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The Role of Websites in Transparency of Good Governance of Regional Financial Performance: Qualitative Study of East Kutai Regency

Ratna Dewi Yanti, Titin Ruliana, Imam Nazarudin Latif, Eddy Soegiarto K,

Master of Management Study Program, Faculty of Economics and Business, Universitas
17 Agustus 1945 Samarinda. Email: dewiy7384@gmail.com

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ABSTRACT

The Role of Websites in Good Governance Transparency of Regional Financial Performance: A Qualitative Study of East Kutai Regency.

Objective: This analytical descriptive qualitative research aims to analyze the strategic role of the official website of the local government in realizing transparency of regional financial performance and identifying obstacles in budget management in East Kutai Regency (Kutim). Transparency is the main pillar in the principles of Good Governance and the mandate of various regulations such as Law No. 23 of 2014 and Government Regulation No. 12 of 2019.

Methods: This study used an empirical normative approach, which combines the analysis of normative provisions with empirical findings in the field. Data was collected through document reviews, literature studies, and observations in East Kutai Regency. Data analysis was conducted inductively to find relevant patterns and themes related to transparency practices.

Findings: The results of the study show that the level of transparency of financial management in East Kutai Regency still varies significantly. Although websites have a very important and strategic role as an Internet Financial Reporting (IFR) tool for the publication of mandatory documents (such as the APBD and LKPD), its use is not optimal. The main obstacles found are the limited capacity of Human Resources (HR), lack of adequate Information Technology (IT) infrastructure, and lack of public education in accessing and understanding financial information. This variation in transparency has an impact on the low level of public trust in local governments.

Implications: To increase accountability and build public trust, the East Kutai Regency Government needs to take concrete steps, namely increasing the capacity of human resources through training focused on transparency, the development of IT infrastructure, and the implementation of a more firm and comprehensive transparency policy. Optimizing website functions is absolutely necessary to ensure that financial information can be accessed easily, quickly, and accurately.

I. INTRODUCTION

Regional financial management in its implementation certainly still cannot be categorized perfectly, there are still obstacles that must be fixed in it, especially accounting problems which in certain situations will be one of the technical

obstacles for executives in regional financial management such as the implementation of accrual-based SAP which is an accounting policy that must be applied to the current state financial management. where in research that has been carried out on human resources, incentives and supporting facilities that affect the implementation of accrual-based SAP (Nasution, 2016).

Law Number 23 of 2014 concerning Regional Government which discusses various provisions regarding regional financial management regulations, including how the financial performance of local governments must be evaluated and supervised. This law emphasizes the importance of transparency, accountability, and efficiency in regional financial management to achieve sustainable and equitable development goals throughout Indonesia. In addition to Law No. 23 of 2014, there is also Government Regulation (PP) Number 12 of 2019 concerning Regional Financial Management which more specifically regulates the mechanisms and procedures for regional financial management, including how financial performance must be evaluated, reported, and audited. These two regulations complement each other in creating a healthy and responsible regional financial management system.

In Law Number 33 of 2004 concerning the Financial Balance between the Central Government and the Regional Government, including sources of regional revenue, balance funds, and financial relations between the central and regional governments. The main purpose of this Law is to create fairer and more balanced financial governance between the central and regional governments, so that each region can manage its finances according to its own potential and needs.

Some of the important points regulated in Law No. 33 of 2004 include:

- 1) Balance Fund: The distribution of funds from the central government to local governments consisting of the General Allocation Fund (DAU), Special Allocation Fund (DAK), and Profit Sharing Fund (DBH).
- 2) Regional Original Revenue (PAD): Provisions regarding sources of local original income that can be managed by local governments.
- 3) Regional Financial Management: The principles of regional financial management that must be transparent, accountable, and based on the law.
- 4) This law is very important in the context of regional autonomy in Indonesia, as it provides a legal framework for regions to regulate and manage their finances independently but still within the framework of the Unitary State of the Republic of Indonesia.

The development of information technology has placed websites as one of the most strategic media for the acquisition and exchange of information. Styles and Tennyson (2007) stated that the internet is currently the media that is currently the easiest to reach by the public and the most cost-effective for the government to disseminate information to the public. The website will then be able to serve as a bridge for the government in publishing public information.

Local governments are obliged to distribute public information to the public through an easily accessible way and use simple language so that it is easy to understand. In this case, there is high convenience for the community because users can find and review financial and non-financial information on the local government website. Therefore, local governments need financial resources and human resources to build infrastructure in the IT sector. Nor et al. (2019) in 2015 carried out observations on local government websites in Indonesia, it was shown that out of 34 provincial governments in Indonesia, only 16 local governments published financial statements on each website. But in 2016 the total has grown to 17 local governments. While the results of the 2018 observation noted that 20

provinces published local government financial statements on websites, 11 provinces did not submit financial reports and 3 out of 34 provinces did not have access to local government websites.

This reveals that in the disclosure of financial statement information through e-government, there are still gaps and internet technology by local governments that have not been optimally utilized. However, the government is required to provide financial reports to the public as a form of management responsibility. One way to express the government's commitment to transparency and accountability in budget implementation and government management is through the publication of financial statements with a website.

Almost all local governments in Indonesia have an official website. However, the use of websites is not optimally utilized by all local governments to maximize regulatory socialization activities, public services, and as a means of interactive communication for the community. The use of websites as a means of implementing e-government in Indonesia is still not optimal. The local government has not run the website in the best way. The information that occurs is less actual and less public service information. This shows that regarding financial reporting information, local governments have not acted transparently and accountably to inform the public.

II. THEORY

Transparency means the government's openness in providing information related to public resource management activities to parties who need information (Hariswati, 2015)

Transparency is a broad concept related to the availability of information (supply side of transparency), accessible, and used by the public and other stakeholders (demand side of transparency (Araujo and Tejedo-Romero 2016). It is based on the availability of information on government organizations that allow citizens and other external actors to monitor and assess the internal performance and performance of public organizations (Grimmelikhuijsen & Meijer, 2014)

Transparency is a means to improve policy, administrative and managerial effectiveness (Rachmawati, 2023) then followed by (Ritonga & Syahrir, 2016) as an honesty and accuracy that is not only in the amount conveyed or released by the organization, but also how the organization carries out its operations. Transparency refers to unrestricted access by the public to timely and reliable information on decisions and performance in the public sector (Mardiasmo, 2018)

In the context of local governments, transparency means openness of the government in providing information related to public resource management activities to parties who need information. (Mardiasmo, 2018) Furthermore, transparency in regional financial management is the openness of local governments to make regional financial policies so that they can be known and supervised by the DPRD and the public.

According to (Mardiasmo, 2018) Transparency in regional financial management will ultimately create horizontal accountability between local governments and their communities so that a clean, effective, efficient, accountable, and responsive local government is created to the aspirations and interests of the community.

Transparency means that the government is open in providing the widest possible information in the management of public resources to the public. In terms of financial management, which is basically public funds, the government needs to be encouraged to provide the necessary financial information accurately, relevantly,

on time and trustworthy (Ritonga & Syahrir, 2016)

2.1. The Concept of Good Governance

Good governance today is becoming a reference in seeking organizational improvements in accordance with reforms (Sarundajang, 2005). Government Regulation No. 101 of 2000 explains the principles of good governance, including:

- 1) Professionalism, improving the ability and morale of government administrators to be able to provide easy, fast, and accurate services at affordable costs.
- 2) Accountability, increasing the accountability of decision-makers in all fields related to the interests of the community.
- 3) Transparency, creating mutual trust between the government and through the provision of information to the public and ensuring ease in obtaining accurate and adequate information.
- 4) Excellent service, the implementation of public services that include good procedures, clarity of tariffs, certainty of time, ease of access, completeness of facilities and infrastructure, and friendly and disciplined service.
- 5) Democracy and Participation, encourages every citizen to use the right to express their opinions in the decision-making process, which concerns the interests of the community both directly and indirectly.
- 6) Efficiency and Effectiveness, ensuring the implementation of services to the community by using available resources optimally and responsibly.
- 7) The rule of law and acceptable to all people, realizing fair law enforcement for all parties without exception, upholding high human rights and paying attention to the values that live in society.

Broadly speaking, it can be drawn that transparency is one of the important requirements for creating Good Governance. With transparency in every policy and decision in the organization and government, fairness can be grown.

III. METHOD

This study uses a type of qualitative research with an analytical descriptive method to explore and understand the level of transparency in regional financial management in East Kutaim Regency. The approach used is empirical normative, which combines normative analysis based on existing regulations and policies with empirical findings from the field.

This approach allows researchers to not only identify the extent to which transparency is applied, but also to assess the appropriateness of practice in the field with applicable normative provisions (Wiraguna, 2024)

The data sources in this study consist of primary and secondary data. Primary data was obtained through review of relevant journals, documentation from local governments, and in-depth literature studies. Secondary data is collected from a variety of sources including official government reports, journal articles, and other publications related to the topic of regional financial transparency. The data collection process is carried out using purposive sampling techniques to ensure that the data collected is relevant and supports the research objectives

The location of the research was chosen in East Kutai Regency. The selection of this location is based on the reason that the area has complex and diverse regional financial management dynamics, the Kutim Regency Government based on the performance of regional work still does not meet the expectations of the public or the community in Kutim Regency Where there is still a lack of accountability in financial management in government institutions and there is still a lack of transparency principles in providing information to the community so that it affects

the improvement of performance local government in Kutim Regency. This is due to the weak application of the principle of financial transparency which is still not running in accordance with public expectations, namely the public wants to know for sure about the use of public funds and the form of accountability of public funds that have been used by the East Kutai Regency Regional Government Office.

The data analysis in this study was carried out inductively, where the data that had been collected was analyzed to find patterns, themes, and relationships relevant to regional financial transparency. The analysis process involves several stages, including data coding, categorization, and development of key themes. The data is analyzed using qualitative analysis software to ensure the accuracy and validity of the findings

IV. DISCUSSION

The concept of transparency is the main value of the government system, the main context of government activities must be believed to be based on transparency. There is a public power that demands greater transparency. In essence, there is a connection with the acceleration and influence of private organizations, as the population continues to increase.

Transparency broadly means doing tasks by making decisions, regulations and other information that appears from the outside so that with Transparency will present the Quality of Local Government Financial Statements

Regional Governments must continue to make efforts to increase the transparency of regional financial management. Regional financial management regulates all technical aspects including the fields of regulations, institutions, regional financial information systems, and improving the quality of human resources.

The level of financial transparency in East Kutai Regency still varies, with some regions showing a fairly good level of transparency while others still face various obstacles. The main obstacles identified include limited human resource capacity, lack of understanding of the importance of transparency, and lack of adequate information technology infrastructure. Public perceptions of financial transparency also vary, with most respondents stating that financial information presented by local governments is not yet fully transparent and accessible.

The impact of this low transparency can be seen in the low level of public trust in local governments, which hinders public participation in budget supervision and evaluation. In addition, this study found that to increase transparency and accountability, there is a need to increase the capacity of human resources through training and education, as well as the development of supporting information technology infrastructure.

The main findings of this study reveal that the level of transparency in regional financial management in East Kutai Regency still varies significantly. Some villages show a fairly good level of transparency, where financial information is presented openly and easily accessible to the public. However, in other villages, there are various obstacles that hinder the implementation of transparency, such as the limitation of human resources who understand the importance of transparency, and the lack of adequate information technology infrastructure to support access to information. These obstacles lead to inconsistency in the implementation of regional financial transparency policies, which has an impact on the variability of the level of public trust in local governments in each region.

Public perception of financial transparency was also found to vary. Most respondents stated that the financial information presented by local governments is

not yet fully transparent and easily accessible. This indicates that despite efforts to increase transparency, many people still find it difficult to access the information they need. One unexpected finding is the perception that although financial information is provided, a lack of education on how to access and understand it is also a major barrier. This research shows that transparency efforts need to be supported by adequate education programs for the public so that they can be more effective in utilizing available financial information. To overcome these barriers, it is necessary to build the capacity of human resources through training and education that focuses on the importance of transparency and practical ways to achieve it.

The development of information technology infrastructure is also important to ensure that financial information can be accessed easily and quickly by the public. This research also identifies the need for a more firm and comprehensive implementation of transparency policies at the local government level. With clear policies and adequate technical support, local governments are expected to increase accountability and build stronger public trust.

The role of the official website of the local government is very important and strategic in realizing regional financial transparency because it functions as the main medium for the publication and access of financial information to the public widely, quickly, and easily. This is part of the implementation of *e-government* and the mandate of the law on public information disclosure.

Main Functions of the Website for Regional Financial Transparency The official website of the local government acts as an *essential Internet Financial Reporting* (IFR) tool with the following main functions:

1) Media Publication of Mandatory Financial Information

The website is a platform to publish regional financial documents that must be announced to the public. This publication ensures that the public can monitor and access information on the use of public funds. These documents include:

- a) Regional Revenue and Expenditure Budget (APBD), including Regional Regulations (Perda) of the APBD and Regional Regulations on Amendments to the APBD.
- b) Local Government Financial Statements (LKPD), such as Budget Realization Report (LRA), Balance Sheet, Cash Flow Report (LAK), and Notes on Financial Statements (CaLK).
- c) Activity Plan and Budget (RKA) and Budget Implementation Document (DPA).
- d) News or information about the budget process, budget absorption, and financial audit results.

2) Increased Accessibility and Accountability

The website provides access to information that is easily accessible and *real-time* to the wider community, in accordance with the mandate of the Public Information Disclosure Law (KIP).

- a) 24/7 Access: People can access financial data at any time without having to come to a government office.
- b) Accountability: By publicly publishing data, local governments demonstrate a readiness to account for their financial management to the public. This transparency is believed to prevent/minimize corrupt practices and budget abuse due to public supervision.

3) Encouraging Community Participation and Supervision

With open and actual financial information, the website encourages the active role of the community in supervising the running of government and the budgeting process. The public can use such factual information to:

- a) Provide input and participate in the public policy-making process related to the budget.
- b) Assessing the performance of local governments.

V. CONCLUSION

The level of transparency in East Kutai still needs to be improved. The role of the website is vital as a tool to achieve transparency and accountability. To overcome the barrier, the study recommends:

- 1) Human Resource Capacity Building: Through training and education that focuses on the importance of transparency.
- 2) IT Infrastructure Development: To ensure financial information is easily accessible.
- 3) Firm Policy Implementation: A more comprehensive transparency policy is needed at the local government level.

Overall, to realize *Good Governance* and build public trust, the East Kutai Regional Government needs to optimize the use of the official website not only as a place to store data, but as an interactive communication tool and the main platform for public financial information disclosure.

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