that operations are carried out properly, structured, and in succession at the Kotabaru Regency Government.

H4: The reporting system has a significant impact on the internal control of the Kotabaru Regency Government. The results of testing the internal control variable on performance accountability obtained a p-value of  $0.000 < 0.05$  or it was clear that if internal control had a significant influence on performance accountability, it was decided to accept the fourth hypothesis. These results indicate that internal control ensures that operations can be carried out properly, structured, and successively in order to increase the accountability of the Kotabaru Regency Government.

H5: Internal control has a significant impact on the accountability of the performance of the Kotabaru District Government SKPD. The test results of the budget reporting system variable on internal control obtained a p-value of 0.000 more than 0.05 or the budget reporting system has a positive and significant impact on internal control, the magnitude of the effect is 0.292, it can be said that the fifth hypothesis is accepted. These results also make it clear that a good reporting system plays a very important role in improving internal control in the Kotabaru Regency Government. The results of the PLS Bootstrapping test to test the hypothesis of target clarity on performance accountability through internal control as an intervening variable and reporting systems on performance accountability through internal control which become the intervening variable are:

**Table 12 Hypothesis Testing Results through Intervening Variables**

Variable	Original Sample	Sample Mean	Standard Deviation(STDEV)	T-Statistics (O/STDEV)	P-Value
Clarity of Budget Goals -> Performance Accountability -> Internal Control	1,675	1,670	0.280	5,987	0.000
Reporting System -> Performance Accountability -> Internal Control	0.701	0.716	0.154	4,560	0.000

Source: Data processed 2021

H6: Internal control mediates the effect of clear budget targets on performance accountability in the SKPD of the Kotabaru Regency Government. According to the description, it can be concluded that if the p-value of 0.000 is less than 0.05 or the budget target clarity variable has a significant influence on performance accountability through the internal control variable as an intervening variable, it is 1.675. This means that the sixth hypothesis is accepted. Explain if internal control is able to mediate the effect of the clarity of budget targets on the accountability of the performance of the Kotabaru Regency Government.

H7: Internal control mediates the influence of the reporting system to have a significant effect on performance accountability in the SKPD of the Kotabaru Regency Government. According to the description, concluding that if the p-value of 0.000 is less than 0.05, it means that the reporting system variable has a significant influence on performance accountability through the internal control variable which is the intervening variable of 0.701, meaning that the seventh hypothesis is accepted. This matter explains if internal control can mediate the reporting system that affects the accountability of the performance of the Kotabaru Regency Government.

## CONCLUSION

The clarity of the budget targets has a significant effect on the accountability of the performance of government agencies, so H1 is accepted. The reporting system has no significant effect on performance accountability, so H2 is rejected. The clarity of budget targets has a positive and meaningful impact on internal control, so H3 is accepted. Internal control has a significant effect on the performance accountability of government agencies, so H4 is accepted. The reporting system has a significant effect on internal control, so H5 is accepted. Internal control as an intermediary for clarity of budget targets that affect the performance accountability of government agencies, it can be concluded that internal control as an intermediary variable has a positive and significant influence in mediating the relationship between the clarity of budget targets and the accountability of government agencies' performance, so H6 is accepted. Internal control mediates the reporting system that affects the performance accountability of government agencies, concluding that internal control which is the intermediary variable has a positive and meaningful influence in mediating the relationship between the reporting system and the accountability of government agencies' performance, so H7 is accepted. Internal control can act as an intermediary for the reporting system for good performance accountability. SKPD leaders as internal controllers play a role

in controlling all activities in achieving the programs and activities to be achieved. Internal control mediates the reporting system that affects the performance accountability of government agencies, concluding that internal control which is the intermediary variable has a positive and meaningful influence in mediating the relationship between the reporting system and the accountability of government agencies' performance, so H7 is accepted. Internal control can act as an intermediary for reporting systems for good performance accountability. SKPD leaders as internal controllers play a role in controlling all activities in achieving the programs and activities to be achieved. Internal control mediates the reporting system that affects the performance accountability of government agencies, concluding that internal control which is the intermediary variable has a positive and meaningful influence in mediating the relationship between the reporting system and the accountability of government agencies' performance, so H7 is accepted. Internal control can act as an intermediary for reporting systems for good performance accountability. SKPD leaders as internal controllers play a role in controlling all activities in achieving the programs and activities to be achieved. concludes that internal control which is the

intermediary variable has a positive and significant influence in mediating the relationship between the reporting system and the performance accountability of government agencies, so H7 is accepted. Internal control can act as an intermediary for reporting systems for good performance accountability. SKPD leaders as internal controllers play a role in controlling all activities in achieving the programs and activities to be achieved. concludes that internal control which is the intermediary variable has a positive and significant influence in mediating the relationship between the reporting system and the performance accountability of government agencies, so H7 is accepted. Internal control can act as an intermediary for reporting systems for good performance accountability. SKPD leaders as internal controllers play a role in controlling all activities in achieving the programs and activities to be achieved.

The researcher recommends that the next research expands the object of study so that it is not only SKPD, but can be carried out in private sectors such as companies. Not only that, future researchers can improve this study by analyzing factors that influence performance accountability more, such as accounting control, budget participation, and public accountability.

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