THE ROLE OF ACCOUNTABILITY IN DETERMINING THE RELATIONSHIP BETWEEN QUALITY OF FINANCIAL REPORTING AND PERFORMANCE OF PUBLIC ORGANIZATIONS
(Case Study on SKPD Boyolali)

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Abstract: *Government financial reports are useful as a medium of public accountability for accounting for the use of resources and the implementation of policies entrusted to the government by the public in order to achieve the goals that have been set. The purpose of this study is to determine the role of accountability in determining the relationship between financial reporting quality and public organization performance. This study relies on primary data. The total sample size in this study was 91 samples drawn at random. Using descriptive statistical analysis techniques, hypotheses were tested. According to the findings of this study, accountability plays a mediating role in the relationship between the quality of financial reporting and the performance of public organizations, which has significant implications for public organizations that want to improve the quality of financial reporting and organizational performance through a better accountability system. One concrete effort to achieve financial management accountability is the submission of financial accountability reports that are timely and prepared in accordance with generally accepted government accounting standards.*

Keywords: *Accountability, Quality of Financial Reporting, Performance of Public Organizations, Boyolali SKPD*

1. Introduction

The Covid-19 era, which has lasted nearly three years, has resulted in changes in people's living conditions. The government also assists affected communities. However, there have been allegations of misappropriation of social assistance funds by the former Minister of Social Affairs. This raises serious concerns about accountability for the use of government funds to combat the pandemic. (Shahib et al., 2022). As a result, accountability becomes critical for further discussion. To ensure government continuity, the government must be responsive, participatory, and professional in carrying out its functions (Khotami, 2017). Transparency and accountability demands are also forcing various countries to reform their governments. Particularly in the reform and transformation of the public sector to make it more efficient and effective in providing public services.

Accountability is a key principle of good governance at the moment. Local government public accountability entails providing information on government financial activities and performance to parties interested in financial reports. The main goal of public sector reform, particularly financial reform, is to achieve accountability. The government is directly or indirectly responsible to the community because the funds used to run the government are raised from the community.

Accountability refers to the obligation to account for all activities to interested parties known as stakeholders (Mardiasmo, 2018). This can take the form of providing, presenting, and reporting activities to the principal via financial reports. Accountability has evolved into a broader concept of integrated financial management and governance of the effective and efficient use of financial and other resources across all branches of government.

To ensure openness to the larger community, information on every administration of government is required, beginning with the process of planning, implementation, and ending with the results that have been achieved for each activity (Khotami, 2017). This is thought to be important for increasing public trust in the government. Accountability is always linked to the implementation of governance principles. The relationship between public authorities in providing public services reflects the values and principles of good governance (Aziz et al., 2015).

Internal and external accountability are the two types of accountabilities in constitutional government. Internal accountability refers to accountability that occurs within a specific organizational system and entails direct reporting from subordinates to superiors in positions of power. External accountability, on the other hand, refers to indirect accountability that involves reporting to parties outside the organization.

Accountability plays a mediating role in the relationship between financial reporting quality and performance, with significant implications for public organizations seeking to improve financial reporting quality and organizational performance through better-designed accountability systems. The issue of accountability and transparency is one of the issues in the implementation of local government that the government is still studying. The increasing demand for public accountability and transparency by public organizations such as government work units, both central and regional, is a phenomenon that can be observed in current financial management. The base for reform, known as good governance, and order in the use of public funds will not function if the financial reports are of poor quality. As a result, producing high-caliber financial reports is essential to earning the designation of good governance. The public wants to get transparent and accountable governmental services; thus, they demand the fulfillment of good governance and clean government. (Siahaan, 2018).

Accountability is the duty to communicate accountability or to respond to and explain the performance and actions of a person/legal entity/collective leader/organization to a party that has the right or authority to request information or accountability, according to the Head of the State Administration Agency (LAN) No.589/IX/6/YI99 in the guidelines for preparing government agency performance accountability reporting (2003). The passage of the regional autonomy law must be able to give regional governments more creative freedom so they may report to the DPRD on the efficiency and effectiveness of their regional financial management as well as their openness to the public. This is governed by the Government Accounting Standards in Government Regulation Number 71 of 2010 concerning transparency in providing financial information to the public, with the premise that the public has the right to know openly and thoroughly the government's accountability in managing the resources it trusts, as well as its adherence to laws and regulations.

2. Literature Review

This is a quantitative study that collects primary data by distributing questionnaires to respondents. Primary data, according to Sugiyono (2017: 193), is a data source that directly provides data to data collectors. This study takes place in the Boyolali Regency's SKPD. The

research location is used to collect data, information, and information about research interests. The informants in this study are the Head of Service, Head of Accounting Division, and general accounting of public organizations, with the goal of understanding the role of accountability in determining the relationship between financial reporting quality and public organization performance.

The sampling technique used in this study was a random sampling technique. The data is further processed using path analysis to test the proposed hypothesis (Path Analysis). The path analysis demonstrates a direct relationship between the independent and dependent variables. The hypothesized research model illustrates this relationship, namely that the financial reporting quality variable has a direct effect on performance and also shows an indirect relationship from the independent variables to the dependent variable via intervening or mediating variables.

3. Research Method
3.1 Validity and Realiability Test
a) Validity Test

According to Sugiyono (2019: 125), validity test shows the degree of accuracy between the data that actually occurs on the object and the data collected by the researcher. This test is carried out by looking at the value on the Scale Corrected Item-Total Correlation, this value is the value of the Item Validity processed using the SPSS for Windows version 25 software program. To assess whether the values above are valid Item Validity, compared with rtable at DF = N-2 and Probability 0.05. If rcount is greater than rtable, then the item is declared valid, otherwise if rcount is less than rtable, then the item is declared invalid.

The following table shows the results of the validity test of the variables used in this study:

Table 1. Results of Validity Test
Financial Reporting Quality

Statement of Item Number	Value of r_{count}	Value of r_{table}	Interpretation
KPK1	0.670	0,1735	Valid
KPK2	0.698	0,1735	Valid
KPK3	0.851	0,1735	Valid
KPK4	0.732	0,1735	Valid
KPK5	0.630	0,1735	Valid
KPK6	0.688	0,1735	Valid
KPK7	0.769	0,1735	Valid
KPK8	0.631	0,1735	Valid
KPK9	0.539	0,1735	Valid
KPK10	0.725	0,1735	Valid
KPK11	0.790	0,1735	Valid
KPK12	0.788	0,1735	Valid

KPK13	0.746	0,1735	Valid

Source:Data processed in 2023

Table 2. Result of Validity Test
Public Organization Performance

Statement of Item Number	Value of r_{count}	Value of r_{table}	Interpretation
KOP1	0.828	0,1735	Valid
KOP2	0.828	0,1735	Valid
KOP3	0.726	0,1735	Valid
KOP4	0.860	0,1735	Valid
KOP5	0.780	0,1735	Valid
KOP6	0.858	0,1735	Valid
KOP7	0.905	0,1735	Valid

Source: Data processed in 2023

Table 3. Result of Validity Test
Accountabilities

Statement of Item Number	Value of r_{count}	Value of r_{table}	Interpretation
A1	.771	0,1735	Valid
A2	0.798	0,1735	Valid
A3	0.816	0,1735	Valid
A4	0.822	0,1735	Valid
A5	0.725	0,1735	Valid
A6	0.742	0,1735	Valid
A7	0.740	0,1735	Valid
A8	0.714	0,1735	Valid
A9	0.824	0,1735	Valid
A10	0.681	0,1735	Valid
A11	0.802	0,1735	Valid
A12	0.795	0,1735	Valid
A13	0.781	0,1735	Valid
A14	0.596	0,1735	Valid

Source: Data processed in 2023

Tables 1, 2 and 3 above show that all variables in this study have valid criteria for all statement items with an Rcount value greater than Rtable 0.1348.

b) **Realibility Test**

Reliability test was conducted to assess the consistency of the research instrument. A research instrument can be said to be reliable if the Cronbach Alpha value is above 0.6. Meanwhile, if the value of Cronbach's Alpha <0.60 then the questionnaire or questionnaire is declared unreliable or inconsistent. Reliability testing in this study was carried out with the help of the SPSS Software program version 25, as follows:

Table 4. Results of Data Reliability Test

Variable	*Cronbach's Alpha Based on Standardized Items*	R-Critical	**Interpretation**
KPK	0,917	0,6	*Reliable*
KOP	0,919	0,6	*Reliable*
A	0,941	0,6	*Reliable*

Source: Data processed in 2023

Table 4. The above shows the Cronbach's Alpha value for all variables in this study is above 0.6, namely the Financial Reporting Quality variable is 0.917, the Public Organization Performance variable is 0.919, and the Accountability variable is 0.941. Thus, it can be concluded that the statements in this research questionnaire are reliable.

3.2 Classical Assumption Test

The classical assumption test is a statistical requirement that must be met in an ordinary less square (OLS) multiple linear regression analysis.

a) **Normality Test**

The normality test aims to test whether the regression model has normal distribution residuals or not. One way to determine the normality of data distribution is the Kolmogorov-Smirnov (K-S) technique. The criterion can be declared "normal" if the significance is greater than 0.05 at the 5% alpha significance level. The results of the normality test are presented below:

Table 5. Results of Normality Data Test

		KUALITASS PELAPORAN KEUANGAN	KINERJA ORGANISASI PUBLIK	AKUNTABILITAS
N		91	91	91
Normal Parameters a,,b	Mean	53.86	28.54	58.51
	Std. Deviation	5.703	3.012	6.217
Most	Absolute	.197	.252	.190

Extreme Difference s	Positive	.138	.252	.156
	Negative	-.197	-.220	-.190
Kolmogorov-Smirnov Z		1.875	2.406	1.809
Asymp. Sig. (2-tailed)		.002	.000	.003

a. Test distribution is Normal.

b. Calculated from data.

Source: Data processed in 2023

Based on table 5 above, the results of the Kolmogorov-Smirnov test in this study show that the Test Statistics is greater than 0.05 and Asymp, Sig, (2-tailed) is less than 0.05. Thus, the data in this study are normally distributed.

b) Heteroskedasticities Test

The heteroscedasticity test is intended to detect disturbances caused by factors in the regression model that do not have the same variance. If the variances are different, it is called homoscedasticity, a good regression model if there is no heteroscedasticity. Heteroscedasticity testing was carried out using a scatter plot. If there is no specific pattern, it indicates that the regression model is free from heteroscedasticity problems. The graph of the heteroscedasticity test results is as follows:

Figure 1. Results of Heteroskedasticities Test
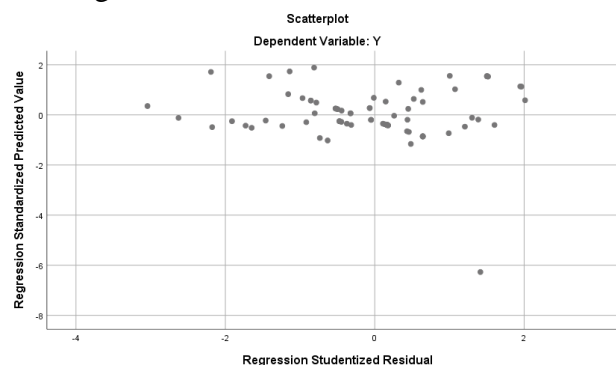
Source: Data processed 2023

Based on Figure 1. above, it can be seen that the dots spread randomly, do not form a specific pattern and are scattered both above and below the number 0 (zero) on the Y axis. Thus, it can be concluded that the variables in this research test are independent of heteroscedasticity symptoms.

c) Multicollinearity Test

The multicollinearity test aims to test whether the regression model finds a perfect correlation between the independent variables. A good regression model should not have multicollinearity. To detect it, namely by analyzing the value of the variance inflation factor (VIF) and the tolerance value. If the tolerance value is above 0.1 and VIF is below 10 then multicollinearity does not occur. The results of the multicollinearity test are presented below:

Table 6. Results of Multicollinearity Test

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	QUALITY OF FINANCIAL REPORTING	.398	2.512
	ACCOUNTABILITY	.398	2.512

a. Dependent Variable: PUBLIC ORGANIZATIONAL PERFORMANCE

Source: Data in 2023

From table 6 processed above, it can be seen that the Financial Reporting Quality value is 0.398 and VIF 2.512, and Accountability has a tolerance value of 0.398 and VIF 2.512. All tolerance values are above 0.1 and all VIF values are below 10. Thus, it can be concluded that there is no multicollinearity.

3.3 Hypothesis Test

Hypothesis testing was carried out to test the hypotheses proposed in the study. Testing the hypothesis in this study aims to prove the effect of the quality of financial reporting on the performance of public organizations mediated by accountability.

In this study, hypothesis testing was carried out using path analysis. According to Ghozali, (2017: 174), "Path analysis is an extension of multiple linear regression analysis, or path analysis is the use of regression analysis to estimate the causality relationship between predetermined variables:

1. Regression Model 1

The Effect of Quality of Financial Reporting (X) on Accountability (Z)

Table 7. Equation I

	Coefficient	t-$_{count}$	Sig.*p_value*
Constant	12.957	3.281	0,001
Financial Reporting Quality	0.846	11.599	0,000
R		0.776[a]	
R Square		0.602	
Adjusted R Square		0.597	
F Count		134.531	
Sign F			0,000[b]

Source: Primary Data Processed 2023

2. Regression Model 2

The Effect of Financial Reporting Quality (X) on Public Organization Performance (Y).

Table 8. Equation II

	Coefficient	t-$_{count}$	Sig.*p_value*
Constant	7.664	3.446	0,001
Financial Reporting Quality	0.029	0.470	0,640
Accountability	0.330	5.856	0,000
R		0.725[a]	
R Square		0.525	
Adjusted R Square		0.515	
F Count		48.695	
Sign F			0,000

Source: Primary Data Processed 2023

This test is carried out by examining the strength of the indirect influence of the variable quality of financial reporting on the performance variable of public organizations through the accountability mediating variable. The mediation test was carried out using the Sobel test, as follows:

Figure 2. Path Analysis Model
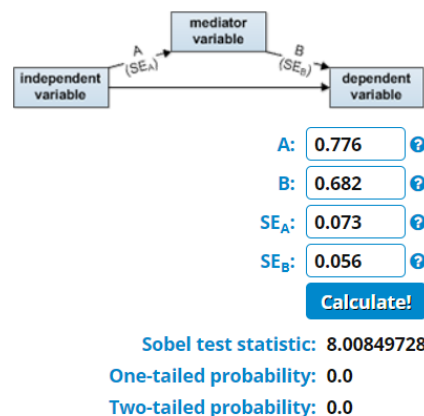
Source: Data processed in 2023

The results of the path analysis show that the independent variable (free) can have a direct effect on the dependent variable and can also have an indirect effect through the intervening variable. The interpretation of the results of the path analysis in this study is as follows:

(1)The Financial Reporting Quality Variable (X) has a positive and significant effect on the Accountability Variable (Z), indicated by a significance of 0.000 <0.05.

(2)Financial Reporting Quality Variable (X) has no effect on Public Organization Performance Variable (Y), indicated by a significance of 0.640 > 0.05.

(3)The Accountability Variable (Z) has a positive and significant effect on the Public Organization Performance Variable (Y), indicated by a significance of 0.000, a positive regression coefficient of 0.330.

(4)The Accountability Variable (Z) can mediate the influence of the Financial Reporting Quality Variable (X) on the Performance of Public Organizations (Y), shown the significance of the Sobel test results of 0.000.

4. Result and Discussion

1. The Effect of Quality of Financial Reporting on the Performance of Public Organizations

The results of the analysis show that the Financial Reporting Quality Variable (X) has no effect on the Public Organization Performance Variable (Y), indicated by a significance of $0.640 > 0.05$. The results of this study are in line with Ayu Sastria's research (2022), the quality of financial reporting does not have a positive effect on the performance perspective. However, the results of this study are in contrast to Dabella Yunia's research (2022) where the quality of financial reports prepared by women and men in public sector organizations affects the performance of public sector organizations.

According to Susan Susanto (2013: 164), performance is the result of work in both quality and quantity that an employee can achieve while carrying out tasks in accordance with the responsibilities assigned to him. Measurable program implementation achievements, according to Mardiasmo (2009: 122), will encourage these achievements. Performance measurement that is carried out on an ongoing basis provides good feedback for continuous improvement and achievement of future goals. In general, the objectives of a performance measurement system are: 1) to communicate strategy better; 2) to measure financial and non-financial performance in a balanced manner so that the progress of strategy achievement can be traced; 3) to accommodate the understanding of the interests of the mid-level manager of the Bawali and motivate them to achieve goal alignment; and 4) as a tool to achieve satisfaction based on an individual approach and rational collective abilities

2. The Effect of Financial Reporting Quality on Accountability

The results of the analysis show that the Financial Reporting Quality Variable (X) has a positive and significant effect on the Accountability Variable (Z), indicated by a significance of $0.000 < 0.05$. According to Mahmudi (2016: 18), public accountability is the trustee's (agent's) obligation to provide accountability, present, report, and disclose all activities and activities that are his responsibility to the party providing the trust (principal), who has the right and authority to request this accountability. In carrying out public accountability, public sector organizations are obliged to provide information as a form of fulfilling public rights, including: 1) the right to know; 2) the right to be informed; and 3) the right to be heard for inspiration (the right to be heard and to be listened to). Public accountability consists

of two kinds (Mardiasmo, 2009: 21), namely: 1) vertical accountability; and 2) Horizontal accountability. Public accountability that must be carried out by public sector organizations, the dimensions of accountability that must be met by public institutions include (Hopwood and Tomkins, 1984, Elwood, 1993), in (Mardiasmo 2009: 22): 1) Honesty and Legal Accountability; 2) Process Accountability; 3) Program Accountability; and 4) Policy Accountability. The results of this study are in line with Dabella Yunia's research (2022), the quality of financial reporting has a positive and significant effect on accountability and vice versa.

3. The Effect of Accountability on the Perfomance of Public Organizations

The results of the analysis show that the Accountability Variable (Z) has a positive and significant effect on the Public Organization Performance Variable (Y), indicated by a significance of 0.000, a positive regression coefficient of 0.330. The results of this study support Muktiadji (2020), performance measurement is very crucial as part of efforts to meet general accountability requirements for organizations. In the context of the performance of state apparatus in Indonesia, research by (Hazmi et al., 2012) studied the effect of clarity on budget targets and public accountability on managerial performance of government apparatus. One of the results concludes that public accountability and clarity of budget targets have not been implemented properly; thus, the managerial performance of the state apparatus is still low. In another study, (Adiwirya & Sudana, 2015) explains that accountability and transparency simultaneously have a positive effect on performance-based budgeting.

4. Accountability mediates the relationship between the quality of financial reporting and the performance of public organizations

The results of the analysis show that the Accountability Variable (Z) can mediate the effect of the Financial Reporting Quality Variable (X) on the Performance of Public Organizations (Y), shown by the significance of the Sobel test results of 0.000. The results of this study are in line with Dabella Yunia's research (2022), accountability can moderate the quality of financial reports on the performance of public sector organizations.

In this case, accountability is effective if it can increase awareness of legality (Yasa et al., 2021), limit fraud and corruption (Purnamasari & Kushandajani, 2019), and increase the responsibility of government organizations (Herizal et al., 2020), by increasing understanding when efficiency objectives are not always fully achievable and ultimately helping to build trust among stakeholders.

5. Conclusion and Suggestion
5.1 Conclusion

Based on the results of data analysis and discussion, the conclusions of this study are as follows.

This study demonstrates that accountability plays a role in determining the relationship

between financial reporting quality and public organization performance. The quality of financial reports in public sector organizations has an impact on their performance. Accountability has an impact on the performance of government organizations. Accountability improves the quality of financial reports on the performance of government agencies. This research has implications for government organizations. The importance of preparing and publishing quality-assured financial reports must be recognized by public organizations. They should pay attention to the underlying qualitative characteristics of information (reliability, relevance, verifiability), as well as the further qualitative characteristics of information (comparability, and timely and understandable disclosure), which can contribute to managing finances more effectively.

5.2 Suggestion

Suggestions from the Quality of Financial Statements should help to strengthen the role of the Quality of Financial Statements in Boyolali SKPD. If the function is relevant, reliable, comparable, and understandable, it is hoped that it will become a factor that can influence performance accountability quality improvement. While further research could be conducted by categorizing respondents based on gender, level of education, and age. Accountants (department of finance) and public managers' education and age. Because this relates to decision-making in government organizations.

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