

# THE INFLUENCE OF BOARD MEMBERS COMPETENCY, PUBLIC ACCOUNTABILITY AND PUBLIC POLICY TRANSPARENCY ON REGIONAL FINANCIAL SUPERVISION COMMUNITY PARTICIPATION AS A MEDIATION VARIABLE

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**Article history:** received 09 May 2023; revised 18 June 2023; accepted 08 July 2023

DOI: <https://doi.org/10.33751/jhss.v7i2.8645>

**Abstract.** This study aims to determine and analyze the effect of Council Member Competence, Public Accountability, Public Policy Transparency and community participation on Regional Financial Supervision at the Sikka Regency DPRD Office. In addition, this study also aims to determine and analyze the influence of community participation in mediating the influence of the Board's Competence on Budgeting, Public Accountability and Public Policy Transparency on Regional Financial Supervision at the Sikka Regency DPRD Office. This type of research is correlational research. In this study, 35 members of the Regional People's Legislative Council of Sikka Regency were sampled. Data were collected through questionnaires and analyzed using descriptive methods and path analysis, namely the sobel test. The results of the descriptive analysis show that the variables of Council Member Competency, Public Accountability, Policy Transparency on Regional Financial Supervision are in good criteria. The results of the path analysis show that: 1) Competency of the Council on Budget has a positive and insignificant effect on Regional Financial Supervision. 2) Public Accountability has a positive and significant effect on Regional Financial Supervision, 3) Public Policy Transparency has a positive and insignificant effect on Regional Financial Supervision, 4) Public Participation is able to mediate the relationship between the Competence of Board Members and Regional Financial Supervision, 5) Public Participation is able to mediate the relationship Public Accountability for Regional Financial Supervision, and 6) Public Participation is able to mediate the relationship between Public Policy Transparency and Regional Financial Supervision.

**Keywords:** board member competence; public accountability; public policy transparency; regional financial supervision

## I. INTRODUCTION

The Regional Revenue and Expenditure Budget (APBD) is a statement of regional revenue and expenditure plans for a certain 1-year period. The task of the APBD is initially to serve the city government as a guideline for the implementation of the regional economy for a period. Before the budget is implemented, it must get approval from the House of Representatives (DPRD) as a member of parliament, so that the function of the budget is also as supervision and accountability of public policy. Given the function of the budget, the budget should be a balance of power between the executive, parliament, and the people (Sukoco [1]). The ratification of Law on Local Government No. 23 of 2014 has a positive impact on the position, duties, and rights of the DPRD. It is hoped that the DPRD will be more active in approaching the desires that develop in the community and then together with the Regional Head channel it into various forms of public policies in the regions. Another influence that then emerged in the framework of regional autonomy was the demand for the government to establish good governance as a prerequisite for governance that prioritizes accountability, public participation and transparency, which requires good

and responsible internal and external control. In this regard, the role of the Council in directing government policy becomes increasingly important.

Government Regulation (PP) No. 105 of 2000 concerning Financial Management and Accountability states that [2] : 1) The Board is responsible for controlling the budget, 2) The Board has the power to assign external inspectors to the regions to conduct budget management audits. Recent events in the DPRD show that the function of the DPRD as an institution of political control is questionable. One of the main causes is that many groups of regional representative bodies are not or lack competence to implement good and democratic governance. In short, unless the DPRD can establish itself as a clean and authoritative institution, the supervisory function is usually ineffective and only becomes an instrument of political interests. An example is the case of the Regional People's Representative Council, where members of the Sikka District Parliament were examined regarding the misappropriation of unexpected expenditure funds for the 2021 fiscal year amounting to the Office of the Regional Disaster Management Agency (BPBD) of Sikka District. Based on [mediaindonesia.com](http://mediaindonesia.com) monitoring

In this case, the competence of the Board can affect a person's level of education because this background has an impact on shaping a person's attitude and mentality and his activity in work is not based on material but has been directed to the formation of achievement and productivity. This shows that members of the Regional People's Representative Council do not run good and democratic government. In addition, uncontrolled misuse of funds weakens public confidence in state representatives. Regional funds are all regional rights and obligations related to the implementation of local government that can be assessed with money, including all forms of wealth related to regional rights and obligations based on the Regional Revenue and Expenditure Budget (APBD) (PP No. 105). in 2000) [2]. One of the information needed for regional financial control is budget knowledge, as all councillors are expected to identify budget wastage and leakage through budget knowledge. The participation of residents is necessary so that their interests can be taken into account in the preparation of development plans.

The idea behind this is that communities, both as individuals and as groups, are interested in development activities and outcomes as well as cost bearers, actors, beneficiaries and risk bearers, so that community participation in national development is open. The people not only govern, but also play an active role in all national development processes, including financial management both at the central and district/city/provincial levels, from planning to supervision. The purpose of the control carried out by the DPRD is to develop a democratic life, ensure the representation of the local population in carrying out their duties and authorities, and develop control and balance between the DPRD and the executive in order to realize justice and justice. people's welfare (Budiardjo [3]). Abduh [4] suggests that control is all activities and actions that ensure that the implementation of activities does not deviate from the goals and plans that have been outlined.

Dewi [5] noted that DPRD has a very important role in regional financial supervision. The DPRD has the right to control the implementation of government, especially the implementation of the budget in accordance with the value of money or better known as 3E (Economic, Efficient and Effective), a transparent and responsible concept. Internal and external factors affect government budget control (Sopannah, [6]). Internal factors are factors owned by the government that directly affect the control exercised by the government, including budget knowledge. External factors are outside influences on control functions that strengthen or weaken the control functions carried out by the Board, including public participation, transparency of public policies, and public accountability. As representatives of the people, legislators need their expertise in preparing budgets and uncovering budget losses and leaks under the supervision of the APBD. The Council's budgetary authority allegedly affects regional financial control. In addition, the board members who oversee the regional budget must also be accountable openly. Public accountability refers to the obligation of the competent authority (administrative party) to be responsible for

conveying, reporting, and disclosing all actions that are their responsibility to the requested party (legislature).

In addition, monitoring the regional budget also requires transparency of general policies. Communities have equal rights and access to information about the budgeting process that reflects the aspirations and interests of the community. In addition, it is very important to involve (participate) the community in the preparation and monitoring of the regional budget. Based on the study of KUA PPAS-APBD (General Policy on Priority Budget and Temporary Budget Ceiling) in Sikka District from 2011 to 2014, the budget was prepared in the traditional way as in previous years with a tendency for routine expenditure to be much higher. The bureaucratic costs outweigh the direct costs for the benefit of society. Some programs are prepared simply by copy paste, the director prepares budget proposals by collecting programs and budgets for each SKPD (Regional Apparatus Work Unit) making the same proposals as the previous year's activity programs, just changing the budget to adjust it. increase. In relation to the variable of political transparency, Dedy Riyadi (2015) in Lastri & Gunawan [7] stated that transparency is a principle that guarantees access or freedom for everyone to receive information about government administration, namely information about policies, manufacturing processes, implementation and results achieved. According to Lastri & Gunawan [7], with the rapid development of information technology and the possibility of its widespread use, it opens opportunities for various parties to obtain, manage and use information quickly and accurately, which further encourages cleanliness, transparency and governance. . able to respond effectively to demands for change.

In addition, the Decree of the Minister of Home Affairs No.29 paragraph 96 paragraph 1 of the Guidelines for Regional Economic Administration, Accountability and Control introduced in 2002 confirms that the DPRD controls the implementation of the regional budget to achieve the objectives set to ensure Meanwhile, Mardiasmo [8] stated that DPRD supervision must be carried out starting from the planning stage, not just the implementation and reporting stages as has been the case so far. This is important because in the era of regional autonomy, the DPRD has the authority to determine the direction and policy of the regional budget as a whole. In addition, Mardiasmo [8] suggested that the APBD Board implement the following supervisory measures: (1) control during preparation, (2) control during approval, (3) control during implementation and (4) control during budget accountability.

A study conducted by (Merina et al. [9]) shows that public accountability has a significant impact on regional financial supervision in the Regional Representative Council of the South Bengkulu Regional Government (DPRD). This research is not in line with Kurniawan's (2012) research that public accountability has no effect on regional financial control (APBD) of Karanganyar Regency DPRD members. According to a study by (Lastri & Gunawan [7]), public policy transparency has a positive effect on regional financial control of the DPR office in Aceh. This result is not in line,

that public policy transparency does not have a significant effect on regional economic control. The same applies to commercial obligations. Basically, the public's responsibility is to provide and publish information about the financial activities and results of the municipality for those interested in the report. Based on several previous studies, it can be concluded that some of the variables highlighted in this study have different implications for regional financial supervision. The difference between this study and the previous research was conducted in the Sikka District Parliament. The urgency of this study is also expected to contribute to the supervisory function of the DPRD to be more effective, so that various irregularities, abuses of authority, waste and leakage of the regional budget can be detected in a timely manner and minimized as much as possible. This is what researchers consider to examine the influence of Board Member Competence, Public Accountability, public policy transparency on regional financial supervision with community participation as a mediation variable

## II. RESEARCH METHODS

The type of research used is quantitative research. analytical techniques used through a measurement in the form of numbers using statistical methods (Sugiyono [10]). The population in this study is all Members of the Regional People's Representative Council of Sikka Regency totaling 35 people. According to Sugiyono [10] defining a sample is: Part of the number and characteristics possessed by the population. According to Sugiyono [10], saturated sampling technique is a sampling technique where all members of the population are used as samples. In this study, the authors used two data sources, namely primary data and secondary data. Data collection techniques using questionnaires. Based on the concepts, variables, identification and operational definition of variables that have been described earlier, to make it easier to understand the variables in this study, a research questionnaire design was used. Data collection is carried out by providing personal questionnaires. In this study, questionnaires were distributed directly to respondents. The answer to each statement item uses a Likert scale that has a gradient from very positive to very negative. Data analysis technique is a process of processing, evaluating, and transforming raw statistical data and statistical information, as well as understanding and reviewing and interpreting statistical information then drawing conclusions that are useful for policy making and decision making. using statistical methods (Sugiyono [10]).

## III. RESULTS AND DISCUSSION

### *The Effect of Board Competence on the Budget on Regional Financial Supervision*

The results of the t test show that the variable of Board Competence on the Budget has a positive and insignificant effect on Regional Financial Supervision . Positive influence

can be interpreted that when the Council's Competence on Budgeting is better improved, the District Financial Supervision will increase. Insignificant effect can be interpreted that if the Competence of the Board on the Budget is improved, the Regional Financial Supervision will increase with the increase that not Significant This shows that councillors must understand the importance of exercising budgetary authority in overseeing the regional economy. Therefore, DPRD must have appropriate qualifications, including the level and background of formal and informal education, experience and household knowledge. Therefore, it is necessary to increase the validity of the system of recruiting board members to be elected to parliament and the need for due diligence so that board members are truly tested for intelligence. skill, integrity and morale. Thus, the results of this study reject the first hypothesis proposed, namely: The Competence of the Council on the Budget partially has a significant effect on Regional Financial Supervision. The results of this study differ from some empirical evidence from previous studies on the impact of the Budget Agency's mandate on regional audits, including: Wibowo [11]. In addition, the results of this study are in line with the empirical evidence of several previous studies on the impact of the mandate of the Budget Agency on regional financial control.

The Effect of Public Accountability on Regional Financial Supervision. The results of the t test show that the variable public responsibility has a significant positive effect on the Financial Control Authority. The positive effect means that with increased public accountability, regional financial control increases. The small effect means that as public accountability increases, financial scrutiny will only increase marginally. Thus, the results of this study reject the second hypothesis proposed, namely: Public accountability has a significant impact on regional financial supervision. Because accountability is currently limited to controlling local finances only, actual results and community benefits are not analyzed and board members are not affected in carrying out their roles as regional financial supervisors. Findings on the ground show that members of the Sikka District Legislature have well maintained public accountability in regional audits that can be improved. The implementation of positive public accountability to regional audit activities in Sikka District is very important, because in this case public accountability can be used for things such as the ability to communicate public administration information openly, quickly and accurately to the public. , able to provide satisfactory services to the community, able to provide space for the community to participate in the development and management process, able to explain and respond appropriately to every public policy, and have the means for the community to assess the effectiveness of management.

The results of this study show that public accountability has a positive and significant effect on regional audits. In other words, with the introduction of public accountability, council members are encouraged to improve regional economic governance, and in addition, with public accountability, the community also plays a role in knowing the process and results of control so that the community can

indirectly act as a regulator of regional finances. This observation is consistent with Husein [12], who states that although the government should be accountable to the people for the collection and use of public funds, the principle of state responsibility can strengthen state or regional control. about economics. This study also supports research findings (Lambajang et al. [13]) that public accountability has a positive and significant effect on regional economic governance.

#### *The Effect of Public Policy Transparency on Regional Financial Supervision*

The results of the t test show that the variable Public Policy Transparency has a positive and insignificant effect on Regional Financial Supervision. Positive influence can mean that if Public Policy Transparency is improved, Regional Financial Supervision will increase. Insignificant effect can mean that if Public Policy Transparency is improved, Regional Financial Supervision will increase with an insignificant increase. Thus, the results of this study reject the third hypothesis proposed, namely: Transparency of Public Policy has a significant effect on Regional Financial Supervision. Transparency is the government's openness in formulating regional tax policies to be known and supervised by the DPRD and the wider community (Mardiasmo [8]). Therefore, public policies must be available so that the public knows the budgeting process and policies made by the government so that the public can know and control them. Transparency can be measured by the free flow of information from these government agencies. All management processes, institutions and information must be available to interested parties and the information available must be sufficient to understand and control them. The results of this study are in accordance with previous research conducted by: (Lastri & Gunawan [7]). The research was able to prove that Public Policy Transparency has a significant effect on Regional Financial Supervision.

#### *The effect of the Council's competence on budgets on regional financial supervision is mediated by community participation*

The results of the path analysis show that the Community Participation variable is able to act as an intervening variable or able to mediate the influence of the Board Competence variable on the Budget on Regional Financial Supervision. Based on the analysis of the Sobel test, obtained a statistical t value greater than the table t, it can be concluded that the mediation coefficient is significant. Thus the fourth hypothesis stating that Community Participation mediates the Council's Competence on Budgets on Regional Financial Supervision is accepted. The results of this study are different from some empirical evidence from previous studies related to the position of the Community Participation variable as an intervening variable, including research conducted by Sapanah [6]. These studies are unable to prove that the Council's Competence on the Budget does not have a significant effect on the Financial Supervision of the Working Area through Community Participation.

#### *The influence of public accountability on regional financial supervision is mediated by community participation*

The results of the path analysis show that the Community Participation variable is able to play a role as Intervening variables or able to mediate the effect of Public Accountability variables on Regional Financial Supervision. Based on the analysis of the Sobel test, obtained a statistical t value greater than the table t, it can be concluded that the mediation coefficient is significant. Thus the fifth hypothesis which states that Community Participation mediates Public Accountability for Regional Financial Supervision Accepted. The results of this study are in line with some empirical evidence from previous studies related to the position of the variable Community Participation as an intervening variable, among others, research conducted by Arvitaningrum [14]. These studies are able to prove that Public Accountability has a significant effect on Regional Financial Supervision through Community Participation.

#### *The effect of transparency of public policy on local financial supervision is mediated by community participation*

The results of the path analysis show that the Community Participation variable is able to act as an intervening variable or able to mediate the influence of the Public Policy Transparency variable on Regional Financial Supervision. Based on the analysis of the Sobel test, obtained a statistical t value greater than the table t, it can be concluded that the mediation coefficient is significant. Thus, the sixth hypothesis which states that Community Participation mediates Transparency of Public Policy on Regional Financial Supervision is accepted. The results of this study are different from some empirical evidence from previous studies related to the position of the Community Participation variable as an intervening variable, among others, research conducted by: (Mardiasmo [8]). These studies are able to prove that Public Policy Transparency has a significant effect on Regional Financial Supervision through Community Participation

## IV. CONCLUSION

Board competence has a positive and insignificant effect on Regional Financial Supervision, Public Accountability has a significant positive effect on Regional Financial Supervision, Public Policy Transparency has a positive and insignificant effect on Regional Financial Supervision, Based on the results of path analysis testing using the Sobel Test Hypothesis 4 shows that the Community Participation variable has a significant role as a mediating variable in the relationship between the Board Competence variable on the Budget and the Regional Financial Supervision variable, so hypothesis 4 is accepted., Based on the results of path analysis testing using the Sobel Test Hypothesis 5 shows that the Community Participation variable has a significant role as a mediating variable in the relationship between the Public Accountability variable and the Regional Financial Supervision variable, so that

hypothesis 5 is accepted, Based on the results of path analysis testing using the Sobel Test Hypothesis 6 shows that the Community Participation variable has a significant role as a mediating variable in the relationship between the Public Policy Transparency variable and the Regional Financial Supervision variable, so hypothesis 6 is accepted this is due to several factors including personal factors which include lack of knowledge, education and experience about the budget of board members.

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