

# The Effect of Budget Transparency, Public Participation, and Internal Supervision on Regional Government Financial Accountability

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## Abstract

This study aims to analyze the extent to which budget transparency, public participation, and internal oversight influence the financial accountability of regional governments in East Flores Regency in the 2022–2024 period. The data used in this study are quantitative data obtained through the distribution of questionnaires to respondents who have roles in the regional financial management process, such as regional financial management officials, accounting staff, internal auditors, and employees in work units involved in budget planning, implementation, and reporting. Respondents were selected using a purposive sampling technique. To determine the sample size from a limited population, the researcher used the Slovin formula. Based on the results of the study conducted on 50 respondents and data analysis using multiple linear regression, it can be concluded that: Simultaneously, the three variables of budget transparency, public participation, and internal oversight contribute significantly to the financial accountability of regional governments. This indicates that strong accountability can only be achieved if the government applies the principle of openness, involves the community, and strengthens the oversight function on an ongoing basis.

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## 1. Introduction

Regional government financial accountability is the main pillar in realizing good governance, especially in the context of transparent, efficient, and responsible management of public funds. In recent years, the demand for increased accountability has intensified along with increasing public awareness of the right to information and oversight of regional government performance (As'ari et al., 2020). However, the implementation of financial accountability in various regions in Indonesia still faces significant challenges, especially related to weak budget transparency, low public participation, and suboptimal internal oversight systems.

This phenomenon is reflected in the condition of the East Flores Regency Government which shows a relatively low level of financial accountability. Based on data from the Monitoring Centre for Prevention (MCP) released by the Corruption Eradication Commission (KPK) in the first half of 2025, the regional government's compliance rate only reached 0.69 percent, which placed it in 503rd place nationally. This achievement indicates the weak implementation of corruption-prevention-based governance, especially in the aspects of transparency, participation, and supervision. In addition, the findings of the Audit Board (BPK) also show that there are still inconsistencies in budget management, weak internal control systems, and limited public involvement in the planning and evaluation process of regional financial policies.

Theoretically, the financial accountability of regional government performance is affected by a variety of interconnected factors. Budget transparency, as stated by Mahmudi (2019), is the

transparency of the government in delivering financial information that is relevant and easily accessible to the public. This transparency not only functions as a means of information, but also as an instrument of social control that allows the public to supervise the use of the budget. Furthermore, public participation acts as a democratic mechanism that allows the community to be actively participating in the decision-making process (Abdussamad & Mozin, 2026). This participation strengthens policy legitimacy while improving the quality of accountability. On the other hand, internal supervision is an important element in ensuring that all stages of financial management are carried out in line with the principles of efficiency, effectiveness, and compliance with regulations (Mardiasmo, 2018).

Although previous research has explored the relationship between transparency, public participation, and oversight of financial accountability, the resulting findings still point to inconsistencies. A number of studies have revealed that budget transparency has a significant effect on accountability (Hendratmi et al., 2017; Indriasih et al., 2022), while other studies have shown that the effect of transparency is relatively weak or insignificant (Sangki et al., 2017). Similar patterns of inconsistencies were also seen in the variables of public participation and internal oversight. Irma (2022) states that public participation has an effect on accountability, whereas other studies indicate that participation does not have a significant influence (April & Fitria, 2020).

Accountability basically requires adequate oversight mechanisms. Mubarok et al., (2021) found that oversight had a positive effect on accountability, but these findings were not in line with the research Riyadi & Kurnadi (2020) which concludes that oversight has no effect on accountability. In addition, most previous studies have still partially tested these variables and not many have integrated them into a comprehensive analysis model, especially in the context of the archipelago in eastern Indonesia that have unique geographical and administrative characteristics.

Based on this description, studies examining the simultaneous influence of budget transparency, public participation, and internal oversight on the financial accountability of regional governments in the specific context of regions with structural challenges such as East Flores Regency are still limited. Therefore, this research is formulated in the following research questions: (1) Does budget transparency affect the financial accountability of regional governments? (2) Does public participation affect the financial accountability of regional governments? (3) Does internal supervision affect the financial accountability of regional governments? (4) Does budget transparency, public participation, and internal oversight simultaneously affect the financial accountability of regional governments?

This study aims to analyze the influence of budget transparency, public participation, and internal supervision on the financial accountability of regional governments, both partially and simultaneously. Conceptually, this study positions these three independent variables as the main determinants in building a strong and sustainable financial accountability system.

The study integrates three key variables in one comprehensive analytical framework to explain public sector financial accountability. Second, contextually, this research was conducted in East Flores Regency which has the geographical characteristics of the archipelago, thus providing a new perspective in the study of financial accountability in the eastern part of Indonesia. Third, methodologically, this study uses a census approach, which allows for a more representative empirical picture and increases the validity of the research results. Thus, this research is expected not only to make an academic contribution to the development of the public sector financial accountability literature, but also to provide practical implications for regional governments in formulating more transparent, participatory, and accountable policies.

## LITERATURE REVIEW

### Agency Theory

Agency theory is a theoretical foundation that explains the association between the principal and the agent in an organization. In the context of the public sector, the community plays the role of principal, while regional governments act as agents who are given the authority to manage public resources. Jensen & Meckling (1976) stating that agency relationships often cause conflicts of interest due to differences in purpose between principals and agents. In addition, the existence of information asymmetry causes agents to have more information than principals, so it has the potential to cause moral hazard. In regional financial management, this condition can trigger irregularities, inefficiency, and corrupt practices. Therefore, a control mechanism is needed to minimize such conflicts. The mechanism is realized through transparency, participation, and supervision.

In the perspective of agency theory, budget transparency serves to minimize information gaps between the government and the public. Public participation is a means for principals to be directly engaged in the decision making process process, thereby strengthening control over agents. Meanwhile, internal supervision acts as a formal control system that ensures agents operate in line with the principal's rules and interests. Previous research has shown that the implementation of these three mechanisms can increase the financial accountability of regional governments. Thus, agency theory provides a strong conceptual basis in explaining the relationship between budget transparency, public participation, and internal oversight of financial accountability. The more effective the supervision mechanism applied, the less potential for conflicts of interest in agency relationships. Therefore, this theory is relevant to be used as a basic framework in this study.

### Budget Transparency

Budget transparency is the level of government transparency in providing complete, accurate, and easily accessible financial information to the public sphere as a form of accountability for the management of public funds (Mardiasmo, 2018). From the perspective of agency theory, transparency serves to reduce information asymmetry between the government as the agent and society as the principal. Transparency allows the public to know and supervise the entire budget process, from planning to evaluation, thereby strengthening social control. International institutions such as the Open Government Partnership also emphasize that fiscal information disclosure is a key prerequisite for encouraging public participation and government accountability. In addition, transparency provides a "window" for the public to assess the effectiveness and efficiency of regional financial management. The availability of open information encourages governments to act more carefully and responsibly. Thus, transparency is an important element in creating good financial governance.

Budget transparency can be measured through several indicators, namely the availability of information, accessibility, timeliness, clarity of information, and the government's responsiveness to the public. Budget information must be fully available and published regularly so that it can be used by the public. In addition, information must be easily accessible without administrative barriers and presented in a transparent and easily comprehensible manner. Timeliness in publications is also important so that the public can participate in the evaluation and supervision process. Good transparency encourages public participation and strengthens public trust in regional governments. In addition, transparency also plays a role in preventing corruption and improving the efficiency of financial management. Therefore, budget transparency is the main foundation in building financial accountability of regional governments.

## Public Participation

Public participation refers to the engagement of the community in the decision-making process and management of public policies, especially in the planning, implementation, and evaluation of regional budgets. Sutrisna (2020) shows that participation in forums such as Musrenbang is able to increase the effectiveness of budget policies and ensure compliance with the needs of the community. From a participatory governance perspective, participation is not only limited to providing information, but also engaging the community in the process of formulating and evaluating policies. Ibrohim & Rizkiyah (2024) emphasized that public participation in the regional budget reflects community participation in the policy formulation process through the decentralization mechanism. This involvement serves as a social control over the use of public funds. In addition, participation allows the community to convey their aspirations directly to the government. Thus, public participation plays a vital role in enhancing the quality of policies and the legitimacy of government.

Public participation can be measured through several indicators, such as the level of community involvement, access to information, the ability to convey aspirations, influence on policies, and the level of inclusivity. Effective participation requires information transparency support so that the public can be optimally involved in the decision-making process. In addition, community involvement must also have a real impact on the policies produced, not just administrative formalities. Public participation has been proven to increase transparency and accountability because it encourages the government to be more open and responsive. However, its effectiveness is influenced by factors such as education level, access to information, and the government's commitment to opening up participation spaces. Without such support, participation risks becoming symbolic without any real contribution. Therefore, public participation plays a strategic role in strengthening the accountability and quality of financial governance of regional governments.

## Internal Oversight

Internal supervision is a control mechanism designed to ensure that organizational activities run effectively, efficiently, and in accordance with applicable regulations (Peter One et al., 2025). In regional government, internal supervision functions to ensure the reliability of financial statements and prevent irregularities in budget management. Halim et al., (2024) Demonstrates that a strong internal control system, supported by an internal audit function, is able to minimize the potential risk of corruption and improve the quality of financial statements. Based on the perspective of The Committee of Sponsoring Organizations of the Treadway Commission (COSO), internal oversight includes five main components, namely the control environment, risk assessment, control activities, information and communication, and monitoring. These five components are integrated into each other in creating an effective supervision system. With a structured system, internal supervision can be carried out consistently and continuously. Therefore, internal supervision constitutes a crucial component in regional financial management governance.

The effectiveness of internal supervision can be assessed using several indicators, including the existence of a documented control system, the quality of internal audits, follow-up on audit findings, the competence and independence of supervisory officials, and the openness of supervisory reports. Good supervision focuses not only on identifying problems, but also on implementing improvements on an ongoing basis. In addition, internal oversight contributes to improving the efficiency of budget use and strengthening financial accountability and transparency. An effective surveillance system is also able to prevent fraud and abuse of authority. However, the success of supervision is greatly influenced by the quality of human resources and organizational commitment. Without such support, supervision risks becoming an administrative

formality. Thus, internal supervision has a strategic role in increasing the financial accountability of regional governments (Airawaty et al., 2025).

### **Regional Government Financial Accountability**

Regional government financial accountability refers to the government's responsibility to report and justify the management of public finances to the public through transparent, accurate, as well as in line with applicable regulations. Halim et al., (2024) emphasized that accountability includes not only reporting, but also the disclosure of adequate information so that it can be assessed by stakeholders. In addition, accountability also demonstrates the government's capability to manage the budget appropriately and on target. Jatmiko et al., (2023) stated that financial accountability acts as a link between the effectiveness of internal supervision and the achievement of value for money. In practice, accountability encompasses the entire financial management cycle, from planning to evaluation. Thus, accountability is an important indicator in assessing the performance of regional governments. The better the accountability, the higher the public's trust in the government.

Financial accountability can be measured through several indicators, such as the clarity of financial statements, compliance with regulations, timeliness of reporting, information disclosure, and efficiency and effectiveness of budget use. Clear and standard financial statements show the government's ability to present information in a systematic and understandable manner. Compliance with regulations is an important basis in ensuring that financial management runs in accordance with the law. In addition, information disclosure allows the public to supervise the use of the budget. Accountability also aims to prevent irregularities, corruption, and waste of public resources. With good accountability, the government can increase public legitimacy and trust. Therefore, financial accountability is the main foundation in realizing transparent, professional, and responsible governance.

### **Hypothesis Formulation**

From the perspective of agency theory, budget transparency serves to minimize information asymmetry between the government as an agent and the public as principal. Disclosure of budget information enables the public to understand and supervise the process of regional financial management in a more objective manner. Earlier studies have demonstrated that transparency has a positive influence on accountability because it encourages governments to be more careful and responsible in the use of public funds. In addition, transparency creates space for the public and supervisory institutions to exercise social control over fiscal policies. Logically, the higher the level of transparency, the easier it is for the accountability process to be carried out because the information is publicly available and verifiable. This condition will suppress potential irregularities and increase public trust in the government. Therefore, a hypothesis is formulated:

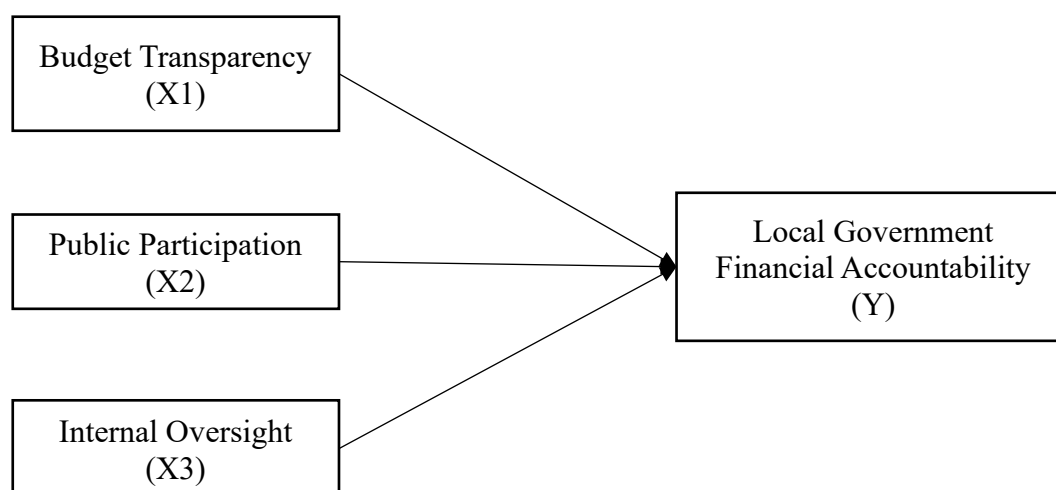
**H1: Budget transparency has a significant effect on the financial accountability of regional governments.**

Public participation represents a form of community engagement as the principal in supervising and influencing the actions of the government as an agent. This participation allows the public participation represents a form of community engagement provide input on budget policies. Earlier studies have indicated that public participation contributes to increased accountability because it strengthens social control over government. In addition, participation also increases transparency so that potential irregularities in financial management can be minimized. Logically, the higher the public participation, the greater the pressure on the government to act in accordance with the public interest. Thus, public participation encourages an increase in policy legitimacy and the quality of financial accountability of regional governments.

**H2: Public participation has a significant effect on the financial accountability of regional governments.**

Internal supervision is a control mechanism used to ensure that the government, as the agent, operates in line with the interests of the community as the principal. Internal supervision serves to ensure that financial management is carried out effectively, efficiently, and in accordance with applicable regulations. Previous research has shown that internal supervision has a significant effect on accountability because it is able to detect and prevent irregularities and improve the quality of financial statements. In addition, internal supervision also acts as an evaluation tool that encourages the improvement of the performance of government apparatus. Logically, the stronger the internal oversight system, the less risk of budget abuse and the higher the level of regulatory compliance. Thus, internal supervision contributes to increasing the transparency and accountability of regional governments' finances.

**H3: Internal supervision has a positive and significant effect on the financial accountability of regional governments.**



**Figure 1.** Frame of Mind

## 2. Research Method

This research applies a quantitative approach employing an associative research design that aims to test the association and effect among variables. The independent variables in this study include budget transparency, public participation, and internal supervision, while the dependent variable in this study is the financial accountability of regional governments. The quantitative approach was chosen because the data obtained was analyzed using statistical techniques to test hypotheses that have been formulated empirically.

The research was carried out on the Regional Apparatus Organization in the East Flores Regency Government which is involved in regional financial management. The research population includes all apparatus that are directly involved in the process of planning, implementing, and reporting finance, such as employees at BKAD, Bappelitbangda, Inspectorate, Regional Secretariat, and other technical services.

The sampling technique uses the census method, where all members of the population are made as research respondents. This approach was chosen because the population is relatively limited and can be reached as a whole, thus being able to increase the representativeness of the

research results. The respondents involved are employees working in finance, accounting, or supervision with at least one year of work experience.

This research utilizes primary data collected directly from respondents through the distribution of questionnaires. The data collected was in the form of respondents' perceptions of budget transparency, public participation, internal supervision, and financial accountability of regional governments. Primary data was selected because it was considered capable of providing an empirical picture that was in accordance with actual conditions in the field.

The research instrument was in the form of a closed questionnaire prepared using a five-point Likert scale, ranging from a score of one to five which reflected the level of approval of the respondents. The questionnaire was distributed to employees involved in regional financial management, such as financial administration officials, treasurers, heads of finance sub-divisions, and internal auditors. The variables of budget transparency are measured through indicators of information disclosure, ease of access, and transparency of reports. Public participation is measured through the level of community involvement, participation mechanisms, and the influence of aspirations on policies. Internal oversight is measured through the effectiveness of the control system, audit frequency, and follow-up of oversight results. Meanwhile, financial accountability is measured through the reliability of reports, adherence to regulations, and the efficiency of budget use.

Data analysis is carried out using the help of statistical software. The initial stage of descriptive analysis was carried out to describe the characteristics of the data through mean values, standard deviations, and minimum and maximum values. Furthermore, data quality testing is carried out which includes validity and reliability tests to ensure that the research instrument is able to measure variables accurately and consistently. Before hypothesis testing, classical assumption tests were conducted, including normality, multicollinearity, heteroscedasticity, and autocorrelation tests, to ensure that the regression model satisfied the BLUE (Best Linear Unbiased Estimator) criteria. Hypothesis testing was carried out using multiple linear regression analysis to determine the influence of budget transparency, public participation, and internal supervision on the financial accountability of regional governments. Furthermore, the test was carried out partially using a t-test with a significance level of 5 percent to determine the influence of each independent variable on the dependent variable. In addition, the determination coefficient is used to measure the degree to which independent variables are able to explain variations in regional government financial accountability.

### 3. Results and Discussions

#### Results of Respondent Characteristics Analysis

The characteristics observed in this study included the respondents' gender, and occupation. The following is presented the frequency distribution from the data obtained.

Table 1. Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	20	40,0	40,0	40,0
	Women	30	60,0	60,0	100,0
	Total	50	100,0	100,0	

Based on Table 1. It can be seen that the composition of respondents based on gender is dominated by women. A total of 30 respondents (60.0%) were women, while 20 respondents (40.0%) were men. This shows that the participation of respondents in this study is more from the female group. This proportion also indicates that in the context of the research object, women have

a higher involvement or representation than men. Thus, the results of this study can also reflect a larger perspective of female respondents, although still considering the contribution of male respondents which reaches 40%.

Table 2. Jobs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Honorary	9	18,0	18,0	18,0
	PPPK, PNS	41	82,0	82,0	100,0
	Total	50	100,0	100,0	

Based on Table 2. It was obtained that the majority of respondents worked as Working as a civil servant (PNS) or Government Employee with a Work Agreement (PPPK), namely 41 people (82.0%). Meanwhile, respondents with honorary status amounted to 9 people (18.0%). This composition shows that most of the respondents have a relatively stable employment status as government officials. The dominance of respondents from the PPPK/PNS group can provide an idea that the perceptions and answers given in this study are heavily influenced by their experience as apparatus who already has a permanent employment status. Meanwhile, even though the number of honorees is smaller, their existence still provides a variety of perspectives in the research results. This distribution also illustrates that the research environment is dominated by government employees who are directly involved in the management of administration, public services, and decision-making processes, so that it is relevant to the context of the research conducted.

### Multiple Linear Regression Analysis Results

The hypothesis test in this study used multiple linear regression analysis to determine the influence of several independent variables (X) on dependent variables (Y). The results of the regression analysis can be seen in Table 1 below.

Table 3. Multiple Linear Regression Analysis Results

Models	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	7,187	2,006		2,026	,001
Budget Transparency	,009	,085	,228	2,459	,003
Public Participation	,235	,102	,258	2,308	,026
Internal Oversight	,510	,115	,524	4,450	,000

Source: Processed data (2026)

Based on the results of the analysis of Table 3, the equation of the results of multiple regression analysis is as follows:

$$Y=7.187+0.009X_1+0.235X_2+0.510X_3 + e$$

This test results in a Budget Transparency coefficient value of 0.009. This value shows that the Budget Transparency variable has a positive influence on the Financial Accountability of Regional Governments. This means that every 1 unit increase in the Budget Transparency variable will increase the Financial Accountability of the Regional Government by 0.009. Thus, the better the budget transparency implemented by regional governments, the more financial accountability tends to increase.

The value of the Public Participation coefficient is 0.235. This value shows that the Public Participation variable has a positive effect on the Financial Accountability of Regional

Government. This means that every 1 unit increase in the Public Participation variable will increase the Financial Accountability of Regional Governments by 0.235. This shows that the higher the level of community participation in the budgeting, supervision, and decision-making process, the better the financial accountability of regional governments.

The value of the Internal Supervision coefficient is 0.510, indicating that the Internal Supervision variable has a positive influence on the Financial Accountability of the Regional Government. This means that every 1 unit increase in the Internal Supervision variable will increase the Financial Accountability of the Regional Government by 0.510. This coefficient value is also the largest among the three variables, so it can be concluded that Internal Supervision is the most dominant variable in influencing the Financial Accountability of Regional Government.

### Hypothesis Test (t-Test)

Table 4. Hypothesis Test Results

Independent Variables	t count	t table	Sig.	Verdict	Direction of Influence
Budget Transparency (X1)	2,459	2,026	0,003	Accepted	Positive
Public Participation (X2)	2,308	2,026	0,026	Accepted	Positive
Internal Oversight (X3)	4,450	2,026	0,000	Accepted	Positive

Source: Processed data (2026)

The results of the t-test (partial) in Table 4. shows that the significance value of the influence of Budget Transparency (X1) on Regional Government Financial Accountability (Y) is  $0.003 < 0.05$ , and the t-value of the calculation is  $2.459 > t$  table 2.026, which means that this variable has a significant effect. The significance value of the influence of Public Participation (X2) on Regional Government Financial Accountability (Y) is  $0.026 < 0.05$ , and the t-value is calculated as  $2.308 > t$  table 2.026, which means that this variable has a significant effect. Meanwhile, the significance value of the influence of Internal Supervision (X3) on the Financial Accountability of the Regional Government (Y) is  $0.000 < 0.05$ , and the t-value of the calculation is  $4.450 > t$  table 2.026, which means that this variable has a significant effect on the direction of the positive relationship.

### F Test (Simultaneous)

Table 5. F Test Results

Models	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	495,206	3	165,069	63,961	,000b
Residual	118,714	46	2,581		
Total	613,920	49			

Source: Processed data (2026)

Table 5 shows that the value of F is calculated as 63.961 with a significance value of  $0.000 < 0.05$ . This shows that the variables of Budget Transparency, Public Participation, and Internal Supervision simultaneously have a significant effect on the Financial Accountability of Regional Governments. Thus, the regression model used is declared feasible to explain the influence of the three independent variables on the dependent variables.

## Coefficient Determination Test

Table 6. Determination Coefficient Test Results

<b>Models</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>
1	0,615	0,378	0,337

Source: Processed data (2026)

Table 6. showing an R Square value of 0.378 indicating that 37.8% variation in Regional Government Financial Accountability can be explained by Budget Transparency, Public Participation, and Internal Oversight. While the Adjusted R Square of 0.337 confirms that after adjustment, the model is still able to account for 33.7% variation of dependent variables. This shows that the regression model has a fairly good clear power.

**Discussion****The Effect of Budget Transparency (X1) on Regional Government Financial Accountability (Y)**

Based on the results of the hypothesis test, it can be concluded that budget transparency has a positive and significant effect on the financial accountability of regional governments, so the first hypothesis (H1) is accepted. This result is in line with the perspective of agency theory which explains that transparency is a mechanism to reduce information asymmetry between the government as an agent and the public as principal. When budget information is presented openly, the public has access to understand and evaluate regional financial management. This openness allows for more effective public control over the use of public funds. Thus, transparency not only serves as a means of information, but also as a tool of social surveillance. This condition ultimately encourages regional governments to be more responsible in every financial policy taken.

Budget transparency creates a more open financial management environment that can be supervised by various parties, both internal and external. When budget information is easily accessible, clear, and timely, the potential for deviations can be minimized due to pressure from the public. Regional governments will tend to be more careful in compiling and implementing budgets because every decision can be monitored by the community. In addition, transparency also strengthens public trust in the government, which is one of the important indicators of good governance. The higher the level of trust, the more legitimacy of government policies will increase. Therefore, budget transparency is an important prerequisite in creating effective financial accountability.

The results of this study are consistent with previous research which shows that budget transparency has a significant influence on the financial accountability of regional governments. Research Hamidah & Pebriyani (2026) found that the disclosure of budget information improves the quality of government financial accountability. Similar findings have also been revealed by various studies in the public sector that emphasize the importance of transparency as a foundation of accountability. However, there are several studies that show that transparency does not necessarily have an optimal impact if it is not followed by active community participation. This shows that transparency needs to be supported by other factors in order to produce maximum accountability. Thus, the results of this study strengthen the strategic role of budget transparency in increasing the financial accountability of regional governments.

**The Effect of Public Participation (X2) on Regional Government Financial Accountability (Y)**

Based on the results of the hypothesis test, it can be concluded that public participation has a positive and significant effect on the financial accountability of regional governments, so that the second hypothesis (H2) is accepted. This finding is in line with the theory of agencies that place the public as the principal who has an interest in financial management by the government as an agent. Community involvement in the planning, budgeting, and supervision processes allows for social control over the use of public funds. The mechanism encourages the government to be more transparent and careful in making financial decisions. Public participation also expands public access to budget information so that the evaluation process can be carried out more openly. Thus, public participation contributes to strengthening the financial accountability of regional governments.

Public involvement in budget planning and monitoring forums allows public aspirations to be accommodated in the policies taken. This causes budget policies to be more responsive to the needs of the community. In addition, the involvement of the community in supervision encourages government officials to increase discipline and responsibility in financial management. Supervision from the community can also reduce potential budget irregularities. Therefore, increasing public participation will be followed by improving the quality of regional government financial accountability.

The results of this study are consistent with the research Suebvises (2018) which shows that community participation in regional budgeting contributes to increased financial accountability. Research Aurelia et al., (2023) also found that community involvement in Musrenbang increases the effectiveness of budget policies. However, several studies show that public participation is not optimal if it is not supported by adequate access to information. This condition emphasizes the importance of integration between public participation and budget transparency in regional financial management. Without adequate information support, community participation tends to be formal. Thus, the results of this study reinforce that public participation is an important factor in increasing the financial accountability of regional governments.

### **The Effect of Internal Supervision (X3) on Regional Government Financial Accountability (Y)**

Based on the results of the hypothesis test, it can be concluded that internal supervision has a positive and significant effect on the financial accountability of regional governments, so that the third hypothesis (H3) is accepted. These results are in line with the theory of internal control developed by COSO, which states that an effective internal control system can improve the reliability of financial statements and compliance with regulations. In the perspective of agency theory, internal oversight serves as a control mechanism to ensure that agents act in accordance with the principal's interests. The existence of a strong supervisory system is able to detect and prevent irregularities in regional financial management. Thus, internal supervision is an important instrument in ensuring financial accountability. This is also reflected in the value of the regression coefficient which shows that internal supervision is the most dominant variable.

Effective internal supervision will improve the quality of financial management through a continuous evaluation and control process. When internal audits are carried out regularly and the results are followed up properly, then weaknesses in the system can be corrected immediately. In addition, internal supervision also ensures that every financial activity is carried out in accordance with applicable standards and procedures. This will reduce the risk of recording errors and budget abuse. Regional governments that have a good internal supervision system tend to have a high level of compliance with regulations. Therefore, internal supervision is a key factor in increasing the financial accountability of regional governments.

The results of this study are consistent with the research Mubarok et al., (2021) which states that internal supervision has a significant effect on the quality of government financial statements.

Other research by Rosyidah et al., (2025) It also shows that a strong internal control system is capable of improving public sector accountability. However, some studies have found that the effectiveness of internal supervision is highly dependent on the competence and independence of supervisory apparatus. Without adequate human resource support, the supervision system will not run optimally. Therefore, in addition to strengthening the system, regional governments also need to increase the capacity of internal supervisory apparatus. Thus, the results of this study confirm that internal supervision is the most dominant factor in realizing regional government financial accountability.

#### 4. Conclusions

This study concludes that budget transparency, public participation, and internal supervision have a positive and significant effect on the financial accountability of regional governments, both partially and simultaneously. The results of the analysis show that internal oversight is the most dominant factor in increasing accountability, followed by public participation and budget transparency. These findings confirm that financial accountability is not only determined by information disclosure, but also by community involvement and the effectiveness of internal control systems. The synergy of these three variables is able to encourage the creation of regional financial management that is more transparent, responsible, and oriented towards the public interest.

This study has limitations in scope that only includes one regional government as well as the use of data based on respondent perceptions that are potentially subjective. In addition, the variables used are still limited to three main factors so that they do not fully describe the complexity of regional financial accountability. Therefore, further research is recommended to expand the research object to several regions so that the results are more generalizable. The addition of variables such as the quality of human resources, the use of information technology, or organizational culture can also provide a more comprehensive understanding. In addition, the use of mixed methods is expected to be able to enrich the analysis and produce more in-depth findings.

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