

## The Effect Of Transparency Principles And E-Procurement On The Function Of The Internal Control Systems And The Impact On Financial Accountability

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**Abstract:** This Research begins with a phenomenon of Procurement of good and service's corruption in government makes attention in society. Currently, Society's knowledge of financial transparency and accountability requires the government to improve management of procurement activities and produce more transparent financial reports. Procurement of goods and services through the e-procurement system will be a positive tool to improve the function of the internal control system in government. This study aims to analyze the effect of transparency and e-procurement system on the function of the internal control system and the impact on financial accountability (survey on Regional Apparatus Organizations of Banten Province). This research is quantitative study with primary data obtained from a population of 43 Regional Government Organizations of Banten Province with 34 respondents from 15 Regional Apparatus Organizations who meet the criteria to be the research sample. The results show that transparency principle has no effect on the function of the internal control system, e-procurement has a positive significant effect on the function of the internal control system, the principle of transparency has no effect on financial accountability, and the function of the internal control system has a positive impact on financial accountability.

**Keywords:** Transparency, E-procurement, Internal Control System, Financial Accountability

### 1. INTRODUCTION

Transparency in the process of procuring government goods and services is a demand that must be realized to ensure that the process of procuring government goods and services is protected from corruption. The application of e-procurement is expected to be a way to increase transparency and efficiency in the procurement of government goods and services, in accordance with Presidential Regulation number 16 of 2018 where it is written that e-procurement aims to increase transparency and accountability, improve market access and healthy business competition, improve the level of efficiency of the procurement process, support monitoring and auditing processes, and meet the need for real time access to information. This of course needs to be supported by a good internal control system, which is an oversight of related functions or sections, analysis of reports and government policies including organizational structures that are carried out continuously. One of the objectives to be achieved by implementing an internal control system is to provide adequate assurance regarding the reliability of the presentation of government financial reports. The development of public knowledge about financial transparency and accountability in the regions also requires the government to further improve the management and production of more transparent financial reports. The phenomenon that can be observed in current financial management is the strengthening of demands for the implementation of public accountability and public transparency by public organizations such as government work units, both central and regional. This is inseparable from the desire of the community to implement a government that is clean from collusion, corruption and nepotism (KKN), including the procurement of goods and services.

The phenomenon was quoted from kon-tan.co.id on January 28, 2014, where the Corruption Eradication Commission (KPK) found a deviation in the e-procurement system in the Banten Provincial Government. Quoted from Kompas.com on October 31, 2019, concerning corruption in the procurement of medical devices in Banten and South Tangerang in the form of medical devices for the Banten Provincial Referral Hospital APBD and APBD-P for the 2012 budget year. Corruption in the procurement of goods and services was also included in the news at kejati-banten.go.id on August 3, 2017, namely corruption in the maintenance of official vehicles worth IDR 12.027 billion and impacted that six Banten Provincial Government officials had to be responsible for

overpayments for official vehicle maintenance in 2014 valued at IDR 12.027 billion. News about corruption in the procurement of goods and services was also published in Detik News on February 25, 2018 with the topic "Corruption in the Procurement of Goods in 2017 Increases, State Losses IDR 1 T", which WanaAlamsyah stated as Staff of the Investigation Division of Indonesia Corruption Watch - ICW . Where he said that the public service sector is very vulnerable to being corrupted in the process of procurement of goods and services (PBJ). In other news, quoted from skalanews.com on October 31, 2014, member of the BPK (Financial Audit Agency) Baharullah Akbar stated that corruption is still prone to the implementation of e-procurement. He reminded the importance of an internal control system in all state financial management agencies through e-procurement, so that the principles of accountability and transparency in the procurement of goods and services are increasingly established.

Transparency is literally obvious, can be seen as a whole (able to be seen through), thus transparency is openness in carrying out an activity process. Where it relates to the procurement of goods and services through e-procurement, which is a technology provided by the government to facilitate the procurement of goods and services. (Tahir 2014). With E-Procurement, the opportunity for direct contact between providers of goods or services and the procurement committee is becoming smaller, more transparent, more time and cost-effective and easy to carry out on a responsible basis. (Setyadiharja 2017a). Of course, with the phenomenon that occurs, we now see the importance of the function of the internal control system in government. As stated (Bastian 2014) which states that the internal control system is a process carried out by the executive (regional heads, agencies/offices, and all personnel) which is designed to provide adequate assurance about the achievement of the three groups consisting of reliability of financial reports, compliance with applicable laws and regulations as well as effectiveness and efficiency of operations. Internal controls include organizational structure, coordinated methods and measures to maintain organizational wealth, check data accuracy and reliability and promote efficiency. Transparency and accountability are 2 (two) important things that a government must have in order to create an honest and open government, so many factors can influence these two aspects. Financial accountability is the responsibility of public institutions to use public money (public money) economically, efficiently and effectively, without waste and leakage of funds and corruption. (Mahmudi 2015). Research conducted by (Aminah et al. 2018) concluded that A good e-procurement system is supported by a good quality control system and the second conclusion is that E-procurement has a significant effect on a good internal control system. Similar to (Devlieghere et al. 2018) in their research concluded that transparency has a significant effect on electronic information systems that are part of internal control. Research conducted by (Ratna 2020) shows that internal control has a significant impact on transparency and accountability in managing regional financial reports. Then (Sabriani 2019) in his research shows that the internal control system has a significant positive effect simultaneously on the accountability of regional financial management.

## 2. RESEARCH BACKGROUND AND HYPOTHESIS DEVELOPMENT

### Stakeholders Theory

Stakeholders are defined as "any group or individual who can affect or is affected by the achievements of the organization's objectives." Where the free translation is as a group or individual who can influence and / or be influenced by the achievement of certain goals. (Freeman 1984). In terms of important position and influence, it can be concluded that stakeholders are an attachment based on certain interests. Thus, talking about stakeholders theory means discussing matters related to the interests of various parties. (Azheri 2012). The stakeholder limitation above shows that the government should pay attention to stakeholders, because they are the parties who influence and are influenced either directly or indirectly on the activities carried out. This does not mean that a government does not pay attention to stakeholders, it will reap protests and stakeholder legitimacy. The assumption from the theory of stakeholders is that the government cannot escape from the surrounding social environment. The government as the holder of power in the wheels of government must emphasize the aspects of the interests of the people as stakeholders, the government must be able to manage regional wealth, regional income and in the form of regional assets for the welfare of the people in accordance with the contents of the 1945 Constitution Article 33 which states that all wealth nature controlled by the government must be used and utilized for the welfare of the people.

## Principle of Transparency

Transparency as a strategic responsibility, essential to enhance trust in relationships. In addition, transparency creates a climate of trust among people and encourages them to believe more in governments, fostering an environment of openness that allows citizens to control institutions and participate in decision-making. Thus, trust is essential in the ability to implement, for example, participative budgets, in which taxpayers may decide the way their resources are used to increase the general welfare. (Zhao & Hu 2017). Transparency is literally obvious (able to be seen through). According to (Tahir 2014). Transparency is an Important element in public procurement policy and law. (Georgieva 2017). Transparency is a central plank of procurement law and policy, but is not a fishing license for competitors. This important addition to the literature on procurement offers major contributions to our understanding of these issues in various European jurisdictions. It's a "must have" work for everyone interested in procurement law and practice. (Halonen et al. 2019). Transparency means the openness of the government in providing information related to public resource management activities to those who need information. (Adisasmita 2011). Two principles of transparency include informative, namely the provision of information flows, news, explanations of mechanisms, procedures, data, facts, to stakeholders who need clear and accurate information, and disclosure, namely disclosure to the public or public (stakeholders) for financial activities and performance. (Mardiasmo 2009). Thus it can be stated that transparency is openness in carrying out an activity process. This principle of transparency guarantees access or freedom for everyone to obtain information about government administration, namely information about policies, the process of making, implementing, and the results achieved. The informative dimension in this variable includes adequate, clear and accurate information and is easily accessible through media that is easily accessible to users. The disclosure dimension relates to reports on the results of activities that are adequate and easily accessible to interested parties

## E-Procurement

E-procurement enables the electronic purchasing of products and services from a company via digital networks. Using the integration of innovative information and communication technologies, e-procurement supports and concludes, respectively, both operative and strategic tasks in the area of procurement. (Lee 2010). E-Procurement is implemented, meaning that the opportunity for direct contact between goods or service providers and the procurement committee is smaller, more transparent, more time and cost-effective and in its implementation easy to carry out accountability. (Setyadiharja 2017a). Electronic procurement (e-Procurement) is the implementation of procurement of goods and services using an electronic network (internet or intranet net-work) or electronic data interchange (EDI). (Willem 2012). The application of e-procurement as a system for procuring goods and services has 7 (seven) principles, as stated in the Regulation (Presidential Regulation of the Republic of Indonesia Number 16 of 2018, n.d.), namely efficiency which includes efficiency of funds, power and time. Effective principles can be interpreted as the procurement of goods and services in accordance with the needs and targets. Transparent and open, which means that this procurement system is widely known and can be followed by all providers of goods and services. Competing in the sense of fair competition. Furthermore, namely fair and non-discriminatory, and the last dimension is accountable which means in accordance with the rules that have been set. With the existence of e-procurement, the process of procuring goods and services becomes more effective, open, competitive, fair and accountable, increases transparency, also provides efficiency, namely in terms of lower prices, lower transaction costs, better public services, and shorter procurement cycles.

## Internal Control System Functions

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) 's International Control - Integrated Framework describes an internal control as a process consisting of ongoing tasks and activities that are effected by people at every level of an organization. Internal control is process. Effected by an entity's board of directors, management, and other personnel, designed to provide reliable assurance regarding the achievement of objectives relating to operations, reporting, and compliance, it is stated in (COSO 2013). The Internal Control System is a process carried out by the executive (regional head, agency / service, and all personnel) which is designed to provide adequate assurance about the achievements of the three categories consisting of the reliability of financial reports, compliance with applicable laws and regulations, and effectiveness and efficiency of operations. Internal control includes organizational structure, methods and measures that are coordinated to maintain organizational wealth, check data accuracy and reliability and promote efficiency. (Bastian 2014). The internal control system includes organizational structure, coordinated methods and measures to safeguard

organizational assets, checks the accuracy and reliability of accounting data, encourages efficiency and encourages compliance with management policies. (Mulyadi 2016). The dimension of the internal control system consists of the control environment, namely upholding integrity and ethical values and adopting standard operating procedures. Then the risk assessment which means analysis and identification of risks that hinder government activities. Further-more, control activities include separation of functions and duties as well as control over the management of information systems. The next dimension is the certainty of information and communication that goes well. The last is monitoring which of course can be continuous. So it can be stated that the internal control system is an integral process of actions and activities carried out continuously by the dreamer and all employees to provide adequate confidence in the achievement of organizational goals through effective and efficient activities, reliability of financial reporting, safeguarding assets and adherence to statutory procedures or regulations.

### Financial Accountability

Accountability provides an external quality control feedback by public and private actors periodically monitoring corporate social contributions. Civil society must maintain a watch-dog function on corporate social impacts and thereby implicitly supervise the CSR implementation. (Puaschunder 2020). Financial accountability is the responsibility of public institutions to use public money (public money) economically, efficiently and effectively, without waste and leakage of funds and corruption. (Mahmudi 2015). Accountability is an instrument of accountability for the success and failure of the main duties and functions and mission of an organization. According to (Adisasmitta 2011). Financial accountability in public institutions is closely related to the responsibility of public institutions for any money deposited by the public to the government. (Mahmudi 2019). Financial accountability has dimensions consisting of financial integrity, financial disclosure and compliance with accountability for financial reporting. From these three dimensions, it can be seen how the quality of financial reports is made, openness in disclosure to the public, the truth of the report making and the accountability of financial reporting. With some of the above meanings, it can be stated that financial accountability is a responsibility regarding financial integrity, appointment and compliance with laws and regulations. The target of this accountability is the financial statements that are presented and the applicable laws and regulations covering the receipt, storage and expenditure of money by government agencies.

### Thought Framework

Transparency is built on the basis of the free flow of information. Information can be directly received by those who need it. Information must be understandable and understandable. The Internal Control System is a process carried out by the executive (regional head, agency / service, and all personnel) which is designed to provide adequate assurance about the achievement of the three categories consisting of the reliability of financial reports, compliance with applicable laws and regulations and effectiveness and efficiency of operations (Bastian 2015). Openness and transparency also means that the public or fellow government officials can know or be involved in carrying out the functions of the internal control system through the formulation of planning, implementation and supervision by controlling the implementation of public policies related to activities in government in order to prevent fraud and manipulation that only benefits one group of society. From the explanation of the theory above, it can be concluded that there is a positive influence between transparency on the function of the internal control system.

Research conducted by (Setyadiharja 2017b) states that with e-procurement the opportunities for direct contact between providers of goods or services and procurement committees are becoming smaller, more transparent, more time and cost efficient and in implementation accountable. The internal control system includes organizational structure, coordinated methods and measures to maintain organizational assets, checks the accuracy and reliability of accounting data, encourages efficiency and encourages compliance with management policies (Mulyadi 2016). Thus, the government created this e-procurement to be able to carry out the functions of the internal control system in it. Therefore, according to the researcher, e-Procurement has a significant positive effect on the function of the internal control system.

The theory of transparency in government explains that transparency is a principle that guarantees access or freedom for everyone to obtain information about government administration, namely information about policies, the process of making, implementing, and the results achieved. Thus, transparency is financial information that is open and honest to the public based on the consideration that the public has the right to know openly and

thoroughly for responsibility in managing the entrusted resource. Accountability in this case is called financial accountability, according to (Mahmudi 2019) closely related to the accountability of public institutions for any money deposited by the public to the government. Transparency and accountability are the principles of openness that enable the public to obtain information on regional financial management and a form of accountability for controlling resources owned in order to achieve government goals. Therefore, according to the researcher, the principle of transparency has a significant positive effect on financial accountability.

Any government or agency certainly cannot run properly as expected without a control function in it. The internal control system includes organizational structure, coordinated methods and measures to safeguard organizational assets, checks the accuracy and reliability of accounting data, encourages efficiency and encourages compliance with management policies (Mulyadi 2016). Financial accountability is the responsibility of public institutions to use public money (public money) economically, efficiently and effectively, there is no waste and leakage of funds and corruption (Mahmudi 2015). Control in the public sector is to ensure that an organization operates within legal and policy responsibilities and provides assurance that the management system operates properly. Control and accountability that is carried out is a mechanism that interacts with one another. So according to researchers it can be concluded that the internal control system has a positive impact on financial accountability.

Referring to previous research, the following research hypotheses are formulated as follows:

H1: The principle of transparency has a significant positive effect on the functioning of the internal control system

H2: E-Procurement has a significant positive effect on the function of the internal control system

H3: The principle of transparency has a significant positive effect on financial accountability

H4: The function of the internal control system has a positive impact on financial accountability.

Based on the development of the following hypotheses, the conceptual framework in this study:

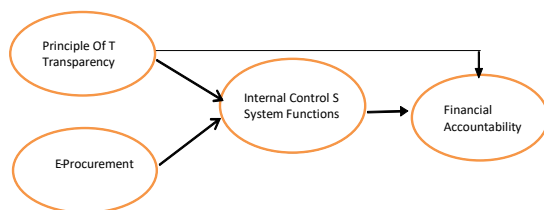


Figure 1 Framework

### 3. METHODOLOGY, DATA AND RESEARCH MODELS

This type of research uses quantitative re-search methods. Data can be quantitative, where the research data uses numbers and statistical analysis.

The quantitative research used is causal quantitative intended to find answers to the problems at hand. Where in this study is the influence of the principles of transparency, e-procurement, internal control systems and their impact on financial accountability.

The operational variables along with the dimensions and indicators used in the study are as follows :

Table 1 Variable Operationalization Table

No	Variable	Dimensions	Indicator	Measuring Scale
1	Principle of Transparency	A.Informative	1. Adequate, Clear and Accurate Information 2. Easy Access Information	Interval Interval

	Mardiasmo (2009 : 18)	B. Disclosure	1. Adequate Activity Result Report 2. Easy Access Report Results	Interval Interval
2	E-Procurement  Peraturan Presiden No. 16 Tahun 2018	A. Efficient	Efficiency of Funds, Human Power and Time	Interval
		B. Effective	According to Needs And Targets	Interval
		C. Transparent	Clear and widely known	Interval
		D. Open	All Providers Can Follow	Interval
		E. Competing	Fair Competition	Interval
		F. Fair	Non-Discriminative	Interval
3	Internal Control System Functions  COSO (2013:4)	A. Control Environment	1. Upholding of Integrity and Ethical Values 2. Implementation of Standard Operating Procedures	Interval Interval
		B. Risk Assessment	1. Identification of inhibiting risks 2. Barring risk analysis	Interval Interval
		C. Control Activities	1. Separation of functions and duties 2. Information system management control	Interval Interval
		D. Information And Communication	1. Information is going well 2. Communication is going well	Interval Interval
		E. Monitoring	Continuous monitoring	Interval
4	Financial Accountability  Djalil, Rizal (2014:63)	A. Financial Integrity	1. Quality Reporting 2. Openness	Interval Interval
		B. Financial Disclosure	1. Financial Condition 2. Reporting	Interval Interval
		C. Obedience	1. Truth 2. Accountability	Interval Interval

(Source: Data processing results, 2020)

Population is all objects that will be examined in a study. The population in this study was the Regional Apparatus Organization (OPD) of Banten Province, amounting to 43 OPDs. The population that will be used as the research sample is a population that meets certain sample criteria. The sampling technique in this research is using purposive sampling method. Based on the sampling criteria above, from the 43 OPDs of the Banten Provincial Government, there were 34 state civil servants from 15 OPDs of Banten Province, where 14 OPDs were each distributed 1 questionnaire, and 1 OPD, namely the Development Administration Bureau distributed 20 questionnaires, this is because In the Development Administration Bureau, there are sections related to the procurement of goods and services, starting from planning, controlling and financial reporting in accordance with the variables studied.

#### 4. RESEARCH RESULTS

The Transparency Principle variable is measured by 2 dimensions and 4 indicators which are outlined in the table as follows:

**Table 2 Recapitulation of the Average Score of Respondents' Responses for Each Dimension of The Transparency Principle**

No.	Dimensions/Indicators	Average	Category
<b>A.</b>	<b>Informative</b>		
1.	Adequate, Clear and Accurate Information	4.47	Very High
2.	Easy Access Information	4.50	Very High
	<b>Average Dimensi</b>	<b>4.49</b>	<b>Very High</b>
<b>B.</b>	<b>Disclosure</b>		
3.	Adequate Activity Result Report	4.35	Very High
4.	Easy Access Report Results	4.38	Very High
	<b>Average Dimensions</b>	<b>4.37</b>	<b>Very High</b>
	<b>Average Amount</b>	<b>4.43</b>	<b>Very High</b>

(Source: Data processing results, 2020)

Based on the table above, it can be seen that the Principle of Transparency has an average dimensional value of substance, which is 4.43, which means that the transparency principle in the OPD of the Banten Provincial Government is at a very good level.

The Informative dimension has an average value of 4.49 which means that the provision of information flows, news, explanations of mechanisms, procedures, data, facts to those who need information is adequate, clear, accurate and easily accessible. Likewise, the Disclosure dimension (Disclosure), where the average value of the dimension is 4.37 also has a very high level, meaning that the media in viewing reports on the results of activities is available and easy to access.

The E-Procurement variable is measured by 7 dimensions which are outlined in the table as follows:

**Table 3 Recapitulation of the Average Score of Respondents' Responses for Each Dimension of E-Procurement**

No.	Dimensions/Indicators	Average	Category
<b>A.</b>	<b>Efficient</b>		
	Efficiency of Funds, Human Power and Time	4.09	High
<b>B.</b>	<b>Effective</b>		
	According to Needs And Targets	4.18	High
<b>C.</b>	<b>Transparent</b>		
	Clear and widely known	4.38	Very High
<b>D.</b>	<b>Open</b>		
	All Providers Can Follow	4.50	Very High
<b>E.</b>	<b>Competing</b>		
	Fair Competition	4.44	Very High
<b>F.</b>	<b>Fair</b>		
	Non-Discriminative	4.38	Very High
<b>G</b>	<b>Akuntable</b>		
	According to the Rules	4.32	Very High
	<b>Average Amount</b>	<b>4.33</b>	<b>Very High</b>

The table above concludes that E-procurement has an average dimension value of 4.33, which means that the procurement of goods and services through e-procurement has been running very well. E-procurement has run efficiently both in terms of funds, resources and time, is in accordance with the needs and targets, is transparent and is open to all parties, is competitive, fair and runs according to applicable regulations (accountable).

Internal Control System variables are measured by 5 dimensions and 9 indicators which are outlined in the table as follows:

**Table 4 Recapitulation of the Average Score of Respondents' Responses for Each Dimension of Internal Control System Functions**

No.	Dimensions	Average	Category
<b>A.</b>	<b>Control Environment</b>		
1.	Upholding of Integrity and Ethical Values	4.53	Very High
2.	Implementation of Standard Operating Procedures	4.50	Very High
	<b>Average Dimensions</b>	4.51	Very High
<b>B.</b>	<b>Risk Assessment</b>		
3.	Identification of inhibiting risks	4.15	High
4.	Barring risk analysis	4.18	High
	<b>Average Dimensi</b>	4.16	High
<b>C.</b>	<b>Control Activities</b>		
5.	Separation of functions and duties	4.21	Very High
6.	Information system management control	4.21	Very High
	<b>Average Dimensi</b>	4.21	Very High
<b>D.</b>	<b>Information And Communication</b>		
7.	Information is going well	4.09	High
8.	Communication is going well	4.00	High
	<b>Average Dimensi</b>	4.04	High
<b>E.</b>	<b>Monitoring</b>		
9.	Continuous monitoring	4.38	Very High
	<b>Average Amount</b>	<b>4.27</b>	<b>Very High</b>

(Source: Data processing results, 2020)

The function of the Internal Control System in the table has an average dimension value of 4.27, which means that the internal control system in the OPD of the Banten Provincial Government has been running very well.

The Financial Accountability variable is measured by 3 dimensions and 6 indicators which are outlined in the table as follows:

**Table 5 Recapitulation of the Average Score of Respondents' Responses for Each Dimension of Financial Accountability**

No.	Dimensions	Average	Category
<b>A.</b>	<b>Financial Integrity</b>		
1.	Quality Reporting	4.21	Very High
2.	Openness	4.15	High
	<b>Average Dimensi</b>	4.18	High
<b>B.</b>	<b>Financial Disclosure</b>		
3.	Financial Condition	4.06	High
4.	Reporting	4.12	High
	<b>Average Dimensi</b>	4.09	High
<b>C.</b>	<b>Obedience</b>		
5.	Truth	4.38	Very High
6.	Accountability	4.32	Very High
	<b>Dimensions Average</b>	4.35	Very High
	<b>Average Amount</b>	<b>4.21</b>	<b>Very High</b>

(Source: Data processing results, 2020)



Based on the table above, it can be seen that the financial accountability variable has an average dimension value of 4.21, which means that financial accountability in the OPD of the Banten Provincial Government has been going very well.

The financial reports in the Banten Provincial Government have displayed an actual condition without any cover-up and have been designed and presented as a description or statement of all processes of events or organizational activities for a period containing information and compliance with regulations in the process. Financial recording and reporting have been done correctly, clearly, informatively, thoroughly, shown to all parties and there is no element of manipulation.

### Hypothesis Testing Results

The following is an image that explains the path diagram for the results of hypothesis testing:

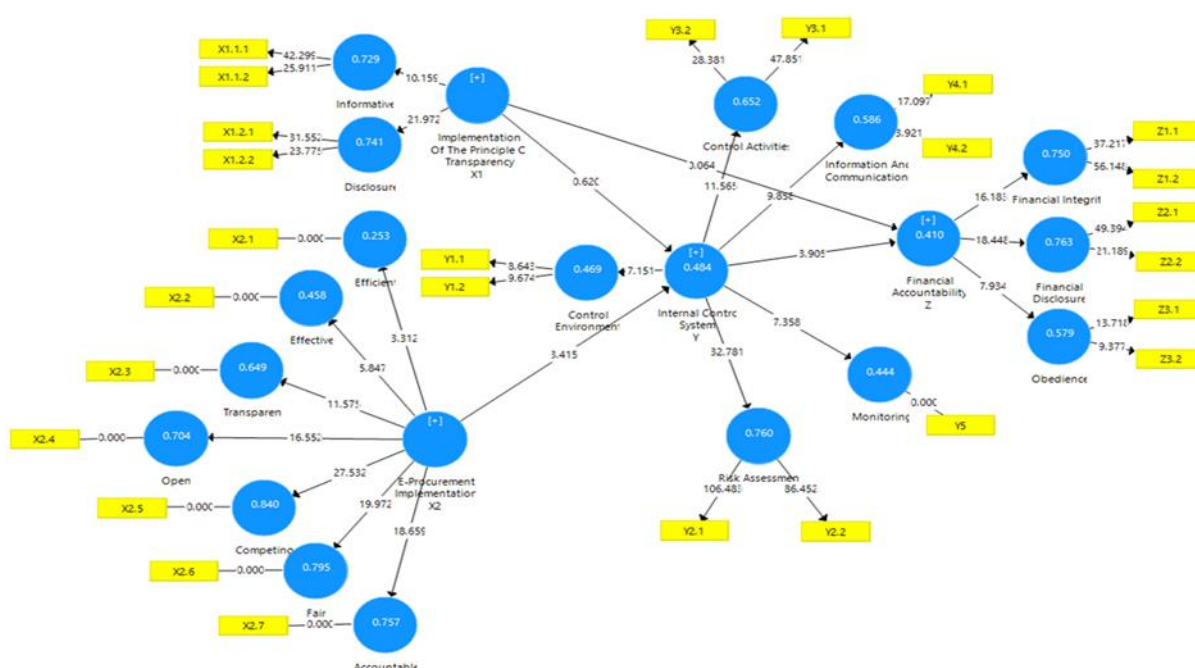


Figure 2 Path Diagram Hypotesis Testing Result

The following is a table that provides the results of the relationship between constructs and dimensions:

Table 6 The Results of The Relationship Between Constructs And Dimensions

Variable	Parameter Coefficient	T Statistic	P Value	Remarks
<b>Principle Of Transparency (X1)</b>				
Informative	0.854	10.159	0.000	Significant
Disclosure	0.861	21.972	0.000	Significant
<b>E-Procurement (X2)</b>				
Efficient	0.503	3.312	0.000	Significant
Effective	0.676	5.847	0.000	Significant

Transparent	0.806	11.575	0.000	Significant
Open	0.839	16.552	0.000	Significant
Competing	0.916	27.532	0.000	Significant
Fair	0.892	19.972	0.000	Significant
Accountable	0.870	18.659	0.000	Significant
<b>Internal Control System Functions (Y)</b>				
Control Environment	0.685	7.151	0.000	Significant
Risk Assessment	0.872	32.781	0.000	Significant
Control Activities	0.808	11.565	0.000	Significant
Information And Communication	0.765	9.858	0.000	Significant
Monitoring	0.666	7.358	0.000	Significant
<b>Financial Accountability (Z)</b>				
Financial Integrity	0.866	16.183	0.000	Significant
Financial Disclosure	0.873	18.448	0.000	Significant
Obedience	0.761	7.934	0.000	Significant

(Source: Data processing results, 2020)

The effect of the relationship between exogenous latent variables on endogenous latent variables is presented in the following table:

**Table 7 The Result Effect of The Relationship Between Exogenous Latent Variables on Endogenous Latent Variables**

Influence Between Variables	Parameter Coefficient	T Statistics	P Value	Remarks
The Principle Of Transparency -> Internal Control System Functions	0.125	0.620	0.268	Not Significant
E-Procurement -> Internal Control System Functions	0.600	3.415	0.000	Significant
The Principle of Transparency -> Financial Accountability	0.014	0.064	0.475	Not Significant
Internal Control System Functions -> Financial Accountability	0.632	3.905	0.000	Significant

(Source: Data processing results, 2020)

## Discussion

### The Effect of the Principle of Transparency on the Function of the Internal Control System

The principle of transparency has no effect on the function of the internal control system. Transparency means openness in carrying out an activity process, transparency also means that the public or fellow government officials can know or be involved in carrying out the functions of the internal control system through the formulation of planning, implementation and supervision by controlling the implementation of public policies related to activities in government. In order to prevent fraud and manipulation that only benefits one group of society. However, in reality, this principle of transparency has not been fully implemented. The results of this study indicate that the level of transparency principle does not affect the internal control system in government. Regarding the phenomena that have occurred, of course this should be a concern for the government in carrying out the functions of its internal control system to avoid corrupt practices in government, especially in the procurement of goods and services.

This result can be influenced by the environment of government organizations and outside of government organizations such as changes or non-implementation of an activity which results in uncertainty in carrying out operational activities and can affect the level of transparency in an activity to the public. In addition, it will also have an impact on the government's strategy which causes decision-making to become increasingly decentralized. As a result of weaknesses in internal control, planning, implementation, and accountability for programs or activities have not been optimal. This is indicated by the findings of several criminal acts of corruption that occurred in the Banten Provincial Government. So that from the point of view of the control system, it can be said that the control system is not implemented as a whole and integrally. Therefore it is necessary to have a strong control system for the management of activities and risks as well as the selection of appropriate governance methods for planning activities, so that they can be controlled and obtain the desired results of activities. With a strong control, an effective and efficient form of transparency will be created because an internal control system is also needed to increase the usefulness and reliability of both financial and non-financial information to the public.

The results of this study support previous research conducted by (Azizah et al. 2015) where the results of their research state that the government's internal control system has no effect on transparency. This study does not support previous research conducted by (Mason 2020) which stated that transparency has a significant effect on internal control. Then (Wang et al. 2020) stated that information transparency has a significant effect on security risk information. Research conducted by (Devlieghere et al. 2018) states that transparency has a significant effect on electronic information systems which are part of internal control. It is also supported by research conducted (Fikri et al. 2018) which states that there is a synergy of the electronic application of village budgeting and an electronic monitoring system which is a strategy for realizing accountability and transparency.

### The Effect of E-Procurement on the Function of the Internal Control System

E-procurement has a significant positive effect on the function of the internal control system.

The government created this e-procurement to be able to carry out the functions of the internal control system in it. E-procurement functions not only to increase transparency but also to increase effectiveness in relation to available budget allocations to support the process of implementing the procurement of goods and services. The better the e-procurement is implemented in the process of procuring goods and services, the higher the function of the internal control system is carried out in government. And it can be said that efforts to prevent fraud can be increased. Thus the motivation to take deviant actions can decrease.

The results of this study support previous research regarding the effect of e-procurement on the function of the internal control system stated by (Seetharaman et al. 2020) where the success of the e-procurement system is supported by a good automation system, so it can be concluded that the e-procurement system procurement has a significant effect with a good control system. Likewise (Zhu et al. 2020) which stated that the components of e-business processes have a significant influence on internal control (namely the process of the digital supply chain platform development system). Then the research conducted by (Akbar et al. 2019) where the results state the first that e-procurement has a significant effect on fraud prevention. Second, the government's internal control system has a significant effect on fraud prevention. Similar to research conducted by (Aminah et al. 2018), in her research, they also state that a good e-procurement system is supported by a good quality control system, e-procurement has a

significant effect on the good internal control system.

The results of this study do not support previous research conducted (Mujannah&Wondabio 2018) where the results show that there is an inefficiency of the e-procurement system in terms of operation and implementation of internal controls, namely timeliness, obstacles to the auction process, and choice of providers in the inefficient process of procuring goods and services.

### **The Effect of Transparency Principles on Financial Accountability**

The principle of transparency has no effect on financial accountability. Transparency or openness is still an expensive thing, especially with regard to information or data about finances, even though in essence regional finance is a public fund that every member of the community has the right to know. And the results of research on this hypothesis means that people's freedom to access information is still limited. As we know, the government is said to have good governance if all its activities are carried out in a transparent and accountable manner. Transparency and accountability are the principles of openness that enable the public to obtain information regarding regional financial management and the embodiment of responsibility for controlling the resources they have in order to achieve government objectives. This is inseparable from the desire of the people to implement a government that is free from collusion, corruption, nepotism (KKN). No exception in terms of procuring goods and services.

The results of this study support the research conducted by (Purba&Azima 2017) where the results of the research show that there is no significant influence between public transparency on financial accountability. The same thing is expressed in research (Bonollo 2018) which in the empirical analysis conducted shows that the legal obligation for transparency in performance measurement is still important in a country with civil law such as Italy but it is not sufficient to increase accountability for stakeholders.

The results of this study do not support the research conducted by (Ratna 2020) which states that internal control has a significant impact on transparency and accountability in managing regional financial reports. The same is the case with (Nkechi Cordelia et al. 2020) which states that transparency affects reporting accountability. In research (Ahmed ElHaddad et al. 2019) also stated that the principles of transparency and accountability have a significant effect on the application of control standards. Then in the research conducted by (Darmawan 2019), in general, financial management that is managed transparently will produce reports that can be accounted for.

### **Impact of Internal Control System Function on Financial Accountability**

The function of the internal control system has a positive impact on financial accountability. Accountability requires that the organization complies with all laws and ethical standards; adhere to the organization's mission, personnel ethics and accounting policies, protect the rights of members, prepare and submit annual financial reports according to regulations and make reports available to all board members and any member of society who requests them. Controls in the public sector are to ensure that an organization operates within legal and policy responsibilities and provides assurance that the management system operates properly. Control and accountability are a mechanism that interacts with each other. The results of this study conclude that the higher the function of the internal control system in the government, the higher the impact on financial accountability.

The results of this study support previous research regarding the impact of the function of the internal control system on financial accountability carried out by (Sabriani 2019) which states that the internal control system has a simultaneously significant positive effect on the accountability of regional financial management. It is the same as (Hardiningsih et al. 2020) where the results of their research state that internal control has a significant positive effect on the accountability of village fund allocations. Then the research conducted (Alam et al. 2019) states that the practice of control systems shows a significant relationship with the practice of accountability. Research was also carried out by (Setiyawati 2013) which stated that the competence of internal accountants, managerial commitment to the organization and implementation of the internal control system simultaneously had a significant positive effect on the quality of financial reporting, especially in local governments. (Nurlina et al., 2018) in their research also stated that the system of procurement of goods and services has a significant effect on the accountability of agency performance, and internal control over accountability for agency performance has a significant effect. Research conducted by (Ratmi& Jan 2019) states that the application of an internal control system affects the quality of financial reporting at the West Jakarta Administrative Government OPD. It proves that the implementation of the

internal control system has an impact on financial accountability which can be illustrated by the quality of good financial reports.

The results of this study do not support previous research conducted by (Widyaningsih 2015) where the partial test results show that the Internal Control System, namely risk assessment, information and communication, has no significant effect on financial accountability. And also the research conducted (Purba&Azima 2017) which also states that there is no influence between Control Activities on Financial Accountability.

## 5. CONCLUSION, IMPLICATION, LIMITATION

### Conclusion

The Principle of Transparency has no impact on the Internal Control System Function. The level of transparency principle has no effect on the implementation of the internal control system functions. E-Procurement has a significant positive effect on the Internal Control System Function. The better the e-procurement system is run, the better the internal control system functions will be performed. The principle of transparency has no effect on Financial Accountability. The level of transparency principle has no effect on financial accountability. The function of the Internal Control System has a positive impact on Financial Accountability. The better the application of the internal control system, the better the impact on financial accountability.

### Suggestion

It is hoped that the Provincial Government of Banten can continue to evaluate, improve and improve the functions of the internal control system, in order to create a government that is transparent, clean and free from corruption. Banten development will be more focused and far from corrupt behavior if the local government can open the widest possible space for the community in the context of regional development participation, especially in the public service sector and oversee the discussion of the Regional Revenue and Expenditure Budget (APBD) and its implementation. The government is expected to strengthen the anti-corruption system for all Regional Apparatus Organizations in an effort to prevent and minimize misuse and losses of the state / region, especially in the procurement of goods and services, as well as to establish equality of steps and actions in an effort to prevent irregularities and criminal acts. corruption in governance and development in Banten Province.

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