

(Research/Review) Article

Accountability and Transparency in Regional Budget Management for Good Governance

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Abstract: Regional budget management constitutes a critical foundation for achieving good governance in the era of decentralization and regional autonomy. This article comprehensively examines the pivotal role of accountability and transparency as essential instruments in enhancing the quality of regional budget governance. Employing a qualitative research methodology through systematic literature review and policy analysis, this study investigates the conceptual framework, implementation mechanisms, and practical implications of accountability and transparency principles in regional financial management. The findings reveal that robust implementation of accountability mechanisms—including financial reporting systems, internal and external oversight, and performance measurement—coupled with comprehensive transparency practices through information disclosure, public participation, and digital technology utilization, significantly contribute to strengthening institutional legitimacy, enhancing budget allocation efficiency, and preventing corruption. The research identifies that accountability is operationalized through multiple layers including legal compliance, procedural adherence, program effectiveness, and policy justification, while transparency manifests through open access to budget documents, participatory planning processes, and technology-enabled information systems. However, the study also uncovers substantial implementation challenges encompassing limited human resource capacity in financial management, inadequate inter-agency coordination, varying levels of public financial literacy and participation, and disparities in technological infrastructure between urban and rural areas. These challenges necessitate a multi-dimensional approach to reform. The article proposes evidence-based policy recommendations including systematic capacity building programs for government apparatus, strengthening regulatory frameworks with effective enforcement mechanisms, community empowerment through financial literacy initiatives, strategic investment in integrated digital platforms, and fostering collaborative partnerships among government institutions, legislative bodies, oversight agencies, civil society organizations, and citizens.

Keywords: Accountability; Good Governance; Public Administration; Regional Budget; Transparency.

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1. Introduction

Background

The paradigm shift from centralized governance to decentralization and regional autonomy in Indonesia, initiated through Law Number 22 of 1999 and subsequently refined by Law Number 32 of 2004 and Law Number 23 of 2014, has fundamentally transformed the landscape of public administration. This reform has granted unprecedented authority to local governments in managing finances, implementing development programs, and delivering public services within their jurisdictions. The transfer of significant fiscal responsibilities to regional governments represents both an opportunity for localized, context-sensitive governance and a challenge in ensuring effective and accountable resource management.

Regional budget management has emerged as a strategic instrument for translating development visions into tangible outcomes that directly impact citizens' quality of life. The Regional Revenue and Expenditure Budget (APBD) serves not merely as a financial document but as a political statement of priorities, a social contract between government and citizens, and a mechanism for resource allocation that shapes regional development trajectories. With the substantial increase in regional budgets following decentralization—including transfers from the central government and locally generated revenues—the imperative for sound financial governance has become increasingly critical.

However, the expansion of regional authority has been accompanied by significant governance challenges. Reports from the Supreme Audit Agency (BPK) consistently reveal issues in regional financial management, ranging from administrative irregularities to substantive misuse of public funds. The Corruption Eradication Commission (KPK) has identified regional budget management as one of the most vulnerable areas for corruption, with cases involving regional heads, legislative members, and government officials regularly coming to light. These problems underscore the urgent need for robust accountability and transparency mechanisms in regional budget governance.

Good governance, as conceptualized by international development agencies and scholars, requires unwavering commitment to principles of accountability and transparency. Accountability encompasses the obligation of government institutions and officials to answer for their decisions and actions, to provide justification for resource utilization, and to accept responsibility for outcomes. It creates a relationship of answerability between those who govern and those who are governed. Transparency, on the other hand, represents the principle of openness and information disclosure that enables stakeholders to scrutinize government actions, understand decision-making processes, and participate meaningfully in governance.

These two principles are not merely normative ideals but functional necessities for effective governance. Accountability without transparency becomes hollow rhetoric, as citizens lack the information needed to hold officials responsible. Conversely, transparency without accountability may produce information overload without meaningful consequences for poor performance or misconduct. When properly integrated, accountability and transparency create a synergistic effect that strengthens the entire governance ecosystem, fostering public trust, deterring corruption, improving resource allocation efficiency, and enhancing government responsiveness to citizen needs.

The relationship between accountability, transparency, and regional budget management operates within a complex institutional environment involving multiple actors and interests. The executive branch, represented by regional heads and financial management officials, holds primary responsibility for budget formulation and implementation. The Regional House of Representatives (DPRD) exercises legislative oversight and budgetary approval authority. External oversight bodies, particularly BPK and the Regional Inspectorate, conduct audits and investigations. Civil society organizations, media, and citizens themselves constitute important accountability actors through social oversight and participation mechanisms.

Despite legal frameworks mandating accountability and transparency in regional financial management, implementation remains uneven across Indonesia's diverse regions. While some progressive local governments have embraced open government principles and developed innovative transparency initiatives, others continue to operate with minimal public engagement and limited information disclosure. This variation reflects differences in leadership commitment, institutional capacity, resource availability, and civic engagement levels across regions.

Problem Formulation

Given the critical importance of accountability and transparency in regional budget management and the persistent challenges in their implementation, this article seeks to provide comprehensive analysis and actionable insights. The research addresses several interconnected dimensions that are essential for understanding and improving regional financial governance. First, it examines the conceptual foundations and practical manifestations of accountability in regional budget management, exploring its various dimensions, mechanisms, and indicators to establish a comprehensive understanding of how accountability operates in practice. Second, the study investigates how transparency functions as an enabling condition for good governance, analyzing the specific modalities through which it operates in the context of regional budgeting and the pathways through which openness translates into improved governance outcomes.

The research further explores the empirical evidence regarding the impact of accountability and transparency on governance outcomes, particularly their contributions to public trust, budget effectiveness, and corruption prevention. Understanding these causal relationships is crucial for justifying investments in transparency initiatives and accountability mechanisms. Additionally, the study systematically examines the primary challenges and barriers that impede effective implementation of accountability and transparency in regional budget management, encompassing institutional constraints, technical limitations, cultural factors, and political dynamics that shape the governance landscape. Finally, the research seeks to identify evidence-based strategies, policy interventions, and institutional reforms that can strengthen accountability and transparency frameworks to achieve more effective regional budget governance, providing practical guidance for policymakers and practitioners seeking to enhance governance quality in their jurisdictions.

Research Objectives

This article pursues multiple interrelated objectives that collectively contribute to enhanced understanding and practice of regional budget governance. The primary objectives focus on developing foundational knowledge and analytical insights. The research aims to conduct comprehensive analysis of accountability and transparency as foundational principles of good governance in the specific context of regional budget management, examining their conceptual underpinnings, operational mechanisms, and practical implications. This involves not only theoretical exploration but also careful consideration of how these principles manifest in actual governance practices. The study also seeks to synthesize existing empirical evidence regarding the contributions of accountability and transparency to improved governance outcomes, including their effects on institutional legitimacy, resource allocation efficiency, and corruption mitigation, thereby providing a robust evidence base for policy recommendations. Furthermore, the research systematically identifies and analyzes the multifaceted challenges confronting the implementation of accountability and transparency in regional budget management across Indonesia's heterogeneous local government contexts, recognizing that implementation challenges vary significantly based on regional capacity, political dynamics, and socio-economic conditions.

Beyond these primary objectives, the research pursues several secondary aims that complement and enrich the main analytical thrust. The study evaluates current legal and regulatory frameworks governing accountability and transparency in regional financial management, assessing their adequacy and identifying potential gaps or inconsistencies that may undermine effective implementation. It also explores innovative practices and successful models of accountability and transparency implementation in regional budget management, both within Indonesia and internationally, that may offer lessons for broader application and adaptation to local contexts. Finally, the research formulates evidence-based policy recommendations and practical strategies for strengthening accountability and transparency frameworks, tailored to the specific institutional and contextual realities of Indonesian local governance, ensuring that recommendations are not merely theoretical ideals but actionable interventions grounded in realistic assessment of implementation capacities and constraints.

Significance of the Study:

This research contributes to scholarship and practice in several important ways. Academically, it enriches the discourse on public financial management by examining the intersection of normative governance principles and practical implementation challenges. For policymakers, it provides analytical insights and concrete recommendations for institutional reform. For practitioners, it offers frameworks for understanding and improving accountability and transparency mechanisms. For civil society and citizens, it illuminates pathways for more effective engagement in budget oversight and participation. Ultimately, this study aims to advance Indonesia's continuing journey toward more democratic, effective, and accountable regional governance that genuinely serves public interests and promotes sustainable development.

2. Preliminaries or Related Work or Literature Review

The Concept of Good Governance

Good governance is a paradigm of government administration that prioritizes public interests by applying the principles of transparency, accountability, participation, effectiveness, and efficiency. The United Nations Development Programme (UNDP) defines good governance as the exercise of political, economic, and administrative authority to manage state affairs at all levels, encompassing mechanisms, processes, and institutions that allow citizens and community groups to express their interests.

Accountability in the Public Sector

Accountability in the context of regional financial management refers to the obligation of local governments to be responsible for budget management and utilization to the public. Accountability encompasses several dimensions: legal accountability (compliance with regulations), process accountability (appropriate procedures), program accountability (achievement of objectives), and policy accountability (responsibility for policies taken).

Regional Financial Transparency

Transparency is a principle of openness that enables the public to know and obtain the broadest possible access to information about regional budget management. Transparency includes openness in the planning, implementation, and reporting processes of the budget. This principle allows public participation in oversight and serves as a social control mechanism over regional financial management.

Regional Budget Management

Regional budget management in Indonesia is regulated by Law Number 23 of 2014 on Regional Government and Law Number 1 of 2004 on State Treasury. The regional budget management process includes planning, determination, implementation, and accountability stages involving various stakeholders including the Regional House of Representatives (DPRD) and the community.

3. Proposed Method

Research Design

This study employs a qualitative research design utilizing a comprehensive literature review methodology combined with critical policy analysis. The qualitative approach is deemed appropriate given the research objectives of exploring complex governance concepts, understanding implementation dynamics, and developing nuanced insights into accountability and transparency in regional budget management. This methodology enables in-depth examination of theoretical frameworks, policy contexts, and practical challenges that characterize regional financial governance in Indonesia.

The research adopts an interpretive paradigm that recognizes the socially constructed nature of governance practices and the importance of contextual factors in shaping accountability and transparency mechanisms. This epistemological stance allows for critical engagement with existing literature while maintaining analytical rigor in examining policy frameworks and implementation experiences.

Data Collection Methods

Literature Review

A systematic literature review constitutes the primary data collection method for this research. The review encompasses multiple categories of sources to ensure comprehensive coverage of relevant knowledge:

Academic Literature: Peer-reviewed journal articles, books, and scholarly monographs addressing accountability, transparency, good governance, public financial management, and decentralization. Sources were identified through academic databases including Google Scholar, JSTOR, Scopus, and ProQuest, using keywords such as "accountability," "transparency," "regional budget," "local government finance," "good governance," and "fiscal decentralization."

Legal and Regulatory Documents: Indonesian laws, government regulations, ministerial decrees, and technical guidelines governing regional financial management, including Law Number 23 of 2014 on Regional Government, Law Number 1 of 2004 on State Treasury, Law Number 14 of 2008 on Public Information Disclosure, and Government Regulation Number 12 of 2019 on Regional Financial Management.

Government Reports and Publications: Official documents from relevant government institutions including financial reports from local governments (LKPD), audit reports from the Supreme Audit Agency (BPK), evaluation reports from the Ministry of Home Affairs, and policy briefs from the Ministry of Finance regarding regional fiscal management.

International Organization Publications: Policy documents, research reports, and technical guidelines from international development agencies such as the United Nations Development Programme (UNDP), World Bank, International Monetary Fund (IMF), and Asian Development Bank (ADB) addressing good governance and public financial management in developing countries.

Grey Literature: Reports from civil society organizations, think tanks, and research institutions working on governance issues, transparency initiatives, and budget oversight in Indonesia.

Document Analysis

All collected documents underwent systematic analysis to extract relevant information regarding concepts, policies, practices, challenges, and recommendations related to accountability and transparency in regional budget management. Document analysis involved careful reading, categorization of content, identification of key themes, and synthesis of findings across multiple sources.

Data Analysis Approach

The research employs several analytical approaches to interpret and synthesize collected data:

Thematic Analysis

Thematic analysis was conducted to identify recurring patterns, themes, and concepts across the reviewed literature. This involved coding relevant text segments, grouping related codes into broader themes, and organizing themes into coherent categories aligned with the research questions. Key thematic areas include conceptual foundations of accountability and transparency, implementation mechanisms, governance outcomes, challenges and barriers, and reform strategies.

Critical Policy Analysis

Legal and regulatory frameworks were subjected to critical analysis to assess their adequacy in promoting accountability and transparency, identify potential gaps or inconsistencies, and evaluate alignment with good governance principles. This analysis examined both the formal provisions of regulations and the practical implications for regional budget management.

Comparative Analysis

Where applicable, comparative analysis was employed to examine different approaches to accountability and transparency across various contexts, including comparisons between Indonesian regions and international practices. This comparative lens helps identify successful models, understand contextual factors affecting implementation, and draw lessons for policy development.

Synthesis and Integration

The final analytical step involved synthesizing findings from multiple sources and analytical approaches into a coherent narrative that addresses the research questions. This synthesis considers theoretical perspectives, empirical evidence, policy frameworks, and practical experiences to develop comprehensive understanding and actionable recommendations.

Quality and Validity Considerations

Several measures were implemented to ensure the quality and validity of this research:

Source Triangulation: Multiple sources and types of literature were consulted to cross-validate findings and ensure comprehensive coverage of the research topic.

Credibility Assessment: Academic sources were prioritized based on peer-review status, journal reputation, author credentials, and citation impact. Government documents were assessed for authenticity and official status.

Transparency in Analysis: The research process, including source selection criteria, analytical procedures, and interpretive frameworks, is explicitly documented to enable scrutiny and replication.

Reflexivity: The researcher maintains awareness of potential biases and assumptions that may influence interpretation, engaging critically with diverse perspectives in the literature.

Saturation: Literature review continued until theoretical saturation was achieved, where additional sources provided diminishing new insights relative to established themes and patterns.

Limitations of the Study

This research acknowledges several limitations inherent in the chosen methodology:

Scope Limitation: As a literature-based study, this research relies on existing published materials and does not include primary data collection through fieldwork, interviews, or surveys. Consequently, insights are mediated through prior research rather than direct observation of regional budget management practices.

Temporal Constraint: The review focuses primarily on literature published within the past two decades, with emphasis on post-2004 materials reflecting the contemporary decentralization framework. Earlier historical perspectives may receive less attention.

Language Bias: While both Indonesian and English-language sources were consulted, materials in other languages were excluded, potentially limiting access to relevant international comparative insights.

Generalizability: Given Indonesia's regional diversity, findings regarding implementation challenges and success factors may not apply uniformly across all local government contexts. The research attempts to acknowledge this heterogeneity while identifying general patterns and principles.

Dynamic Context: Governance practices and policy frameworks continue to evolve. Findings reflect conditions and knowledge available at the time of research and may require updating as new developments emerge.

Despite these limitations, the systematic literature review methodology provides valuable analytical insights into accountability and transparency in regional budget management and offers a solid foundation for understanding current knowledge, identifying gaps, and formulating evidence-based recommendations for policy and practice.

4. Results and Discussion

Implementation of Accountability in Regional Budget Management

Accountability Mechanisms

The implementation of accountability in regional budget management is carried out through various mechanisms, including the preparation of Regional Government Financial Reports (LKPD) audited by the Supreme Audit Agency (BPK), submission of Accountability Reports (LPJ) to the DPRD, and publication of budget performance to the public. These mechanisms ensure that local governments can be held accountable for budget utilization.

The Role of Internal and External Oversight

Accountability is strengthened through an internal oversight system by the Regional Inspectorate and external oversight by BPK and DPRD. Internal oversight focuses on preventing irregularities through internal audits and performance evaluation, while external oversight provides independent assessment of the reasonableness of financial statements and compliance with regulations.

Accountability Indicators

Accountability in regional budget management can be measured through several indicators, such as BPK's opinion on LKPD, budget absorption rate, program performance achievement, and level of compliance with regulations. An Unqualified Opinion (WTP) from BPK is an important indicator demonstrating the quality of regional financial management accountability.

The Role of Transparency in Regional Budget Governance

Budget Information Disclosure

Transparency in regional budget management is realized through the publication of budget documents such as APBD (Regional Revenue and Expenditure Budget), Work Plans and Budgets (RKA), and Budget Realization Reports through various media including local government official websites. This information disclosure enables the public to understand budget allocation and utilization and to conduct oversight.

Public Participation

Transparency creates space for public participation in the budgeting process through mechanisms such as development planning deliberations (musrenbang), public consultation forums, and submission of aspirations to the DPRD. This participation increases government responsiveness to community needs and strengthens the legitimacy of budget policies.

Information Technology for Transparency

The utilization of information technology through regional financial information systems and online budget transparency portals has improved public access to budget information. Digital platforms enable more interactive and easily understood information presentation, thereby expanding the reach of transparency.

Contribution of Accountability and Transparency to Good Governance***Increasing Public Trust***

Effective implementation of accountability and transparency increases public trust in local government. When the public can access information and see clear accountability, government legitimacy strengthens and participation in development increases.

Corruption Prevention

Accountability and transparency function as corruption prevention mechanisms by reducing space for abuse of power. Information disclosure and accountability obligations make irregularities easier to detect and increase risks for corruption perpetrators.

Budget Effectiveness and Efficiency

Through the application of accountability and transparency principles, budget allocation becomes more responsive to community needs and budget utilization becomes more efficient. Strict oversight and community involvement encourage the government to optimize the use of public resources.

Implementation Challenges***Limited Human Resource Capacity***

Many local governments, especially in resource-constrained areas, face constraints in terms of quality and quantity of human resources who understand modern financial management systems. This impacts the quality of reporting and implementation of accountability systems.

Inter-Agency Coordination

The implementation of accountability and transparency requires good coordination among various institutions such as the executive, legislature, and oversight agencies. Lack of coordination can lead to duplication of functions or gaps in oversight.

Public Awareness and Participation

Although information is available, the level of financial literacy and public awareness to engage in budget oversight still varies. Limited public understanding of technical budget documents becomes an obstacle to effective participation.

Technology Infrastructure

The digital divide between urban and rural areas affects the effectiveness of technology-based transparency. Not all regions have adequate information technology infrastructure to support online transparency systems.

Strategies for Strengthening Accountability and Transparency***Capacity Building of Government Apparatus***

Continuous training and development programs are needed for regional financial management personnel to improve understanding of accounting systems, financial reporting, and good governance principles.

Strengthening Regulations and Enforcement

The government needs to strengthen the regulatory framework supporting accountability and transparency and ensure strict enforcement of sanctions for violations. Clear regulations provide guidance and create disincentives for irregularities.

Community Empowerment

The government and civil society organizations need to collaborate in public financial literacy programs and community empowerment to actively engage in budget oversight. Simplification of budget information and intensive socialization can increase participation.

Utilization of Digital Technology

Investment in integrated financial information systems and user-friendly digital transparency platforms can improve information accessibility. Utilization of social media and mobile applications can also expand the reach of transparency.

Multi-Stakeholder Collaboration

Building synergy among government, DPRD, oversight agencies, academics, media, and civil society organizations in budget management oversight can create a more effective system of checks and balances.

5. Recommendation

Based on the discussion above, several recommendations that can be implemented are:

1. Local governments need to develop financial reporting systems that are simpler and easier to understand by the general public.
2. Regulations are needed that mandate the publication of budget information in more interactive and visual formats, not only in technical formal documents.
3. The central government needs to provide incentives for regions that demonstrate good performance in implementing accountability and transparency.
4. Civil society organizations need to be strengthened in their role as government partners in budget oversight through capacity support and information access.

Periodic evaluation of the effectiveness of accountability and transparency mechanisms is needed to identify areas for improvement.

6. Conclusions

Accountability and transparency are fundamental pillars in regional budget management that support the realization of good governance. The implementation of these two principles contributes significantly to increasing public trust, preventing corruption, and optimizing budget utilization for public welfare. However, effective implementation still faces various challenges including limited human resource capacity, inter-agency coordination, and public participation.

To strengthen accountability and transparency in regional budget management, comprehensive efforts are needed including capacity building of government apparatus, strengthening regulations and law enforcement, community empowerment, utilization of digital technology, and multi-stakeholder collaboration. With strong commitment from all parties, accountability and transparency can become a culture in regional budget management that ultimately realizes a clean, effective, and responsive government to community needs.

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