

Optimizing the Inspectorate's Supervisory Function to Achieve Accountability in Regional Financial Management in Kuantan Singingi Regency

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Rifki Nurcahyani

Faculty of Business and Economics, Universitas Islam Indonesia, Sleman, Indonesia

E-Mail: 22918008@students.uii.ac.id

Hasman Zhafiri Muhammad

Faculty of Islamic Religious Sciences, Universitas Islam Indonesia, Sleman, Indonesia

E-Mail: hasmanzhaf@gmail.com

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ABSTRACT

This study aims to analyze the role of the Regional Inspectorate of Kuantan Singingi Regency in overseeing regional financial management. The background of the research reflects the importance of internal guidance and supervision as an integral part of local government management to achieve good and clean governance. The main objective of this research is to understand the main tasks and functions of the Inspectorate and its impact on the accountability of regional financial management at the district level. This research uses a qualitative approach with a literature review design. Data were collected through literature analysis from academic journals, books, research reports, and official documents related to inspectorates, governance, and local financial management. Data analysis was conducted by reviewing literature categorized based on key themes, such as local financial supervision and accountability, governance, and the duties of the Inspectorate. The results show that the Regional Inspectorate of Kuantan Singingi Regency has a central role in overseeing development in the region. Its main tasks involve the formulation of technical policies, internal supervision, and the implementation of special supervision. However, there are obstacles such as a lack of human resources and infrastructure, which affect the optimality of supervision of local finances.

Keywords: Accountability, Local Inspectorate, Development, Local Government, Internal Control, Local Financial Management, Governance

ABSTRAK

Penelitian ini bertujuan untuk menganalisis peran Inspektorat Daerah Kabupaten Kuantan Singingi dalam mengawasi pengelolaan keuangan daerah. Latar belakang penelitian mencerminkan pentingnya pembinaan dan pengawasan internal sebagai bagian integral dari manajemen pemerintah daerah untuk mencapai tata kelola yang baik dan bersih. Tujuan utama penelitian ini adalah memahami tugas pokok dan fungsi Inspektorat serta dampaknya terhadap akuntabilitas pengelolaan keuangan daerah di tingkat kabupaten. Penelitian ini menggunakan pendekatan kualitatif dengan desain tinjauan pustaka. Data dikumpulkan melalui analisis literatur dari jurnal akademis, buku, laporan penelitian, dan dokumen resmi terkait inspektorat, tata kelola pemerintahan, dan pengelolaan keuangan daerah. Analisis data dilakukan dengan mengkaji literatur yang dikategorikan berdasarkan tema-tema utama, seperti pengawasan dan akuntabilitas keuangan daerah, tata kelola pemerintahan, dan tugas Inspektorat. Hasil penelitian menunjukkan bahwa Inspektorat Daerah Kabupaten Kuantan Singingi memiliki peran sentral dalam mengawal pembangunan di wilayah tersebut. Tugas pokoknya melibatkan perumusan kebijakan teknis, pengawasan internal, dan pelaksanaan pengawasan khusus. Meskipun demikian, terdapat kendala seperti kurangnya sumber daya manusia dan infrastruktur, yang mempengaruhi optimalitas pengawasan terhadap keuangan daerah.

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INTRODUCTION

The implementation of local government is regulated by law, the two laws are Law Number 22 of 1999 concerning Regional Government and Law Number 32 of 2004 concerning Regional Government. The enactment of Law No. 22 of 1999, which was later followed by Law No. 25 of 1999 concerning Financial Balance between the Center and the Regions, was an effort to provide broad autonomy to regional heads (Muntoha, 2010). One of the important points recognized in these laws is the nature of regional autonomy. Overall, the series of laws builds the concept of regional autonomy as an effort to provide independence and authority to the regions in managing regional affairs, including regional financial management.

The implementation of regional autonomy is not only a change in the governance paradigm, but also a focal point in efforts to improve community welfare. In the context of regional financial management, professionalism, openness, and accountability are the main principles that must be upheld. Well-managed and responsible regional finances are key to supporting the implementation of regional autonomy. In this case, the rules stipulated in the 1945 Constitution of the Republic of Indonesia provide a clear foundation in regulating regional financial management and accountability. Although regional autonomy gives great authority to the regions, it still requires strict supervision to prevent abuse of power. Effective supervision is a means to maintain integrity and accountability in the implementation of regional autonomy. For this reason, it is necessary to have a good, clean, transparent, and accountable state financial governance system so that it can support the realization of *good governance* in the implementation of local government.

In an effort to realize *good governance* in the context of regional autonomy, and in line with the vision of public services that focus on the needs of the community, concrete steps are needed in the form of institutional reform and public management. *Good governance* as a principle of good governance has been enacted in regulations such as: Law Number 5 of 2014 concerning State Civil Apparatus, Law Number 14 of 2008 concerning Information Disclosure, Law Number 25 of 2009 concerning Public Services and others (Wijaya & Winarni, 2018). The internal control system is an integral process of actions and activities carried out continuously by leaders and all employees to provide adequate assurance of the achievement of organizational goals through effective, efficient activities and the reliability of financial reporting. By overseeing regional financial planning and budgeting, it can ensure that the implementation of budgeting goes well. Effective oversight will help maintain integrity, prevent abuse of power, and ensure that the objectives of the regional financial management system are achieved.

Supervisory duties at the regional level are carried out by the Provincial Inspectorate and Regency / City Inspectorates who are directly responsible to the Governor, Regent / Mayor in accordance with the mandate stipulated in Article 218 of Law Number 32 of 2004 concerning Regional Government. The Regional Inspectorate of Kuantan Singingi Regency has a central role as an internal supervisory element in the Kuantan Singingi Regency Government structure. The Inspectorate of Kuantan Singingi Regency has been designated as the entity responsible for overseeing the activities and implementation of local government. The inspectorate's supervisory function is very important in ensuring effective and efficient local government administration. The Inspectorate as an internal supervisory institution of local government must be able to carry out its functions based on Permendagri Number 64 of 2007 optimally to realize good and clean governance.

In order to realize the vision and mission of the Regent and Deputy Regent of Kuantan Singingi, "the realization of professional government bureaucratic management through clean, effective, insightful and democratic governance". The Inspectorate positions itself through the vision "The Realization of Good Governance Through Professional

Supervision" which is contained in the mission "Improving the Professionalism of Examiners in the Implementation of Tasks through Optimizing Employee Resources". To become a government internal auditor that has superior performance, it requires consistent readiness and responsibility in facing the dynamics of strategic environmental change. The Inspectorate has taken a very progressive role, not only limited to supervisory activities but also in improving the quality of governance and internal control. The supervisory activities carried out are expected to be able to make a significant contribution in ensuring the effectiveness of regional financial management.

The big vision and mission that the Inspectorate of Kuantan Singingi Regency wants to achieve is not directly proportional to the human resources it has. This is justified by the results of the Financial and Development Supervisory Agency report, based on data until 2019, out of a total of 508 Government Internal Auditors (APIP) in various districts / cities, there are 281 APIP at the district / city level that have succeeded in achieving APIP Capability Level 2 Plus and Level 3. This achievement was obtained after going through a quality assurance process involving representatives from the Financial and Development Supervisory Agency and through a review process conducted by the Deputy for Professional Development and APIP Competence. The current conditions in Kuantan Singingi Regency in the planning and budgeting process still have several problems that continue from year to year. The resources of the Supervisory Apparatus of the Regional Inspectorate of Kuantan Singingi Regency are inadequate compared to the needs of the organization by referring to the filling of positions and the workload that must be carried out. In addition, the distribution of positions is not ideal based on the formation of employee needs determined in the Regional Inspectorate position map, especially in filling functional positions and executive administrative positions.

The complexity of internal problems that occur makes the performance of Inspectorate employees less than optimal. The problems faced include Annual Work Program planning that is not yet fully risk-based, effective, efficient, and economical in accordance with the demands for the realization of good and clean governance, considering the competence and availability of human resources and the existing budget. The role of the Regional Inspectorate of Kuantan Singingi Regency is not yet optimal as a *quality assurer* and *consultative advisory* service provider for OPD and village governments in overseeing the implementation of regional and village governments as well as in minimizing reports of public complaints and employment cases. Inadequate ASN management of the Regional Inspectorate in fulfilling the availability of Supervisory Apparatus in accordance with the workload and organizational needs for the technical implementation of guidance and internal supervision of regional government administration.

From the description of the problems above, increasing the capability of the Regional Inspectorate as APIP is the main key in encouraging the achievement of good and clean governance in the Kuantan Singingi Regency Government. The *Certification of Government Chief Audit Executive* training program is one of the efforts to improve the competence of APIP leaders. With this training, it is expected that APIP leaders can carry out effective *leadership* and managerial roles to encourage optimal internal supervisory performance to realize the accountability of financial management in Kuantan Singingi Regency. To encourage the optimal role of APIP, APIP leaders need to have knowledge related to understanding and analyzing environmental business processes, so that they can identify critical points and strategic risks that can interfere with achieving work unit goals.

To achieve the expected conditions in local government administration, several strategic steps need to be implemented. First, it is necessary to improve performance accountability and financial and asset management of local governments. This involves the establishment of a strong system for measuring performance and work results, with each program and activity having clear and measurable objectives, and periodic evaluations. Second, it is important to improve the quality of local government administration with the principles of good, clean, and free from corruption, collusion, and nepotism. The selection process and placement of officials must be based on qualifications and capabilities, not on personal relationships. Furthermore, it is necessary to improve

performance in handling public complaints and personnel cases by ensuring effective, responsive, transparent, and fair mechanisms. The internal control apparatus also needs to improve its capabilities through continuous training to detect and prevent irregularities. Finally, the quality of supervisory governance should be continuously improved by ensuring that operational structures and procedures are in accordance with the Law and relevant regulations. With these measures, it is expected that local governments can operate more efficiently, transparently, and accountably.

LITERATURE REVIEW

Regional Financial Supervision

Supervision in general can be interpreted as a process of activities carried out on an ongoing basis with the aim of observing, understanding, and assessing the implementation of each specific activity or activity. This process aims to prevent or correct errors, discrepancies, or deviations that may occur in the series of activities (Halim, 2019). In the context of financial supervision, this process involves continuous monitoring of all stages of financial management, from planning, implementation, to reporting. This monitoring is carried out with the aim of ensuring that every transaction, decision, and action related to financial aspects is carried out with integrity, accuracy, and compliance with applicable regulations and procedures.

Regional financial supervision is basically a series of actions aimed at ensuring that financial management at the regional level runs in accordance with the established plan, applicable provisions, and governing laws. This supervisory process involves steps directed at monitoring and supervising all aspects of regional financial management (Baswir, 1999). Local financial supervision has a close relationship with local government performance. This is due to the fact that the achievement of the vision and mission of the local government, as well as the development goals that have been set, is highly dependent on the effectiveness and efficiency of local financial management. A good and maximized supervision process in planning, budgeting, and implementing activities has a significant impact on the overall quality of local government performance.

Novita (2020) in her research states that the supervision of regional financial management carried out by the Inspectorate as the Financial and Development Supervisory Agency (Bawasda) has a significant positive impact. Through its active role, the Inspectorate is able to carry out the main tasks and functions of each Regional Work Unit (SKPD) effectively and reduce the possibility of irregularities in regional financial management. In effect, this contributes to improving overall local government performance. Supervision conducted by the Inspectorate as Bawasda has a central role in ensuring that each SKPD carries out its responsibilities and duties in accordance with applicable plans, regulations, and standards. Through continuous monitoring, the Inspectorate can identify potential problems or irregularities in local financial management. This allows for early corrective action to be taken before problems develop into more serious ones.

The regional inspectorate is a regional device as a regional government supervisory unit, led by the Inspector, in carrying out its duties the Inspectorate is directly responsible to the regent through the regional secretary. Government Regulation Number 18 of 2016 concerning Regional Apparatus in article 33 explains that the Regional Inspectorate has the task of assisting the regent in carrying out guidance and supervision in the implementation of government affairs.

Based on Government Regulation No. 18/2016, specifically Article 33 paragraph 5, the Inspectorate has the main responsibility in carrying out certain functions. First, inspectorates are responsible for formulating technical policies in the field of supervision and supervisory facilitation. Furthermore, they carry out internal supervision of performance and finance through various methods such as audits, reviews, evaluations, monitoring, and other supervisory activities. The inspectorate's duties also include the implementation of special supervision on the assignment of the regent/mayor, as well as the preparation of supervisory reports. In addition, the inspectorate also carries out the

administration of the district/city inspectorate. In addition to these functions, the inspectorate can also carry out other functions assigned by the regent/mayor related to its duties and functions. Thus, the Inspectorate has an important role in maintaining integrity, efficiency, and accountability in governance at the regional level.

Regional Financial Management Accountability

Accountability is an obligation that requires individuals, groups, or entities to provide accountability or explain the performance, actions, or decisions that have been taken. The concept of accountability involves a responsibility to provide explanations to parties who have the right or authority to request information or accountability regarding actions or decisions that have been taken (Anas, 2014). In addition, financial accountability is also defined as the responsibility of public institutions to use public money economically, efficiently, and effectively, without waste and leakage of funds and corruption (Raharjo, 2011).

Accountability has two different definitions, in general accountability refers to the obligation of those who have a duty to fulfill their responsibilities and provide reports on all their activities to the authorities (Susanto & Rambano, 2022). Accountability specifically relates to the responsibility to maintain financial integrity, disclose financial information, and comply with regulations and laws (Abd Aziz et al., 2015). The purpose of financial accountability is to produce financial reports and comply with rules regarding the retention, receipt, and allocation of funds by government agencies.

Accountability of local financial management is an important part of evaluating and measuring local government performance. Financial accountability reports have a major impact in assessing the quality and effectiveness of government performance. The higher the level of accountability in local financial management, the better the possibility of achieving local government performance (Widajatun & Kristiastuti, 2020). Local financial accountability reports include information about the use and management of financial resources owned by local governments. This information includes financial statements, budgets, revenue receipts, and other items related to the financial aspects of government. The report presents transparently how financial resources are used, directed, and reported to the public.

Accountability is an essential concept in local governance, especially in the context of implementing local financial management (Dewi et al., 2019). It refers to the obligation and responsibility of local governments to provide accountability to the public related to the implementation of tasks and activities in government management, particularly in local financial management. In this context, accountability means that local governments must be willing and able to answer and provide explanations regarding the actions and decisions taken, as well as the results achieved in the implementation of their duties and responsibilities. The importance of accountability in regional financial management is reflected in the mandate of laws and regulations governing regional governance. These regulations stipulate that local governments are required to prepare transparent and accurate financial reports and provide explanations to the public about the use of public funds. In addition, local governments are also required to carry out internal and external monitoring mechanisms to ensure that financial management runs in accordance with applicable standards and regulations.

Accountability acts as a solution to the problem of information asymmetry. The concept of information asymmetry states that there is a significant difference between the amount of information available to individuals outside of management who have direct access to information (Aboody & Lev, 2000). Local governments must take responsibility for local financial management. With these measures in place, investors, the public, and auditing agencies can oversee the management of local finances carried out by responsible parties. This aims to improve oversight and develop accountability in local financial management.

Accountability indicators in regional financial management cover a number of key aspects (Setiyawati & Doktoralina, 2019). First, transparency, speed and accuracy of

information are important points, requiring the regional financial reporting process to be carried out openly, quickly, and accurately. Second, compliance with applicable rules and regulations is a very important foundation to ensure integrity in regional financial management. Furthermore, the design of the Regional Budget (APBD) is an essential indicator, demanding budget preparation in accordance with the needs and applicable regulations. In addition, the accountability aspect is also reflected in responsibility to the public, where local governments are expected to be responsible for financial management and provide clear information to the public. Finally, accountability indicators include monitoring management performance, emphasizing the importance of evaluation and continuous improvement of local financial performance. By paying attention to all these indicators, local financial management can be carried out in a more transparent, efficient, and accountable manner.

Broadly speaking, the implementation of accountability systems in government agencies is faced with a number of major problems (Dubnick & Frederickson, 2014). Limited human resources are one of the significant obstacles, where the lack of qualified personnel can affect the effectiveness of the implementation of the accountability system. In addition, budget limitations are also a serious challenge, considering that the implementation of the accountability system requires an adequate allocation of funds. Inadequate facilities and infrastructure can also hinder the smooth implementation process. Problems in the recruitment system can affect the competence and integrity of human resources involved in the accountability process. The independence of functional officials is also an important consideration, given the need for freedom in carrying out supervisory tasks. Furthermore, the integrity of the government's internal supervisory apparatus is crucial, where a lack of integrity can be detrimental to the supervisory process and reduce public confidence in the government accountability system as a whole. Therefore, a holistic handling of these issues is necessary for the accountability system to run optimally.

Implementation of the Inspectorate Function in the Supervision of Regional Finance in Kuantan Singingi Regency

The role of control and supervision in an organization has a very important role in achieving success and progress. In the government structure, the Regional Inspectorate has a crucial function as an internal supervisor that ensures accountability in governance. In addition, the Inspectorate also plays a significant role in maintaining and improving the quality of services to the public or community, especially in the local government environment. In the context of the Inspectorate of Kuantan Singingi Regency, the role is to provide adequate assurance of the quality of governance. The goal is to realize *good governance and clean government*. This means that the supervision carried out by the Inspectorate aims to ensure that government runs in accordance with planning and applicable laws and regulations, with optimal effectiveness and efficiency.

The performance of the Regional Inspectorate in carrying out the supervisory function can be measured through four main indicators (Dwiyakto, 2002). The success of the organization in achieving its objectives can be assessed through the following indicators: First, the Inspectorate's productivity is measured by its ability to identify problems related to its main tasks and functions. If there are deviations from the implementation of the main tasks and functions in accordance with the provisions, the Inspectorate inspection team will provide recommendations for improvement or redistribution of tasks in various parts of the agency being inspected. The satisfaction aspect is also an important indicator, the satisfaction of the agency being inspected can be achieved because the Inspectorate provides solutions to overcome the problems encountered. One solution is to return the main tasks and functions to the parts in accordance with local government regulations. As a Government Internal Supervisory Apparatus, the Inspectorate of Kuantan Singingi Regency basically has a strategic role to encourage the realization of good and clean governance in order to realize the vision and mission of equitable regional development in the welfare of the people of Kuantan Singingi Regency.

METHODS

The approach used in this research is a qualitative approach with a literature review design. This method was chosen to gain an in-depth understanding of the inspectorate in overseeing regional financial management. The data in this study were collected through observation and literature review from various sources including academic journals, books, research reports, government reports, and official documents related to the inspectorate, governance, and regional financial management. The literature search was conducted through reputable academic databases with a focus on studies related to local financial supervision and accountability, governance, and the main tasks and functions of the inspectorate.

Data analysis was conducted by systematically organizing and reviewing the collected literature. First, the literature was identified and categorized based on key themes such as local financial oversight and accountability, governance, and the main tasks and functions of the inspectorate. Then, relevant literature was sorted to obtain specific related information and then analyzed the results of the literature that had been obtained.

RESULTS AND DISCUSSION

Guidance and supervision of the implementation of local government affairs is an important part of the local government management process in order to realize good and clean local governance (Agranoff & McGuire, 2003; Blair, 2000; Mouritzen & Svava, 2002; Sofyani et al., 2020; Wu et al., 2020). Based on Government Regulation Number 12 of 2017 concerning the Guidance and Supervision of Local Government Implementation, this is the authority and responsibility of each regional head who is mandated to the regional Inspectorate both at the provincial and district / city levels, to carry out internal supervision guidance on the implementation of local government affairs, including the organization and implementation of village government affairs (Utama, 2018).

The main task carried out by the Regional Inspectorate of Kuantan Singingi Regency as an Internal Government Auditor and Government Internal Supervisor (APIP) has an important meaning in overseeing the development and progress of the region. The Inspectorate acts as a guardian in the implementation of development in Kuantan Singingi Regency, focusing on guidance and internal supervision of various aspects of the implementation of local government affairs. The main objective of the implementation of internal guidance and supervision carried out by the Regional Inspectorate of Kuantan Singingi Regency is to ensure that the vision, mission, goals, and objectives stated in the RPJMD can be achieved effectively. In this context, the Inspectorate forms an umbrella of supervision that keeps the entire implementation of government running in accordance with predetermined standards and within the limits of applicable laws and regulations.

As a Government Internal Supervisory Apparatus (APIP), the Regional Inspectorate of Kuantan Singingi Regency carries out its duties and functions in accordance with the established legal framework. This is regulated by Kuantan Singingi Regency Regulation No. 4/2016 on the Establishment and Structure of Regional Apparatus and Kuantan Singingi Regent Regulation No. 24/2016 on the Position, Organizational Structure, Duties and Functions and Work Procedures of the Inspectorate. These regulations are in line with the implementation of the provisions contained in Government Regulation No. 18/2016 on Regional Apparatus.

The Regional Inspectorate of Kuantan Singingi Regency has the main task of assisting the Regent in fostering and supervising the implementation of government affairs which fall under regional authority and assistance tasks by regional apparatus. In carrying out its duties, the inspectorate organizes various functions. First, they are involved in the formulation of technical policies in the field of supervision and supervisory facilitation. Second, the inspectorate is responsible for the implementation of internal supervision of performance and finance using various methods such as audits, reviews, evaluations, monitoring, and other supervisory activities. Furthermore, the inspectorate also carries

out special supervision on the assignment of the Regent for certain purposes. In addition, the preparation of supervisory reports is an important part of the inspectorate's function, which can then be used as a basis for evaluation and improvement. Furthermore, the inspectorate involves itself in the administration of the District Inspectorate. Finally, they can carry out other functions assigned by the Regent, related to their duties and functions. Thus, the inspectorate plays a central role in ensuring integrity, efficiency, and accountability in the implementation of local government in Kuantan Singingi Regency.

In carrying out the duties and functions of the Regional Inspectorate of Kuantan Singingi Regency, in addition to being determined by the reliability of the system, mechanism and governance of the implementation of supervision, it is also determined by the quality of supervisory apparatus resources based on competence and professionalism. It is necessary to increase and develop the capacity and professionalism of the Regional Inspectorate of Kuantan Singingi Regency in carrying out the duties and functions of guidance and supervision of regional financial administration. To fill administrative positions and fulfill the availability of functional supervisory officials in accordance with the required formations and based on the qualifications of human resource capabilities and abilities to optimize the role of the inspectorate in carrying out supervisory duties on regional government and finance.

In addition to resource constraints, inadequate facilities, and infrastructure to optimize the implementation of the duties and functions of the Inspectorate are also an obstacle. The condition of facilities and infrastructure needs to be improved in accordance with technological developments and the dynamics of the implementation of organizational tasks and functions while still considering the budget and priority scale of needs. The successful achievement of performance targets related to improving regional financial accountability is influenced by the joint commitment of the Regional Inspectorate, BPKAD and all OPDs in improving the quality of regional financial and asset management. However, there are still some weaknesses that need to be considered by the local government, especially the inspectorate. Related to weaknesses in the internal control system and compliance with laws and regulations. By optimizing the role of APIP in ensuring quality and providing consulting services for OPD and village governments in every implementation of local government affairs.

There are internal control weaknesses that need to be followed up by the Inspectorate of Kuantan Singingi Regency related to regional financial and asset management. The main thing that needs to be followed up is related to the availability of human resources for the implementation of regional financial and asset administration tasks, the limited number of employees results in duplicate tasks and functions by other employees. In addition, the implementation of financial and asset management procedures and mechanisms by the Regional Inspectorate of Kuantan Singingi Regency needs to be improved to support more accountable progress and activities from the aspect of regional financial supervision in Kuantan Singingi Regency.

CONCLUSION

The results of the implementation of the internal guidance and supervision duties of the Regional Inspectorate of Kuantan Singingi Regency have not fully had an optimal impact on regional financial accountability and management. The non-optimal role of the Inspectorate of Kuantan Singingi Regency in carrying out control and supervision in accordance with its main duties and functions is due to several factors. The limited competence and capability of the supervisory apparatus in terms of quantity and quality is one of the factors in the lack of optimal Inspectorate supervision of regional financial accountability. This can be seen from the inadequate number of supervisory apparatuses in the Inspectorate of Kuantan Singingi Regency and the lack of expertise and lack of supporting facilities in carrying out their main duties and functions.

To optimize the Inspectorate's supervisory function in realizing the accountability of regional financial management in Kuantan Singingi Regency, several steps need to be implemented. First, it is necessary to increase and develop the capability and

professionalism of Inspectorate officials through training programs for the formation and leveling of Auditor/P2UPD/Auditor functional officials. This involves training and other substantive technical guidance in accordance with organizational needs. Second, it is necessary to increase the capability of the Inspectorate's APIP by compiling and developing capability infrastructure documents towards level 3, referring to the Intern Audit Capability Model assessment standard. Furthermore, efforts are needed to improve the handling of public complaints and various personnel cases in accordance with the authority of the Inspectorate. Finally, it is essential to increase the commitment and consistency of the leadership of the Regional Apparatus Organization (OPD) within the Kuantan Singingi Regency government. This aims to ensure the implementation of local government affairs in accordance with applicable laws and regulations. With these steps, it is expected that the Inspectorate can be more effective in carrying out its supervisory duties and contribute significantly to achieving better regional financial management accountability.

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