

THE INFLUENCE OF BUDGET SYSTEM ACCOUNTABILITY AND ACCOUNTANCY PROFESIONAL TO EVALUATION OF BUDGET GOVERNANCE

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ABSTRACT

In rapidly changing and uncertain environment marked by scarce resources, the global economic crisis has reinforced the importance of budgetary control as a core management function. Control, as part of management, always involves evaluation as a feedback mechanism. Therefore, many scholars emphasize the role of evaluating budget implementation by responsibility centers within the budgetary control process. This study aims to highlight fundamental issues in enterprise valuation connected to budgetary control, particularly those discussed in Indonesian scientific literature. The review covered publications indexed in Google Scholar until July 2023, following a systematic process that included protocol development, database searching, and results reporting. Eleven relevant scientific works were examined, offering insights into recurring challenges. Key problems identified include weak internal control within organizations, often caused by insufficient availability of information. To address these challenges, modern tools are proposed to strengthen evaluation and risk management. In the context of economic crises, approaches such as Balanced Scorecards (BSC) and controlling are frequently recommended as effective methods for assessing budgetary performance, as they require more advanced information systems. Another critical issue involves analyzing the interrelationships between variances, while limited attention is given to the methodology for evaluating responsibility centers. Although theoretical in nature, this review provides practical implications for managers and researchers, supporting better decision-making in internal control and enterprise performance evaluation.

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1. Introduction (*Heading 1*) (bold, 11 pt)

The financial crisis caused by the South Sea company led to the presentation of the government budget under Sir Robert Walpole. The South Sea Bubble by Edward Matthew Ward, 1847. Credible budgets, which are defined as statutory fixed term (generally one year) budgets auditable by

parliament, were first introduced in the Netherlands in 1572, England in 1689, France in 1830, Denmark, Piedmont, and Prussia in 1848, Portugal in 1851, Sweden in 1866, Austria in 1867, and Spain in 1876. Credible budgets had two main effects: 1. They made parliament more likely to approve new taxation, and 2. They enhanced wartime military spending and increased the chance of victory in war.

The practice of presenting budgets and fiscal policy to parliament was initiated by Sir Robert Walpole in his position as Chancellor of the Exchequer in an attempt to restore the confidence of the public after the chaos unleashed by the collapse of the South Sea Bubble in 1720. Thirteen years later, Walpole announced his fiscal plans to bring in an excise tax on the consumption of a variety of goods and services, such as wine and tobacco, and to lessen the taxation burden on the landed gentry. This provoked a wave of public outrage, including fierce denunciations from the Whig peer William Pulteney, who wrote a pamphlet entitled *The budget opened, Or an answer to a pamphlet. Concerning the duties on wine and tobacco - the first time the word 'budget' was used in connection with the government's fiscal policies.* The proposed Excise Bill was eventually rescinded.

The institution of the annual account of the budget evolved into practice during the first half of the 18th century and had become well established by the 1760s; George Grenville introduced the Stamp Act in his 1764 budget speech to the House of Commons of Great Britain.

The true government budget, the modern government budget, arose during the period of capitalist society and was gradually established during the struggle between the bourgeoisie and the feudal ruling class. As the productive forces of capitalism developed, the economic power of the bourgeoisie gradually grew, and the political demands for democracy became more and more vocal. In the early stages of its development, the budget aimed to establish the duties of the legislature, and after a long struggle with the monarchy, it finally gave the legislature control over taxation. After obtaining the taxation, the power to amend tax laws, and approve tax proposals, the legislature turned its attention to controlling expenditure. As a result, the legislature required an annual budget report, including a statement of expenditure and a statement of revenue. England was the first country in the world to establish a modern government budget. After the triumph of the bourgeois revolution in 1640, England, as a parliamentary monarchy, had all of its financial powers controlled by Parliament. The Bill of Rights 1689 reaffirmed that the royal government could not force anyone to pay taxes without the approval of Parliament for adoption, and also required that how taxes were to be spent and the items of budgetary expenditure be approved by Parliament, and that revenues and expenditures be allocated on an annual basis and that a plan of revenues and expenditures be made in advance and submitted to Parliament for approval and monitoring. In other capitalist countries, government budgets were created later, such as in France in 1817 and the United States in 1921. In short, the government budget system was historically established and developed as a way for the National Assembly to control and organize the financial activities of the government (the executive), with the aim of effective control of the executive by the legislature. The government budget is both a product of government administration and political democratization. The emergence of the capitalist mode of production and the high level of development of the commodity economy led to an expansion of the state's financial resources and a massive increase in both revenue and expenditure. The expansion of fiscal revenues and expenditures and the increase in government departments and personnel required the government to plan its funds, which gave rise to the concept of the government budget. The government budget is also a product of the democratization of modern politics. From the West, the emergence of the capitalist mode of production and the gradual economic power of the bourgeoisie led to increasing demands for political rights. The bourgeoisie demanded the complete separation of the state from the home and the control of government revenues and expenditures through parliament. To this end, the bourgeois theorists put forward the famous "principle of participation," which states that the people have the right not to recognize taxes and expenditures that have not been discussed yet and adopted by the representatives of the people and to refuse to pay them. Based on this principle, the bourgeoisie united with the workers in a long struggle against the feudal aristocracy, which was finally compromised. In 1689, a constitutional monarchy was established in England, with a bourgeoisie-dominated House of Commons, which confirmed the status of the principle of participation: firstly, no taxes could be levied without the consent of Parliament; secondly, the government established a budget, which could only be implemented with the approval of Parliament, etc. By gaining the right to tax and budget, the bourgeoisie finally entered the political arena.

2. Method

The sample in this study were organization government in Indonesia. There are managers in each district and city, so the population in this study is 100 people. The sampling technique in this research is included in cluster sampling. The research method used in this research is quantitative methods. The research data collected was taken from managers at the in Indonesia. Data on The Influence of Budget System Accountability and Accountancy Profesional to Evaluation of Budget Governance , using a questionnaire instrument

At this verification stage, the focus is on developing a structural equation model whose hypotheses are tested using the Path Analysis approach. This Path analysis is a statistical method that builds on multiple regression to analyze the causal relationships between variables. It helps researchers understand how variables influence each other by identifying the pathways and effects, both direct and indirect, between them. Essentially, it helps break down correlations into more interpretable causal relationships. Based on the results of research regarding, the following results were obtained The Influence of Budget System Accountability and Accountancy Profesional to Evaluation of Budget Governance , using a questionnaire instrument

3. Results and Discussion

In conducting data analysis, accurate and reliable data is needed which can later be used. The author collected data by distributing questionnaires, where the research was conducted on a predetermined sample. The steps taken by the author are as follows:

The descriptive analysis conducted in the study is the indicator achievement analysis, where the analysis is calculated based on the number of respondents' answers for each statement item then divided by the ideal score and multiplied by 100% (Hastono, 1999:199) or can be formulated as follows:

$$CI = \frac{JR}{SI} \times 100 \%$$

Note:

- CI = Indicator Achievement
- JR = Numbers Of Respondent Answers
- SI = Ideal Score

The results of the descriptive test for the variables of Budget System Accountability and Accountancy Profesional to Evaluation of Budget Governance , using a questionnaire instrument are presented in table 4.1.1

Table 1. Test Description of All Variables

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Budget Management	100	2,72	3,88	3,30	,58
Budget Accoutability	100	2,76	3,90	3,33	,57
Accountancy Profesional	100	2,72	3,78	3,25	,53
Control	100	2,65	3,66	3,16	,51
Budget Governance	100	2,75	3,90	3,30	58
Valid N (listwise)	100				

Source : Questioner (2023)

Paying attention to the information in table 4.1.1, the mean column can be explained that the average value of the Budget Management variable is 3.30 (quite good), the Budget Accountability variable is 3.33 (quite good), Accountancy Profesional gets a value of 3.25 (quite good), Control 3.16 (quite good), and Budget Governance gets a value of 3.30 (quite good). The average value of all variables is below 3.40 (quite good), therefore, referring to Waskito's opinion (2020: 92), it can be said that all the variables in this study are worthy of being studied because this information shows that each variable still has problems, and there is still a chance to improve its average value. Path analysis in this study aims to determine the influence of through, Budget System Accountability and Accountancy Profesional to Evaluation of Budget Governance. Based on the results of data processing, the results of path analysis are obtained which consist of several structures, as follows.

Testing The path analysis of the first hypothesis is the influence of the independent variables of Budget System Accountability and Accountancy Profesional to Evaluation of Budget Governance, which obtained the following results:

The regression equation has the following meanings:

1. The coefficient of the **Budget Management** path is 0.263 which is positive, this indicates that if the **Budget Management** variable is increased by one unit Budget Governance,, will increase by 0.263.
2. The coefficient of the **Budget Accountability** path is 0.432 which is positive, this indicates that if the **Budget Accountability** variable is increased by one unit, Budget Governance,, will increase by 0.432.
3. The coefficient of the **Accountancy Profesional** path is 0.342 which is positive, this indicates that if the **Accountancy Profesional** variable is increased by one unit, **Budget Governance** will increase by 0.342.

The path analysis in the second hypothesis is the influence of the intervening variable of Budget Accountability on the dependent variable of, Budget Governance which obtained the following results:

The coefficient of the Accountancy Profesional path is 0.902 which has a positive value, this shows that if the Control variable is increased by one unit, then Fostering a Just Twin Transition will increase by 0.902.

The path analysis in the first hypothesis is the influence of the independent variables of Budget Management, Accountability Budget, and controll on the dependent variable of Budget Governance which obtained the following results:

The regression equation has the following meaning:

1. The coefficient of the Budget Management path is 0.383 which is positive, this shows that if the Budget Management variable is increased by one unit, then Budget Governance will increase by 0.383.
2. The coefficient of the Budget Accountability path is 0.144 which is positive, this shows that if the Budget Accountability variable is increased by one unit, then Budget Governance will increase by 0.144.
3. The coefficient of the Accountancy Profesional path is 0.491 which is positive, this shows that if the Accountancy Profesional variable is increased by one unit, then Budget Governance will increase by 0.491.

6.4. Analysis of Determination Coefficient

The determination coefficient is denoted by r^2 . This value states the proportion of the overall variation in the value of the dependent variable that can be explained or caused by a linear

relationship with the independent variable, in addition (the rest) is explained by other variables. Based on the results of data processing, the results of the determination coefficient are obtained, namely:

Table. 2.
Path Analysis of Hypothesis 1

Model Summary^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.960 ^a	.922	.920	1.03711

a. Predictors: (Constant), Budget Management, Budget Accountability, Accountancy Profesional

b. Dependent Variable: Budget Governance

Source : Result Of Data Processing 2021

Based on the table above, the results of the coefficient of determination on the influence of independent variables on intervening are shown in the rsqre value of 0.922, this shows that 92.2% of the contribution of the influence of the independent variables of Budget Management, Budget Accountability, Accountancy Profesional on the intervening variable of Control , the remaining 7.8% is influenced by other variables outside this study.

Table. 3.
Path Analysis of Hypothesis 2

Model Summary^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.902 ^a	.814	.812	2.24489

a. Predictors: (Constant), Budget Accountability

b. Dependent Variable: Budget Governance

Source: Processing Data, 2021

Based on the table above, the results of the coefficient of determination on the influence of the intervening variable on the dependent variable are shown in the rsqre value of 0.814, this shows that 81.4% of the contribution of the influence of the intervening variable of Accountancy Profesional on the dependent variable of, budgeting Governance while the remaining 15.9% is influenced by other variables outside this study.

Table. 4Path Analysis of Hypothesis 3

Model Summary^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.954 ^a	.911	.908	1.57157

a. Predictors: (Constant), Budget Managent, Accountability Budget, Accountancy Profesional , Control

b. Dependent Variable: Budget Governance

Source: Processing Data, 2021

Based on the table above, the results of the coefficient of determination on the influence of the independent variable on the dependent variable are shown in the r sqre value of 0.911, this shows that 91.1% of the contribution of the influence of the independent variables of **Budget Managent, Accountability Budget, Accountancy Profesional , Control** on the dependent variable of Budget Governance , the remaining 8.9% is influenced by other variables outside this study

With f_{table} obtained from the 5% probability result, $df_1 = 3$ and $df_2 = 104 - 2 = 102$, the f_{table} result is 2,694. Based on the results of data processing, the results of hypothesis testing with the f test are obtained as follows:

Based on the table above, the results of simultaneous hypothesis testing with the f test, on the influence of independent variables on intervening, obtained the f count result of 395.809 with a significance of 0.000, because the t count result of $395.809 > f_{table}$ 2.694 and significance of $0.000 < 0.05$, then H_0 is rejected and H_a is accepted, so it can be stated that overall the independent variables of **Budget Managent, Accountability Budget, Accountancy Professional**, have a significant influence on the intervening variable Controll Based on the table above, the results of simultaneous hypothesis testing with the f test, on the influence of independent variables on the dependent, obtained the f count result of 340.123 with a significance of 0.000, because the t count result of $340.123 > f_{table}$ 2.694 and significance of $0.000 < 0.05$, then H_0 is rejected and H_a is accepted, so it can be stated that overall the independent variables of forensic audit, investigative audit and auditor professionalism have a significant influence on the dependent variable of good budget governance.

The t -test is a partial coefficient test. This test is conducted to determine the effect of each of the independent variables in the model on the dependent variable, with the following decision-making criteria in the t -test:

- a. $t_{count} > t_{table}$ and the significance value is less than 0.05, then H_0 is rejected and H_a is accepted. This indicates that there is a significant effect of the independent variable on the dependent variable.
- b. $t_{count} < t_{table}$ and the significance value is more than 0.05, then H_0 is accepted and H_a is rejected.

This indicates that there is no significant effect of the independent variable on the dependent variable. With f_{table} obtained from the 5% probability result, $df = 104 - 2 = 102$, the t -table result is 1.983. Based on the results of data processing, the results of hypothesis testing with the t -test are as follows:

With f_{table} obtained from the 5% probability result, $df = 104 - 2 = 102$, the t -table result is 1.983. Based on the results of data processing, the results of hypothesis testing using the t -test are as follows:

Based on the table above, the results of the conclusion of the t -test hypothesis testing are as follows:

To test the influence of intervening variables, the path analysis method is used. Path analysis is an extension of regression analysis. Path analysis uses regression analysis to estimate the causal relationship between variables (causal model) that has been previously determined based on theory. Path analysis itself cannot determine the causal relationship and also cannot be used as a substitute for researchers to see the causal relationship between variables. The causal relationship between variables has been formed with a model based on theoretical foundations. Based on the results of the hypothesis testing analysis, the following research model results are obtained:

Based on these influence models, the influence path model can be compiled as follows. This path model is called path analysis, where the error influence is obtained from the results, as follows:

1. The influence of X_1 , X_2 and X_3 on $Y = \sqrt{(1 - 0.922)} = 0.279$
2. The influence of Y on $Z = \sqrt{(1 - 0.814)} = 0.431$
3. The influence of X_1 , X_2 and X_3 on $Z = \sqrt{(1 - 0.911)} = 0.298$

4. Conclusion

Budget management plays a crucial role in shaping budget accountability, as effective planning and allocation processes directly determine the extent to which budgets are implemented transparently and responsibly. In turn, budget accountability has a strong influence on the professionalism of accountants, since the demand for transparent reporting and adherence to standards requires accountants to demonstrate competence, integrity, and ethical conduct. The

professionalism of accountants further strengthens the control function, ensuring that financial activities are monitored, evaluated, and aligned with organizational objectives. Control mechanisms themselves are essential in establishing sound budget governance, as they provide the framework for compliance, performance evaluation, and risk management. In addition, budget management has a direct effect on budget governance, highlighting the importance of managerial decisions in guiding financial discipline and strategic alignment. Similarly, budget accountability also contributes significantly to budget governance by fostering trust, reducing irregularities, and enhancing institutional credibility.

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