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The Effect of Budget Transparency, Public Accountability, and The Government Internal Control System on Local Own-Source Revenue Effectiveness: Evidence from Regency/City Governments in East Java, 2022-2025

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ABSTRACT
This research intends to investigate how budget openness, civic responsibility, and the Government Internal Control System (SPIP) influence the effectiveness ratio of Local Own-Source Revenue (PAD) within regency and city administrations in East Java Province from 2022 to 2025. A quantitative methodology is employed in this study, utilizing secondary data sourced from recognized government entities. Using purposive sampling, 33 regency/city governments were selected, resulting in 132 local government-year observations. Budget transparency is measured based on the availability and accessibility of budget documents, public accountability is proxied by SAKIP ratings, and SPIP is measured using the Integrated SPIP Maturity score. The PAD effectiveness ratio is calculated by comparing PAD realization with its target. Analysis of the data was conducted utilizing a Linear Mixed Model with the help of IBM SPSS Statistics. The results show that budget transparency has a significant negative effect on the PAD effectiveness ratio. Public accountability and the Government Internal Control System (SPIP) both demonstrate significant effects on PAD effectiveness, with SPIP showing a positive direction of influence.

INTRODUCTION

Fiscal decentralization has positioned local governments as increasingly important actors in financing public services and regional development. One of the main sources reflecting regional fiscal capacity is Local Own-Source Revenue (PAD). Based on Law Number 1 of 2022, PAD consists of local taxes, local retributions, separated regional wealth management results, and other legitimate local revenues. Therefore, the ability of local governments to realize PAD according to the established budget targets becomes an important indicator for evaluating the achievement of regional revenue management.

This study uses the PAD effectiveness ratio as the dependent variable. This ratio compares the realized PAD with the PAD target within the same period. Lase and Hulu (2025) used PAD management effectiveness as one of the indicators to evaluate regional revenue achievement, emphasizing the importance of comparing actual realization with predetermined targets. In this study,

the main target is defined as the final PAD target that legally applies at the end of the fiscal year, namely the revised APBD target if budget revisions occur or the initial APBD target if no revision is made. This definition was selected to ensure that the realization value is compared with the officially applicable budget target during accountability reporting. However, because target revisions may affect the ratio value, the initial APBD target is used as an alternative measurement in sensitivity analysis when the required data are available.

Initial observations from 33 regency/city governments in East Java indicate considerable variation in PAD effectiveness ratios. The average ratio in 2024 reached approximately 103.88 percent and decreased to around 98.56 percent in 2025, with an overall range between 44.32 percent and 147.00 percent. This variation indicates that the ability of local governments to achieve PAD targets differs across regions and periods. Nevertheless, extremely high ratios should be interpreted carefully because they may also be influenced by conservative target-setting practices. Therefore, this study positions the PAD effectiveness ratio as an indicator of revenue target achievement rather than a single measure of overall regional financial performance.

One governance mechanism expected to influence PAD achievement is budget transparency. The disclosure of planning, budget determination, budget revision, and realization documents allows the public, legislative bodies, and stakeholders to evaluate the consistency between revenue targets and actual achievements. Suhendro et al. (2021) demonstrated that governance quality influences local tax revenue, providing empirical support that fiscal governance mechanisms may affect the ability of local governments to generate revenue. However, previous studies have not specifically examined document-based budget transparency and its relationship with PAD effectiveness ratios across local governments.

Public accountability represents another important governance mechanism. In this study, accountability is limited to the dimension of institutional performance accountability represented by the SAKIP evaluation results. Fauji and Syafitri (2024) showed that local government governance indicators, including SPIP and SAKIP, can be analyzed together with PAD characteristics using intergovernmental data in Indonesia. However, their study focused on economic growth as the outcome variable rather than the ability of local governments to achieve PAD targets. This difference creates an opportunity to examine whether institutional performance accountability specifically influences PAD effectiveness. The Government Internal Control System (SPIP) is also relevant because PAD management involves various processes, including determining revenue objects and obligations, collection, deposit, recording, reconciliation, monitoring arrears, and reporting. A more mature internal control system theoretically reduces the risk of errors, revenue leakage, non-compliance, and delayed corrective actions. This study does not merely assess the existence of internal control procedures but applies the Integrated SPIP Maturity Score to capture the institutional quality of internal control implementation in each local government.

The research gap can be identified from differences in outcome variables and empirical research designs. Kahar et al. (2023) examined budgeting, auditing, and local government performance in Indonesia by incorporating revenue realization into their empirical model but did not use the PAD effectiveness ratio as the dependent variable. Meanwhile, studies on PAD effectiveness have largely focused on single-region evaluations or ratio analyses without simultaneously examining several governance mechanisms. Therefore, further investigation is needed to directly test whether budget transparency, public accountability, and SPIP influence the ability of regency/city governments to achieve PAD targets through a consistent panel data design. The uniqueness of this research is found in the employment of confirmable institutional metrics and secondary information to clarify differences in the effectiveness of PAD. Budget transparency is measured through the availability of actual budget documents on official government platforms, public accountability is proxied by SAKIP performance ratings, internal control is measured using the Integrated SPIP Maturity Score,

and the dependent variable is calculated by comparing realized PAD with PAD targets. Combining these four data sources among regency/city governments in East Java provides a more consistent basis for comparison across entities and periods while reducing dependence on subjective respondent perceptions.

Based on these research gaps, this study formulates the following research question: do budget transparency, public accountability, and the Government Internal Control System influence the PAD effectiveness ratio of regency/city governments in East Java Province? This study aims to examine the effect of budget transparency, public accountability, and the Government Internal Control System on the PAD effectiveness ratio of regency/city governments in East Java Province during the 2022–2025 period. Academically, this study contributes to the literature on local government financial governance by examining the agency theory mechanism in relation to regional revenue target achievement. In practical terms, the results are anticipated to support regional authorities in determining if fiscal transparency, strengthened performance accountability, and internal control maturity are associated with improved PAD target achievement.

LITERATURE REVIEW

Agency Theory

Agency theory describes the connection where the principal assigns power to the agent to oversee resources and take decisions. Jensen and Meckling (1976) explain that the separation of interests between principals and agents may create information asymmetry and agency costs. Within the realm of municipal governance, the community and the legislative assembly can be regarded as primary authorities, while regional heads and government officials act as agents who receive authority to manage public resources. This relationship creates a need for mechanisms that can reduce information gaps and strengthen supervision over agent actions.

In this study, budget transparency functions as a mechanism to reduce information asymmetry by providing information regarding budget targets and realization to principals. Public accountability encourages agents to provide responsibility for performance achievements and revenue realization, while the Government Internal Control System (SPIP) serves as a control mechanism to minimize risks of errors, leakage, and non-compliance. If these mechanisms operate effectively, local governments are expected to become more disciplined in establishing, monitoring, and achieving PAD targets. Consequently, agency theory offers a conceptual basis for clarifying how budget transparency relates to, public accountability, and SPIP with the PAD effectiveness ratio.

Local Own-Source Revenue Effectiveness Ratio

Local Own-Source Revenue (PAD) represents revenue obtained by regional governments based on applicable regulations and serves as an important component of regional fiscal capacity. Law Number 1 of 2022 categorizes PAD into local taxes, local fees, distinct regional wealth management outcomes, and other valid local income sources. In terms of regional financial governance, the amount of PAD is not the only important aspect; the ability of local governments to realize revenue compared with predetermined APBD targets is also essential.

The PAD effectiveness ratio is calculated by comparing realized PAD with the PAD target in the same fiscal year. Faradilla and Hanifa (2024) use the formulation of realized PAD divided by the PAD target and multiplied by 100 percent to evaluate PAD effectiveness. In the main analysis of this study, the target used is the final PAD target that legally applies at the end of the fiscal year. The use of the final target maintains consistency with accountability documents for the current fiscal year, while the initial APBD target is used as an alternative measure in sensitivity analysis when available to assess the potential effect of budget revisions on the results.

The ratio is treated as a continuous variable. A value above 100 percent indicates that realization exceeds the applicable target, a value equal to 100 percent indicates that the target has been achieved,

and a value below 100 percent indicates that the target has not been fully achieved. Interpretation should be conducted carefully because a high ratio may reflect strong realization or conservative target setting. Therefore, the PAD effectiveness ratio is not considered equivalent to fiscal independence, collection efficiency, or overall regional financial management quality.
Mathematically, the PAD effectiveness ratio is formulated as follows :

$$EPAD_{\text{it}} = \frac{Realized\ PAD_{\text{it}}}{Target\ PAD\ final_{\text{it}}} \times 100\%$$

Where :
$EPAD_{it}$ = PAD effectiveness ratio of local government i in year t.
Realized PAD_{it} = actual Local Own-Source Revenue (PAD) realization obtained by local government i in year t.
Target PAD $final_{it}$ = final PAD target legally applicable for local government i in year t at the end of the fiscal year.
i = local government entity observed.
t = observation year.

Budget Transparency

Budget transparency refers to the openness of local governments in providing information regarding budgeting processes and documents to the public. Law Number 14 of 2008 provides a legal foundation for public access to information. In the digital government context, transparency can be observed through the availability of budget documents on official government websites, PPID platforms, JDIH portals, or accessible regional government information systems.

Website-based transparency measurement has been applied in Indonesian local government studies. Alwahidi and Darwanis (2019) developed a website-based measurement of regional financial transparency, while Yuniar and Firmansyah (2023) demonstrated that local government transparency levels can be distinguished based on information availability through official channels. These studies support the use of public document analysis as a verifiable approach to constructing budget transparency indicators. In this study, the approach is specifically directed toward documents representing the stages of budget planning, determination, revision, and realization.

Operationally, transparency is assessed based on the availability, accessibility, period suitability, and traceability of budget documents through official channels. Applicable items that cannot be found, accessed, or do not correspond with the required period receive a score of zero. Documents that are legally not applicable for a specific local government-year, such as revised budget documents when no APBD revision occurs, are coded as NA and excluded from the denominator. This approach prevents low transparency scores caused by documents that are genuinely not applicable and improves comparability among local governments.
The budget transparency index is formulated as follows:

$$TRANS_{\text{it}} = \frac{\Sigma\, d_{\text{ijt}}}{m_{\text{it}}} \times 100$$

Where:
$TRANS_{it}$ = Budget Transparency Index of local government i in year t.
d_{it} = score obtained from each budget document for local government i in year t. A score of 1 is assigned when the document is available, accessible, and corresponds to the required period, while a score of 0 is assigned when the document cannot be verified.
m_{it} = total number of applicable budget documents for local government i in year t. Documents classified as not applicable (NA) are excluded from the calculation.
i = local government entity.
t = observation year.

Public Accountability

Accountability describes a relationship in which actors are required to provide explanations and justification to a forum that has the authority to request information and conduct evaluation. Bovens (2007) defines accountability as a relationship between actors and forums in which actors have obligations to explain their actions and may receive evaluation regarding those actions. In local government, accountability is not only related to administrative compliance but also concerns the ability of governments to connect resource utilization, program implementation, and performance achievement.

This study limits public accountability to the dimension of institutional performance accountability represented by SAKIP evaluation ratings. Presidential Regulation Number 29 of 2014 establishes SAKIP as a systematic framework for performance planning, measurement, data collection, summarization, and reporting. Salomo and Rahmayanti (2023) demonstrate that SAKIP integrates strategic planning, performance-based budgeting, and performance management within local governments. Therefore, SAKIP ratings are used as an indicator of the quality of institutional performance accountability mechanisms rather than a measurement of all dimensions of public accountability.

Within PAD management, performance accountability can strengthen target-setting discipline, realization monitoring, and corrective actions when deviations occur. Wibowo and Murwaningsari (2024) show the role of accountability in sustainable government revenue, while Angelia and Wibowo (2025) find a positive influence of accountability on non-tax state revenue performance. Because the outcomes examined in previous studies differ from PAD effectiveness among regency/city governments, this study tests whether institutional performance accountability influences the ability of local governments to achieve PAD targets.

Government Internal Control System (SPIP)

Government Internal Control System (SPIP) is described in Government Regulation Number 60 of 2008 as a comprehensive process performed consistently by both managers and staff to deliver a reasonable level of assurance in relation to organizational goals through the execution of effective and efficient operations, dependable financial reporting, protection of assets, and adherence to laws. SPIP is made up of five key elements: control environment, risk evaluation, control measures, information and communication, and oversight.

This study uses the Integrated SPIP Maturity Score as a measurement of internal control maturity. BPKP Regulation Number 5 of 2021 emphasizes that maturity assessment considers the relationship between organizational objectives, structures and processes, and achievement of control objectives. Wulandari et al. (2024) demonstrate that SPIP maturity can be used as an institutional characteristic influencing government performance accountability effectiveness. This supports the use of maturity scores rather than binary indicators of SPIP existence because maturity scores capture differences in internal control institutionalization among local governments.

The differences in outcomes among previous studies indicate that internal control mechanisms do not always produce identical effects on local government outcomes. Winarna et al. (2021) found that the control environment, risk assessment, and information and communication components had positive effects on the administrative performance of Indonesian local governments. However, the outcome examined in that study was general administrative performance rather than the effectiveness of PAD revenue achievement. This difference in outcomes highlights the need for further examination that specifically positions the Integrated SPIP Maturity Score as a predictor of PAD target achievement effectiveness.

Mathematically, the measurement of the SPIP variable in this study is expressed as follows:

$$SPIP_{\mathrm{it}} = Integrated\ SPIP\ Maturity\ Score_{\mathrm{it}}$$

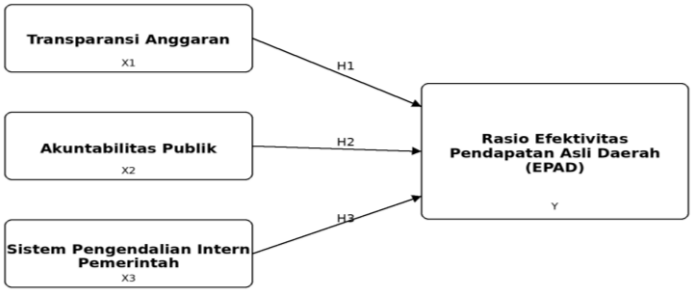


Figure 1. Conceptual Framework

Hypothesis Formulation

The Effect of Budget Transparency on the PAD Effectiveness Ratio

From the perspective of agency theory, information disclosure reduces information asymmetry between local governments as agents and the public as principals. When planning, budget determination, budget revision, and realization documents are available through official channels, the public can trace the consistency between plans and implementation and compare them with information presented in accountability reports. Such openness increases pressure on governments to maintain consistency, traceability, and completeness of information across documents.

Empirical evidence regarding transparency and revenue provides support for a positive relationship, although previous studies have examined different outcomes and contexts. Yaru (2022) found that budget transparency has a positive and significant effect on domestic revenue mobilization in subnational governments in Nigeria. Krah and Mertens (2023) demonstrated that local government financial transparency strengthens public trust and citizens' willingness to pay taxes and levies. In the Indonesian context, Lestari and Fadli (2024) found that tax transparency has a positive and significant effect on the willingness of MSME taxpayers to pay taxes, while Aji et al. (2024) showed that budget management transparency positively influences provincial tax compliance.

These studies support the mechanism that fiscal information openness can strengthen revenue mobilization and compliance. However, previous outcomes focused on revenue mobilization, willingness to pay, and tax compliance rather than the ratio between realized PAD and PAD targets. This difference in outcome measurement creates an empirical gap that requires further examination of the effect of budget transparency on PAD effectiveness among regency/city governments in East Java.

H1: Budget transparency has a positive effect on the PAD effectiveness ratio.

The Effect of Public Accountability on the PAD Effectiveness Ratio

Performance accountability encourages local governments to provide accountability mechanisms that can be compared with predetermined objectives and targets. The integration of planning, budgeting, performance measurement, reporting, and evaluation through SAKIP can strengthen documentation discipline and follow-up actions when achievements do not correspond with established targets. Within the agency theory framework, this mechanism reduces opportunities for agents to determine or report targets without adequate justification.

Empirical evidence also indicates that accountability may influence payment behavior and revenue performance through increased trust and accountability discipline. Wibowo and Murwaningsari (2024) demonstrated that accountability plays an important role in the sustainability of non-tax state revenue in Indonesian government institutions. Lü et al. (2025) ound through experimental research that government accountability increases public support for property taxation. A meta-analysis by Reddy et al. (2024) confirmed that weak government accountability contributes to tax non-compliance, while Gabriel et al., (2023) menunjukkan bahwa akuntabilitas pemerintah

berpengaruh positif terhadap kemauan UMKM untuk showed that government accountability positively influences MSMEs' willingness to pay taxes.

Although these studies consistently demonstrate the importance of accountability, previous research has focused on central government contexts, taxpayer experiments, compliance meta-analysis, or business actors' perceptions. Limited evidence exists regarding the use of SAKIP ratings as a proxy for institutional performance accountability in explaining the PAD effectiveness ratio across local governments. This measurement gap and difference in analytical units provide the basis for testing H2. Based on this explanation, public accountability is expected to have a positive effect on PAD effectiveness. Since SAKIP ratings are treated as an ordered categorical variable in the main estimation, the direction of H2 is evaluated through the pattern of estimated marginal means and trend tests across SAKIP categories.

H2: Public accountability has a positive effect on the PAD effectiveness ratio.

The Effect of Government Internal Control System on the PAD Effectiveness Ratio

The Government Internal Control System (SPIP) is designed to identify and avert mistakes and anomalies via its control environment, assessment of risks, control measures, communication of information, and oversight systems. Within the administration of PAD, internal control is necessary at every stage, which includes the determination of revenue objects and obligations, collection, deposit, recording, reconciliation, and monitoring of arrears and realization. Higher SPIP maturity theoretically reduces the possibility of revenue leakage and improves the reliability of revenue management processes.

Empirical evidence regarding internal control and revenue achievement shows inconsistent findings. Hyera et al. (2025) ound that several internal control mechanisms, Incorporating the precision of financial documentation and the process of internal review can enhance the efficiency and dependability of revenues within municipal administrations in Tanzania. Respy and Mrindoko (2024) similarly discovered that the systems of internal oversight positively influence the collection of revenues by local authorities. Conversely, Okidi et al. (2021) showed different results across internal control components: control activities significantly affected revenue, while the control environment and monitoring were not significant. In the Indonesian context, Angelia and Wibowo (2025) ound that internal control had no significant effect on non-tax state revenue performance.

These inconsistencies indicate an empirical gap regarding the effectiveness of internal control mechanisms in improving revenue outcomes. This study addresses this gap by using the standardized Integrated SPIP Maturity Score and the PAD effectiveness ratio as the outcome variable among regency/city governments. Assuming that more mature internal control strengthens PAD collection, recording, reconciliation, and monitoring processes, improvements in the Integrated SPIP Maturity Score are expected to be followed by increased effectiveness in achieving PAD targets.

H3: Government Internal Control System has a positive effect on the PAD effectiveness ratio.

RESEARCH METHODS

This research utilizes a descriptive quantitative method grounded in existing data to investigate how budget clarity, civic responsibility, and the Government Internal Control System influence the effectiveness ratio of PAD. The focus of this analysis is on the governments of regencies and cities within East Java Province, while the observation unit is the local government-year. The observation period covers the 2022–2025 fiscal years, resulting in repeated observations for each local government across four periods. This data structure forms panel data and becomes the basis for applying analytical methods that consider the relationship among repeated observations within the same entity.

The participants in this research include 38 local government entities within East Java Province, made up of 29 regencies and 9 cities. The sample was chosen through purposive sampling, focusing on the availability of data from the years 2022 to 2025. The criteria for selecting the sample comprise: (1) being recognized as a regency or city government in East Java Province during the research period; (2) having SAKIP ratings and Integrated SPIP Maturity Scores available for all observation years; and (3) having verifiable PAD targets and realized PAD values for calculating the PAD effectiveness ratio.

The unavailability of transparency documents that should be publicly disclosed does not result in sample elimination because such conditions are part of the transparency measurement. Conversely, local governments were excluded when SAKIP data, SPIP scores, or PAD target/realization data were unavailable for any observation year. Based on the research database, Jombang Regency, Blitar City, Situbondo Regency, Probolinggo City, and Magetan Regency did not have complete SPIP data required to establish a balanced panel until 2025. These five entities were excluded to maintain a balanced panel structure. The final sample consists of 33 local governments, including 26 regencies and 7 cities, with four observation periods, resulting in 132 local government-year observations.

Table 1. Sample Selection Results

Sample Selection Stage	Number
Initial population of regency/city governments in East Java	38
Less: entities without SPIP score in 2025	(5)
Sample local governments	33
Observation period	4
Total observations	132

Budget transparency (TRANS) is defined as the level of accessibility of major budgeting documents through official local government channels. The assessment covers RKPD, KUA, PPAS, APBD Regional Regulation, APBD Implementation Regulation, Revised KUA, Revised PPAS, Revised APBD Regional Regulation, Revised APBD Implementation Regulation, and semester or annual budget realization reports. Each applicable item receives a score of 1 if it is available through official channels, corresponds to the relevant year, and can be accessed or downloaded. A score of 0 is assigned when the document cannot be found, the link is unavailable, or the period does not correspond. Items that are legally not applicable for a specific local government-year are coded as NA and excluded from the denominator. The transparency index is calculated by dividing the total obtained score by the total applicable items and multiplying it by 100.

Public accountability is proxied by SAKIP evaluation ratings as a representation of institutional performance accountability. The codes D=1, C=2, CC=3, B=4, BB=5, A=6, and AA=7 are used only for data management purposes. In the research sample, the observed categories are B, BB, A, and AA. The main analysis treats SAKIP as an ordered categorical factor with B as the reference category, meaning that the model does not assume equal distances between categories. The direction of H2 is evaluated through the pattern of estimated marginal means and linear trend tests across categories. Numerical coding from 4–7 is only used as a sensitivity analysis to assess consistency of the effect direction.

The assessment of the Government Internal Control System (SPIP) is conducted by utilizing the numerical value derived from the Integrated SPIP Maturity Score obtained from BPKP evaluation results in the corresponding year. The evaluation score is used consistently and is not combined with

self-assessment scores. Higher values indicate a higher level of maturity in the implementation of internal control.

The PAD effectiveness ratio (EPAD) is the dependent variable and is calculated by dividing realized PAD by the PAD target and multiplying by 100 percent. The main analysis uses the final PAD target that legally applies at the end of the fiscal year. If no APBD revision occurs, the initial target is used as the final target. Realized PAD and PAD targets must originate from the same period and PAD definition. Higher values indicate greater realization compared with the target. To examine sensitivity to target revisions, an alternative ratio based on the initial APBD target is analyzed when data are available.

Data were collected through documentation and tracing of official sources. Budget documents for measuring transparency were obtained from local government websites, PPID, JDIH, and BPKAD portals. SAKIP data were obtained from official sources of the Ministry of Administrative and Bureaucratic Reform (Kementerian PANRB). SPIP maturity scores were obtained from BPKP evaluation results, while PAD targets and realizations were collected from APBD documents, revised APBD documents when available, Budget Realization Reports, and/or verifiable official local government sources. To maintain an audit trail, each observation was recorded with information regarding the local government name, year, document type, source address, access date, applicability status, raw target/realization values, and scores used in the analysis.

The analysis begins with descriptive statistics, SAKIP category distribution, correlation analysis among continuous predictors, and multicollinearity assessment. The main model is estimated using the Linear Mixed Model in SPSS with the PAD effectiveness ratio (EPAD) as the dependent variable. Budget transparency (TRANS) and the Integrated SPIP Maturity Score are treated as continuous covariates, while SAKIP is treated as an ordered categorical factor. Local governments are included as random intercepts to capture unobserved heterogeneity that remains relatively constant within each entity and to account for repeated observations during 2022–2025. The main parameter estimation uses Restricted Maximum Likelihood (REML).
The empirical model is formulated as follows:

$$EPAD_{it} = \beta_0 + \beta_1 TRANS_{it} + \beta_2 SPIP_{it} + \Sigma\gamma_k SAKIP_{kit} + \beta_3 YEAR2025_t + \beta_4 CITY_i + u_i + \varepsilon_{it}$$

Model adequacy is evaluated through residual distribution and patterns, visual assessment of homoscedasticity, predictor multicollinearity, and information criteria. Hypothesis testing applies a 5 percent significance level with a 95 percent confidence interval.

RESULTS AND DISCUSSION

Descriptive statistics are utilized to illustrate the features of the 132 local government-year observations within the timeframe of 2022 to 2025, as presented in Table 2.

Tabel 2. Descriptive Statistics

Variabel	N	Minimum	Maximum	Mean	Std. Deviation
SPIP	132	2,44	3,63	3,1737	0,15739
TRANS	132	0,00	100,00	66,7424	22,22358
PAD	132	44,32	147,00	101,6965	11,70678
Valid N (listwise)	132				

Source: Data processed using IBM SPSS Statistics, 2026.

The Integrated SPIP Maturity Score has an average value of 3.1737 (SD = 0.15739), with a range between 2.44 and 3.63. The budget transparency index has an average value of 66.7424 (SD = 22.22358), with values ranging from 0 to 100. Meanwhile, the PAD effectiveness ratio has an average value of 101.6965 percent (SD = 11.70678), with a range between 44.32 and 147.00 percent. The average PAD effectiveness ratio, which is slightly above 100 percent, indicates that, on aggregate, realized PAD slightly exceeded the established targets, although variations existed across local governments and observation periods.

Tabel 3. Frequencies SAKIP

SAKIP	Frequency	Percent	Valid Percent	Cumulative Percent
B	36	27,3	27,3	27,3
BB	67	50,8	50,8	78,0
A	25	18,9	18,9	97,0
AA	4	3,0	3,0	100,0
Total	132	100,0	100,0	

Source: Data processed using IBM SPSS Statistics, 2026..

The SAKIP ratings were dominated by the BB category, with 67 observations (50.8 percent), followed by the B category with 36 observations (27.3 percent), the A category with 25 observations (18.9 percent), and the AA category with 4 observations (3.0 percent). There were no missing data in the SAKIP variable.

The multicollinearity assessment was conducted to ensure that there were no excessively high linear relationships among the predictors. The test results are presented in Table 4.

Tabel 4. Coefficients - Collinearity Statistics

Model		Collinearity Statistics	
		Tolerance	VIF
1	SAKIP	0,889	1,124
	SPIP	0,788	1,268
	TRANS	0,836	1,196

Source: Data processed using IBM SPSS Statistics, 2026

The tolerance values for SAKIP, SPIP, and budget transparency were 0.889, 0.788, and 0.836, respectively, while the VIF values were 1.124, 1.268, and 1.196. All tolerance values were greater than 0.10 and all VIF values were below 10, indicating that the model did not experience multicollinearity problems.

Hypothesis testing was conducted using the Linear Mixed Model with the PAD effectiveness ratio as the dependent variable, SAKIP as a categorical factor, SPIP and budget transparency as continuous covariates, and local government as a random intercept. The estimation was performed using Restricted Maximum Likelihood (REML).

Tabel 5. Type III Tests of Fixed Effects

Source	Numerator df	Denominator df	F	Sig.
Intercept	1	109,497	19,492	0,000
SAKIP	3	124,071	2,891	0,038
SPIP	1	112,707	3,981	0,048

TRANS	1	125,862	4,223	0,042

Source: Data processed using IBM SPSS Statistics, 2026.

Based on the Type III Tests of Fixed Effects, SAKIP has a significant effect on the PAD effectiveness ratio (F = 2.891; p = 0.038), SPIP has a significant effect (F = 3.981; p = 0.048), and budget transparency also has a significant effect (F = 4.223; p = 0.042). Therefore, all independent variables demonstrate significant effects at the 5 percent significance level.

Tabel 6. Estimates of Fixed Effects

Parameter	Estimate	Std. Error	df	t	Sig.
Intercept	65,948203	15,904635	106,816	4,146	0,000
[SAKIP=B]	9,955750	5,505659	125,060	1,808	0,073
[SAKIP=BB]	11,648529	5,147652	125,816	2,263	0,025
[SAKIP=A]	3,668946	4,525871	109,929	0,811	0,419
[SAKIP=AA]	0[b]				
SPIP	10,594792	5,309691	112,707	1,995	0,048
TRANS	-0,1035558	0,050291	125,862	-2,055	0,042

b. Parameter is set to zero because it is redundant; the AA category is used as the reference category.
Source: Data processed using IBM SPSS Statistics, 2026.

The Estimates of Fixed Effects indicate that budget transparency has a coefficient of -0.103556 (t = -2.055; p = 0.042), indicating a significant effect with a negative direction. SPIP has a coefficient of 10.594792 (t = 1.995; p = 0.048), indicating a positive and significant effect. SAKIP is treated as a categorical factor; therefore, its effect is determined based on the Type III Tests of Fixed Effects. Therefore, H1 is accepted in terms of statistical significance, although the empirical direction of the relationship is negative. H2 is accepted because public accountability has a significant effect, and H3 is accepted because SPIP has a positive and significant effect on the PAD effectiveness ratio.

Discussion

The Effect of Budget Transparency on the PAD Effectiveness Ratio

The results show that budget transparency has a significant effect on the PAD effectiveness ratio (F = 4.223; p = 0.042) with a coefficient of -0.103556. Therefore, H1 is accepted in terms of statistical significance; however, the empirical direction of the relationship is negative. This result suggests that a rise in the openness of budget reports does not necessarily lead to a higher actual PAD compared to the planned target when taking into account other factors in the analysis. The negative relationship between budget transparency and PAD effectiveness can be understood from the characteristics of budget planning and target determination in local governments. Greater transparency encourages local governments to implement more accountable and realistic revenue planning because budget documents are available for public evaluation and institutional supervision. This condition reduces the tendency to establish revenue targets that do not reflect actual regional revenue capacity. Consequently, when PAD targets are determined more realistically, the difference between realized PAD and the predetermined target becomes smaller, which affects the PAD effectiveness ratio. Therefore, an increase in transparency can be accompanied by a lower effectiveness ratio even though the quality of budget planning and information disclosure improves.

Furthermore, transparency implementation strengthens administrative discipline through systematic documentation, verification, and publication of budget information. However, the PAD effectiveness ratio is not determined solely by the availability of budget information. The

achievement of PAD targets also depends on revenue potential identification, collection mechanisms, taxpayer compliance, and the effectiveness of regional revenue management. Thus, transparency functions as a governance mechanism that strengthens accountability and information availability, while the achievement of PAD effectiveness requires integration with other revenue management factors.

From the perspective of agency theory, transparency reduces information asymmetry and strengthens supervision; however, PAD effectiveness is also influenced by the accuracy of target determination, revenue collection capacity, tax and retribution bases, and taxpayer compliance. The negative direction found in this study is consistent with Merchilia and Robinson (2024), Kurniati et al. (2025), and Asrya et al. (2026), who found that transparency has a negative and significant effect on local government financial performance. Although the outcomes examined in these studies are broader than the PAD effectiveness ratio, the similarity in direction indicates that increased information disclosure does not always directly lead to improved government financial outcomes.

The Effect of Public Accountability on the PAD Effectiveness Ratio

The results indicate that public accountability, proxied by SAKIP, has a significant effect on the PAD effectiveness ratio ($F = 2.891$; $p = 0.038$). Therefore, H2 is accepted. Since SAKIP is treated as a categorical factor, these results indicate that significant differences in PAD effectiveness exist based on the level of local government performance accountability.

From the perspective of agency theory, accountability functions as an agent accountability mechanism toward principals through target setting, measurement, reporting, evaluation, and performance follow-up processes. This finding is supported by Kusuma et al. (2025) who demonstrated the significant role of SAKIP in local government financial performance, as well as Rasyid et al. (2024) and Aziz & Wediyanto., (2024) who found that accountability has a significant effect on local government financial performance. These findings strengthen the argument that institutional accountability mechanisms are associated with the achievement of government financial outcomes.

The Effect of Government Internal Control System on the PAD Effectiveness Ratio

The results show that SPIP has a positive and significant effect on the PAD effectiveness ratio ($F = 3.981$; $p = 0.048$) with a coefficient of 10.594792. Therefore, H3 is accepted. This finding indicates that a higher level of internal control maturity increases the tendency of local governments to realize PAD relative to the established targets.

This result is consistent with agency theory because SPIP functions as a control mechanism to limit the risks of errors, revenue leakage, non-compliance, and irregularities in the revenue management process. The finding is consistent with Kipkurui and Makori (2023), who found that internal control systems have a positive and significant effect on revenue collection performance. It also supports, Hardani et al. (2025), who demonstrated that most SPIP components have positive and significant effects on the financial performance of local revenue agencies (Bapenda), and Zainuddin and Furqan (2026), who found that internal supervision and anti-corruption control strategies have positive and significant effects on increasing PAD.

CONCLUSION

This study demonstrates that budget transparency, public accountability, and the Government Internal Control System (SPIP) affect the PAD effectiveness ratio of regency/city governments in East Java during the 2022–2025 period. Budget transparency shows a significant effect with a negative direction, indicating that increased disclosure of budget documents is not always followed by an increase in realized PAD relative to the established targets. Public accountability, proxied by SAKIP, also has a significant effect on PAD effectiveness, while SPIP shows a positive and significant effect. These findings confirm that PAD effectiveness is not only associated with

information disclosure but also with the quality of performance accountability and the maturity of internal control mechanisms.

Therefore, local governments need to strengthen the integration of transparency, accountability, target-setting quality, and internal control in PAD management. This research focuses solely on the governments of regencies and cities located in East Java within the timeframe of 2022 to 2025. Subsequent studies might broaden the geographical area, lengthen the duration of the observation, and include various other factors to offer a deeper insight into the elements that affect the efficiency of PAD.

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