

ARTICLE

The Role of Risk Management Implementation in Increasing Accountability: A Study of All Regency/Municipality Governments

Yudiyanto^{1*} and Sri Ningsih²¹Finance and Development Supervisory Agency (BPKP), Jakarta, Indonesia²Accounting Department, Airlangga University, Surabaya, Indonesia

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ABSTRACT

The regional government is susceptible to risks that may impede attaining objectives while executing its responsibilities and powers, necessitating implementing risk management measures. Implementing risk management in local governments is a novel development, with corresponding guidelines issued in 2019. This study seeks to test whether applying risk management based on these provisions can positively impact increasing financial accountability. The present investigation involves the entirety of the population within the jurisdiction of the regency/municipality government as the research participants. The study's empirical data were acquired from the Financial and Development Supervisory Agency and the Ministry of Administrative and Bureaucratic Reform of the Republic of Indonesia (Kemenpan-RB). Subsequently, the data were subjected to regression analysis techniques utilizing SPSS software. This paper provides findings that entities that implement risk management will have implications for higher SAKIP scores. This implies that risk management can deliver reasonable guarantees to achieving local government goals, especially regarding financial accountability. The present research employs the SAKIP score as a surrogate for assessing accountability, albeit acknowledging its restricted measurement outcomes and partial depiction of local government accountability. Specifically, the SAKIP score delineates the accountability of performance attained by a governmental entity in executing programs and activities funded by the APBN/APBD. The findings of this research possess the potential to be extended to all local governing bodies to enhance the attainment of local government accountability goals.

A. INTRODUCTION

The application principles of good government governance are currently building a new paradigm, particularly in regional financial management (Zuhri & Soleh, 2016). Accountability is one of the principles of good governance (Iswahyudi et al., 2017) and general principles of good state administration (Law of the Republic of Indonesia Number 28 of 1999). The concept of accountability has been extensively studied in the public sector, along with the development of the concept of government restructuring. Smyt (2017) explained that the right word for accountability is transparency and answerability. Public demands the government implement

* Corresponding Author

Email : yudiyanto-2020@feb.unair.ac.id

good governance by implementing a measurable and legal accountability system based on the applicable laws and regulations (Matei & Drumasu, 2015). Therefore, the administration of government is conducted with integrity, avoiding the practice of corruption, collusion, and nepotism. This requirement is called agency performance accountability (Nurina & Yahya, 2016).

The implementation of regional autonomy in the regencies/municipalities gives the local government the flexibility to explore the potential of financial resources in the region as well as to determine the allocation of resources to regional expenditures following the needs and aspirations of the people in the region (Noviyanti & Kiswanto, 2016; Nurarifah et al., 2022). This allows local governments to manage their regions independently and is expected to improve efficiency, effectiveness, and accountability to achieve good government governance (Rini & Damianti, 2017). Performance accountability is closely related to the expected strategic goals with the number of funds allocated. If the funds owned are limited, then the targets must be measured correctly, and the allocation of funds must be transparent. Good regional financial management affects the performance of an agency or organization. To realize the goals of local governments in realizing community welfare, local governments carry out government affairs under their authority. However, there are still many problems with its implementation, which indicate that the local government's goal to improve welfare has not been optimally achieved, and risk management must be carried out (BPKP, 2019).

Implementing risk management in the public sector is necessary to meet the government's challenges. The Government of Indonesia has released the National Medium-Term Development Plan (RPJMN) for 2020-2024, in which seven national development agendas have been set, which will be supported by six mainstreaming components that function as catalysts in achieving the development targets that have been proclaimed. One of the important components of this mainstreaming is the declaration of good governance, where one of the strategies used to achieve the goals of good governance is the application of risk management in managing agency performance. Currently, there are references for local governments in managing local government risk in carrying out mandatory/optional affairs, which include and regulate the process, stages of risk management, and risk management reporting as outlined in the Regulation of the Deputy for Supervision of Regional Financial Implementation at the Financial and Development Supervisory Agency Number 04 of 2019 concerning Guidelines for Risk Management in Regional Governments.

One form of accountability media is the Government Agency Performance Accountability System (SAKIP), an integration of planning, budgeting, and performance reporting systems consistent with implementing financial accounting systems (Putra et al., 2018). SAKIP will be helpful to measure every development or performance carried out by each Regional Apparatus Work Unit and be used as a benchmark to account for the budget used for regional development. Before the adoption of Risk Management, the average SAKIP score for all local governments was 57.76 in 2018 and 60.22 in 2019. After implementing risk management in 2020, the average SAKIP score increased to 61.71. This phenomenon is of interest as it pertains to the potential enhancement of accountability through the implementation of risk management in local government performance.

Research examining the application of risk management in local government in achieving its role as a governance tool has so far not been investigated in practice along with an established framework within the public sector (local government). Arjun Darmawan & Slamet (2021), in examining the influence of risk management on the fairness of financial statements, internal control proxies are still used which is general. In addition, the use of primary data instruments in the form of personal perceptions of the actors/management involved, such as Asmawanti et al. (2020); Riantiarno & Azlina (2021), will have limitations, the answers or responses given can be normative which of course will cause bias in the research results. This

study aims to address the research gap by measuring the application of risk management using the results of the Risk Management Implementation Index measurement conducted by the Financial and Development Supervisory Agency.

This study aims to obtain empirical evidence on whether risk management in local governments that are implemented based on the Deputy for Regional Financial Implementation Supervision Regulation of the Financial and Development Supervisory Agency Number 04 of 2019 concerning Risk Management Guidelines achieves a role in improving performance accountability practices in the regions. This study examines the application of risk management using the index score of the application of risk management carried out by the authorized institution to provide a good picture of the application of risk management in each local government. The condition results of this paper offer findings that entities that implement risk management with higher risk management of implementation index scores will have implications for higher accountability scores. This implies that risk management can provide reasonable guarantees in achieving local government goals, especially regarding financial accountability.

The findings of this study provide empirical evidence to support the relationship between risk management and increased accountability of local government performance, contribute to continuous monitoring of a series of policies that have been developed, implemented, and monitored by regional heads, and assure the government's public sector risk management regulator-the effectiveness of agency-oriented risk management through the internal audit/government internal supervisory apparatus in the regions.

The next section of this study will discuss the previous literature on the relationship between risk management and accountability, data and sample testing methods, and the results of data analysis.

B. LITERATURE REVIEW

Stewardship Theory

The foundation of corporate governance can be traced from the development of agency theory, which tries to explain how the parties involved in the entity will behave because, in agency theory, the principal or owner and agent or manager have different interests. Although agency theory emerged as the dominant paradigm underpinning existing research, there are psychological and sociological theoretical limitations of agency theory ([Maggetti & Papadopoulos, 2018](#)) because the complexity of organizational life is ignored and is too focused on single-period behaviour. Therefore, other approaches are needed to explain broader relationships, not just the relationship between principal and agent.

Stewardship theory was introduced as a theory based on behaviour and premises. This can be a "bad caricature" in the public sector as a critique of selfishness and agency avoidance assumed in much literature ([Maggetti & Papadopoulos, 2018](#)). Stewardship theory suggests that behaviour can be shaped so that it can always be invited to work together in the organization, prioritizing collective or collective interests rather than personal interests and always being willing to serve ([Jefri, 2018](#)). In the stewardship theory, stewards maximize their utility by achieving organizational goals rather than self-serving ones ([Torfing & Bentzen, 2020](#)). In the public sector, stewardship theory views the principal as a fiduciary, focusing strongly on collective rather than individual goals ([Schillemans & Bjurström, 2020](#)).

Risk Management

COSO defines risk as "the possibility of an event occurring that could affect the achievement of the entity's objectives". This aligns with the risk definition ISO 31000, which

defines risk as "an effect of uncertainty on the achievement of organizational goals" (Vorst et al., 2018). In government regulation No. 60 of 2008 concerning the government's internal control system, the risk is defined more specifically as things that only threaten the achievement of objectives, as the possibility of events that threaten the achievement of the goals and objectives of government agencies. Risk management is used to respond to various risks (Tampubolon, 2019). Several standards can be used as a reference in implementing risk management, some of which are widely used, such as ISO 31000, the COSO ERM Integrated Framework, and AS/NZS. Risk management can be understood as a combination of culture, systems, and processes carried out by an agency/organization to coordinate, identify, and manage risks. Although they have slightly different frameworks, in essence, these standards both describe a determination of strategies designed to identify possible conditions/potential events that may affect the achievement of organizational goals, manage risks that may occur, and provide reasonable assurance about the achievement of organizational goals, with an emphasis on risk management culture, systems, and processes.

In Indonesia, all government agencies, including local governments, are required to implement an internal control system for the achievement of organizational goals concerning government regulation No. 60 of 2008 concerning the government's internal control system, which consists of five elements: monitoring, control activities, control environment, information and communication, and risk assessment. Leaders of government agencies also need to formulate a risk management approach and the risk control activities required to minimize risk. Therefore, a risk management framework, a combination of culture, system, and process to coordinate, identify, and manage risk from several standards, can be formulated to strengthen the implementation of the government's internal control system to achieve organizational goals.

The Financial and Development Supervisory Agency (BPKP) has issued a reference for local governments in managing local government risk in carrying out mandatory/optional affairs that include and regulate processes, stages of risk management, and risk management reporting as outlined in the Regulation of the Deputy for Supervision of Regional Finance Implementation. At the Financial and Development Supervisory Agency Number 04 of 2019 concerning Guidelines for Risk Management in Regional Governments.

Accountability

Accountability arises as a logical consequence of the relationship between the agent and the principal. Accountability is complex and multifaceted and is usually presented as a means of ensuring the proper allocation of resources or compliance with policies (Rouault & Albertini, 2022). Accountability can be interpreted as a form of obligation to account for the success or failure of implementing the organization's mission in achieving predetermined goals and objectives through a method of accountability carried out periodically (Auditya et al., 2021). In particular, accountability can be initiated by fulfilling a request or obligation to provide information (justification) for activities carried out by one person against another in response (Asmawanti et al., 2020; Riantiarno & Azlina, 2021). So the essence of accountability is about providing information between two parties. One party is responsible for explaining or justifying the other party as accountability is their right.

The concept of accountability has been extensively studied in the public sector, along with the development of the concept of government restructuring. Smyt (2017) explained that the right word for accountability is transparency and answerability. This concept emphasizes that organizations in the public sector must provide answers to parties interested in the organization. In other words, public sector organizations should be able to explain their actions, especially those in the political system that has been given the authority to conduct assessments and evaluations of public organizations. One form of accountability media is the Government

Agency Performance Accountability System (SAKIP), which integrates planning, budgeting, and performance reporting systems consistent with implementing financial accounting systems (Putra et al., 2018). The final product of SAKIP is the Government Agency Performance Accountability Report (LAKIP), which describes the performance achieved by a government agency on the implementation of programs and activities financed by the State/Regional Revenue and Expenditure Budget.

Internal Audit Capabilities

Internal audit (APIP) capability is the ability to carry out supervisory tasks consisting of three interrelated elements; capacity, authority, and competence of APIP Human Resources (HR) that internal audit must possess to realize the role of APIP effectively (BPKP, 2015). The APIP Capabilities Assessment developed in Indonesia refers to the Internal Audit Capability Model (IACM) developed by The Institute of Internal Auditors (IIA), which is an adaptation of the Software Engineering Institute's Software Capability Maturity Model, developed by The Institute of Internal Auditors Research Foundation (IIARF). IA-CM is a comprehensive international guide to assist any public organization in identifying the foundations needed for an effective Internal Audit (Janse van Rensburg & Coetzee, 2016). This framework enables internal audit to comprehend its conditions and capabilities/capabilities better and enhance its growth in terms of both individual internal audit professionals and internal audit organizations, as noted by Maryani (2017). The higher the level of APIP capability, it will be able to support local governments in realizing accountable state/regional financial governance (Sumanti, 2020).

Maturity Internal Control

The COSO defines Internal Control as "a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance" (COSO, 2013). The maturity of internal control measures the extent to which the maturity/perfection of the implementation of internal control in achieving the objectives of internal control (BPKP, 2021). The measurement of the maturity of the internal control implementation at local government up to the year 2020 is conducted utilizing a methodology grounded on regulation (BPKP, 2016). SPIP maturity is classified into five distinct levels, namely pioneering (level 1), developing (level 2), defined (level 3), managed and structured (level 4), and optimum (level 5).

Relationship between Risk Management and Accountability

Public demands the government implement good governance by implementing a measurable and legal accountability system based on the applicable laws and regulations (Matei & Drumasu, 2015). Local governments have made various efforts in the form of institutional arrangements, improvement of rules and regulations, and preparation of better development plans to realize the goals of local governments in realizing community welfare. However, there are still many problems with its implementation. The issues still indicate that the local government's goal to improve welfare has not been optimally achieved, and risk management must be carried out (BPKP, 2019).

Risk management is considered a governance tool that can be used to support policy choices and decision-making (COSO, 2017). Risk management is believed to help organizations improve performance (Australian National Audit Office, 2017; Barrett AO, 2014; Hood & Smith, 2013) and accountability systems (Palermo, 2014). Hood & Smith (2013) stated that good risk management will contribute to achieving both business and strategic objectives, with better project success, more effective use of resources, and less occurrence of

fraudulent activities. Risk management ensures that the management system is oriented towards efficiency, stakeholder satisfaction, and creating good value. The implementation of risk management is beneficial for the government in realizing the principles of good governance, especially in realizing the principles of upholding the rule of law, transparency, caring for stakeholders, effectiveness and efficiency, accountability, and the strategic principle (Oktapiani et al., 2021). Therefore, risk management can help improve value for money and performance in public organizations by allocating risk to those who are best able to manage it, providing incentives for sustainable and effective performance over time. Risk management is not an option or voluntary tool in the entire management of the organization; it is a must for every type of organization to ensure the achievement of its strategic goals and objectives (Ahmeti & Vladi, 2017). Based on these arguments, the hypothesis is formulated as follows:

H1: Implementation of Risk Management is positively related to increased accountability of local governments.

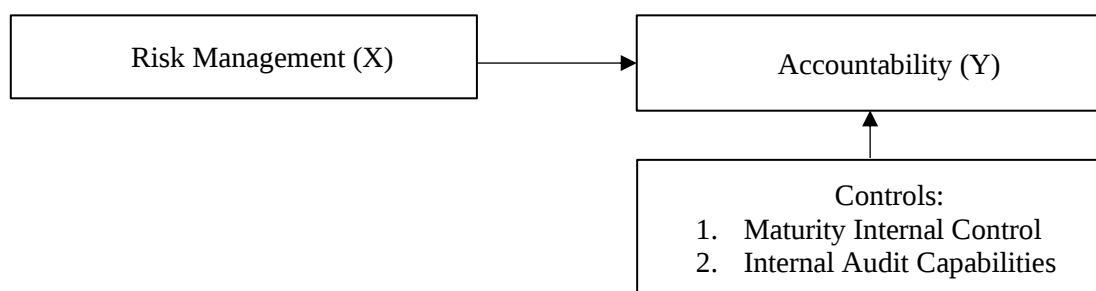


Figure 1. Research Framework

C. METHOD

Operational Definition and Measurement of Variables

The present study employs a quantitative research design, specifically a correlative research approach, to examine the effect of risk management implementation on public sector accountability. The data for this study is secondary data obtained from the institution authorized to issue data according to the variables to be tested. Data is obtained officially by downloading through the official website of the institution or by submitting a formal data request through the Information Management and Documentation Officer at the institution, namely:

- (1) Implementation of Risk Management. Risk management can be understood as a combination of culture, systems, and processes carried out by an agency/organization to coordinate, identify, and manage risks (BPKP, 2019). The Financial and Development Supervisory Agency conducted a Risk Management Implementation Index measurement in 2020 to assess the implementation of risk management in local governments.
- (2) Accountability is the party's responsibility to govern the one who gave the mandate. It creates oversight through power distribution in various government institutions to reduce the accumulation of power while creating conditions for mutual supervision (Iswahyudi et al., 2017). This gives rise to social relationships in which agents feel obligated to explain and justify their behaviour to a significant other (Almquist et al., 2013). The Performance Accountability System (SAKIP) evaluation outcomes for Government Agencies, as conducted by the Ministry of PAN RB during the 2020 timeframe, were utilized to assess the degree of accountability within each local government.
- (3) The Capability of Internal Audit (APIP). Internal audit capability is the ability to perform oversight tasks that consist of three interrelated elements: the authority, capacity, and

competence of APIP Human Resources (HR) that APIP must possess to realize the internal audit's role effectively (BPKP, 2015). The Internal Audit Capability Assessment Results, administered by the Financial and Development Supervisory Agency in 2020, were utilized to evaluate an organization's internal audit capabilities.

- (4) Internal Control Maturity. Based on the regulation of BPKP (2016), the level of internal control maturity shows the quality of the integrated control process in the day-to-day implementation of government agencies' executive actions and technical activities. To examine the maturity of the performance of internal control in local governments, the Financial and Development Supervisory Agency assessed the government internal control system's maturity in the 2020 timeframe.

Population and Sample

The study's population comprises 508 regional governments at Indonesia's regency/municipality level. This study uses a saturated sample, which makes the population the subject of research with the criteria of the local government that has been assessed and evaluated on the Government Agency Performance Accountability System in 2020 by the Ministry of PAN RB and has carried out an assessment and evaluation of the application of Risk Management, Internal Audit Capability, and Internal Control Maturity by the Financial and Development Supervisory Agency. Out of the total of 508 local governments, 488 local governments were selected as the final sample after meeting the established criteria.

Data Analysis Technique

Before implementing the test/data analysis technique, a test will be conducted to assess the fulfilment of a series of assumptions. If the test results meet these assumptions, then the data analysis will be continued using regression techniques. Regression analysis is a statistical method to ascertain the impact or correlation between the independent and dependent variables. If the analysis results show significance, then the regression line can be predicted as a strong relationship between the values of the independent variable and the dependent variables' values. Regression equations are a useful tool for forecasting the potential value of the dependent variable when the independent variable is altered.

The first equation in the regression analysis used is to examine the direct effect between the application of risk management and the accountability of local government performance with the following equation:

$$AKIP = a + bMR + e \quad (1)$$

AKIP = Performance Accountability of Government Agencies
 MR = Application of Risk Management
 a = constant.
 b = Regression Coefficient

Henceforth, regression analysis was carried out by entering control variables. The function of including control variables is to prevent calculation bias and complete/control causality so that it is better to get a complete and better empirical model with the following equation:

$$AKIP = a + b_1MR + b_2SPIP + b_3APIP + e \quad (2)$$

AKIP = Performance Accountability of Government Agencies
 MR = Application of Risk Management
 a = constant.
 SPIP = Maturity of Implementation of Government Internal Control System
 APIP = Capability of internal audit (APIP)
 b₁₋₃ = Regression Coefficient

Regression analysis aims to estimate or predict the population mean or the mean of the dependent variable based on the known value of the variable and the dependence of the dependent variable on one or more independent variables (Gujarati, 2020). The statistical calculation is considered statistically significant if the test statistic value is within the critical range (in which H1 is rejected). On the other hand, the count becomes insignificant if the value of the statistical test is in the range of H0 to be accepted.

The following analysis uses the Coefficient of determination (R^2). The Coefficient of determination (R^2) measures the distance over which the model can explain the dependent variable's variation. The Coefficient of determination has a value between 0 and 1. A small R^2 value means that the ability of the independent variable to explain the variation of the dependent variable is minimal. A value close to 1 means that the independent variable provides almost all the information needed to predict the interpretation of the dependent variable.

The present study employed a partial test (t-test) for hypothesis testing. This examination aims to ascertain whether the independent variable significantly influences the dependent variable, either in isolation or in part, or has no impact. The t-test is a statistical tool utilized to evaluate the impact of the independent variable on the dependent variable. The criteria for accepting the hypothesis entail verifying whether the t-statistic exceeds the t-table at a probability level of less than 0.05.

D. RESULT AND DISCUSSION

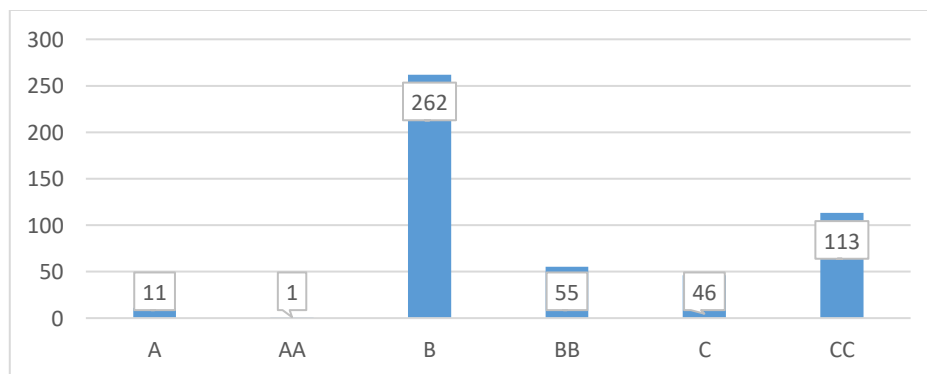
Descriptive Statistics

Table 1. Descriptive Statistics

	N	Min	Max	Mean	Std. Deviation
MR	488	0.16	3.06	1.5545	0.4899
AKIP	488	31.30	90.31	61.3972	8.92824
APIP	488	1.00	3.00	2.2807	0.61223
SPIP	488	0.21	3.72	2.7225	0.5266

Source: Data Processing, 2022

The study examined 488 observations, using Performance Accountability as the dependent variable, which was measured by the Government Agency Performance Accountability Score (AKIP). The independent variable was risk management implementation, which was measured by the Risk Management Index (MRI) score. Additionally, two control variables were included: the performance of the Government's Internal Control System (SPIP) and the Capability of the Government's Internal Supervisory Apparatus (APIP).



(Source: Data Processing, 2022)

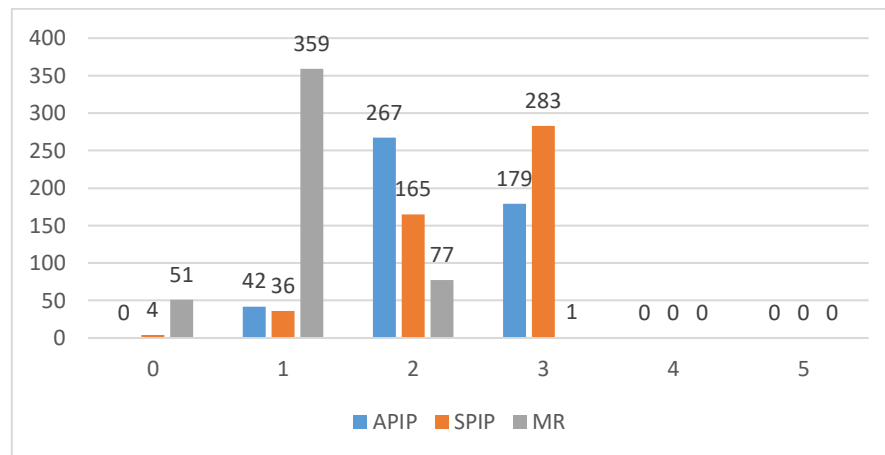
Figure 2. SAKIP Assessment Rate for All Local Government (Regency/Municipality) in 2020

Predicate	Category	SAKIP Score
AA Predicate	Very satisfactory	> 90 - 100
A Predicate	Satisfactory	> 80 - 90
BB Predicate	Very Good	> 70 - 80
B Predicate	Good	> 60 - 70
CC Predicate	Sufficient (adequate)	> 50 - 60
C Predicate	Less	> 30 - 50
D Predicate	Very Poor	> 0 - 30

The mean of the SAKIP score of the tested sample is 61.397, indicating adequacy in the category/predicate. This suggests that AKIP performs well in one-third of the work units, particularly the primary ones, as depicted in Figure 1. There appears to be a requirement for further enhancement in the operational entity, coupled with a dedication to performance oversight. Performance evaluation has been limited to the echelon 2 level or work unit. Regarding SAKIP, it has recorded a score of 31.30 at the lowest level, indicating a poor category. This suggests that while the AKIP has performed relatively well, there is still significant room for improvement, particularly regarding performance accountability within work units. In 2020, local governments attained a maximum AKIP score of 90.31, placing them "very satisfactory." The statement above indicates that the local administration has achieved the principles of Good Governance, whereby all operational aspects are effectively managed across all departments, resulting in a responsive, flexible, and effective government (Reform). The performance evaluation within local government has been conducted at the individual level.

The highest score attained for the implementation of risk management is 3.06. This implies that the local government in 2020 has taken steps to improve the application of risk management so that it can become part of government programs that can enhance the achievement of company goals. The score further demonstrates that particular local administrations have effectively mitigated risks. The local government has successfully formulated a performance achievement strategy in the form of effective programs and activities to achieve the performance targets that have been set.

In the control variable, the average level of internal audit capability is at level 2. The outcome can provide sufficient confidence that the regulations are being adhered to and that the occurrence of corruption can be detected (BPKP, 2015). Meanwhile, the maturity score of the government's internal control system is 2.722, which indicates that the average local government in Indonesia is still developing in implementing its internal control system. The maturity level of development in the implementation of SPIP shows that the organization has been able to formulate its performance correctly according to its mandate, duties, and functions and has formulated quality performance indicators and targets. However, the organization has not developed a strategy for achieving performance through effective programs and activities. To achieve these performance targets (BPKP, 2021). Control has been implemented but is still limited to fulfilment through control communication to related parties. These conditions impact the ineffective implementation of organizational tasks and functions, unreliable financial reporting and asset management, non-compliance with laws and regulations, and a high risk of corruption.



(Source: Data Processing, 2022)

Figure 3. SPIP Maturity Level, APIP Capability, and Risk Management Index for All Local Governments (Regency/Municipality) in 2020

Data Analysis

The correlation test results show that the risk management application significantly correlates to performance accountability with a correlation coefficient 0.309 and a statistically significant correlation at the 0.01 level. This implies a strong correlation between implementing risk management and increased performance accountability in local governments. The same thing also applies to the control variables used: the maturity of the Government's Internal Control System and APIP Capability. Both variables have a significant correlation at the 0.01 level with a correlation score with performance accountability levels of 0.498 and 0.304, respectively.

Table 2. Correlation Between Variables

	AKIP	MR	SPIP	APIP
AKIP	1	0.309**	0.498**	0.304**
MR		1	0.253**	0.207**
SPIP			1	0.446**
APIP				1

* The correlation is significant at the 0.05 level; ** Significant correlation at 0.01 level
Data Processing (2022)

The next test is statistical testing using Regression. The results of the Regression carried out on model 1 (before entering the control variable) showed a correlation coefficient value of 0.309 with a significance of 0.01 and an R2 value of 0.0095. This result proves that if only using the Risk Management variable in explaining changes in Performance Accountability, the results are significant but show a low correlation. The next regression test included the control variable (model 2) to improve the study's accuracy further. When model 2 was tested (control variables were also tested), there was an increase in the results, where the results of the regression test showed a correlation coefficient (r) of 0.537 at a significance level of 0.01 and an R2 score of 0.289.

Table 3. Regression Test Results

	Model 1	Model 2
F	51,174	65,448
r	0.309**	0.537**
R2	0.095	0.289
t	7,154	0.699
Sig	0.000	0.000

* The correlation is significant at the 0.05 level; ** Significant correlation at 0.01 level
Source: Data Processing (2022)

When added to the control variable, the F value shows an increase, where the calculated F value is 65.448, while the resulting significance value is 0.000 (smaller than 0.05). Thus, it can be concluded that this regression model (when added to the control variable) is feasible to use, and the independent variable, which includes the application of risk management with the control variable in the form of the application of SPIP and APIP Capability display a simultaneous influence on the dependent variable of Financial Accountability.

Discussion

This study examines the relationship of risk management variables in increasing local government accountability conducted on 488 local governments. The tests carried out resulted in findings that support the hypothesis, that is that the application of adequate risk management can increase the accountability of local governments. The results of hypothesis testing produce a correlation coefficient (r) of 0.537 and an R^2 score of 0.289, which indicates that this variable strongly correlates with increased performance accountability and can show a 28.9% change in the performance accountability score. The findings suggest a favourable correlation between the utilization of risk management and heightened regional financial responsibility. Therefore, it is adequate to demonstrate that implementing risk management, enhancement of the internal control system, and augmentation of APIP capability can potentially enhance the performance accountability of government agencies. These findings support the assertion that risk management is neither an option nor a voluntary tool in all organizational management; it is a must for every type of organization to ensure the achievement of its strategic goals and objectives (Ahmeti & Vladi, 2017).

The results of the partial test (t-test) show that the t-value of the Risk Management variable is 4.699, more significant than the t-table value of 1.960 with a significance of 0.000 (smaller than 0.05). This shows that the risk management variable positively affects performance accountability, thus accepting the hypothesis. These findings provide support for previous research, where risk management is believed to be able to help organizations improve performance (Australian National Audit Office, 2017; Barrett AO, 2014; Hood & Smith, 2013), accountability systems (Palermo, 2014), and financial performance (Nugraha & Novianty, 2022), which can ultimately improve good governance (Oktapiani et al., 2021). However, it is undeniable that many factors can increase/decrease the accountability level, including the quality and competence of local government apparatus, which will be difficult to measure quantitatively (Setyanto & Ritchi, 2018). Moreover, the risk management process will depend on various factors, such as the time and resources available and the commitment shown by those involved in the risk assessment process (Cedergren et al., 2022; Priyarsono & Munawar, 2020).

E. CONCLUSION

The Government of Indonesia has released the National Medium-Term Development Plan (RPJMN) for 2020-2024, in which seven national development agendas have been set, which will be supported by six mainstreaming components that function as catalysts in achieving the development targets that have been proclaimed. One of the important components of this mainstreaming is the declaration of good governance, where one of the strategies used to achieve the goals of good governance is the application of risk management in managing agency performance. In addition, in carrying out its duties and authorities, the regional government is inseparable from risks that will hinder achieving goals, so risk management efforts are needed.

This study examines the application of risk management using an index score of the application of risk management carried out by the authorized institution so that it is expected

to provide an adequate picture of the implementation of risk management in each local government. The results of this test offer findings that entities that implement risk management with higher risk management of implementation index scores will have implications for higher accountability scores. This implies that risk management can provide reasonable guarantees in achieving local government goals, especially regarding financial accountability.

In this study, the use of the SAKIP score as a proxy for accountability measurement has its limitations, which only captures a specific part of local government accountability, describing the accountability and performance achieved by a government agency for the implementation of programs and activities financed by the APBN/APBD. The scope of accountability in the public sector is extensive. Therefore, future studies may replicate the present research by utilizing alternative proxies to gauge accountability. For instance, proxies such as the financial audit outcomes of the Supreme Audit Agency (BPK) and its subsequent actions may be employed in financial accountability.

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