



Transparency of regional financial management in the regional government of Malang Regency

Punky Arnade Adesy, Dwi Suharnoko, Wahyu Wiyani

University of Merdeka Malang, Malang, Indonesia

Abstract

Transparency in regional financial management is one of the main principles in realizing good governance. Transparent regional financial management is important because public funds fund it; therefore, every process of planning, implementation, and financial reporting must be accessible and monitored by the public. Transparency in regional financial management still faces various problems, including institutional issues, human resources, and public information disclosure. This study uses a descriptive, qualitative approach to examine transparency in regional financial management. Data collection techniques used were observation, interviews, and documentation. The researcher's data analysis techniques include data collection, data condensation, data presentation, and conclusion. Transparency in regional financial management in Malang Regency has so far not been fully optimal because public participation in transparency remains minimal, there is a lack of discipline among government employees, slow network speeds, and the difficulty the public faces in accessing data, all of which hamper transparency in regional financial management. Internal factors that support transparency in regional financial management are the commitment of leaders and apparatus, encouragement from internal government supervisors, and the use of financial information systems. External factors that support transparency include the development of information technology, support from external institutions, and public demands for openness. Internal factors that hamper transparency in regional financial management are also common: suboptimal coordination among regional agencies, a bureaucratic culture that tends to be closed, and limited human resource capacity. External factors hindering transparency in regional financial management include limited information technology networks, limited public participation in regional financial information, and minimal collaboration with the mass media and non-governmental organizations.

Keywords: Transparency and regional financial management

Introduction

Public Information Disclosure is a means of optimizing public oversight of the administration of the state and public bodies, both of which affect the public interest. With information disclosure, everyone can freely access the information they need without being limited by distance or time. Public information disclosure makes it easier for everyone to obtain the information needed to support all aspects of life. Not all processed data produces information and not all information can be accessed by everyone because according to Law of the Republic of Indonesia Number 14 of 2008 on Public Information Disclosure, Information that can be accessed is: Information related to public bodies, information regarding the activities and performance of related public bodies, information regarding financial reports, Other information regulated in laws and regulations.

Every business entity has the right and authority to manage internal and confidential data and information, which are used in managerial decision-making and as a basis for improving the business entity's performance. Transparency is a key principle in its implementation, as it directly relates to the public's right to information on all government activities, particularly in public financial management. Transparency serves as a control instrument to prevent irregularities, corruption, and abuse of authority. Transparency is also crucial in increasing public trust in the government.

Transparency is not merely an administrative obligation but an important foundation for realizing an accountable government with integrity and orientation towards the public interest. Transparency in regional financial

management is an important principle in government administration that aims to realize good governance. Law Number 17 of 2003 concerning State Finance has stipulated the demand for transparency and accountability in public finances. The hope of openness in government administration is the public's right to obtain accurate, honest, and non-discriminatory information in the conduct of financial management.

In general, research aims to test, develop, and discover the truth of knowledge. The objectives of this research include analyzing and describing transparency in Regional Financial Management within the Malang Regency Government. Analyzing and describing the factors that encourage and hinder the realization of transparency in regional financial management within the Malang Regency Government.

The benefits expected from this will supplement the development of good governance theory related to transparency in regional financial management, in which the success of a public policy is measured by the process of achieving outcomes, namely, whether the goal was achieved. Iaret can be helpful in science and serve as a reference for further research. This research is expected to provide a comprehensive picture of transparency in regional financial management in the local government environment by identifying several implementation obstacles to determine the quality of regional financial management in Malang Regency.

Literature Review

The term good governance comes from the European parent language, Latin, namely Gubernare, which was absorbed into English as govern, which means steer, direct, or rule.

The primary use of this term in English is to rule with authority, or to govern with authority. World Bank, Good governance is the implementation of solid and responsible development management that is in line with the principles of democracy, with an efficient market, avoidance of the allocation of investment funds, and prevention of corruption both politically and administratively, implementing budget discipline, and the creation of a legal and political framework for the growth of business activities.

Nugroho (2009) ^[25] defines public policy as everything the government does and does not do. This definition indicates that the government has the authority to choose which policies to implement, depending on the problems that arise or the desired outcomes of the policy. Policy is a purposeful course of action determined by an actor or actors in addressing a problem or issue.

Various experts define public policy as a decision made by groups, organizations, or governments. These decisions are made to achieve goals set by the authorities, so that both the public and policymakers implement policies.

Development is an activity undertaken to grow and improve systems and achieve desired goals. Development is carried out by various communities with shared interests and is sustainable, with specific objectives. Ongoing development activities by the government, the community, and the private sector aim to improve public welfare.

Transparency, especially regarding regional finances, according to Mardiasmo (2002), is related to the government's openness in making regional financial policies, so that they can be known and monitored by supervisors and the public. Transparency in regional financial management is considered important because it not only embodies the region's commitment to democratization at the local level, but also serves as a basis for public accountability, oversight of the management and misuse of regional finances, and the fostering of trust in the community from planning to financial reporting.

Based on Malang Regency Regulation Number 6 of 2022 concerning Regional Financial Management, Regional Financial Management encompasses all activities encompassing planning, budgeting, implementation, administration, reporting, accountability, and oversight of regional finances. Regional financial management encompasses rights and obligations related to money, and some of these constitute regional assets, as stipulated in laws and regulations.

Research Method

1. Research Design

This qualitative study used analytical descriptive methods to explore and understand the level of transparency in regional financial management in Malang Regency. The approach employed was empirical normative, combining normative analysis based on existing regulations and policies with empirical findings from the field.

2. Scope of Research

The scope of this research is to analyze how transparent regional financial management is in the Malang Regency government, particularly regarding periodic public access to information, and the factors that influence transparency in regional financial management.

3. Research Focus

The research focuses on transparency in regional financial management at the Malang Regency Government, using

transparency indicators (Rachmad, 2020). It also analyzes the factors that support and inhibit transparency in policy implementation.

4. Research Informants

The resources required by researchers include informants from internal and external parties at the research location, namely the Head of the Regional Finance and Assets Agency, the Head of the Budget Division, the Head of the Treasury Division, the Head of the Accounting and Reporting Division, the Head of the Financial Reporting Sub-Division, and the community.

5. Research Location

The research will be conducted at the Office of the Regional Finance and Asset Agency of Malang Regency, an executive agency directly related to regional financial management in the Malang Regency Government, and a location for collecting secondary data as supporting material.

6. Data Types and Sources

The data used for this research are qualitative. Data sources are anything that can provide information regarding the research. The data used in this study come from two sources: primary and secondary.

7. Data collection technique

In this study, the researcher used an unstructured interview technique in which the interviewer did not ask systematically arranged questions, supplemented by observation and documentation.

8. Data Analysis Techniques

The data analysis technique used by the researcher is the Miles and Huberman model (Sugiyono, 2012). Data analysis in qualitative research is carried out during data collection and after data collection is completed within a specific period.

Results & Discussion

Result

Transparency is a key element encompassing efforts to provide public information on regional financial management. Every process within government must be conducted openly, accurately, and adequately so that it can be understood and monitored regularly by the public. This aims to increase public understanding and knowledge, and increase public trust in the government's financial management. Transparency in regional financial management is a systematic effort by the government to ensure that public services are accountable, transparent, open, and in compliance with legal regulations.

The Internal Control System (ISC) is an indicator of transparency, ensuring that relevant and accurate information is available and easily accessible to the public. This system needs to be achieved through a series of elements, such as the control environment, risk assessment, control activities, information, communication, and monitoring. An adequate and robust ISC will minimize the risk of financial irregularities, thereby increasing transparency of information and public trust in government financial management.

An adequate Internal Control System for transparency in regional financial management has maximized performance in line with applicable policies by conducting activities such as reconciliation, evaluation, review, and audit by internal parties, including the Regional Inspectorate, and external parties, including the Supreme Audit Agency (BPK). We have fulfilled various requests from them, ranging from human resource standards to the quality of regional financial accountability reports, both in and out of context. The Malang Regency Government's Internal Control System is adequate, although there may be some technical errors due to human error.

Based on the interview results, the author concludes that the Regional Finance and Asset Agency of Malang Regency has an adequate internal control system, which is implemented in accordance with applicable procedures and policies to meet the service standards required by the community. Based on the interview results, the author can conclude that the employees of the Malang Regency Regional Government have effectively implemented an adequate internal control system in accordance with the directions.

The government has implemented and guaranteed an adequate internal control system within the Malang Regency Government. Submitting financial reports is a crucial aspect of maintaining transparency and accountability within an organization. In today's digital era, financial reports are not only submitted in physical form but also via electronic media such as official websites, email, and other digital platforms.

Electronic media is a digital medium that enables the storage, management, and delivery of information via computer devices and networks. Various other digital systems enable online access and publication of financial management reports. Financial reports can also be delivered through mass media such as newspapers, television, and radio to reach a wider audience. Mass media can be invaluable in quickly and transparently disseminating important information to the public.

Some are still difficult to access due to limited websites or limited coverage so that not everyone can have internet access or adequate devices, if through mass media such as newspapers and radio, limited access can also occur because information can only be accessed at the time of publication and is challenging to access again after publication, besides that printing costs and time are very ineffective. However, we are still working to overcome these obstacles and continue improving what is lacking.

The interview results indicate that the Malang Regency Government has fulfilled its obligation to submit financial reports via electronic and mass media. However, not all reports are accessible to the public due to fear of misuse by irresponsible parties. Submission of financial reports via electronic and mass media in Malang Regency has not been optimal, as they are delivered only electronically rather than through mass media.

Transparency indicators in regional financial management are crucial to ensuring that the entire public fund management process is transparent and accountable to the public. The key to transparency is the completeness of the information presented. Completeness and the availability of adequate information are crucial benchmarks because they enable the public and stakeholders to clearly understand how budget allocations and use are carried out, thereby increasing trust and reducing the potential for misuse of

funds. With these indicators properly met, transparency in regional management is not merely a formality but rather a foundation for accountability and good governance.

Based on the interview results, it was explained that the completeness and availability of information have been optimized so that the public can understand how public funds are managed. However, there may be obstacles in terms of media and human resources that make this less well-supported and run less than perfectly. The completeness of information and the availability of adequate information are indeed stipulated, some regulations have been issued, everything has been regulated in regional regulations, we have fulfilled all of that and later all activities and information will be summarized into a report at the end of the year which will definitely be an accountability report, starting from regional financial planning, budget preparation, to the realization report.

An equally important indicator of transparency in regional financial management is synergistic collaboration between local governments, the mass media, and non-governmental organizations. This collaboration is essential because the mass media disseminates information to the public at large, while non-governmental organizations provide analysis, assistance, and education to the community. Synergy among local governments, the media, and non-governmental organizations can create effective control mechanisms while strengthening public trust in accountable, transparent financial management.

With this collaboration, the submitted regional financial management will not only serve as documentation and administrative support, but also as an instrument of transparency that supports active public participation in overseeing regional financial management to create healthy, accountable, effective, and transparent regional financial management. The Malang Regency Government's regional financial management has collaborated with the mass media and non-governmental organizations in preparing financial reports. However, not all non-governmental organizations have agreed to collaborate.

Transparency in regional financial management does not emerge automatically; a range of interrelated factors influences it. These factors originate both within and outside the government. The following are several factors influencing regional financial management, as identified through interviews with informants. The interviews revealed that commitment and compliance from regional government leaders, along with encouragement from internal government supervisors, are supporting factors for transparency in internal regional financial management.

Based on the interview results, external supporting factors for transparency in regional financial management include the development of regional financial management information technology, supervision, and assistance from institutions outside the government. Factors inhibiting transparency in regional financial management externally, due to the lack of cooperation with mass media such as news channels on television, radio, newspapers, social media, and also the minimal participation of the general public in regional finances, are one of the obstacles to transparency in financial management, because from the government, there is no pressure and demands from external parties. Low public participation in regional financial information and minimal cooperation with the media are obstacles to transparency in regional financial management from an external perspective.

Based on the results of interviews related to transparency in regional financial management, it can be analyzed using transparency indicators from (Rachmad, 2020), as follows: an adequate internal control system, delivery of financial reports via electronic media and mass media, completeness of information and availability of adequate information, and cooperation with mass media and non-governmental institutions in preparing financial reports.

Discussion

The internal control system for regional financial management in Malang Regency has essentially been operating in accordance with applicable regulations. Each stage of financial management, from planning to reporting, has a precise flow and mechanism. This demonstrates that the local government has made internal efforts to ensure that financial management is carried out in an orderly and procedural manner. Furthermore, reconciliations, evaluations, reviews, and audits with internal and external parties have also been implemented effectively.

The implementation of the internal control system still relies heavily on the level of discipline and understanding of human resources. In practice, differences in employee accuracy and compliance persist. This condition affects the quality of the financial information produced, ultimately shaping the level of transparency perceived by the public. Control is more oriented towards internal administrative compliance than openness to the public. This indicates that the internal control system does not optimally support transparency in regional financial management, as expected under the principles of good governance.

From these findings, it is clear that the internal control system plays a crucial role as a foundation for transparency. When internal controls function well, the resulting financial information is more organized and easier to communicate openly to the public. This finding is supported by research (Saverius *et al.*, 2024), which states that internal control influences financial management performance, but does not automatically guarantee information disclosure to the public without a commitment to transparency.

The analysis shows that the Malang Regency government has utilized electronic media to deliver financial information to the public. Financial information is generally disseminated through the official regional government website and several other information channels. This effort demonstrates the government's commitment to providing public access to information.

Several factors indicate that the use of these media platforms is not yet fully optimal. Financial information delivered through the media remains general and has not yet reached all levels of society. Furthermore, financial reports cannot be accessed in real time due to network limitations, coordination between regional government agencies remains suboptimal, and updates and improvements to the financial reporting system take considerable time, significantly disrupting the delivery of reports to the public.

This situation indicates that although the media has been used to promote transparency, the effectiveness of information delivery still needs improvement. Transparency relates not only to the publication of information, but also to how that information is accessed and understood by the wider public. This aligns with research findings (Yurika *et al.*, 2024), which indicate that the provision of website-based financial information remains ineffective due to limitations in completeness and ease of access.

The research results indicate that the available information is incomplete and not presented in detail. The public still has difficulty obtaining information that clearly explains the relationship between budget use and the results or benefits obtained. Completeness and the availability of adequate information are public rights enshrined in the principles of good governance, allowing for quick, easy, and non-discriminatory access. This situation indicates that transparency in regional financial management in Malang Regency still needs improvement, particularly regarding information accessibility.

Based on the analysis, cooperation among the Malang Regency government, the mass media, and non-governmental organizations in disseminating regional financial information remains relatively limited. This shows that, to date, financial information dissemination is mainly carried out internally through official regional government channels, without actively involving external parties. The mass media and non-governmental organizations play a strategic role in bridging information between the regional government and the public. Through collaboration with external parties, regional financial information can be disseminated more broadly, objectively, and easily understood by the public. The involvement of non-governmental organizations can also encourage constructive public oversight of regional financial management.

From a good governance perspective, collaboration between the government, the public, and the non-governmental sector is a crucial element in achieving transparency and accountability. Minimal collaboration with non-governmental organizations and the mass media results in limited public dissemination of regional financial information. This finding supports the research of Masitha *et al.* (2024) ^[14], which states that low involvement of external parties, including the media and non-governmental organizations, is a factor hindering transparency in regional financial management.

Internally, transparency in regional financial management stems from regional governments' readiness and commitment to implement established policies, specifically Regional Regulation Number 6 of 2022. The commitment of regional leaders and regional apparatus is a key factor in encouraging transparency in financial management, particularly in planning, implementation, and reporting. Furthermore, support from a relatively straightforward organizational structure and division of authority facilitates coordination between regional apparatuses in financial management.

Externally, transparency in regional financial management stems from the regional government's external environment, which also encourages information disclosure. Increasing public awareness and demand for transparency in regional financial management have encouraged regional governments to disclose financial information more openly. Furthermore, external supervisory bodies such as the Regional People's Representative Council (DPRD), the Supreme Audit Agency (BPK), and non-governmental institutions (NGOs) also encourage transparent and accountable financial management. Policy support from the central government and the rapid development of information technology are also external factors that strengthen transparency.

Internally, transparency in regional financial management stems primarily from limitations within the regional

government itself. One major obstacle is suboptimal coordination among regional agencies, which delays the delivery of financial information. Furthermore, limited human resource capacity, both in terms of technical competence and mastery of financial information systems, has resulted in suboptimal preparation and delivery of financial information. A bureaucratic culture that tends to be cautious and secretive about certain information also hinders transparency in regional financial management.

Conclusion

Transparency in Regional Financial Management in Malang Regency has essentially been implemented in accordance with Malang Regency Regulation Number 6 of 2022. This is reflected in the existence of a financial management system that adheres to the principles of openness, accountability, and administrative order. Based on the adequate Internal Control System indicator, the regional government has a control mechanism comprising SOPs, a clear division of main tasks and functions, and internal supervision of regional financial management. However, its implementation has not been entirely consistent across all regional apparatuses, resulting in obstacles in the timely and structured delivery of financial information.

Indicators for Submitting Financial Reports Through Mass Media and Electronic Media. Local governments have used electronic media, including media provided by the central government, to publish financial information for their financial management. However, this information delivery has not been optimal and sustainable, as data updates and website media are still limited and frequently encounter obstacles.

Regarding the indicators of completeness and availability of adequate information, it was still found that the financial information presented was incomplete and did not cover all required aspects. Furthermore, the available financial information was not presented in a format that was easily understood by the public. This indicates that completeness and availability of adequate information have not yet been prioritized for delivering quality and adequate information.

Regarding cooperation with the mass media and non-governmental organizations, the government has collaborated on preparing financial reports and disseminating public information. However, this collaboration remains limited and has not been systematically and sustainably implemented. This has resulted in suboptimal dissemination of regional financial information to the broader public.

Internally, factors supporting transparency in regional financial management include the commitment and compliance of regional government leaders and officials with issued regulations, a supportive organizational structure, the use of financial information systems, and pressure from internal government supervisors. Externally, factors supporting transparency in regional financial management include increased public demand for transparency, oversight and support from external institutions, and developments in information technology that promote transparency.

Based on the discussion and conclusions, the researcher offers several suggestions for strengthening transparency in regional financial management comprehensively and sustainably. The following suggestion should be made: Improve the competence of officials tasked with regional

financial management through technical training and mentoring focused on the management and presentation of regional financial information. The Malang Regency Government needs to improve coordination and synergy among regional agencies to reduce delays and ensure the timely delivery of financial information.

Optimizing the use of information technology, both those already provided by the central government and those not yet provided. Strengthening cooperation with the mass media and non-governmental organizations as strategic partners in disseminating regional financial information, while encouraging increased public participation and oversight of regional financial management. Reducing the culture of over-caution without concealing certain information, so that the public can have a realistic understanding of regional financial management in Malang Regency. It is hoped that transparency in regional financial management in Malang Regency can be carried out more optimally, consistently, and in line with public interest. Thus, the goals of good governance, as mandated by Malang Regency Regional Regulation Number 6 of 2022, can be effectively achieved.

References

1. Andreas, Rachmad. The Influence of Technology Utilization and Organizational Commitment on Transparency of Regional Financial Management. The Quality of Regional Financial Reports as an Investing Variable in Riau Islands Province. *Journal of Economic, Accounting, and Scientific*, 2020, 1(2).
2. Aulia Y, *et al.* Transparency and Accountability of Regional Financial Management in Deli Serdang Regency. *Journal of Student Research*, 2024, 2(2).
3. Baldrick Siregar. *Public Sector Accounting*. 2nd Edition. Yogyakarta: UPP, 2017.
4. Ball C. What is Transparency? *Public Integrity*, 2009;11(4):293-307.
5. Budiarto. The Influence of Regional Budget and Balancing Funds on the Financial Performance of District/City Governments in North Sulawesi Province. *Journal of Economic, Management, Business, and Accounting Research*, 2016;4(4):783-892.
6. Didjaja M. *Government Transparency*. Jakarta: Rineka Cipta, 2003.
7. Dye TR. *Understanding Public Policy*. New Jersey: Prentice Hall, 2011.
8. Hengki Wijaya. *Qualitative Data Analysis of Theological Education*. South Sulawesi: Jaffrai Theological College, 2018.
9. Herdiana D. Public Policy Socialization: Definition and Basic Concepts. *Scientific Journal of Academic Insights*, 2018;1(3):13-26.
10. Presidential Instruction (Inpres) Number 3 of 2003 concerning National Policy and Strategy for E-Government Development, 2003.
11. Minister of Home Affairs Decree Number 21 of 2011 concerning Guidelines for Regional Financial Management, 2011.
12. Mardiasmo. *Regional Autonomy & Financial Management*. Yogyakarta: ANDI, 2004.
13. Mardiasmo. *Public Sector Accounting*. Yogyakarta: ANDI, 2018.
14. Masitha Z, *et al.* Regional Financial Transparency: A Qualitative Study of Budget Management in Southeast

- Sulawesi. Journal of Management and Accounting, 2024, 5(2).
15. Mbipi Saveriues Dhuri. Implementation of Public Information Disclosure in Regional Financial Management (Study in Regional Government Work Units of Malang City). Journal of Social and Political Science Integrity, 2024, 1(2).
 16. Miles M, Huberman A, Saldana J. Qualitative Data Analysis, a Methods Sourcebook, Edition 3. USA: Sage Publications, 2014.
 17. Ng'ongo J. Promoting Transparency in Public Service in Kenya. Case Western Reserve University, 2010.
 18. Regional Regulation No. 6 of 2022 concerning the Regional Financial Management of Malang Regency, 2022.
 19. Regulation of the Minister of Home Affairs Number 15 of 2024 concerning Guidelines for the Preparation of Regional Revenue and Expenditure Budgets, 2024.
 20. Regulation of the Minister of Home Affairs Number 70 of 2019 concerning Regional Government Information Systems, 2019.
 21. Government Regulation of the Republic of Indonesia Number 12 of 2019 concerning Regional Financial Management, 2019.
 22. Rahim M, Tahuddin, *et al.* Application of Transparency Principles in Financial Management at the Latambaga District Office, Kolaka Regency. Journal of Development Economic Progress, 2023;8(2):1975-204.
 23. Rahmanurrasjid A. Accountability and Transparency in Regional Government Accountability to Achieve Good Governance in the Regions, 2018, 146-147.
 24. Ramdhani A, Ramdhani MA. General Concept of Public Policy Implementation. Public Journal, 2017, 1-12.
 25. Nugroho R. Public Policy. Jakarta: Elex Media Komputindo, 2009, 83.
 26. Sihite M. The Effectiveness of Public Financial Management in Increasing Government Transparency and Accountability in Medan City. Journal of Revolutionary Economics, 2024, 7(11).
 27. Law article 18 paragraph (6) of 1945, 1945.
 28. Law of the Republic of Indonesia No. 14 of 2008 concerning Public Information Disclosure, 2008.
 29. Law Number 32 of 2004 concerning Regional Government, 2004.
 30. Law Number 33 of 2024 concerning Financial Balance between the Central Government and Regional Governments, 2024.