

## ACCOUNTABILITY DOCUMENT AS A SYMBOL OF THE EFFECTIVENESS OF LOCAL GOVERNMENT FINANCIAL MANAGEMENT

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### Abstract

*Preparing the Accountability Document (AD) is a process carried out by local governments to ensure transparency and accountability in financial management. The AD is used as a means to monitor and account for regional financial management that has been obtained every period. This document is made routinely every period and contains information files about the use of funds in an activity, as well as the results of budget absorption achieved in a period. This study aims to analyze how preparing AD exhibits the effectiveness of local government financial management. This research uses qualitative methodology with interview techniques. Data analysis techniques use qualitative analysis consisting of data reduction, data presentation, and conclusion drawing and verification. The results of this study concluded that AD plays an important role in ensuring that financial management is carried out transparently and accountably. This document allows local governments to monitor and supervise the use of funds received by each regional apparatus agency, as well as ensure that these funds are in accordance with government objectives and interests.*

**Keywords:** Accountability Document, local government financial management, transparency

### Introduction

The effectiveness of local government financial management can be interpreted as the ability of local governments to use financial resources effectively and efficiently to achieve development goals and improve public welfare. This includes aspects of accountability, transparency, control, and honesty in managing public finances. The effectiveness of local financial management is also related to the ability of local governments to optimize the budget, recalculate the potential for regional revenue, and increase community participation in development. In order to increase effectiveness, local governments must pay attention to the level of allocation efficiency and effectiveness of activities in achieving clear goals and objectives, as well as improving the quality of human resources through education and technical development of performance-oriented budget planning (Rahayu, 2022).

The findings of Septariani & Asoka (2021) state that the internal control system has a significant positive effect on the effectiveness of financial management. This shows that the implementation of an internal control system can improve the efficiency and effectiveness of the financial management process. The findings of Rahman & Rachman (2021) state that good governance and internal control are more effective in achieving better financial management results than just using a combination of the two.

Accountability documents (AD) preparation has a relationship with the effectiveness of local government financial management because AD serves as a means to ensure transparency and accountability of local government financial management. AD documents allow local governments to clearly and in detail describe how funds received were used, thereby enabling more effective monitoring and evaluation of financial management. Thus, AD plays an important role in improving the effectiveness of local government financial management, as it allows for better oversight and greater transparency in the use of government funds (Henuk-Kacaribu, 2020).

The mechanism for preparing regional accountability documents (AD) involves several stages that must be carried out systematically and by established procedures. The following are the steps applied, namely the preparation of AD documents, verification of AD documents, re-examination by the Spending Treasurer, further verification and signing by PPK-SKPD, re-examination by the Budget User (PA), and finally the issuance of SP2D. Thus, the mechanism for preparing regional accountability documents (AD) involves several stages that must be carried out systematically and by established procedures to ensure validity and transparency in the management of regional funds (Yuniza, 2021). Indicators of the mechanism for preparing accountability documents (AD) are not found in the sources provided. The source provided contains the optimization of financial performance through e-AD and regional financial management systems but is not specific about the indicators of the mechanism for preparing accountability documents (Henuk-Kacaribu, 2020).

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Although local governments have used information technology to improve the transparency and accountability of financial management, there are still some obstacles that hinder the effectiveness of financial management. These constraints include adjustments to the authority in the use of finance. A phenomenon that occurs in local government financial management is the need to improve transparency and accountability. In recent years, local government has undergone several changes, including the use of information technology to improve transparency and accountability in financial management. In this context, the AD preparation mechanism is very important to determine the effectiveness of local government financial management (Yuniza, 2021).

Indika's findings (2020) state that the government's internal control system and human resource competencies have a significant influence on the effectiveness of regional financial management. The findings of Sari, Muhyarsyah & Wahyuni (2020), state that the existence and effectiveness of the internal control system is very important to ensure the integrity and reliability of financial data. Budget availability has a positive and significant effect on the effectiveness of financial information system implementation. This shows that sufficient budget allocations are needed to support the implementation and maintenance of financial information systems. The findings of Seran (2021) state that the effectiveness of government performance and financial management contributes to the overall welfare of society, which is the main indicator of the value of money.

The purpose of this study was to analyze how the mechanism for preparing accountability documents (AD) affects the effectiveness of local government financial management. This study took place at the East Java Province Bappeda Office, Indonesia. The novelty of this research is that it can broaden the horizons for readers and employees whose performance is related to accountability documents (AD) to be more optimal in carrying out the preparation of these documents due to the important role of AD in the financial statements of a local government.

## Methods

This research uses qualitative methods. Qualitative methods are an approach that focuses on in-depth and subjective observations, to understand the phenomena experienced by research subjects more deeply and holistically. In qualitative methods, researchers not only focus on quantitative data collection but also on the interpretation and analysis of data more broadly and deeply. In qualitative research methods, researchers use data analysis techniques which include data reduction, data presentation, and conclusion drawing and verification (Sugiyono, 2018).

Qualitative methods can be done with various methods, such as narrative, phenomenology, document study, observation, interview, or case study related to the field of study. Unlike quantitative research, this research methodology does not affect the number of samples. However, the sample in this qualitative research is a correspondent who is considered to be able to provide answers to research objectives, meaning that it does not depend on the sample quantity. Two or three people can be assumed to be sufficient.

Data collection techniques in this study used interview techniques. We chose three people whom we consider as suitable informants for this study: the Secretary, Treasurer, and Head of the Finance Subdivision of Bappeda East Java Province. The reason for selecting these informants is because the informants have relevant knowledge and have an important role in the administration of accountability documents and financial management at the Bappeda Office of East Java Province. So that the three informants can provide accurate and detailed information about the mechanism for preparing accountability documents in the effectiveness of local government financial management at the East Java Province Bappeda office.

## Results and Discussions

Preparing accountability documents is a procedure used to create detailed and accurate financial reports. AD is a document that explains the use of funds managed by the expenditure treasurer, as well as a financial report generated by all single bookkeeping systems implemented by the treasurer. In the AD document, there is information about the activities that have been carried out, the realization of expenditure, who carried out, and the output of these activities. This mechanism is very important in monitoring the use of funds and ensuring that the expenditure of funds is per the budget and applicable rules (Hakim, 2017).

In practice, the AD preparation mechanism at the East Java Provincial Bappeda Office is carried out through several stages and verification of file completeness. First, the budget preparation section collects data and information related to budget revenue, preparation of work activity programs, and predictions of budget absorption results achieved in a period. Second, every work activity, both in the form of activities in the office and official travel outside the office, is recorded in a physical receipt and an existing online expenditure administration system. Third, the existing physical file will go to the financial verifier to be verified starting from the nominal, shopping account code, shopping transaction information, and the completeness of supporting shopping transactions. Fourth, the verified files and online transaction recapitulation will be scrutinized for the similarity of the total nominal. Finally, if it has been declared balanced or following no difference and the AD file is declared complete, the physical file and printout of the data pull from the online

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system are submitted to the Treasurer and KPA (Budget User Authority) to be re-examined and authorized. If all these processes have been carried out, an inherent supervision report can be made on the financial position under the AD for that period. This AD document assists local governments in monitoring and supervising financial management in each local government agency, as well as in ensuring that financial management is carried out effectively and efficiently.

*What is the definition of AD and what is its role in financial management?*

*“AD is a report of activities that have been carried out, which contains the name of the activity that has been carried out, the realization of the nominal expenditure, and who carried it out. The role of AD in financial management is as an accountability mechanism for spending money and the performance obtained”* (Answer from Secretary of Bappeda Prov. East Java). The results of the interview above show that AD is an accountability document that contains details of the activities that have been carried out. Its role in financial management is as an accountability mechanism for spending money and the performance of a local government agency.

*How to make a correct AD and what should be considered in the process?*

*“AD is made based on expenditure transactions and BKU that have been inputted into SIPD. In the process, it should be noted that the AD must contain details of activities that have been carried out supported by complete expenditure files, for example, receipts/notes, real expenditure lists, task orders/invitations, official travel certificates, tax evidence (if any), executor identity cards”* (Treasurer of Bappeda Prov. East Java)”. Based on the results of the interview above, it shows that the correct AD preparation mechanism involves several steps that must be considered in the process as well as several details of the completeness of the supporting documents for expenditure transactions.

*What are the consequences if the AD made is not in accordance with the rules and how to solve the problem?*

*“If the AD is not per the rules, it can become a finding material for financial auditing institutions such as the Inspectorate or BPK. In order to overcome the possibility of this happening, it is necessary to often coordinate and evaluate regularly with staff who handle the scope of AD in each field in this office to ensure that the input of data into the system is under the work program that has been made, besides ensuring that the accountability documents are presented completely according to existing regulations.”* (Leader of Bappeda Prov. East Java office). From the answers above, it can be concluded that the mechanism for preparing accountability documents (AD) needs to be taken seriously and monitored regularly. This is intended so that the position of the financial statements of a local government agency is safe, reasonable, and accurate.

The mechanism for preparing accountability documents (AD) in the effectiveness of local government financial management refers to the procedures used in local financial management to ensure transparency and accountability for the use of funds. The AD document is a financial report presented by the Budget User (PA) to the local government to account for the use of funds received. This mechanism ensures that the use of funds received by local governments is used effectively and efficiently for the benefit of the community (Henuk-Kacaribu, 2020).

*How do you see the role of accountability documents (AD) in the financial management of local government in East Java Province, especially in the East Java Provincial Bappeda Office?*

*“AD plays a very important role in local government financial management. It ensures transparency and accountability in the use of funds and enables effective monitoring of financial management. Thus, AD helps improve the effectiveness of local government financial management in East Java Province, especially in the Office of Bappeda of East Java Province.”* (Head of Finance Division of Bappeda Prov. East Java). From the discussion above, the role of accountability documents (AD) is very important for each local government agency because these documents are real evidence of expenditure transactions made so that the things outlined in the financial statements can later be accounted for.

*What do you think often arises in the mechanism of preparing accountability documents (AD) within the Bappeda of East Java Province?*

*“The challenges we face in financial management, especially in the mechanism for preparing accountability documents (AD) are the timeliness of submitting data supporting expenditure transactions from implementers, the accuracy of human resources in inputting data into the system, and the emergence of budget shortfalls for activities/expenditures so that there must be P-APBD. To overcome this challenge, we are trying*

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to improve coordination within the office and with the regional financial management agency, in this case, *BPKAD*” (Head of Finance Division of Bappeda Prov. East Java).

Based on the results of the interview, it shows that the challenges in the mechanism of preparing accountability documents (AD) within the East Java Provincial Bappeda include timeliness and discipline, the accuracy of human resources, and the shortage of expenditure budgets that cause P-APBD. To overcome these challenges, the interview results suggest improving coordination both inside and outside the office with related agencies.

*How do you see the role of the Audit Board Auditor (BPK) in monitoring the financial management of local governments in East Java Province?*

*“External Auditors of the Supreme Audit Agency (BPK) play a very important role in monitoring the financial management of local governments in East Java Province. They help ensure that financial management is conducted in a transparent and accountable manner and can be held accountable. Thus, BPK assists in monitoring the use of the central government's financial budget that has been channeled to each local government agency.”* (Treasurer of Bappeda Office, East Java). The results of the interview above show that the Auditors of the Supreme Audit Agency (BPK) play a very important role in monitoring the financial management of local governments in East Java Province.

The mechanism for preparing accountability documents (AD) in the effectiveness of local government financial management ensures transparency and accountability for the use of funds, allows local governments to monitor and supervise the use of funds received by each local government agency, and ensures that the use of these funds is by the objectives and interests of the community so that the relevant agencies can be truly accountable for reporting and using the budget obtained.

### Conclusions

Based on the results and discussion points, this study concludes that the mechanism for preparing accountability documents (SPJ) in the effectiveness of local government financial management at the East Java Province Bappeda office plays a role in ensuring transparency and accountability in the use of funds, thus enabling local governments to monitor and supervise the use of funds that have been channeled to each local government agency, one of which is the East Java Province Bappeda Office. As well as ensuring that the use of these funds is in accordance with the objectives of the work program and the interests of the community. In the context of the effectiveness of local government financial management, the Office of Bappeda can present accountable financial management reports through the support of the mechanism for preparing accountability documents (SPJ) in accordance with regulations.

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