# The Effect of Public Sector Accounting Implementation and Financial Statement Transparency on Performance Accountability of the Regency Community and Village Empowerment Service (DPMD) In Trenggalek Regency

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**ABSTRACT**

This study aims to analyze the impact of public sector accounting implementation and financial report transparency on performance accountability at the Department of Community Empowerment and Village (DPMD) in Trenggalek Regency. Proper public sector accounting practices and financial report transparency are key to improving good governance and performance accountability in government institutions. This research uses a quantitative approach with multiple linear regression analysis. Data were collected through questionnaires distributed to DPMD staff involved directly in financial management and performance reporting. The analysis results indicate that the implementation of public sector accounting has a significant positive effect on performance accountability at DPMD, with a regression coefficient of 0.417. However, financial report transparency does not significantly affect performance accountability. Simultaneously, both variables significantly impact performance accountability with a p-value of 0.004. The study concludes that effective public sector accounting implementation can enhance performance accountability, while financial report transparency requires improvements in public participation and information accessibility to have a more significant impact.

***Keywords:*** *Public Sector Accounting, Financial Report Transparency, Performance Accountability, Community and Village Empowerment Office, Trenggalek Regency*

## 1. INTRODUCTION

Public sector accounting in Indonesia has evolved significantly, playing a crucial role in monitoring and reporting for accountability through the collection, classification, analysis, and preparation of financial reports. The government mandates efficient, transparent, and accountable financial management, aiming to provide reliable information for decision-making (Tandibua, Idris, & Farida, 2024). Public sector accounting ensures transparency, allowing for the fulfillment of public rights through accurate financial reports, which also impact government agency performance (Oktavianto, 2023). Government financial statements must meet four key qualities: relevance, reliability, comparability, and understandability (Government Regulation No. 71/2010). These principles are essential for ensuring that financial statements serve as effective tools in supporting good governance, rather than mere administrative documents.

Performance accountability is emphasized by Presidential Instruction No. 7 of 1999, which aims for an efficient, clean government, free from collusion, corruption, and nepotism. The Government Agency Performance Accountability System (SAKIP) was introduced to ensure a structured and measurable accountability system, contributing to improved effectiveness in governance and development implementation (Wiyana, 2023). Public sector accounting, when adhering to government standards, supports the timeliness and transparency necessary for performance accountability (Rahmawati & Heliana, 2022). A well-functioning public sector accounting system helps ensure that financial reports are timely, reliable, and transparent, which ultimately aids in strengthening the accountability of government agencies.

In the case of the DPMD of Trenggalek Regency, public sector accounting plays a pivotal role in village development and empowerment. The agency is responsible for managing village funds and community empowerment activities, requiring high-quality financial reporting to enhance accountability and minimize corruption (Wina & Khairani, 2015). The transparency of financial reports provides the public with the necessary information to assess how funds are managed and used, thereby fostering trust and improving governance. By improving the competence of human resources and strengthening internal and external monitoring systems, the DPMD of Trenggalek can optimize its performance accountability, leading to better public service delivery and stronger community trust (Mulyati, 2023). This study investigates how the application of public sector accounting and the transparency of financial reports affect the performance accountability of DPMD Trenggalek, with a focus on how these factors can improve overall governance.

## 2. RESEARCH METHODS

This study employs a descriptive quantitative approach to examine the influence of public sector accounting application and financial statement transparency on the performance accountability of government agencies, specifically the Community and Village Empowerment Office (DPMD) of Trenggalek Regency. The location was chosen due to DPMD's strategic role in managing village funds, implementing community empowerment programs, and preparing financial reports that impact public service performance at the village level.

The population consists of 42 DPMD employees, and a total sampling technique was used, involving all members as respondents to ensure comprehensive and accurate results. Data were collected through closed questionnaires targeting civil servants involved in financial management and performance reporting, along with supporting documentation such as financial reports, SAKIP documents, and program implementation reports.

The data were analyzed using multiple linear regression with the equation:

$$\mathbf{Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e}$$

Where Y represents performance accountability, $X_1$ is public sector accounting application, $X_2$ is financial statement transparency, $\alpha$ is the constant, $\beta_1$ and $\beta_2$ are coefficients, and e is the error term. The analysis utilized SPSS to conduct classical assumption tests, F-test, t-test, and $R^2$. This approach aims to reveal how the application of public sector accounting and financial transparency contribute to improving DPMD Trenggalek's performance accountability in delivering transparent and responsible public services.

## 3. RESULTS AND DISCUSSIONS

### *3.1 Normality Test*

Normality test to check whether the data is normally distributed. The normality test is important so that the results of the regression analysis can be trusted.

**Table 1.** Normality Test

| One-Sample Kolmogorov-Smirnov Test | | | | |
|---|---|---|---|---|
| | | | | Unstandardized Residual |
| N | | | | 42 |
| Normal Parametersa,b | Mean | | | ,0000000 |
| | Std. Deviation | | | ,72870831 |
| Most Extreme Differences | Absolute | | | ,181 |
| | Positive | | | ,110 |
| | Negative | | | -,181 |
| Test Statistic | | | | ,181 |
| Asymp. Sig. (2-tailed)c | | | | ,001 |
| Monte Carlo Sig. (2-tailed)d | Sig. | | | ,002 |
| | 99% Confidence Interval | | Lower Bound | ,001 |
| | | | Upper Bound | ,003 |

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

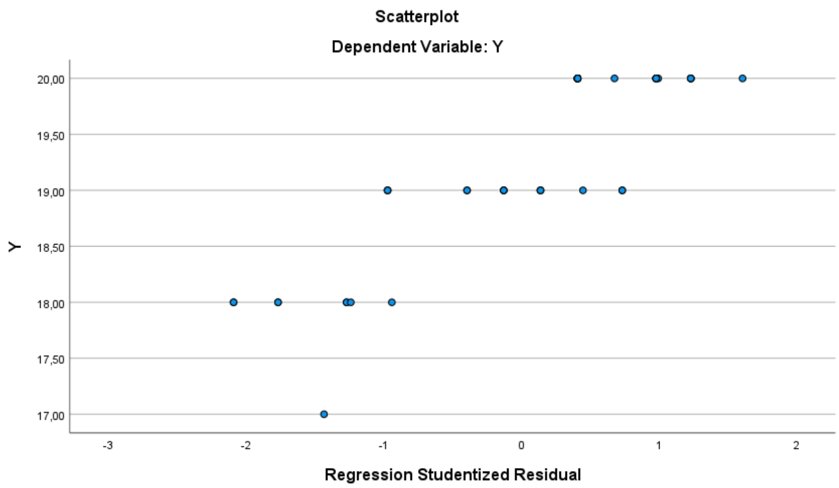
d. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 2000000.

The normality test checks whether the data is normally distributed, which is crucial for reliable regression analysis results. The Kolmogorov-Smirnov Test is commonly used, where a p-value > 0.05 indicates normal distribution, and a p-value < 0.05 means the data is not normally distributed, requiring data transformation or a non-parametric regression model. The table above shows a p-value of 0.003, which is less than 0.05, concluding that the data is not normally distributed.

### 3.2 Heteroscedasticity Test

After ensuring data normality, the next step is to conduct a Heteroscedasticity Test to check whether the variance of the residuals (errors) is constant at each value of the independent variable.

**Figure 1** Heteroscedasticity Test




In the heteroscedacity test results have a clear pattern, then the model needs to be corrected, for example by using robust regression. Then this data occurs heteroscedacity in this study.

### 3.3 Multicollinearity Test

Multicollinearity test is used to check whether there is a very strong linear relationship between3 ndepend3 ndependents that can interfere with the regression model.

**Table 2.** Multicollinearity Test

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | 7,511 | 3,439 | | 2,184 | ,035 | | |
| | X1 | ,417 | ,145 | ,417 | 2,870 | ,007 | ,909 | 1,100 |
| | X2 | ,193 | ,157 | ,179 | 1,231 | ,226 | ,909 | 1,100 |
| a. Dependent Variable: Y | | | | | | | | |

After ensuring data normality, the next step is to conduct a Heteroscedasticity Test to check if the variance of the residuals remains constant at each value of the independent variable. The test is performed by examining the pattern on the scatter plot. If no specific pattern is observed, the regression model is considered free from heteroscedasticity. However, if a clear pattern is present, the model needs improvement, such as using robust regression. In this study, the heteroscedasticity test shows a clear pattern, indicating the presence of heteroscedasticity, which suggests the need for model correction, such as using robust regression.

### 3.4 Multiple Regression Analysis

After performing all assumption tests and confirming the model's feasibility, the next step is multiple regression analysis to assess the effect of independent variables on the dependent variable. Multiple regression models help determine how much each independent variable contributes to changes in the dependent variable. The results of the analysis are presented in the table below.

**Table 3.** Multiple Regression Analysis

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | 7,511 | 3,439 | | 2,184 | ,035 | | |
| | X1 | ,417 | ,145 | ,417 | 2,870 | ,007 | ,909 | 1,100 |
| | X2 | ,193 | ,157 | ,179 | 1,231 | ,226 | ,909 | 1,100 |
| a. Dependent Variable: Y | | | | | | | | |

Based on the analysis, the regression equation is:

$Y = 7.511 + 0.417X_1 + 0.193X_2 + e$

This indicates that for every one-unit increase in the implementation of Public Sector Accounting ($X_1$), the Government Agency Performance Accountability (Y) increases by 0.417 units. Similarly, every one-unit increase in Financial Statement Transparency ($X_2$) leads to a 0.193 unit increase in Performance Accountability. The constant value of 7.511 represents the level of performance accountability when both independent variables are zero, while e accounts for the influence of other factors not included in the model.

## *3.5 Test t (Partial Significance Test)*

The t-test is used to assess the partial effect of each independent variable on the dependent variable.

**Table 4. Test t (Partial Significance Test)**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | 7,511 | 3,439 | | 2,184 | ,035 | | |
| | X1 | ,417 | ,145 | ,417 | 2,870 | ,007 | ,909 | 1,100 |
| | X2 | ,193 | ,157 | ,179 | 1,231 | ,226 | ,909 | 1,100 |
| a. Dependent Variable: Y | | | | | | | | |

The application of Public Sector Accounting ($X_1$) has a p-value of 0.007 (<0.05), indicating a significant effect on performance accountability in DPMD Trenggalek Regency. This suggests that better implementation of public sector accounting improves performance accountability, aligning with Sulistyorini and Rosidi (2017), who highlight that effective public sector accounting enhances local government accountability and governance. In contrast, Transparency of Financial Statements ($X_2$) has a p-value of 0.226 (>0.05), showing no significant effect on performance accountability. This implies that, despite its importance, financial transparency in DPMD Trenggalek does not significantly impact performance accountability, possibly due to low public participation or limited information access, as argued by Pratolo and Nugroho (2019), who state that transparency alone does not significantly impact accountability without internal controls and stakeholder involvement.

## 3.6 F Test (Simultaneous Significance Test)

The F-test assesses whether all independent variables together affect the dependent variable.

**Table 5.** F Test (Simultaneous Significance Test)

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 7,300 | 2 | 3,650 | 6,538 | ,004b |
| | Residuals | 21,772 | 39 | ,558 | | |
| | Total | 29,071 | 41 | | | |
| a. Dependent Variable: Y | | | | | | |
| b. Predictors: (Constant), X2, X1 | | | | | | |

The F-test result shows a p-value of 0.004, indicating that both public sector accounting and transparency of financial statements significantly affect performance accountability at DPMD Trenggalek Regency. This confirms that these factors, when combined, enhance performance accountability by improving budget management and achieving program objectives.

### 3.7 Coefficient of Determination ($R^2$)

The Coefficient of Determination ($R^2$) measures the proportion of variance in the dependent variable explained by the independent variables.

**Table 6.** Coefficient of Determination ($R^2$)

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | | Durbin-Watson |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change | |
| 1 | ,501a | ,251 | ,213 | ,74716 | ,251 | 6,538 | 2 | 39 | ,004 | 2,212 |
| a. Predictors: (Constant), X2, X1 | | | | | | | | | | |
| b. Dependent Variable: Y | | | | | | | | | | |

The $R^2$ value in this study is 0.213, meaning that 21.3% of variations in performance accountability are explained by the independent variables (public sector accounting and financial statement transparency). The remaining 78.7% is explained by other factors. The low $R^2$ value (<0.30) shows that the regression model has weak explanatory power, indicating that while the independent variables significantly affect performance accountability, other factors like leadership, organizational culture, and internal controls also play key roles. It is recommended to include additional relevant variables in future research to improve the model's predictive power.

## 4. CONCLUSION

Based on the study results, it can be concluded that the application of public sector accounting significantly influences performance accountability at DPMD Trenggalek, as shown by a p-value of 0.007 (<0.05), indicating that better implementation leads to higher accountability. In contrast, transparency of financial statements does not have a significant individual effect, with a p-value of 0.226 (>0.05), suggesting that transparency alone may not be sufficient to improve accountability without supporting factors. However, the F-test reveals that both variables together significantly affect performance accountability (p-value = 0.004 < 0.05), highlighting the importance of their combined implementation. Despite this, the coefficient of determination ($R^2$) is only 0.213, meaning the model explains just 21.3% of the variation in performance accountability, while the remaining 78.7% is influenced by other factors such as leadership, organizational culture, internal controls, and human resources. Thus, future research should consider incorporating additional relevant variables to develop a more comprehensive and predictive accountability model.

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