

## **The Influence of Clarity of Budget Targets, Reporting System and Accounting Controls, on Accountability of Performance in the Agricultural Sector (Study at the Departemen Agriculture South Sumatera Province)**

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**Abstract:** This research aims to find out and analyze the effect of the clarity of budget targets, reporting systems and accounting controls on performance accountability in the agricultural sector. Based on the calculation results using Slovin formula, the sample of the study was 158 samples consisting of 18 Agricultural Offices of South Sumatra Regency. Data analysis method uses Multiple Regression. The results of the study show Clarity of Budget Objectives, Reporting Systems and Accounting Control in the Agricultural Sector (Case Study in PTPH Service of South Sumatra Province) has a positive and significant influence on Performance Accountability. The reporting system has a more dominant influence on Performance Accountability compared to Clarity of budget targets.

**Keywords:** Clarity of budget targets, reporting systems, accounting controls, performance accountability.

### **INTRODUCTION**

World concerns about food deficits caused by decreasing productivity in the food agriculture sector and increasing world population are the focus of world development attention. Regarding food needs, the concept of the Sustainable Development Goals (SDGs) was born at the Conference on Sustainable Development conducted by the United Nations (UN).

SDGs itself is a sustainable development program which is one of the goals, namely achieving food security, improving nutrition, and encouraging sustainable agricultural cultivation, as a general development goal until 2030, where all that has been agreed by various countries in the UN resolution forum.

The consistency of the Indonesian government in institutionalizing the agenda of the Sustainable Development Goals (SDGs) was confirmed in the Presidential Regulation (Perpres) Number 59 of 2017 concerning the Implementation of Sustainable Development Goals issued on 4 July 2017. The Province of South Sumatra in supporting the Sustainable Development Goals (SDGs) in agriculture, one of them is through the Office of Agriculture, Food Crops and Horticulture (PTPH Department) of South Sumatra Province.

The role of the Office of PTPH South Sumatra Province in providing accurate, relevant, timely, consistent and reliable financial information and performance is a manifestation of the accountability of the PTPH Office of South Sumatra Province, for activities that have been carried out in one year compiled through media reporting. In response to answers or interests and detailing the responsibilities of the PTPH Office for the use of the Budget in carrying out the organization's mission, the performance accountability report was prepared in accordance with Presidential instructions Number 7 of 1999.

Clarity of budget targets according to [1] is one specific and specific budget target that can be used by those responsible for these funds. Government Regulation No. 71 of 2010, namely the budget that will be used for expenditure, expenditure, transfers and expenditure plans in rupiah units, which are prepared based on certain provisions. The existence of a clear budget target, it will be easier to take into account the success or failure with the reporting system in achieving the goals and objectives of the PTPH Office of Prov. South Sumatra which has been predetermined, so that it can be absorbed to the maximum.

The reporting system is commonly known as accountability accounting. Accounting is a system that measures each center of responsibility and compares these results with expected or budgeted results [2]. The Institute of Public Administration (LAN) and the Financial and Development Supervisory Agency, said that a good report is that reports must be prepared in an honest, objective and transparent manner. A feedback report is needed to measure the activities carried out to improve performance and accountability in implementing the plan or when implementing the budget so that it can find out the results of the reporting system with a responsible accounting control system.

Accounting controls are used to guarantee the steps to prepare and record what has been done and create financial integrity from the activities of the organization. In accounting control must have two aspects[3], namely a). Ensure that if there is no reason not to implement the stated plan, the plan must be implemented. b). provide alternative changes if the plan stated is not applied because the conditions faced are contrary to what was planned. According to [4] accounting controls are planning and organizational procedures and records relating to securing organizational assets and the reliability of financial statements. While the benefits of accounting controls according to [5] are the responsibility for controlling costs. Cost control must be given to certain individuals who are also responsible for budgeting costs that are under their control with a transparent reporting system.

Based on Government Regulation Number 105 of 2000 concerning Management and Accountability of Regional Finance, regional budgeting in Indonesia is prepared with a performance approach. The performance approach is structured to address the various shortcomings found in traditional approaches, especially shortcomings caused by the absence of benchmarks that can be used to measure performance in achieving public service goals and objectives. Performance-Based Budgeting (ABK) is a budgeting method for management to associate each cost as described in the activity with the benefits generated. activities with expected results and results including efficiency in achieving the results of this output. These benefits are explained in a set of goals and objectives as outlined in the performance targets for each work unit. To realize the welfare of farmers in Sumsel Regency through the protection and empowerment of farmers. expected PTPH Office Prov. South Sumatra is able to present performance accountability that is transparent, accountable, professional and of high integrity.

This research refers to research conducted by [6,7] and research [8], which investigates the effect of clarity of budget targets, reporting systems and accounting controls on performance accountability in local government institutions. The author modifies the research that focuses on performance accountability or performance accountability of each agricultural service in South Sumatra District in supporting the Sustainable Development Goals (SDGs) in agriculture. The object of this research is the Office of Agriculture, Food Crops and Horticulture (PTPH) of South Sumatra Province.

### **Problem Formulation**

Based on the description of the background above, the problems of this study are: How does the clarity of the budget target, the reporting system, and accounting controls affect performance accountability in the agricultural sector?

### **Research Objectives**

Based on the problems that have been raised in the formulation of the problem, the purpose of the study is to: Know and analyze the effect of the clarity of the budget target, the reporting system and accounting controls on performance accountability in the agricultural sector.

### **Benefits of Research**

This research is expected to provide benefits, namely:

- Theoretical benefits can to develop science and information that is very important for finance, reporting systems, and accounting control, for performance accountability in the agricultural sector.
- The practical benefits of this to develop science and information that is very important for finance, reporting systems, and accounting control, for performance accountability in the agricultural sector.

## **LITERATURE REVIEW**

### **Stewardship Theory**

Stewardship theory describes a situation where management is not motivated by individual goals but rather is aimed at their main target for the company's interests. The theory assumes a strong relationship between company satisfaction and success. Contract relationships between stewards and principals on the basis of trust (trust = trust), act collectively in accordance with company objectives so that the appropriate model in the case of public sector companies is Stewardship theory. This theory is stewardship where it relates to companies in government. According to [9] good governance must have good performance accountability.

### **Performance Accountability**

Accountability is the responsibility of the public for every activity carried out. Public accountability is the obligation of the trustee (agent) to give responsibility, present, report, and disclose all activities and activities that become his responsibility to the trustee (principal) who has the right and authority to hold such responsibility [10].

Dimensions of accountability Performance according to [11] are as follows :

- Legal and Honesty Accountability (accountability for probity and legality)
- Legal accountability and honesty is the accountability of public institutions to behave honestly in working and obeying the applicable legal provisions. The use of public funds must be done correctly and has been authorized.
- Managerial accountability.
- Managerial accountability is the responsibility of public institutions to manage the organization effectively and efficiently. Accountability can also be interpreted as performance accountability. The inefficiency of public organizations is the responsibility of the institution concerned and may not be borne by the client or customer.
- Program Accountability (program accountability).
- Program accountability is concerned with considering whether or not the goals set can be achieved, and whether the organization has considered alternative programs that provide optimal results with minimal costs.
- Policy Accountability (policy accountability).
- Policy accountability is related to the responsibility of public institutions for the policies taken.
- Financial Accountability
- Financial accountability is the responsibility of public institutions to use economic, efficient and effective public money, no waste and leakage of funds and corruption. Financial accountability emphasizes budget and financial measures. Financial accountability is very important because the management of public finance will be a major public concern.

### **Clarity of Budget Objectives**

Clarity of budget goals can be seen based on its main functions [10], namely:

- As a planning tool, the Budget is a management planning tool to achieve organizational goals so that the organization will know what to do and where the policy will be made.
- Budget Control Tool as a Control instrument is used to avoid spending that is too large, too low, misdirected, or improper use
- Budget policy tools the budget as a tool for government fiscal policy is used to stabilize the economy and encourage economic growth. Through the public sector budget, it can be seen in the direction of the government's fiscal policy, so that economic predictions and estimates can be made.
  - Budget political tool
  - Communication and coordination tool
  - Executive Performance Job Evaluation Tool.
  - A tool to motivate.
  - Tool for creating public space

This causes budget implementers not motivated to achieve the expected performance. According to [12].

### **Reporting System**

The budget realization report is a report prepared to provide information about the realization and budget of a reporting entity in a comparable manner, the comparison between the budget and its realization shows the level of achievement of agreed targets between the legislature and the executive in accordance with the legislation.

Central/regional governments that show compliance with the APBN/APBD. The reporting system is a reflection of the obligation to represent and report all activities and resources that need to be accounted for. The reporting system is measured using important indicators in the reporting system [3]:

- Report describing the causes of irregularities,
- Actions were taken to correct unfavorable variances and
- The time needed for corrective actions to be more effective.

### **Accounting Control**

The accounting control system emphasizes preventive measures to reduce errors (accidentally) and irregularities (intentionally). All procedures and formal systems that use the information to maintain or change the pattern of organizational activities, where control is a process carried out in the management of the organization to ensure that resources are used economically, efficiently and effectively. Accounting control is measured by the center of activity,

scope, purpose, nature of the structure, nature of information, people involved, sources of knowledge and scope of time [3].

## **RESEARCH METODOLOGI**

This section describes the population, sample, sampling method, research variables, and data analysis methods.

### **Population, Sample and Sampling Method**

The population of this research is related elements consisting of Head of UPTD in all sub-districts in South Sumatra Province as many as 231 people, Treasurer of Expenditure Assistance (BPP) totaling 15 people, and Head of Service totaling 15 people.

### **Research Variables**

Due to the limitations of the researchers, this research cannot be carried out on all populations, but some populations can represent it. To select respondents, the Proposal Random Sampling method is used. The researcher in determining the sample size of a population used the Slovin formula approach as follows;

$$n = \frac{N}{1 + Ne^2}$$

Description: n: Sample size  
N: Population size  
E: Percentage of inaccuracy due to sampling errors.

Information N = 261  
e = 5%

So the minimum number of samples to be taken is:

$$n = \frac{261}{1 + 261(0.05)^2}$$

$$n = 157,94 = 158$$

### **Data Analysis Methods and Analysis Techniques**

The data analysis method that will be used by the authors in this study is quantitative analysis. Quantitative analysis is done using statistical testing from the results of the questionnaire, then the test results will be explained using sentences

The questionnaire is a list of written questions requested to employees of the Ministry of Agriculture, TPH Prov. South Sumatra, because the requirement to test the analysis using data regression must be an interval, then the data obtained from the questionnaire in the form of an ordinal scale increases to an interval. Before carrying out the analysis, the validity test and reliability test must first be done.

### **Data Analysis Methods and Analysis Techniques**

Analysis of technical data is used to determine the effect of Budget Target Clarity Effect, Accounting Reporting and Control System on Performance Accountability in the Agricultural Sector, the authors will use multiple regression analysis.

The research hypothesis was tested using multiple linear regression analysis. The definition of multiple linear regression analysis according to [13] is as follows: The analysis used by researchers, if you intend to predict the state (up and down) of the dependent variable (criteria) if two or more independent variables are manipulated predictive factors (decrease in value).

The multiple regression equation is formulated as follows:  
 $Y = a + b_1X_1 + b_2X_2 + b_3X_3 + \dots + b_nX_n + e$

## **RESULTS AND DISCUSSION**

This section explains several points before the pre-test, research data, classic assumption test, descriptive variable research, classic test results regression model and the results of hypothesis testing. this also explains the discussion and the implications of the research.

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**Table-1: Validity Test Pre Test**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
X11	158,6000	240,358	,751	,974
X12	159,2000	246,695	,423	,975
X13	159,3000	227,800	,626	,977
X14	158,4500	242,050	,630	,975
X15	158,6500	238,661	,887	,974
X16	158,4500	242,050	,630	,975
X17	159,8500	244,450	,675	,975
X18	158,9500	231,839	,861	,974
X19	158,6500	238,661	,887	,974
X110	158,6000	239,621	,800	,974
X21	159,1500	247,608	,397	,975
X22	158,4500	242,050	,630	,975
X23	159,3500	233,397	,807	,974
X24	158,6500	238,661	,887	,974
X25	159,5000	240,789	,707	,974
X26	159,8500	244,450	,675	,975
X27	159,6500	241,503	,695	,974
X28	158,7500	239,671	,905	,974
X29	158,7000	238,116	,963	,974
X210	158,7500	239,671	,905	,974
X31	158,6000	239,726	,793	,974
X32	158,6500	240,766	,745	,974
X33	158,7000	238,116	,963	,974
X34	158,7000	238,116	,963	,974
X35	159,8500	244,450	,675	,975
X36	158,8500	244,766	,647	,975
X37	158,6500	238,661	,887	,974
X38	158,7000	238,116	,963	,974
X39	159,2500	231,250	,855	,974
X310	159,2000	246,695	,423	,975
Y1	159,3000	227,800	,626	,977
Y2	158,4500	242,050	,630	,975
Y3	158,9000	247,253	,513	,975
Y4	158,4500	242,050	,630	,975
Y5	159,8500	244,450	,675	,975
Y6	158,9500	231,839	,861	,974
Y7	158,6500	238,661	,887	,974
Y8	158,5000	240,789	,707	,974
Y9	158,4500	242,050	,630	,975
Y10	158,8500	244,766	,647	,975

**Table-2: Reliability Test Pre Test**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Clarity of Budget Objectives	12,1966	,688	,958	,950
Reporting System	12,1966	,654	,936	,959
Accounting Control	11,7966	,828	,851	,983
Performance Accountability	12,0062	,692	,982	,943

## Research Data

Table-3: Validity Test Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
X11	160,4241	221,685	,514	,954
X12	160,1076	227,651	,401	,954
X13	159,6076	214,979	,695	,952
X14	159,3987	218,471	,650	,952
X15	159,8101	224,932	,512	,953
X16	159,3228	221,277	,610	,953
X17	160,4557	223,638	,782	,952
X18	159,8418	223,574	,330	,956
X19	159,4873	223,487	,516	,953
X110	159,7342	228,579	,424	,954
X21	159,9620	228,151	,474	,953
X22	159,2595	226,907	,478	,953
X23	160,1646	222,278	,703	,952
X24	159,2975	225,586	,552	,953
X25	160,2911	224,794	,600	,953
X26	160,5063	224,455	,671	,952
X27	160,3354	225,116	,631	,953
X28	159,7089	230,845	,316	,954
X29	159,4051	223,657	,667	,952
X210	159,4557	224,326	,514	,953
X31	159,4430	224,809	,538	,953
X32	159,9494	224,329	,417	,954
X33	159,4051	220,217	,875	,951
X34	159,4051	220,217	,875	,951
X35	160,4810	222,289	,841	,952
X36	159,6203	225,320	,643	,953
X37	159,8038	228,006	,468	,953
X38	159,4051	220,217	,875	,951
X39	160,2595	226,627	,433	,954
X310	160,0570	227,048	,494	,953
Y1	159,5443	216,772	,719	,952
Y2	159,2468	224,047	,582	,953
Y3	159,7089	229,112	,445	,954
Y4	159,2468	224,047	,582	,953
Y5	160,4810	222,289	,841	,952
Y6	159,5633	227,356	,380	,954
Y7	159,4747	217,576	,793	,951
Y8	159,7468	227,222	,524	,953
Y9	159,2595	224,155	,574	,953
Y10	159,6456	224,116	,646	,952

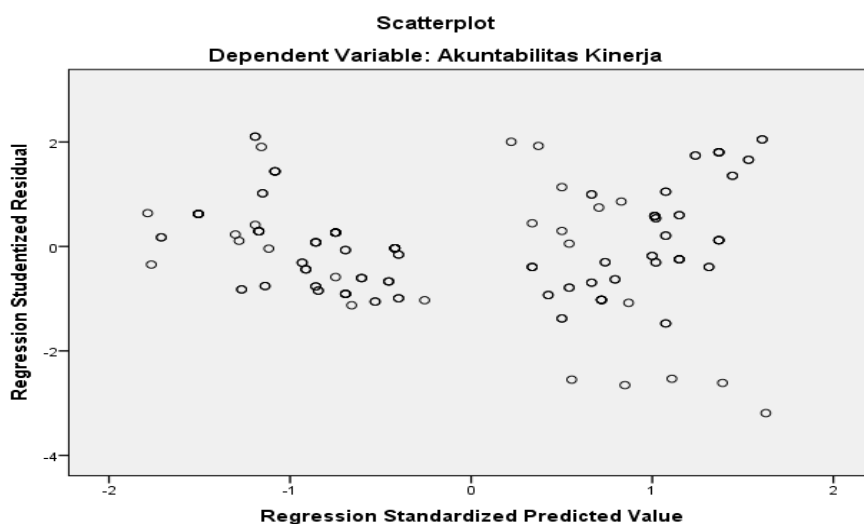
Table-4: Test Reliability Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Clarity of Budget Objectives	12,3500	1,333	,586	,893
Reporting System	12,3696	1,491	,777	,809
Accounting Control	12,3139	1,357	,814	,785
Performance Accountability	12,1228	1,357	,731	,816

Classic assumption test

**Table-5: Multicollinearity Test**

Model	Collinearity Statistics	
	Tolerance	VIF
Clarity of Budget Objectives ( $X_1$ )	0,159	6,304
Reporting System ( $X_2$ )	0,120	8,358
Accounting Control ( $X_3$ )	0,257	3,890



**Fig-1**

The result of descriptive statistics

Correlation Test and Determination Coefficient

**Table-6: Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
Clarity of Budget Objectives	158	3,38	4,88	4,1400	,33664
Reporting System	158	3,50	4,63	4,0229	,37668
Accounting Control	158	3,63	4,88	4,3521	,32810
Performance Accountability	158	3,64	4,86	4,2299	,33015
Valid N (listwise)	158				

Correlation Test and Determination Coefficient

**Table-7: Correlation Analysis Results and Model Summary Determination Coefficients**

Model	R	R Square	Adjusted R Square	Std. The Error of the Estimate
1	,887 <sup>a</sup>	,873	,873	,05454

a. Predictors: (Constant), Accounting Control, Clarity of Budget Objectives, Reporting System

Test F (Test Simultan)

**Table-8: Test F ANOVA**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16,655	3	5,552	186,372	,000 <sup>b</sup>
	Residual	,458	154	,003		
	Total	17,113	157			

a. Dependent Variable: Performance Accountability  
b. Predictors: (Constant), Accounting Control, Clarity of Budget Objectives, Reporting System

Source: Questionnaire data processed, 2018

Table-9: Test Results t

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	,261	,063		4,154	,000
	Clarity of Budget Objectives	,338	,032	,344	10,407	,000
	Reporting System	,427	,033	,488	12,791	,000
	Accounting Control	,195	,026	,194	7,471	,000

a. Dependent Variable: Performance Accountability

### Statistical testing

Table-10: Correlation Analysis Results and Model Summary Determination Coefficients

Mode 1	R	R Square	Adjusted R Square	Std. The Error of the Estimate
1	,887 <sup>a</sup>	,873	,873	,05454
a. Predictors: (Constant), Accounting Control, Clarity of Budget Objectives, Reporting System				
b. Dependent Variable: Performance Accountability				

### CONCLUSION

The purpose of this study is to find out and analyze the effect of the clarity of the budget target, the reporting system and accounting controls on performance accountability in the agricultural sector. It can be concluded that the variable budget goal clarity, reporting system, and accounting control have a positive and significant effect on performance accountability.

Suggestions for future researchers to be able to develop theories and expand populations and research samples can add variables that have not been found in this study such as variable commitment and budget participation.

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