

Analysis of the Implementation of Performance-Based Budgeting in Improving Accountability and Transparency in the Government of Deli Serdang Regency

Monica Aprilia^{1*}, Shella Yulia Riska², Renny Maisyarah³

Accounting Study Program, Panca Budi Development University, Medan

Corresponding Author: Monica Aprilia monicaaprilia404@gmail.com

ARTICLE INFO

Keywords: Performance-Based Budgeting, Accountability, Transparency, Regional Finance, Deli Serdang

Received : 10 March

Revised : 15 April

Accepted: 30 May

©2026 Aprilia, Riska, Maisyarah: This is an open-access article distributed under the terms of the [Creative Commons Attribution 4.0 International](https://creativecommons.org/licenses/by/4.0/).



ABSTRACT

This study aims to analyze the implementation of performance-based budgeting in improving accountability and transparency in the Deli Serdang Regency Government. The variables studied include planning, implementation, performance reporting, and regional financial accountability and transparency. The method used is descriptive qualitative with secondary data in the form of reports and literature studies for the 2018–2024 period. The results indicate that the implementation of performance-based budgeting has referred to regulations, but is not optimal due to limited data, human resources, and compliance with regional financial management. The implication is that it is necessary to strengthen information systems, apparatus competency, and supervision to improve the quality of public accountability

INTRODUCTION

Public financial management reform in Indonesia requires local governments to implement accountability and transparency principles in a more measurable manner through a performance-based budgeting approach. This approach no longer focuses on the size of budget inputs, but rather on the achievement of outputs and outcomes that can be felt by the public. Within the framework of regional autonomy, district/city governments have broad authority in managing financial resources, making the quality of planning and budgeting a key factor in realizing good governance. However, the implementation of performance-based budgeting in various regions still faces challenges, particularly related to limited human resource capacity, the quality of performance data, and consistency in measuring and reporting results.

Deli Serdang Regency, as a strategic region in North Sumatra, exhibits interesting dynamics in regional financial management. Previous studies have identified various issues in regional financial and asset governance, such as a suboptimal recording system, limited supporting data, and inconsistencies in implementation with applicable regulations. This situation indicates that despite the existence of a regulatory framework, its implementation at the operational level does not fully support optimal accountability and transparency. Furthermore, public demand for transparency in public information is increasing, requiring local governments to demonstrate measurable and accountable performance.

Conceptually, performance-based budgeting is a crucial tool for improving the efficiency and effectiveness of public budget use. This approach integrates strategic planning with budgeting, ensuring that every allocation of funds must have clear and measurable performance indicators. However, in practice, gaps often arise between planning and actual performance, stemming from weak evaluation and oversight systems. This highlights the need for a more in-depth examination of how the implementation of performance-based budgeting truly impacts levels of accountability and transparency, particularly in the context of local governments with diverse administrative characteristics and institutional capacities.

This research makes a significant contribution to the development of knowledge in public sector accounting, particularly regarding the implementation of performance-based budgeting in district-level local governments. Its novelty lies in its analytical focus, which comprehensively integrates planning, implementation, and performance reporting with accountability and transparency indicators, and utilizes a case study approach based on secondary data in Deli Serdang Regency. Thus, this research not only provides an empirical overview of actual conditions in the field but also enriches the literature on factors influencing the successful implementation of performance-based budgeting in the regions.

Based on this background, this study aims to analyze how the implementation of performance-based budgeting improves accountability and transparency in the Deli Serdang Regency Government, as well as to identify

factors that become obstacles and opportunities in optimizing the budgeting system.

LITERATURE REVIEW

Performance Based Budget Theory

Performance-based budgeting is a budgeting approach that links resource allocation to desired results, both in the form of outputs and outcomes. In this system, every program and activity must have clear, measurable, and evaluable performance indicators. This approach aims to improve the efficiency and effectiveness of budget use and strengthen public accountability. In the context of local governments, the implementation of performance-based budgeting also serves as an instrument to ensure that all regional expenditures provide tangible benefits to the community. However, its implementation often faces obstacles such as limited performance data, weak planning, and a lack of capacity among officials in developing relevant indicators.

H1: The implementation of performance-based budgeting has a positive impact on improving local government accountability.

Public Accountability Theory

Public accountability is the government's obligation to be accountable to the public for its resource management and policy implementation. Accountability is not only related to financial reporting but also encompasses performance and results achieved. In practice, accountability is realized through a transparent reporting system, effective oversight, and public involvement in the evaluation process. Previous studies have shown that weak internal control systems, limited human resources, and lack of compliance with regulations can hinder the realization of optimal accountability, as reflected in the management of regional finances and assets that are not fully compliant with regulations.

H2: Increased public accountability has a positive impact on the transparency of regional financial management.

Regional Financial Transparency Theory

Transparency is the principle of openness in providing relevant and publicly accessible information. In regional financial management, transparency includes the clear and timely delivery of budget information, realization, and performance achievements. Good transparency will increase public trust and encourage public participation in oversight. However, in practice, transparency is often hampered by limited information systems, inadequate data quality, and a lack of commitment from government officials to providing information openly.

H3: The implementation of performance-based budgeting has a positive impact on the transparency of regional financial management.

Previous Research

Several previous studies have shown that the implementation of performance-based budgeting can improve the quality of regional financial management, although not optimally. Research on regional governments reveals

obstacles such as limited data, weak reporting systems, and a lack of human resource competency. Furthermore, it was found that even though regulations have been implemented, implementation on the ground is still not fully compliant with applicable provisions, resulting in low levels of accountability and transparency.

Conceptual Framework (Research Mind Map)

This research uses a qualitative approach, so the conceptual framework is structured in the form of relationships between key concepts. Performance-based budgeting is the primary variable influencing accountability and transparency. Accountability acts as an intervening variable, strengthening the relationship between performance-based budgeting and transparency. Supporting factors such as human resource quality, information systems, and regulatory compliance also influence implementation effectiveness.

Conceptually, the relationship between variables can be explained as follows:

1. Performance-Based Budget → Accountability
2. Performance-Based Budget → Transparency
3. Accountability → Transparency
4. Supporting factors (human resources, systems, regulations) → strengthen/weaken the relationship

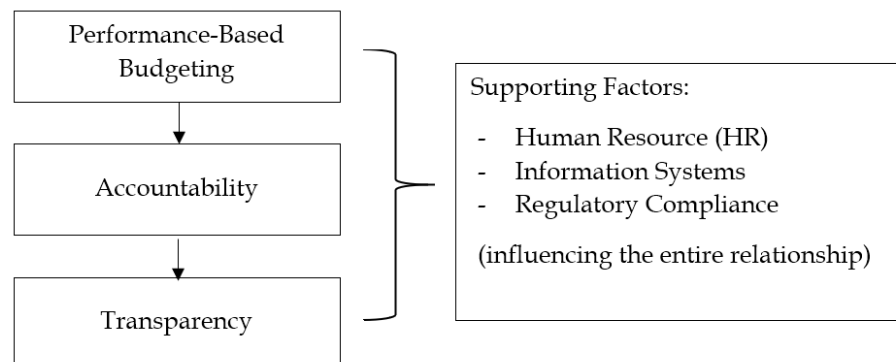


Figure 1. Conceptual Framework

METHODOLOGY

This study uses a qualitative approach with a descriptive design to analyze the implementation of performance-based budgeting to improve accountability and transparency in the Deli Serdang Regency Government. This approach was chosen because it provides an in-depth understanding of regional financial management phenomena based on existing empirical conditions and administrative contexts.

The population in this study was all regional government agencies involved in financial management in Deli Serdang Regency, specifically Regional Government Organizations (OPDs) involved in budget planning, implementation, and reporting. The research sample was determined purposively, selecting relevant units such as the Regional Finance and Asset

Agency (BKAD), as well as official documents related to the budget and local government performance reports.

The data used is secondary data obtained through documentation and literature studies, including regional financial reports, government agency performance reports (LKjIP), as well as previous research and related regulations. The data observation period covers 2018–2024 to illustrate the development of sustainable performance-based budgeting implementation.

Data collection techniques were conducted through documentation and literature reviews relevant to the research topic. Furthermore, data analysis employed a qualitative descriptive analysis method with the stages of data reduction, data presentation, and conclusion drawing. This analysis focused on the relationship between performance-based budgeting variables, accountability, and transparency, as well as supporting factors such as human resource quality, information systems, and regulatory compliance. This approach is expected to provide a comprehensive picture of the effectiveness of performance-based budgeting implementation in improving regional financial governance.

RESEARCH RESULT

This research was conducted through structured stages, starting with the collection of secondary data in the form of regional financial reports, performance reports (LKjIP), and previous research results relevant to financial management in Deli Serdang Regency. Data reduction was then carried out to filter information directly related to the research variables, namely performance-based budgeting, accountability, and transparency. The reduced data were then classified based on the indicators of each variable, namely planning, implementation, and reporting (performance-based budgeting); accountability and evaluation (accountability); and information disclosure (transparency).

To facilitate interpretation of the results, this study used a score categorization approach with the Three Box Method. This method is used to group implementation levels into low, medium, and high categories based on specific value ranges.

Table 1. Three Box Method

Score	Criteria
50,00 – 100,00	Low
100,01 – 150,00	Medium
150,01 – 200,00	High

$$Y = X + Z \dots\dots\dots (1)$$

Description:

Y = Transparency

X = Performance-Based Budget

Z = Accountability

Based on data processing and analysis, it was found that the implementation of performance-based budgeting in Deli Serdang Regency is in the medium category. This aligns with previous findings indicating that regional financial and asset management complies with regulations, but is not yet optimal due to limited data, human resource competency, and compliance in implementation.

The indicator analysis phase yielded the following results. First, in terms of budget planning, the local government has developed programs based on performance indicators, but these have not been fully integrated with measurable outcome targets. Second, in terms of implementation, there is still a discrepancy between budget plans and actual performance, indicating weak internal control. Third, in terms of reporting, performance reports have been prepared periodically, but the quality of the information does not fully reflect comprehensive performance achievements.

To summarize the research results, they are presented in the following table:

Table 2. Summary of Research Results

Variables	Indicators	Category
Performance-Based Budgeting	Planning, Implementation, Reporting	Medium
Accountability	Accountability, Evaluation	Medium
Transparency	Information Disclosure	Medium

Based on Table 2, it can be seen that all research variables fall into the medium category. This indicates that the performance-based budgeting system has been implemented and has had an impact on accountability and transparency, but has not yet reached optimal levels.

More specifically, regarding the accountability variable, the accountability system has been operating according to regulations, but performance evaluation remains ineffective due to limited data and human resource quality. Meanwhile, regarding the transparency variable, financial information is available, but it is not yet fully accessible and understandable to the public.

Thus, the results of this study confirm that although the implementation of performance-based budgeting has contributed to increasing accountability and transparency, improvements are still needed in the aspects of information systems, data quality, and human resource capacity so that implementation can reach a high category.

DISCUSSION

The results of the study indicate that the implementation of performance-based budgeting in the Deli Serdang Regency Government is in the moderate category, indicating that the system has been implemented but is not yet fully optimized in supporting accountability and transparency. This finding reflects a gap between the ideal concept of performance-based budgeting and its implementation practices in the field. Conceptually, performance-based budgeting emphasizes the link between budget allocation and performance

achievements, but in practice, weaknesses in the integration of planning, implementation, and reporting are still found.

In terms of planning, local governments have adopted a performance-based approach by developing programs and activities equipped with indicators. However, these indicators do not fully reflect measurable and results-oriented outcomes. This situation indicates that planning still tends to be administrative and not fully strategic. Theoretically, this suggests that the implementation of performance-based budgeting does not fully meet the principle of effectiveness, as performance indicators should be able to reflect the real impact of budget use.

During the implementation phase, discrepancies were found between the planned and actual budget. This indicates that the internal control function is not functioning optimally. From a public sector accounting perspective, budget execution that is inconsistent with planning will result in low resource efficiency. This finding aligns with previous research that suggests that system and human resource limitations are key factors hampering the implementation of regional financial policies.

Furthermore, in terms of reporting, local governments have compiled periodic performance reports as a form of accountability to the public. However, the quality of the information presented still does not fully reflect substantive performance achievements. Reporting tends to focus on budget realization rather than actual results. In public accountability theory, performance reports should not only present financial data but also provide relevant information regarding the effectiveness of programs and activities.

This situation directly impacts the level of local government accountability. Although the accountability system formally operates according to regulations, its effectiveness remains limited. This suboptimal accountability indicates that performance evaluation mechanisms have not been able to provide significant feedback for policy improvement. This reinforces the view that accountability depends not only on compliance with regulations but also on the quality of information and the institution's capacity to manage performance.

In terms of transparency, research results indicate that local governments have provided access to financial information, but this level of openness still needs to be improved. The available information is not yet fully understandable to the public, thus failing to encourage maximum public participation. Within the framework of transparency theory, information disclosure must be accompanied by easy access and clarity of information to increase public trust in the government.

Overall, the relationship between performance-based budgeting, accountability, and transparency in this study indicates that improving budgeting quality will lead to increased accountability, which in turn will drive transparency. However, this relationship has not been optimally implemented due to the influence of supporting factors such as the quality of human resources, information systems, and regulatory compliance. Limitations in these factors have prevented the implementation of performance-based budgeting from maximizing its impact on regional financial governance.

Thus, the findings of this study reinforce the theory that the success of performance-based budgeting implementation is determined not only by the regulatory framework but also by institutional readiness to implement it. Therefore, efforts to increase human resource capacity, strengthen information systems, and improve performance evaluation mechanisms are needed to make performance-based budgeting more effective in enhancing accountability and transparency in local governments.

CONCLUSIONS AND RECOMMENDATIONS

Based on the research results and discussion, it can be concluded that the implementation of performance-based budgeting in the Deli Serdang Regency Government has been running according to the regulatory framework, but is still at a moderate level and has not been optimal in increasing accountability and transparency. In the planning aspect, performance indicators are not fully outcome-oriented. In the implementation stage, there is still a mismatch between the plan and the budget realization, indicating weak internal control. Meanwhile, in the reporting aspect, the performance information presented does not fully reflect the substantive results achieved. This condition has an impact on accountability that is still administrative in nature and transparency that is not fully effective in encouraging information disclosure to the public. Thus, although performance-based budgeting plays an important role in improving regional financial governance, its implementation still requires strengthening to achieve more optimal results.

The implications of this research indicate that the successful implementation of performance-based budgeting is significantly influenced by the quality of human resources, information systems, and regulatory compliance. Therefore, local governments need to improve the capacity of their staff through ongoing training, particularly in developing outcome-based performance indicators and managing performance data. Furthermore, strengthening the regional financial information system is necessary to ensure effective and accurate integration of planning, implementation, and reporting processes. The government also needs to improve the quality of performance monitoring and evaluation to ensure alignment between budget planning and implementation.

The next recommendation is to encourage increased transparency by providing more open, accessible, and understandable financial information to the public. This can be achieved by utilizing digital technology and improving the quality of published performance reports. With improvements in these aspects, it is hoped that the implementation of performance-based budgeting will be more effective in enhancing accountability and transparency, as well as supporting good governance in Deli Serdang Regency.

ADVANCED RESEARCH

This study has several limitations that require attention. First, the use of secondary data makes the analysis highly dependent on the availability and quality of official documents, thus not fully reflecting the actual conditions on the ground in depth. Second, the descriptive qualitative approach used does not involve quantitative empirical testing, so the relationships between variables are

only explained conceptually and their influence cannot be measured statistically. Third, the study's scope is limited to one region, namely Deli Serdang Regency, making the results unable to be generalized to all local governments in Indonesia with their varying characteristics.

Based on these limitations, further research is recommended to use a quantitative or mixed methods approach to empirically test the effect of performance-based budgeting on accountability and transparency. Further research could also expand the research object by comparing several regions, thus obtaining a more comprehensive picture of performance-based budgeting implementation at the national level. Furthermore, future research could add other variables such as internal control systems, human resource quality, and the use of information technology as factors influencing implementation success. Thus, future research findings are expected to provide broader and more in-depth contributions to the development of public sector accounting science and regional financial governance practices.

ACKNOWLEDGMENT

The author would like to thank all parties who have provided support, assistance, and contributions to the completion of this research. Special thanks are extended to the lecturers in charge of the State and Regional Finance course who provided direction, input, and guidance during the preparation of this journal.

The author also appreciates the various scientific reference sources and secondary data used in this research, which enriched the analysis and discussion. Furthermore, he would like to thank his fellow students for their support, discussions, and constructive suggestions to improve this research.

This research received no specific financial support from any party. However, all moral and intellectual support provided was invaluable in completing this research. The author hopes that the results of this research will contribute to the development of science, particularly in the fields of public sector accounting and regional financial management.

REFERENCES

- Agustin, L., & Tarigan, A. A. (2022). Analysis of regional asset management at the Regional Financial and Asset Management Agency (BPKAD) of North Sumatra Province. *VISA: Journal of Vision and Ideas*. <https://doi.org/10.47467/visa.v2i2>
- Azhari, B. A., & Imsar. (2023). The role of the Deli Serdang Regency government in enhancing regional economic development through the tourism sector. *AKTIVA Accounting Journal*. <https://doi.org/10.46799/aktiva.v4i1>
- Bastian, I. (2020). *Public sector accounting: An introduction*. Erlangga.
- Halim, A., & Kusufi, M. S. (2021). *Public sector accounting: Regional financial accounting (4th Edition)*. Salemba Empat.

Mardiasmo. (2021). Public sector accounting. Andi.

Nasution, M. I. (2021). Analysis of the implementation of the Regional Government Information System (SIPD) at the Regional Financial and Asset Management Agency (BPKAD) of Medan City. *Journal of Accounting and Finance*. <https://doi.org/10.30596/jak.v9i2>

Piliyang, R. S., & Batubara, M. (2024). Analysis of asset management at the Regional Financial and Asset Management Agency of Deli Serdang Regency. *Journal of Minfo Polgan*. <https://doi.org/10.33395/jmp.v12i2>

Putra, R., & Sari, D. (2022). The effect of performance-based budgeting implementation on the performance accountability of local government agencies. *Journal of Accounting and Finance Research*. <https://doi.org/10.17509/jrak.v10i1>

Sari, N. P., & Wibowo, A. (2023). Transparency of regional financial management and its implications for public trust. *Journal of Accounting Science*. <https://doi.org/10.15408/jia.v15i2>

Sugiyono. (2021). *Quantitative, Qualitative, and R&D Research Methods*. Alfabeta.

Yusuf, M. (2022). *Regional Financial Management: Concept and Implementation*. Kencana.