

# The Influence of the Council's Knowledge About the Budget, Accountability, and Transparency on DPRD Members' Performance with Regional Financial Supervision (APBD) as Moderation Variables for DPRD Members of Nabire Regency & Dogiyay Regency

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**Abstract:-** This study aimed to determine the effect of council knowledge on budgets, accountability, and transparency on the performance of DPRD members in the DPRD Nabire and Dogiyay Regencies. Besides, this study also examines regional financial supervision as a moderating variable in the research model. The design of this research is survey research. The research data required is primary data in the form of the respondent's (subject) perception. Collecting data using direct surveys and the instrument used is a questionnaire. This study's data analysis technique was PLS (Partial Least Square), which carry out using the SmartPLS software. The results of this study indicate that partially the council's knowledge of the budget, accountability, and transparency has a positive and significant effect on DPRD members' performance. Meanwhile, other results indicate that regional financial supervision cannot moderate the effect of council knowledge on budgets, accountability, and transparency on DPRD members' performance.

**Keyword:-** board knowledge of accountability, performance transparency, and oversight of regional finances

## I. INTRODUCTION

Governance procedures that are not adequately managed and regulated have led to an economic crisis in Indonesia. The emergence of various problems in economic, social, and political activities as a result hindering the process of economic recovery in Indonesia, resulting in an increasing number of unemployed, a growing number of poor people, health level declining and has even caused conflicts in various regions that could threaten the unity of the Republic of Indonesia.

Mahuse et al. (2010) suggest that several factors cause the weak monitoring function of DPRD as a regional legislative body, including low quality of human resources, limited funds, weak managerial or leadership abilities, inadequate community support (control) factors, and intense commitment or motivation. DPRD members.

The phenomenon that occurs in Nabire Regency in carrying out the supervisory function of budget implementation by the Nabire Regency DPRD to discuss the preliminary process of budget preparation, a postal inspection of the existing budget, budget implementation reporting, to what extent the DPRD requires confirmation and approval in its implementation, and changes or performance of the current account. So the regional financial management for the 2018 fiscal year is being examined by the BPK and given the same WTP opinion as the previous year. Thus, the Nabire Regency Regional Work Unit (SKPD) has received WTP opinion from BPK RI for three years. Since the 2015 fiscal year, it has received a regional financial management assessment with a WTP opinion. The phenomenon that occurs in Dogiyay Regency is related to the council's performance in the issue of local regulations, which has been difficult for DPRD members to enact regional laws. So that DPRD members do not implement them and only adhere to the Rules of Order (Tatib) of the Dogiyay Regency DPRD.

From the description above, the quality of a board member needs to support the performance of a member of the board in conducting supervision, so for the preparation of this thesis, the researcher took the title "The Effect of Council Knowledge on Budget, Accountability, Transparency on the Performance of DPRD Members with Regional Financial Supervision (APBD). ) as a moderating variable in DPRD Members of Nabire Regency and Dogiyay Regency.

## II. LITERATURE REVIEW

### A. Performance of DPRD Members

Performance is a word in Indonesian from the root word "work," which translates the word from the foreign language 'performance,' which means "work result." Performance is a work result achieved by a person or group of people in the organization, following the authority and responsibility. Respectively, to achieve the objectives of the organization concerned legally, it does not violate the law and is following morals and ethics. Performance appraisal is an activity that is very important because it can measure the success of an organization in achieving its mission.

### B. Board Knowledge About Budget

Knowledge is the respondent's perception of the budget (RAPBD / APBD) and the detection of waste or failure and budget leakage. Thus knowledge about something is the basis for anyone in taking action or behaving towards something. The knowledge of DPRD members about the budget can be interpreted as the council's knowledge of budget formulation mechanisms starting from the planning stage to the accountability stage and the council's knowledge of the laws governing financial management.

### C. Accountability

Accountability is the trustee (board/agent) to provide accountability, present, report, and disclose all activities and activities that respond to the trustee (community/principal) who has the right and authority to hold this accountable.

### D. Transparency

Transparency means providing open and honest financial information to the public based on the consideration that the public has the right to know openly and thoroughly the accountability of DPRD Members in managing the resources entrusted to them and their compliance with statutory regulations. The implementation of transparent DPRD members will have criteria: open accountability, accessibility to financial reports, a publication of financial reports, the right to know audit results, and availability of performance information.

### E. Regional Financial Supervision (APBD)

Regional financial supervision is the supervision of local finances carried out by the Members of the Council. In general, management can formulate as a process of activities carried out continuously or continuously to observe, understand, and assess each implementation of specific activities to prevent or correct any errors or deviations that occur (Halim and Iqbal, 2012: 37)

### F. Framework

Based on the literature review and previous research described, the frame of mind is prepared to make it easier to understand the hypotheses built in the study. Then the frame of mind can be described as follows:

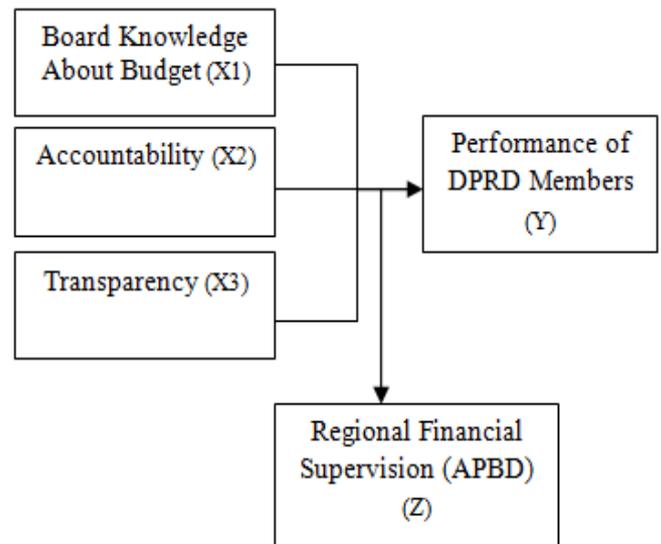


Fig 1

### G. Hypothesis

- H1: The DPRD's knowledge of the budget has a positive effect on the Performance of DPRD Members  
 H2: Accountability has a positive effect on the performance of DPRD members  
 H3: Transparency has a positive effect on the performance of DPRD members  
 H4: The board's knowledge about budget, accountability, transparency partially affects the performance of DPRD members  
 H5: Regional Financial Supervision (APBD) can strengthen the influence of the council's knowledge on budgets, accountability, and transparency performance of DPRD members

## III. RESEARCH METHODOLOGY

### A. Research Approach

The design of this study was a survey. The research data needed is primary data in the form of research respondents (subjects) perceptions. This study's data consists of primary data in the form of respondent perceptions obtained through distributing questionnaires directly to members of the DPRD Nabire Regency and Dogiyai Regency for the 2019-2014 period.

### B. Data Analysis Methods

This research's data analysis method is descriptive statistics, data quality test, classical assumption test, and hypothesis test. Descriptive statistics provide an overview or description of data seen from the mean, standard deviation, variant, maximum, minimum, sum, range, kurtosis, and skewness (distribution slope) (Ghozali, 2011 in Syarista (2016)). Data processing will carry out using SmartPLS software.

**IV. RESULT**

*A. Descriptive statistics*

Descriptive statistics are statistics used to analyze data by describing or describing the data collected as it is without intending to make general conclusions or generalizations (Sugiyono: 2015).

Research variable	N	Min	Max	Mean	Std. Dev.
Board Knowledge About Budget	50	11	20	17,480	2,261
Accountability	50	11	20	17,300	1,961
Transparency	50	27	47	39,560	3,183
Performance of DPRD Members	50	20	43	36,800	4,209
Regional Financial Supervision (APBD)	50	11	18	16,140	1,212

Table 1:- Descriptive Statistic

*B. Outer Model Analysis*

➤ *Convergent Validity.*

The value of convergent validity is the loading factor's value on the latent variable with its indicators. The expected value exceeds the number > 0.7. or the 0.6 limits are often used as the minimum limit of the factor loading value.

➤ *Average Variance Extracted (AVE)*

A good equation model must have an AVE value that expects to exceed the number > 0.5.

➤ *Discriminant Validity*

This value is the value of the cross-loading factor, which is useful for knowing whether the construct has sufficient discriminant by comparing the intended construct's loading value, which must be greater than the loading value with other constructs.

➤ *Composite Reliability*

Data that has composite reliability > 0.7 has high reliability.

➤ *Cronbach Alpha*

Cronbach Alpha strengthens the reliability test. The value expects to exceed a number > 0.6 for all constructs.

*C. Analysis of Inner Model*

➤ *Path Coefficient Test*

Path coefficient evaluation shows how strong the effect or influence of the independent variable on the dependent variable is.

Path	Path Coefficients	Sample Mean	Std. Dev
Knowledge → Performance of DPRD Members	0,305	0,306	0,099
Accountability → Performance of DPRD Members	0,315	0,308	0,108
Transparency → Performance of DPRD Members	0,372	0,391	0,095

Table 2:- Path Coefficients Results

➤ *Uji Path Coefficient*

Coefficient determination (R-Square) use to measure how much endogenous variables are affected by other variables. Based on the data processing that has been done, the R-Square value is obtained as follows:

Model Research	Value
R-Square	0,666
R-Square Adjusted	0,644

Table 3:- R-Square Value

*D. Hypothesis test*

➤ *Statistical test t*

The t-test was conducted to determine the effect of each independent variable on the dependent variable. The research hypothesis can state as accepted if the P-Values value < 0.05. The following are the results of the t-test obtained in this study.

Influence	P-Value
Knowledge → Performance of DPRD Members	0,004*
Accountability → Performance of DPRD Members	0,002*
Transparency → Performance of DPRD Members	0,000*

\* Significant at the 5% level

Table 4:- Statistical Test Results t

➤ *Uji Moderating*

Moderating testing in this study was carried out by interaction testing. The results can be seen in the following table.

Interaction	P Values
X <sub>1</sub> *Z → DPRD Member Performance	0,762
X <sub>2</sub> *Z → DPRD Member Performance	0,924
X <sub>3</sub> *Z → DPRD Member Performance	0,548

Table 5:- Interaction Test Results

Based on Table 5 above, it can be seen that each interaction between the moderating variables, namely the supervision of regional finances with each independent variable, is the board's knowledge of the budget (X<sub>1</sub>),

accountability (X2), and transparency (X3). However, based on these results, it can be concluded that none of the moderating variable interactions with the independent variables have a significant effect on the performance of DPRD members.

#### ➤ Discussion

##### • First Hypothesis

The first hypothesis in this study states that the council's knowledge of the budget has a positive effect on DPRD members' performance. The test results in this study found that the council's knowledge of the budget had a significant effect on the performance of DPRD members. Also, it can be seen that the board's knowledge of the budget has a positive regression coefficient value of 0.305. So the hypothesis which states that the council's knowledge of the budget has a positive effect on the performance of DPRD members or H1 is accepted.

##### • Second Hypothesis

The second hypothesis in this study states that accountability has a positive effect on DPRD members' performance. Following the test results in this study, it was found that accountability has a positive and significant effect on DPRD members' performance. Besides, it can also be seen that the board's knowledge of the budget has a positive regression coefficient value of 0.315. So the hypothesis states that accountability has a positive effect on DPRD members' performance, or H2 is accepted.

##### • Third Hypothesis

The third hypothesis in this study states that transparency has a positive effect on DPRD members' performance. Following the test results in this study, it was found that transparency also has a positive and significant effect on DPRD members' performance. Besides, it can also be seen that the board's knowledge of the budget has a positive regression coefficient value of 0.372. So the hypothesis which states that transparency has a positive effect on the performance of DPRD members or H3 is accepted.

##### • Fourth Hypothesis

The fourth hypothesis in this study states that regional financial supervision can strengthen the influence of council knowledge about budgets, accountability, and transparency on the performance of DPRD members. Meanwhile, the results of the interaction test in the study indicate that regional financial supervision cannot strengthen the influence of council knowledge on budgets, accountability, and transparency on the performance of DPRD members. With these results, the hypothesis states that regional financial supervision can strengthen the influence of council knowledge on budgets, accountability, and transparency on DPRD members' performance or H4 is rejected.

## V. CONCLUSION AND RECOMMENDATION

### A. Conclusions

- Knowledge of the council about the budget has a positive and significant effect on DPRD members' performance at the 5% significance level.
- Accountability has a positive and significant effect on DPRD members' performance at the 5% significance level.
- Transparency has a positive and significant effect on DPRD members' performance at the 5% significance level.
- Regional financial oversight cannot strengthen the influence of the council's knowledge of the budget, accountability, and transparency on the performance of DPRD members.
- The terms of office of respondents who have recently served as members of the board are more (88% or 70 respondents) than those who have served for more than one period (13% or ten respondents), thus affecting the study results.

### B. Suggestions

From the research results, discussion, and conclusions obtained in this study, suggestions can be made. Based on the research results, it can be seen that budget knowledge, accountability, and transparency are variables that can affect the performance of DPRD members. With the increased knowledge of the budget, accountability, and transparency of DPRD members in Nabire Regency and Dogiyai Regency, these DPRD members' performance will improve. Thus, it is recommended that the government be able to maintain and increase the knowledge of the council about budgets, accountability, and transparency in managing regional financial funds.

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