

E-Planning, E-Budgeting and the Quality of Government Institution Performance Accountability System in Indonesia

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Abstract

The purpose of this study is to determine the effect of e-government (e-planning, e-budgeting) on the quality of Government Institution Performance Accountability System (GIPAS). In this study, the quality of GIPAS as dependent variable is measured by the result of GIPAS evaluation. The samples used in this study are 249 local governments (provincial, district, city) all over Indonesia that have been evaluated for their GIPAS. This study uses multiple linier regressions to obtain empirical evidence of this problem. The results show that implementation of e-planning and e-budgeting have positive effect on the quality of Government Institutional Performance Accountability System. E-planning and e-budgeting implementation will increase regional government accountability. Present condition, performance accountability level of local government still in the sufficient category, most of the local governments (provincial, district, city) have not yet implemented e-budgeting. The local government should integrating e-Planning e-Budgeting with regional financial management to optimize the e-government implementation and finally achieves the government accountability.

Keywords : E-Planning, E-Budgeting, Government, Accountability

1. INTRODUCTION

New Public Management has occurred in many countries focused on efficiency, effectiveness, accountability, and transparency of information. E-government is information and communication technology that plays an important role in increasing access and efficiency as well as providing government information and services (Crespo et al., 2017). Good governance requires a relationship between government, community, and the private sector based on the principles of transparency, accountability, and participation (Santosa, 2017). Based on studies conducted by the National Institute of Public Administration (NIPA), the implementation of management accounting information systems or e-government in Indonesia is still not effective in work processes and management systems, lack of strategic planning, and lack of coordination between government institutions (OECD, 2014). Neither the result of the inspection of the Indonesian Supreme Audit Institution (BPK RI) shows that the operation of information technology in local government financial reporting has not been fully effective in supporting government financial reporting because there are still some problems (IHPS BPK RI, 2016). To respond to the demands of society on good governance, the government has tried to implement the accountability principle through accountability reports or periodic accountability reports. The conditions of Accountability Performance of Government Institution as a form of accountability in achieving the goals / strategic objectives of government institution and in the context of realizing good governance as a whole has not shown good performance, there are still 186 Ministries / Institutions / Regional Governments that score with CC predicate, 138 Ministries / Institutions / local Government with C predicate and 3 Districts / Cities with D predicate.

To encourage the better implementation of the government institution performance accountability system, the Ministry of Home Affairs has required all local governments to apply e-government (e-planning and e-budgeting) applications. The implementation of regional planning using the e-planning e-budgeting application is expected to develop a better quality of

accountability for government institution performance. E-planning e-budgeting will be more effective if it has been integrated with regional financial management to achieve good governance.

Ritchi et al. (2015), Chalu & Kessy (2011), Sari (2015), Srivastava (2011) found that the adoption of e-government had a significant positive effect on the quality of accounting information systems in which is the form of government accountability. Mancini and Lamboglia (2017) also show that an integrated Accounting Information System at each level in the planning and budgeting process has a positive effect on the quality of accounting information generated as a form of accountability. E-planning and e-budgeting are new policies in Indonesia, many local governments have not implemented it because there are still many obstacles that occur, besides that, performance accountability of local government institution in Indonesia is still weak. Based on this phenomenon, and based on theory also the results of previous research that supports e-government in this case e-planning and e-budgeting will improve the quality of information systems as a form of accountability, Researchers interested in examining this case to prove the truth of the theory and solve problems in performance accountability system of local government agencies, as well as literature material for further research.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1 Stewardship Theory

Stewardship theory is based on the theory of psychology and sociology as well as derived from the idea of management accounting, where Steward is motivated to behave the desired principal. Stewardship theory describes the condition of the leader whose motivated on the organization's main target results rather than motivated to his interests (Donaldson and Davis, 1991: 49). Stewardship theory explains that shared interest is the basis of the leader's actions. If there is a difference in the interests between the principal and the steward, the steward will try to work as principal actions to achieve the goal together. The important thing in stewardship theory is the leaders align their goals as the principal's objectives (Raharjo, 2007).

2.2 Government Institution Accountability Performance System (GIPAS)

GIPAS is a systematic set of activities, tools, and procedures designed for setting and measuring, collecting data, classifying, summarizing and reporting performance in government institutions on the government institution accountability and performance improvement (Perpres Number 29 year 2014). Performance is the output/results of activities/programs that have been or are intended to be achieved that related to the budget utilization with measured quantity and quality (Perpres Number 29 of 2014). While accountability performance is the government institution's duty to be responsible for the success or failure of the program and activity realization that has been trusted by the stakeholder in achieving measurable organization mission with the stated performance goal/target through the periodic report of the performance government institution. The performance measurement is a method or tool used to records and evaluates the activity accomplishment implementation based on the goals, target, and strategy. The Governance improvement and management system is the main agenda in the government reformation which is running by the government. Government management system that focused on accountability and performance development oriented on the outcome known as GIPAS.

GIPAS implementation is evaluated upon Permenpan RB Number 12 year 2015 with the assessment scope to strategic planning, including performance agreement and measurement performance system; presentation and performance information disclosure assessment; evaluation for the activity and program; and evaluation for the institution/work unit policy concerned. The evaluation of the institution's performance accountability should summarize the achievement result upon the government institution's objective facts in implementing performance planning, measurement planning, performance report, performance evaluation, and performance achievement that align with its component criteria.

2.5 E-Planning and E-Budgeting

To support the good governance and clean government realization on the regional autonomy implementation, financial management needs to be organized in a professional, open and responsible along with the basic rules set out in legislation. To achieve that, an integrated government resource management system is needed from a series of bureaucratic activities to support regional financial management. In regional financial management, e-planning and e-budgeting are one of the e-government products. Regional Development Planning Information System (e planning) is a drafting tool for the Medium Term Development Plan (RPJMD), Local Government Work Plan (RKPD), Strategic Planning (Renstra) of the Local Government to be accomplished easily, quickly, precisely in the preparation of planning documents as mandated in Permendagri No. 86 year 2017 (Patrick et al., 2018). E-Planning purposes to increase the accountability of development planning as mandated in Law 23 year 2014 Article 262 that Regional development plan is formulated in a transparent, responsive, efficient, effective, accountable, participatory, measurable, fair and environmentally friendly. Article 274 is Regional development planning is based on data and information that is managed in the regional development information system. Article 391 Regional governments are required to provide Regional Government information (regional financial and development information) that managed in an information system. Government Regulation Number 45 year 2017 about Community Participation in the Implementation of Regional Government and Permendagri Number 86 year 2017 Article 14, stated that the Preparation of the Regional Long-Term Development Plan (RPJPD), RPJMD, and RKPD is based on e-planning. E-budgeting is a budgeting system that uses a web-based computer application program to facilitate the process of preparing regional expenditure budgets aimed the transparency for each party and improving the quality of the Regional Budget (APBD) in terms of compliance with the RPJMD, accuracy of values, account codes and accountability expenditure allocation (Khoirunnisak, 2017). The e-budgeting system is consists of Regional Government Work Plans (RKPD) whose output is in the form of a Policy of General Budget and Priority of Budget (KUA-PPAS). This system is applied as budgeting documentation in a region. Everyone can access the budget data compiled by a local government so that it is expected to prevent the fund embezzlement or fraud on its bureaucracy. Some of the advantages of the e-budgeting system compared to conventional financial documentation such as preventing acts of corruption, public transparent principle mandated in Minister of Home Affairs Regulation Number 13 year 2006.

2.6 Hypotheses Development

Good performance obtaining by integrating e-planning, e-budgeting, regional financial management, and regional government performance report. The E-budgeting implementation can improve e-governance by achieving cost and time efficiency, performance effectiveness, and transparency (Khoirunnisak et al., 2017). This is consistent with the research Ritchi et al. (2015) that there is a positive influence between the use of e-government features on the accounting information systems quality and local government financial reporting. Also, the research of H. Chalu & S.S.A. Kessy (2011) found that the quality of e-government systems with ERP models had a significant positive effect on the quality of accounting information systems in Tanzania. E-planning as a form of Good governance implementation in government as it as a determining factor in the accounting information systems quality (Sari, 2015). Furthermore, Mancini and Lamboglia (2017) show that the Accounting Information System (AIS) integrated at each level in the planning and budgeting process has a positive effect on accounting information quality. Srivastava (2011) found that the implementation of e-government on government policies, public goods procurement systems, public service administration, planning reports, and budget realization had a positive effect on the level of financial information quality issued by the government. In line with Sharma et al. (2015) stated that interoperability in government planning and report arrangement using the e-gov system had a positive effect on the information quality that issued. E-planning and e-budgeting as

an accounting information system affects accountability in public sector and able to explain achieved performance or able to increase responsibility on the performance or accountability (Jesus and Eirado, 2012).

H1: E-Planning and E-Budgeting Implementation have positive effect on the quality of Government Institution Performance Accountability System (GIPAS)

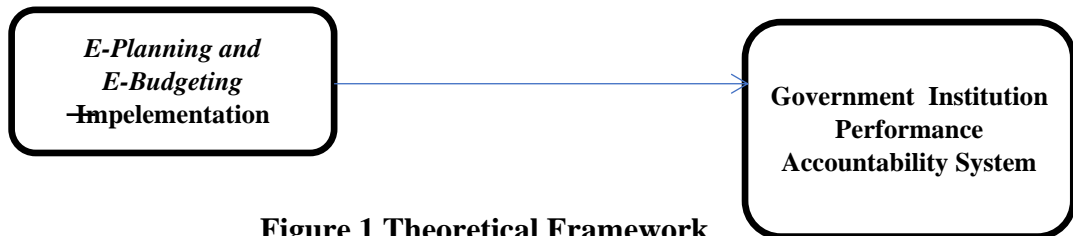


Figure 1 Theoretical Framework

3. RESEARCH METHOD

The study population is Local Government that has been assessed by the Ministry of Administrative and Bureaucratic Reform year 2017 of GIPAS 2016 consisting of 34 Provincial and 483 District/City. From 517 Local Government, there are 3 Local Government get D result therefore they are removed from the population. Sampling is done by using stratified random sampling, stratification based on AKIP evaluation result that is A, BB, B, CC, and C. Tested sample are 249 Local Government consist of 31 Provincial Government and 213 District/City Government that obtained from Slovin formula. E-planning e-budgeting implementation data using the Agency for Financial and Development Supervision data and to asses GIPAS implementation using data Ministry of Administrative and Bureaucratic Reform evaluation result report. Data analysis techniques using multiple regression analysis with the Ordinary Least Square (OLS) method to find out the influence between two or more independent variables on the dependent variable. The regression model is formulated as follow:

$$GIPAS = \alpha + \beta_1 E-GOV + e$$

Keterangan:

Y = GIPAS Quality

α = Constanta

β_1 = Regression Coeficient

E-GOV = E-Planning E-Budgeting Impelementation

e = Error

Table 3.1 Variable Measurement

Variable	Indicator		
E-Planning, E-Budgeting Implementation	E-planning e-budgeting Implementation Level:		
	Not yet implemented e-planning and e-budgeting	Skor 1	
	Implementation of e-planning for 5 years (RPJMD and Renstra)	2	
	Implementation of e-planning for 5 years and annually (RPJMD, Strategic Plan, Musrenbang, RKPD, Renja)	3	
	Integration of e-planning, e-budgeting systems (RPJMD, Strategic Plan, ASB & SSH, Musrenbang, RKPD, Renja, KUA PPAS)	4	
	Integration of e-planning, e-budgeting systems with local financial management (Full Implementation) (RPJMD, Renstra, ASB & SSH, Musrenbang, RKPD, Renja, KUA PPAS, Budgeting Application, Financial Administration and Reporting)	5	
Source: Government Regulation No. 86 year 2017			
RPJMD : Medium Term Development Plan Renstra : Strategic Plan Musrenbang : Conference on Development Planning RKPD : Local Government Work Plan Renja : Work Plan KUA PPAS : a Policy of General Budget and Priority of Budget ASB : standard budget analysis SSH : standard unit price			
Government Institution Performance System (GIPAS)	Category Score and Evaluation Interpretation of GIPAS Implementation		
	Category	Score	
	Interpretation		
	AA	>90 -100	Strongly Satisfied
	A	>80 – 90	Satisfied , Leading changes, high performance, strongly accountable.
	BB	>70 – 80	Excellent , Accountable, good performance, has reliable performance management system.
	B	>60 – 70	Good , performance accountability is good enough, has system for performance management, and requires some improvement.
	CC	>50 – 60	Sufficient , performance accountability is good enough, obeys the policy, has system to make performance information for accountability, requires non-fundamental improvement
C	>30 – 50	Dissatisfied , the system and order are less reliable, has a system for performance management but needs a lot of minor improvements and fundamental improvements.	
D	0 – 30	Strongly Dissatisfied , Unreliable systems and arrangements for implementing performance management; requires a lot of improvement, some changes are fundamental.	
Source: Ministerial Regulation PANRB No 12 Year 2015			

4. RESULT AND DISCUSSION

4.1 Data Descriptive

Table 4.1 Descriptive Statistic

	GIPAS	EPEB
Mean	56.08040	2.132530
Max	82.15000	5.000000
Min	36.22000	1.000000

Description:

GPAS : Government Institution Performance Accountability System

EPEB : E-Planning E-Budgeting Implementation

The descriptive statistic shows the GPAS average is 56.08 indicating the local government performance accountability level still in the sufficient category, meaning the performance accountability is good enough, obey the policy, has a system to produce performance information

for accountability, require non-fundamental improvement. While the e-planning and e-budgeting implementation show the average score of 2,132 for local government in Indonesia, indicate that e-planning and e-budgeting implementation now still in e-planning implementation for 5 years (RPJMD and Strategic Plan), most local government in Indonesia have not implemented the e-budgeting.

4.2 Hypotheses Testing Result

The determination coefficient testing result shows the Adjusted R2 score is 0.414. This shows that 44.4% of GPAS quality variation is explained by the variation of the independent variable (e-Planning and e-Budgeting Implementation). Meanwhile, the rest 55.6% is explained by another variable that not includes in this study.

Table 4.2 T Statistic Test Result

Var	Coefficient	Std. Error	t-Statistic	Prob.	Result
C	41.986	1.164	36.076	0.0000	Significant 1%
EPEB	6.609	.498	13.267	0.0000	Significant 1%

a. Dependent Variable: GPAS

The statistic testing shows the E-Planning E-Budgeting (E-Government) implementation has a score of β 6.609 with a significant level (prob) 0.0000 ($\text{sig} < 0.05$). It means the e-planning e-budgeting has a positive effect significantly to GPAS quality. This is in line with the Stewardship theory that Steward will act as maximum as possible to achieve the organization's goals for organization interest or shared interest. Good Performance Planning is expected to result in good performance accountability. Within e-planning, the e-budgeting application is expected to increase the transparency and performance accountability of government institutions. Management in certain local governments will try to make good accountability. E-planning e-budgeting implementation that increasing performance accountability quality of government institution is the full integration implementation between five year planning from RPJMD, Renstra continuing with annual planning consisting RKPD, Renja, dan KUA PPAS with uniformity budget by Unit Price Standard and Standard Expenditure Analysis, therefore, the entire similar program activities between regional device organization are budgeted with the same budget then continue with the integration of regional financial management from the budgeting, administrating until financial reporting. The findings of this study in line with Damanik and Setiarini (2017) that Financial Accounting System and Organization Commitment had a positive effect on regional device organization performance. As well as Khorunisak et al. (2017) argued e-budgeting implementation increasing e-government through achieving cost and time efficiency, performance effectivity, and transparency. Furthermore supporting the findings of Ritchi et al. (2015), Chalu & Kessy (2011), Sari (2015), Srivastava (2011), Mancini and Lamboglia (2017) that e-government implementation had a positive effect on accounting information system quality which the form of government accountability.

5. CONCLUSION AND SUGGESTION

5.1 Conclusion

E-planning and e-budgeting implementations are proven to have a positive and significant effect on the quality of the Government Institution Performance Accountability System in Indonesia. E-planning and e-budgeting implementation will increase regional government accountability. But now, performance accountability level of local government still in the sufficient category, while e-planning implementation still in 5 years implementation which is on the Regional Mid-Term Development Planning (RPJMD) and Strategic Plan, not yet annual. Most of the local governments (provincial, district, city) have not yet implemented e-budgeting.

5.2 Suggestion

Since e-planning and e-budgeting implementation will increase regional government accountability, the local government should integrating e-Planning e-Budgeting with regional financial management to optimize the e-government implementation therefore it achieves the accountable government as one of the good governance indicators.

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