



Factors Affecting Accountability Government Institution Performance

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ABSTRACT

Purpose : The purpose of this empirical study is to investigate the influence of internal control, clarity of budget targets, reporting systems, and performance-based regional budgets on the performance accountability of government agencies within the Regional Financial and Asset Management Agency of the North Sumatra Provincial Government.

Method : This study employs a causative contextual research approach. The population for this study consists of 119 individuals. Primary data for this research were collected using an empirical approach, which involved the distribution of questionnaires to respondents. One hundred-five questionnaires were sampled and analyzed through the saturated sampling method.

Findings : The results indicate that both simultaneous and partial effects of internal control, clarity of budget targets, reporting systems, and performance-based budgets significantly influence the performance accountability of government agencies within the Regional Financial and Asset Management Agency of the North Sumatra Provincial Government.

Novelty : This research distinguishes itself from previous studies by highlighting that the variable with the most substantial impact on the performance accountability of government agencies within the BPKAD of the North Sumatra Provincial Government is a combination of internal control, clarity of budget targets, reporting systems, and performance-based regional budgets, which form an inseparable unit.

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INTRODUCTION

The government is committed to addressing critical and foundational challenges while also adapting to society's evolving needs and perspectives. It is dedicated to providing information regarding its performance, including implemented policy outcomes, to elected representatives and community groups interested in government performance (Situmorang & Simanjuntak, 2019). Acknowledging the vital role of public accountability in fostering good governance, policymakers have enacted laws and regulations to ensure a credible government.

Numerous government regulations have been drafted for this purpose, such as Presidential Regulation No. 29/2014, which pertains to the "Accountability System for Government Agency Performance," and Presidential Instruction No. 2/2014, focused on the "Prevention and Eradication of Corruption." All these laws, regulations, and policy directives are designed to establish and maintain a tangible form of performance accountability within the government. They encompass legislative compliance, internal controls, budgetary considerations, regional expenditures, and reporting systems.

Government organizations are entrusted with ensuring that public institutions align with their organizational vision, mission, and goals. Figure 1 (Lorini et al., 2013) illustrates the four categories of responsibility resulting from the combination of causal-agentive and active-passive dimensions.

Accountability for local government performance embodies the responsibility of government agencies tasked with implementing the organization's mission to achieve goals and objectives set by periodic accountability instruments (Pattinaja, et al., 2023). The Performance Accountability Report of Government Agencies (LAKIP)

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		Responsibility	
		Active Responsibility	Passive Responsibility
Knowledge	Knowledge	Active Agentive Responsibility	Passive Agentive Responsibility
	No knowledge	Active Causal Responsibility	Passive Causal Responsibility

Figure 1. The different types of responsibility

is an annual performance report that holds agencies accountable for their progress in achieving strategic goals and targets (Eprianto, et al., 2023). LAKIP also applies to regional offices in carrying out their core functions, aiming for agencies to execute activities according to plan as a form of performance accountability, indicating success or failure in realizing the organization's vision, mission, and strategy to meet predetermined goals and objectives (Siahaan & Simanjuntak, 2020). This report encourages government agencies to enhance planning and programming, resource mobilization, management, and budgeting, as well as project design and implementation, in pursuit of sustainable improvements in government performance (Situmorang & Simanjuntak, 2021).

Numerous studies have investigated the factors influencing the accountability of government entities for their performance. Independent variables, such as internal control, clarity of budget targets, reporting systems, and performance-based regional budgets, significantly impact the performance accountability of government agencies in the Regional Financial and Asset Management Agency (Fitriana et al., 2018). The clarity of budget targets directly affects the performance accountability of government agencies. "The internal control system affects the performance accountability of government agencies and serves as an intermediary variable that mediates between the clarity of budget targets and government agency performance accountability" (Ilyas et al., 2021) (Dashtbayaz et al., 2019). Clarity of budget targets, complexity of budget targets, internal control, segmental reporting systems, accounting controls, and reporting systems positively influence government agency performance accountability (Yulianti, 2014). Clarity of budget targets, internal control, and simultaneous reporting systems positively affect government agency performance accountability. The following table 1 presents some of the results of similar studies to this study with different conclusions (research gap).

THEORETICAL BASIS

Performance Accountability of Government Agencies

The local government holds the highest sovereignty entrusted by the community (Shah, 2014). As stewards

Table 1. Similar Studies

Dependent Variable	Independent Variable	Effect	Previous Researchers	
Performance Accountability of Government Agencies	Internal Control	Negative Significant	Netty Herawaty (2011)	
		Significant Influence	Riska Dwi Fitriana, Nur Hidayati dan M. Cholid Mawardi (2018); Indah Nur Anisa dan Haryanto (2022)	
	Clarity of Budget Goals	Positive Significant	Anjarwati (2012)	
		Negative Significant	Netty Herawaty (2011)	
	Reporting System	Insignificant Influence	Riska Dwi Fitriana, Nur Hidayati dan M. Cholid Mawardi (2018); Indah Nur Anisa dan Haryanto (2022).	
		Significant Influence	Kaltsum dan Rohman (2013)	
	Performance-Based Budget	Positive Significant	Anjarwati (2012); Fitriana Hidayat dan Mawardi (2018); Indah Nur Anisa dan Haryanto (2022)	
		Significant Influence	Ayu Sartika Pane (2018)	
			Negative Significant	Ayu Sartika Pane (2018)
			Positive Significant	Anjarwati (2012); Netty Herawaty (2011); Ayu Sartika Pane (2018)
		Positive Significant	Masdayanti (2015); (Azzahra et al., 2022); (Okromtchedlishvili, 2022)	
		Insignificant Influence	Ade Masdayni (2015)	
		Negative Significant	Nani Wahyuni (2018)	

of this trust, the government is responsible for its actions and performance to the public (Arwati & Latif, 2021). With the advancement of information technology, the government can now communicate accountability information electronically. Accountability goes beyond merely demonstrating how public funds are spent; it encompasses whether they have been spent appropriately, efficiently, and effectively.

According to Decree Number 239/IX/6/8/2003 issued by the State Administration Agency, Accountability for the Performance of Government Agencies is the obligation of a government agency to report on the success or failure of the organization's mission in achieving predetermined goals and objectives through periodic accountability. In alignment with this definition, accountability for local government performance signifies the fulfillment of government agencies' responsibility to be answerable for the organization's mission performance in a structured manner, under goals and objectives set by the accountability instrument (Park & Park, 2022) and (Pebrianti & Aziza, 2019).

Internal Control

Internal control involves utilizing all company resources to promote, oversee, and monitor activities to ensure the realization of the company's objectives (Li & Zhao, 2022) and (Hoai & Nguyen, 2022). According to the Government Regulation of the Republic of Indonesia, Number 8 of 2006, which addresses Financial Reporting and Performance of Government Agencies, the Internal Control System is a management-influenced process established to provide adequate assurance regarding the achievement of effectiveness, efficiency, compliance with applicable laws and regulations, and the reliability of government financial statement presentations.

This system is elaborated upon in Article 33, paragraph (2), which emphasizes the necessity of reconciliation procedures between financial transaction data managed by budget users and those accounted for by the State/Regional general treasurer within the internal control system. Government Regulation RI No. 60 of 2008 further defines the Internal Control System as an integral, ongoing process undertaken by leadership and all employees to furnish sufficient assurance regarding the attainment of organizational goals through effective and efficient activities, reliability in financial reporting, protection of state assets, and adherence to laws and regulations..

Clarity of Budget Goals

Participation in the budgeting process provides essential information to responsibility center leaders for determining the contents of the prepared budget (Erina & Suartana, 2016). This contribution is crucial for motivating managers to achieve budgetary goals (Yustini, 2014). The clarity of budget objectives pertains to whether they are sufficiently clear and specific, enabling those responsible for achieving them to comprehend the budgeting process (Yulianti, 2014) and (Erina & Suartana, 2016). By establishing clear and specific goals, a comparison can be made between work progress and these objectives, ensuring that actions align with the intended goals (Kusuma, 2014). Consequently, elaborating budget targets is highly relevant and significant within the government sector as it directly impacts government accountability (Zakiyudin & Suyanto, 2015).

Clarity of Budget Targets refers to the extent to which budget targets are precisely and clearly defined, facilitating an understanding of the budget by those responsible for achieving these targets (Alawia et al., 2021); (Hutama & Yudianto, 2019), and (Kewo, 2014). Drawing from the formulation of Locke and Latham (Putra, 2013), it becomes evident that well-defined budget goals encourage managers to be more effective and perform better than ambiguous goals.

Reporting System

The Reporting System is an accounting system tailored to the responsibilities of each division or sub-division within the organization. It is designed to provide distinct financial information (Zakiyudin & Suyanto, 2015). Financial reporting represents a form of responsibility for managing an entity's financial resources (Dashtbayaz et al., 2019). Financial reports uphold good governance principles by informing stakeholders about the government's economic condition (Syarifuddin, 2014). The objectives and functions of government financial reports encompass the following: 1) Planning and authorization information; 2) Public relations accountability and retrospective reporting; 3) Compliance and management; 4) Entity continuity; 5) Accountability and retrospective reporting; 6) Information, facts, and data sources (Dashtbayaz et al., 2019). A well-structured reporting system is essential for monitoring and controlling the effectiveness of management in budget execution (Yulianti, 2014).

Performance-Based Regional Budget

Performance-based Budgeting is a systematic approach that integrates the costs incurred by public sector organizations with the results achieved, utilizing performance data displayed as performance indicators (Sofyani, 2018) and (Yusuf, 2021). This budgeting method, rooted in planning, underscores value for money, cost-effectiveness, and productivity monitoring (Mardiasmo, 2018). The essence of the performance-based budgeting approach lies in its emphasis on efficiency, effectiveness, and economy (Haliah & Nirwana, 2019).

Performance-based Budgeting is a managerial budgeting approach that aligns funding allocated to activities with expected outcomes and outputs while emphasizing efficiency in achieving these outcomes and outputs (Safaruddin & Basri, 2016). This output-oriented budgeting system is closely tied to the organization's vision, mission, and strategic plans (Safaruddin & Basri, 2016).

According to Government Regulation Number 71 of 2010, titled "Government Accounting Standards," Article 4, Paragraph (1) confirms that the government establishes an accrual-based SAP (System of Accounting Procedures). Article 1, Paragraph (8), defines accrual-based SAP as a system that recognizes income, expenses,

assets, debt, and equity in accrual-based financial reporting, as well as income, expenditure, and financing in budget implementation reporting based on the principles outlined in the APBN/APBD (National/Regional Budget).

Internal control comprises five interrelated components (Control et al., and Monitoring), which stem from how management operates a business and are integrated into the management process. These components apply to entities of all sizes, although smaller organizations are likely to implement them more informally concerning the performance accountability of government agencies (Pebrianti & Aziza, 2019). Internal controls ensure that records comply with applicable standards for each financial transaction and minimize recording errors. In this context, internal control has a significantly positive effect on the performance accountability of government agencies.

H₁: Internal control influences the performance accountability of government agencies within the Regional Financial and Asset Management Agency of the North Sumatra Province Government

Budget performance measurement leans heavily toward planning and Budgeting, often needing to focus on actual results (outcomes). Consequently, the effectiveness of these instruments is contingent upon the clarity of budget objectives, which, in turn, impacts the efficiency, budget allocation, and operational responsibilities of government agencies. From various perspectives, it becomes evident that the clarity of budget targets can positively impact public sector performance accountability (Zakiyuddin & Suyanto, 2015) and (Fitriana et al., 2018).

H₂: Clarity of budget targets affects the performance accountability of government agencies within the Regional Financial and Asset Management Agency of the North Sumatra Provincial Government

The availability of information and disclosure represents the government's obligation to uphold the rights of the people, including the right to access information, the right to have their aspirations considered, the right to receive explanations, and the right to demand accountability. This statement underscores the pivotal role of the reporting system in fostering accountability for good performance. Based on the descriptions and explanations provided above, a well-functioning reporting system significantly and positively affects the performance accountability of government agencies (Fitriana et al., 2018) and (Hutama & Yudianto, 2019).

H₃: The reporting system impacts the performance accountability of government agencies within the Regional Financial and Asset Management Agency of the North Sumatra Province Government

Failure to utilize adequate performance-based regional budgets within an organization can lead to disruptions and, ultimately, a deterioration in the quality of accounting information. This deterioration can significantly impact the validity of decision-making. In situations where performance-based regional budgets could be improved, it results in a reduction in the performance accountability of government agencies. This explanation underscores how the implementation of performance-based state spending affects the performance accountability of government agencies (Safaruddin & Basri, 2016).

H₄: Performance-based regional budgets affect the performance accountability of government agencies within the Regional Financial and Asset Management Agency of the North Sumatra Provincial Government

Internal control factors have the potential to motivate employees to enhance their performance. For example, the control environment can play a significant role in creating a conducive work environment, and internal control contributes to improving implementers' ability to maintain performance accountability within government agencies. The primary objective of internal control is to ensure that financial statements (LKPD) are presented relatively under accounting principles, in compliance with applicable regulations, and that operational activities are carried out effectively (Siahaan & Simanjuntak, 2020).

The use of inadequate government budgets can result in an imbalance in the performance accountability of government agencies. Inadequate performance accountability of government agencies can also be attributed to the reporting system, which may provide inaccurate information. The reporting system is responsible for delivering information and disclosure reports. The government must be willing to provide accurate, timely, relevant, reliable, and consistent information regarding important financial activities and performance. The optimal achievement of accountability for the performance of government agencies may only be realized when organizations employ adequate performance-based regional budgets.

H₅: Internal control, clarity of budget targets, reporting systems, and performance-based regional budgets concurrently impact the performance accountability of government agencies within the Regional Financial and Asset Management Agency of the North Sumatra Provincial Government

RESEARCH METHODS

In this study, the data analysis method employed was Structural Equation Modeling (SEM) analysis using the Smart PLS 3.0 statistical package. SEM is a combination of factor analysis and regression analysis that can elucidate the relationships between multiple variables. Causative research is a type of investigation used to analyze the effects of various variables on other variables (Situmorang & Simanjuntak, 2021). Analyzing the research model

with SEM allows for identifying construct dimensions and, simultaneously, measuring the influence or degree of relationship between factors whose dimensions have been identified.

This research was conducted at the Office of the Regional Government Finance and Asset Management Agency of North Sumatra Province. The study population included individuals from the District/City Regional Financial Development Sector, Asset Sector, Regional Cash Treasury Sector, Accounting Sector, Budget Management Sector, and Secretariat at the Financial Management Agency and Regional Assets of the North Sumatra Provincial Government.

Primary data collection in this study utilized a questionnaire as a data collection tool. A questionnaire is a data collection technique that involves presenting several questions or written statements to respondents to elicit their responses (Muda & Naibaho, 2018) (Erlina et al., 2018). The questionnaire in this study comprised various statements and questions that respondents answered to measure the variables under investigation (Situmorang & Simanjuntak, 2021). The questionnaire was designed to assess the two independent variables and the dependent variable. The independent variables included (1) Internal Control, (2) Clarity of Budget Targets, (3) Reporting System, and (4) Performance-Based Regional Budget, while the dependent variable was the Performance Accountability of Government Agencies.

Internal control consists of several indicators, including the control environment, risk assessment, and information and communication control. Clarity of budget targets is indicated by factors such as budget planning and budget targets. The reporting system is assessed based on indicators like cash basis, accrual basis, and fund accounting. Performance-based regional budgets are evaluated using economic indicators, efficiency, effectiveness, and performance monitoring. Accountability for the performance of government agencies is measured through indicators encompassing honesty accountability, legal accountability, process accountability, program accountability, and policy accountability.

The development of the questionnaire drew upon various sources (Situmorang & Simanjuntak, 2019). The questionnaires were structured to assess the following variables: Internal Control (X1), Clarity of Budget Targets (X2) based on the work of (Zakiyuddin and Suyanto, 2015), Reporting System (X3) as per (Bastian, 2010), and Performance-Based Regional Budget (X4) following the framework by (Mardiasmo, 2018). The dependent variable, Government Agency Performance Accountability (Y), was also constructed based on (Mardiasmo, 2018).

The questionnaire in this study employed a Likert Attitude Scale, an interval measuring scale consisting of five answer choices: strongly agree, agree, neutral, disagree, and strongly disagree. These answer choices were numerically assessed on a scale of 1 for strongly disagree, 2 for disagree, 3 for neutral, 4 for agree, and 5 for strongly agree.

The sample selection method adopted for this study is known as saturated sampling (Muda et al., 2017); (Erlina & Muda, 2018); and (Muda et al., 2018). Saturated sampling involves using the entire population as samples (Muda dan Dharsuky, 2015); (Muda et al., 2017); and (Muda & Nurlina, 2018).

In this research, questionnaires were distributed to individuals from various sectors, including the District/City Regional Financial Development Sector, the Asset Sector, the Regional Cash Treasury Sector, the Accounting Sector, the Budget Management Sector, and the Secretariat at the Financial Management Agency and Regional Assets of the North Sumatra Provincial Government, totaling 119 respondents. Data analysis for this study was conducted using SmartPLS 3.0.

RESULTS AND DISCUSSIONS

Data collection for the research was conducted by distributing questionnaires to 119 respondents within the Regional Financial and Asset Management Agency of the North Sumatra Provincial Government. The respondents included employees, staff, and structural members. After receiving research approval from the National and Political Unity Agency, the researcher coordinated with the North Sumatra Provincial Government Regional Financial and Asset Management Agency authorities. Although 119 questionnaires were distributed across various departments within the agency, not all of them were returned.

Correlation calculations were performed to determine the validity of each questionnaire item. The correlation coefficient values indicated the degree of validity for each item. To assess the item's validity, a significance test for the correlation coefficient was conducted. An item was considered valid when the significance value was less than 0.05 (< 0.05), adjusted according to the number of respondents (N).

The questionnaires were distributed in February, resulting in responses from 105 participants. The respondents were predominantly male. Education-wise, most respondents had an undergraduate (S1) level of education. The length of work experience varied among respondents, with the majority having worked for more than ten years.

Descriptive Statistics Test Results

Descriptive statistical analysis (table 1) was employed to provide a detailed overview of the data, including frequency distribution, percentages, as well as maximum, minimum, and average values for variables such as "Internal Control, Clarity of Budget Goals, Reporting System, Performance-Based Regional Budget, and Performance Accountability of Government Agencies."

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Y	105	26.00	52.00	39.80	5.523
X₁	105	31.00	59.00	45.29	5.631
X₂	105	13.00	31.00	22.94	4.038
X₃	105	12.00	27.00	19.53	3.417
X₄	105	9.00	27.00	17.91	4.272
Valid N (listwise)	105				

Validity Test

Convergent Validity

Researchers can use the outer loading or loading factor to test convergent validity. Dimensions are considered to meet convergent validity criteria when the outer loading value is > 0.5 and the p-value is 0.000 < 0.05. Based on the data presented in the table above, each dimension of each research variable has an outer loading value of > 0.5. Outer loading values between 0.5 - 0.6 are considered sufficient to meet the requirements for convergent validity. The data does not show any variable indicators with outer loading values below 0.5, indicating that all indicators are valid and suitable for use in research and further analysis.

Discriminant Validity

In addition to looking at the outer loading values, discriminant validity can also be determined by examining the average value of the Average Variance Extracted (AVE) for each indicator. The required AVE value is > 0.5 for the validity criteria. Based on the data presented, the composite reliability score is > 0.6 for all study variables. These results indicate that each variable achieves composite reliability, demonstrating that all variables are highly reliable.

Cronbach Alpha

The composite reliability test has been further confirmed using Cronbach’s alpha values. A variable is considered reliable or satisfies Cronbach’s alpha if its Cronbach’s alpha value is > 0.7 (Ghozali and Latan, 2015). Based on the data presented in the table above, the Cronbach’s alpha value for all research variables is > 0.7, indicating that all variables meet the criteria for Cronbach’s alpha and are highly reliable. All prerequisite values are met, allowing for hypothesis testing to continue. The diagram for Model 1 is provided below.

Multicollinearity Test Results

The multicollinearity test is conducted by calculating the Variance Inflation Factor (VIF) value (Ghozali & Latan, 2015). VIF measures the relationship between exogenous variables. According to Ghozali & Latan (2015), a recommended VIF value is below 5.00. The results of the multicollinearity test are shown below. Based on the VIF values in the table, all values are below 5.00. Therefore, it can be concluded that the relationship between exogenous variables is not strong, and there is no multicollinearity.

Inner Model Analysis

The inner model analysis in this study involves the formation of a regression equation model, testing the effects, and determining the coefficient of determination. The output used in the model equation is presented in the table 2. Based on the table 2, the following regression equation is obtained

$$Y = 0.525 X_1 + 0.258 X_2 + 0.152 X_3 + 0.142 X_4 \dots\dots\dots 1$$

Accountability of government agency performance increases by 0.525 if internal control increases by one unit, indicating that higher internal control leads to greater accountability. Similarly, accountability of government agency performance increases by 0.258 if the clarity of budget targets increases by one unit, signifying that higher clarity in budget targets results in greater accountability.

Additionally, accountability of government agency performance increases by 0.152 if the reporting system increases by one unit, highlighting that a stronger reporting system leads to greater accountability. Lastly, accountability of government agency performance increases by 0.142 if the performance-based regional budget increases by one unit, indicating that a higher performance-based regional budget is associated with greater accountability.

A t-test was performed to determine whether the independent variables directly or indirectly affect the depen-

Table 2. Model Equation

	Original Sample (O)	Sample Average (M)	Standard Deviation (STDEV)	T Statistic (O/STDEV)	P Values
X₁ -> Y	0.525	0.518	0.058	9.120	0.000
X₂ -> Y	0.258	0.256	0.054	4.788	0.000
X₃ -> Y	0.152	0.159	0.065	2.342	0.020
X₄ -> Y	0.142	0.142	0.056	2.558	0.011

dent variable. The output results of the Smart PLS hypothesis test (both direct and indirect effect hypotheses) are shown in the table below.

Hypothesis Testing Results (H₁)

The statistical test for the internal control variable's impact on the performance accountability of government agencies yielded a t value of 9.120 and a significance level (sig) of 0.000, which is less than 5%. It indicates that internal control significantly affects the performance accountability of government agencies.

Hypothesis Testing Results (H₂)

The test for the clarity of budget targets' impact on the accountability of government agency performance resulted in a t value of 4.788 with a significance level (sig) of 0.000, which is less than 5%. It implies that clarity of budget targets significantly influences the accountability of government agency performance.

Hypothesis Testing Results (H₃)

Regarding the reporting system's effect on the accountability of government agency performance, the t value was 2.342, and the significance level (sig) was 0.020, which is less than 5%. It indicates that the reporting system significantly impacts the accountability of government agency performance.

Hypothesis Testing Results (H₄)

The impact of performance-based regional budgets on the accountability of government agency performance resulted in a t value of 2.558 and a significance level (sig) of 0.011, which is 1.1% and is less than 5%. It means that performance-based regional budgets significantly affect the accountability of government agency performance.

Coefficient of Determination Test Results R²

The accountability variable for the performance of government agencies (Y) obtained the adjusted R² = 83.1% ; it means that the magnitude of the influence of internal control, clarity of budget targets, reporting system, and performance-based regional budgets on the accountability of the performance of government agencies is 83.1%.

Effect of Internal Control (X1) on Performance Accountability of Government Agencies (Y)

The results of hypothesis testing 1 (H₁), which examines the significant positive impact of internal control on the performance accountability of Government Agencies within the Financial Management Agency and Regional Assets of the North Sumatra Provincial Government, confirm the acceptance of H₁. The Internal Control Variable (ICV) consists of four dimensions that assess the level of internal control within the Regional Financial and Asset Management Agency of North Sumatra Province. These dimensions include the control environment, risk assessment, information and communication control, and supervision. The gathered data shows that the North Sumatra Provincial Financial and Asset Management Agency excels in supervision and fostering a conducive control environment within its work area. These study findings are supported by previous research, which has extensively explored the impact of internal control on the performance accountability of Government Agencies. Scholars such as Afrina et al. (2015), Yulianti (2014), Zakiyuddin & Suyanto (2015), and others have consistently concluded that internal control has a significantly positive effect on the performance accountability of Government Agencies within the Financial Management Agency and Regional Assets of the North Sumatra Provincial Government.

Effect of Clarity of Budget Goals (X2) on Performance Accountability of Government Agencies (Y)

Based on the results of the earlier hypothesis testing, it can be concluded that "the clarity of budget targets has a significant positive impact on the performance accountability of Government Agencies. It implies that as the clarity of budget targets (X₂) improves, the performance accountability of government agencies within the Financial Management Agency and Regional Assets of the North Sumatra Provincial Government also improves. Conversely, if the clarity of budget targets is poor, the performance accountability of these government agencies will also be better. The independent variables, comprising the dimensions of budget planning and budget targets, rank second out of the four independent variables in their influence on the dependent variable (Y), which is the performance accountability of government agencies.

The presence of budget planning and clear targets facilitates the successful execution of the work programs of the North Sumatra Provincial Government's BPKAD, particularly in terms of ensuring accountability for local government performance and controlling the quality of performance accountability of government agencies within BPKAD of the North Sumatra Provincial Government. It underscores the realization by BPKAD of the North Sumatra Provincial Government's vital importance of budget planning and well-defined targets in upholding public trust in the agency. These findings align with previous research conducted by Dashtbayaz et al. (2019), which concluded that "the clarity of budget targets directly affects the performance accountability of government agencies." Additionally, Yulianti (2014) found that the clarity of budget targets has a significant positive impact on the performance accountability of government agencies.

Furthermore, the results of this study corroborate the findings of research by Cefrida et al. (2014), which concluded that "clarity of goals significantly enhances the performance accountability of government agencies in Pekanbaru City." Another study by Zakiyudin and Suyanto (2015) also affirmed that the clarity of budget targets significantly contributes to the performance accountability of government agencies. However, it is worth noting that these results differ from some research that concluded that the clarity of budget targets harms the performance

accountability of government agencies. These discrepancies in findings may be attributed to various factors, such as respondent demographics, cultural factors, and respondent habits.

Effect of Reporting System (X3) on Performance Accountability of Government Agencies (Y)

Efforts to enhance the reporting system have been initiated, although they may not have reached their full potential. Nevertheless, they are moving in the right direction, as evidenced by the Unqualified Opinion received by North Sumatra Province in 2018. It is expected that the Regional Financial and Asset Management Agency of the North Sumatra Provincial Government will continue to refine and improve the reporting system. This improvement can be achieved by implementing policies to bolster public trust in the agency. As the reporting system becomes robust, it is anticipated that the performance accountability of Government Agencies, specifically within the Financial Management Agency and Regional Assets of the North Sumatra Provincial Government, will also improve. It, in turn, aligns with the principles of good governance that prioritize the public interest. These findings are consistent with prior research, such as the study conducted by Yulianti (2014), which concluded that the reporting system impacts the performance accountability of Government Agencies. Similarly, Zakiyuddin and Suyanto (2015) found that the reporting system significantly affects the performance accountability of Government Agencies. Additionally, Afrina et al. (2015) concluded that the reporting system influences the performance accountability of Government Agencies in Pekanbaru City. Numerous other studies have produced results in line with the findings of this study.

Effect of Performance-Based Regional Budgets (X4) on Government Agency Performance Accountability (Y)

The results of hypothesis testing for H_4 confirm that "performance-based regional budgets have a significant positive impact on the performance accountability of Government Agencies," as Safaruddin and Basri (2016) suggested. The performance-based regional budget variable encompasses three dimensions used to assess the level of performance-based regional Budgeting within the Regional Financial and Asset Management Agency of the North Sumatra Provincial Government. These dimensions include economic aspects, effectiveness, efficiency, and performance monitoring.

Effect of Internal Control (X1), Clarity of Budget Goals (X2), Reporting System (X3), Performance-Based Regional Budgets (X4) on Performance Accountability of Government Agencies (Y)

The results of hypothesis testing for H_5 indicate that internal control, clarity of budget goals, reporting system, and performance-based regional budgets collectively significantly impact the performance accountability of Government Agencies, including the Financial Management Agency and Regional Assets of the North Sumatra Provincial Government. These findings align with previous studies conducted by Zakiyuddin and Suyanto (2015), Safaruddin & Basri (2016), Fitriana et al. (2018), Hutama & Yudianto (2019), and Pebrianti & Aziza (2019), all of which concluded that internal control, clarity of budget targets, reporting systems, and performance-based regional revenue and expenditure budgets, when considered together, exert a significant influence on the performance accountability of government agencies.

CONCLUSIONS

Internal Control has a substantial and positive influence on enhancing the accountability of government agencies operating within the Regional Financial and Asset Management Agency of the North Sumatra Provincial Government. Effective internal control mechanisms contribute significantly to improved accountability. Clarity of Budget Targets also plays a crucial role in positively affecting the accountability of government agencies in the region. When clearly defined budget objectives, it enhances financial management's transparency and accountability. The Reporting System within the Regional Financial and Asset Management Agency has a significant and favorable impact on the accountability of government agencies. A well-structured reporting system ensures transparency and accountability in financial matters. Performance-Based Regional Budget positively influences the performance accountability of government agencies within the Regional Financial and Asset Management Agency. This approach encourages efficiency and effectiveness in resource allocation and utilization. When these factors—Internal Control, Clarity of Budget Targets, Reporting System, and Performance-Based Regional Budget—are considered together, they collectively exert a substantial and positive influence on the performance accountability of government agencies operating within the Regional Financial and Asset Management Agency of the North Sumatra Provincial Government.

In summary, these conclusions underscore the critical role of internal Control, clear budget objectives, effective reporting systems, and performance-based Budgeting in enhancing the accountability of government agencies in the region. When integrated and optimized, these factors contribute significantly to transparent, efficient, and accountable financial management within the government agencies of North Sumatra Province.

To enhance the performance accountability of government agencies, particularly within the Regional Financial and Asset Management Agency of the North Sumatra Provincial Government, it is crucial to implement

performance-based regional Budgeting and an effective reporting system consistently. By doing so, the Regional Financial and Asset Management Agency can improve its performance and financial transparency, ultimately earning the general public's trust. The community is encouraged to actively engage with government agencies, particularly the Regional Financial and Asset Management Agency, to elevate the accountability of government agency performance collectively. Collaboration and cooperation between the public and these agencies can contribute to a higher level of accountability and foster continuous improvement in the future.

Future research endeavors might explore additional independent variables that could influence government agencies' performance accountability within the Regional Financial and Asset Management Agency of the North Sumatra Provincial Government. Variables such as employee motivation, human resources, and others could be examined to provide a more comprehensive understanding of this dynamic. Expanding the research methodology to include techniques like interviews, direct observations, and questionnaires can offer richer insights into the subject.

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