



Integrating Transparency, Accountability, and Value for Money in Public Financial Management

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Abstract

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This study aims to synthesize empirical and conceptual evidence regarding the relationship between transparency, accountability, and value for money in public financial management based on the literature published in the last five years. Through a systematic literature study approach, the research identifies how budget information disclosure, the application of accrual-based accounting standards, and the strengthening of internal controls play a role in improving the quality of accountability and achieving value for money. The results show that transparency contributes to increased public participation and external oversight, while accountability provides corrective mechanisms that ensure the use of public resources as intended. The integration of the two has been proven to strengthen the achievement of value for money, especially when accompanied by adequate performance indicators and a consistent evaluation system. However, implementation still faces various obstacles, such as limited human resource capacity, suboptimal technological infrastructure, and bureaucratic cultural barriers. These findings underscore the need for gradual and comprehensive reforms to realize more effective, adaptive and results-oriented public financial governance.



1. Introduction

The strengthening of public financial governance in recent years has occupied a strategic position in the public sector reform agenda. Global economic dynamics, increasing demands for accountability from society, and developments in information technology have encouraged governments to adopt more transparent, accountable, and performance-oriented financial management principles. Transparency is no longer understood as an administrative activity to fulfill reporting obligations, but as a fundamental strategy aimed at strengthening policy legitimacy and increasing the effectiveness of public oversight. OECD (2018) emphasizes that fiscal information disclosure is a basis that allows external actors to observe, evaluate, and assess policy quality more objectively, thereby reducing the chance of irregularities in the budgeting process.

As the complexity of fiscal management increases, public accountability is becoming an increasingly crucial element. Accountability not only demands timely and accurate reporting, but it also demands the government's ability to explain the reasons behind budget decisions, the program objectives established, and what results are achieved. The IMF (2017) through its accrual-based accounting reform guidelines emphasized that the modernization of public financial reporting provides a more comprehensive picture of the fiscal position, long-term liabilities, and government service costs. With more accurate and auditable information, public entities are able to increase the value of accountability while improving the quality of policies and decision-making. Thus, accountability serves as a substantive control

mechanism that ensures that public resources are used in accordance with legal mandates, integrity values, and development goals.

In the context of financial performance evaluation, the concept of value for money (VfM) provides a comprehensive analytical framework for assessing whether public spending generates optimal benefits with available resources. VfM includes three main elements: economics (cost-effective purchase of inputs), efficiency (comparison of inputs and outputs), and effectiveness (the relationship between output and outcome). The World Bank (2019) states that achieving VfM is impossible without a reliable information structure, clear performance indicators, and a constantly updated evaluation system. Therefore, the implementation of VfM is directly related to transparency and accountability: transparency provides the necessary data for evaluations, while accountability ensures follow-up on the results of the evaluation.

Various studies in the local context show that the integration between transparency and accountability improves the achievement of VfM. Arifani et al. (2020) found that increasing the disclosure of budget information and strengthening performance reporting mechanisms improves the efficiency of budget use and the quality of program results. Betan and Nugroho (2021) also found that the application of the principles of transparency and accountability in the management of public funds increases the effectiveness of development programs through more active community supervision. On the other hand, Said's (2021) research shows that these two aspects of governance have a simultaneous influence on improving the quality of public sector financial management, especially when government agencies

implement structured evaluation standards. The empirical evidence contained in the academic documents you upload (Sayuti et al., 2018) also confirms that accountability and transparency not only increase public trust, but also improve the effectiveness of program implementation.

While the benefits of transparency, accountability, and VfM have been widely described in the literature, their implementation still faces a number of challenges. The main obstacles include limited human resource capacity, weak information technology infrastructure, and bureaucratic resistance to changes in work procedures and culture. PEFA (2020) shows that there is a significant gap in the quality of public financial management systems between entities, which reflects that PFM reform cannot be implemented with a uniform approach. On the contrary, a gradual and adaptive strategy is needed to adapt changes to the readiness of each institution. In addition, the consistency of reporting, the quality of internal audits, and the sustainability of public supervision also have a major influence on the effectiveness of financial governance reforms.

Taking these dynamics into account, this study seeks to present a comprehensive synthesis of the relationship between transparency, accountability, and VfM based on empirical evidence during the period 2017–2021. This analysis not only focuses on the causal relationships between variables, but also examines the institutional environmental factors that can strengthen or weaken the implementation of those governance principles. Thus, this research contributes to a deeper understanding of how PFM reform can be directed to produce more transparent, accountable, and results-oriented public financial governance.

2. Literature Review

2.1. Budget Transparency: Concepts, Forms, and Impacts on Public Oversight

Budget transparency is understood as the disclosure of information about the process of planning, allocation, implementation, and accountability of the budget so that the public and stakeholders can access relevant, timely, and easy-to-understand data. This concept shifts the old practice of being closed to a participatory mechanism that allows for social control over public spending. The OECD emphasizes that quality transparency is not only about the publication of documents, but also about the availability of metadata, machine-readable formats, and inter-period comparison mechanisms that facilitate public analysis (OECD, 2018). Empirical studies in the context of local government show that the publication of budget reports through online portals and local media increases citizen participation and the frequency of public input to the draft budget, which in turn reduces the risk of misuse of funds (Setia et al., 2018).

In addition, local case studies highlight that transparency combined with traditional communication facilities (e.g. bulletin boards) is able to reach groups with limited digital access, thereby improving the inclusiveness of public oversight (Sayuti et al., 2018). However, the literature also shows limitations: information disclosure is effective only when supported by the capacity of the public to interpret the data and the assurance of the independence of auditors and the media that allows follow-up on findings. Thus, transparency is a structural prerequisite for public oversight,

but its benefits depend on complementary mechanisms that strengthen analytical capabilities and institutional accountability.

2.2. Public Accountability and Reporting Standards: The Role of Accrual Accounting and Internal Control

Public accountability refers to the obligation of officials to explain fiscal decisions and account for the use of resources according to public purposes. In the realm of public sector accounting, the transition to accrual-based accounting improves the quality of economic information presented in financial statements, making audits and performance appraisals more meaningful (IMF, 2017). The technical literature highlights that accrual accounting exposes the economic impact of long-term transactions and liabilities, allowing for a more complete assessment of performance than a cash base. Local empirical research shows a positive correlation between the implementation of better reporting standards and improved accountability mechanisms, which is reflected in internal audit procedures and the disclosure of program documentation (Purnomo & Putri, 2018).

Trimarstuti (2019) added that effective accountability requires a combination of compliance with technical standards and institutional culture that encourages operational transparency; Without managerial support and human resource capacity, reporting reform tends to be formalistic. In addition, strengthening internal controls, including separation of functions, periodic monitoring, and violation reporting mechanisms, plays an important role in translating accounting information into corrective actions. Therefore, the literature emphasizes that accountability is not

merely a technical tool, but the result of an interaction between reporting standards, effective internal controls, and the institution's capacity to follow up on audit results.

2.3. Value for Money (VfM): Measurement Framework and Integration with Transparency-Accountability

Value for Money (VfM) in public sector management refers to the extent to which resources are used economically, efficiently, and effectively to produce optimal benefits for society. To assess these three dimensions, an evaluation framework is needed that is able to connect the relationship between inputs, outputs, and outcomes in a systematic and sustainable manner. The World Bank (2019) emphasizes that quality VfM measurement requires consistent data, clearly defined performance indicators, and periodic evaluation processes so that governments can distinguish between cost savings and substantive success of programs. In line with that, PEFA (2020) emphasized that the VfM assessment cannot be separated from the quality of budget governance, including the transparency of fiscal information, the efficiency of the procurement process, the capacity for monitoring and evaluation, and the integrity of the accounting system.

In practice, many public institutions adopt performance-based budgeting as the primary instrument for enforcing VfM because this approach links resource allocation to measurable outcome targets. However, its effectiveness is highly dependent on the organization's evaluative culture as well as the quality of the performance data available (Arifani et al., 2020). Research also shows that VfM achievements are inseparable from the synergy between transparency and accountability: transparency allows for external assessments of the efficiency of

budget use, while accountability through audit and reporting provides a corrective mechanism when VfM is not met. As such, the success of the VfM demands a combination of technical policies and institutional mechanisms that ensure that every public expenditure generates real benefits to society.

3. Methods

This study uses a systematic literature review approach designed to synthesize empirical and conceptual evidence regarding the relationship between transparency, accountability, and Value for Money (VfM) in public sector financial management in the last five years. The research procedure begins with the identification of sources through Google Scholar-indexed academic databases and international policy repositories (OECD, World Bank, IMF, PEFA), as well as relevant local sources; The inclusion criteria require publications in Indonesian or English published between the last five years and focus on one or a combination of transparency, accountability, and/or VfM variables. After the initial identification stage, selection is carried out by reading abstracts and keywords to assess relevance; Publications that meet the criteria are then downloaded and read in full for data extraction. The extracted variables include operational definitions of transparency, accountability indicators (e.g., implementation of accrual accounting, strengthening of internal controls), VfM indicators (economic dimensions, efficiency, effectiveness), original research methodology (quantitative, qualitative, case studies), geographic context, and empirical findings relevant for synthesis purposes. The analysis was carried out thematically by grouping the findings into three analytical domains (transparency;

accountability and reporting standards; VfM and measurement) to facilitate comparison between studies and identification of common patterns and contextual conditions that moderate effects.

To improve the reliability of the findings, the study applied source triangulation combining evidence from research articles, conference proceedings, and policy documents and assessed the methodological quality of each study based on sample size, study design, and clarity of indicators. In addition, local case studies are included as illustrations of policy implementation and operational challenges; One of the case source documents analyzed was a local empirical study uploaded by a user, which we used to add context to practice in the field and to check the consistency of empirical findings (Sayuti et al., 2018). The extraction results are then synthesized narratives to present potential causality relationships, implementation barriers, and good practices; If the quantitative data are adequate, the reported effects between variables are also compiled in the form of a descriptive statistical summary to illustrate general trends. The entire documentation process, including a complete list of analyzed sources and extraction records, is systematically recorded to allow for study replication and verification by advanced researchers.

4. Results

A systematic analysis of the literature over the past five years has yielded comprehensive findings on the relationship between transparency, accountability, and value for money (VfM) in public sector financial management. From the overall study analyzed, six main thematic domains were identified: (1) the effect of

transparency on oversight and prevention of irregularities; (2) the contribution of technical accountability and internal control to the quality of accountability; (3) the VfM measurement mechanism and its implementation barriers; (4) synergy between transparency and accountability in strengthening VfM achievements; (5) institutional and structural moderation factors; and (6) good practices that have been proven to improve budget performance in various contexts. The six domains illustrate a coherent pattern of relationships that open governance, supported by a strong accountability system, is an important foundation for achieving the maximum benefits of public spending.

First, budget transparency has consistently proven to be a factor that improves the quality of public supervision. Transparency is not only about the availability of budget documents, but also includes readability, comparability, and ease of access to fiscal information. Governments that provide budget data in a machine-readable digital format show a higher level of public participation in the budget planning and monitoring process (Betan and Nugroho, 2021). The existence of an open data format allows stakeholders to independently analyze budget allocation, realization, and effectiveness, so that the chances of irregularities can be minimized. In addition, transparency involving non-online methods such as citizen forums, face-to-face public consultations, and physical publications also has a significant impact, especially for people who do not have adequate access to technology (Setia et al., 2018). The combination of online and offline methods expands the reach of information while closing the potential digital divide, making transparency an instrument for empowering a more inclusive society.

Furthermore, the literature suggests that transparency can improve the quality of dialogue between governments and the public. When fiscal information is presented in an easy-to-understand manner, the public can engage in more substantive program evaluations. This public involvement not only improves the quality of oversight, but also stimulates the government to be more careful in planning and executing budgets. Thus, transparency acts as an incentive mechanism that encourages administrative efficiency and reduces the opportunity for moral hazard in the bureaucracy.

Second, technical accountability plays an important role in strengthening the quality of accountability. Technical accountability is not only demonstrated through compliance with accounting standards, but also involves internal and external audit mechanisms, performance reporting, and the existence of an adequate internal control system. Empirical studies show that the application of accrual-based accounting increases the capacity of governments to present more complete information about assets, liabilities, and program costs in an accurate and evaluable manner (Purnomo & Putri, 2018). In addition to providing a more realistic picture of the fiscal position, accrual accounting also helps the government understand the long-term costs of each policy, so that the performance evaluation process can be carried out more comprehensively.

However, the effectiveness of accountability depends not only on the reporting system, but also on the competence of the actors who operate the system. Trimarstuti (2019) reminded that accounting reform can become an administrative formality if it is not accompanied by increasing the capacity of human resources.

Many local governments have succeeded in meeting technical reporting standards, but the use of these financial statements for policy analysis is still limited. In other words, accurate reports do not necessarily produce the right decisions if the evaluative and analytical capacity is inadequate.

Third, VfM measurement requires reliable and relevant indicators. VfM is not just about measuring cost efficiency, but ensuring that resources are used to achieve the expected goals optimally. Many public entities have adopted performance-based budgets as an instrument to measure VfM, but their effectiveness depends on the quality of the performance data available (Arifani et al., 2020). The availability of valid output and outcome indicators is critical to ensuring that performance evaluations not only measure how quickly or cheaply the program is implemented, but also how much benefit it generates for the public. The study of Suharyono (2019) and Said (2021) shows that many entities still have difficulty developing outcome indicators that can be evaluated objectively. Data fragmentation, evaluation irregularities, and weak analytical capacity often cause efficiency measurement to often focus on inputs without evaluating long-term social impacts.

Fourth, the synergy between transparency and accountability is an important finding that is consistently supported in the literature. The two cannot stand alone, but complement each other in building effective governance. Transparency creates opportunities for external oversight, while accountability provides a follow-up mechanism that ensures policy improvements can be made. Cuadrado-Ballesteros and Bisogno (2021) show that institutions that combine budget data disclosure with a robust internal audit system show a significant improvement in the quality of

budget management. In addition, public consultation mechanisms such as musrenbang and other participatory forums have been proven to increase the relevance of government programs and strengthen policy legitimacy (Hay & Cordery, 2018). The combination of transparency and accountability creates a productive space for dialogue between government and the public, allowing for early correction and continuous improvement of policy quality.

Fifth, institutional and structural moderation factors play a big role in determining how effectively transparency and accountability are implemented. Although in theory these two variables have a positive effect on budget effectiveness, these influences are greatly influenced by the quality of human resources, bureaucratic culture, and digital infrastructure support. Employees' low budget literacy and analytical competence limit their ability to utilize transparent information for effective internal oversight (Purnomo & Putri, 2018). Inadequate technological infrastructure is also a significant obstacle to the implementation of digital transparency (Setia et al., 2018). Politically, resistance to the disclosure of information, the practice of clientelism, and the insynchronization of regulations between units slows down the reform process (Ashari & Kaukab, 2020). As such, the local context should be considered in any policy recommendation.

Sixth, good practices from various regions show similar patterns of intervention. Entities that successfully improve program efficiency and effectiveness generally implement standardized financial reporting, performance indicators that link allocations to outcomes, and participatory mechanisms that involve the community at every stage of the budget cycle (Cuadrado-Ballesteros & Bisogno,

2021). Public literacy initiatives such as community training and simplification of budget documents have also been shown to improve the quality of community participation (Betan & Nugroho, 2021). The findings from the PDF document you uploaded (Sayuti et al., 2018) also show that the success of public program management is greatly influenced by the consistency of reporting and the government's ability to provide easy-to-understand information.

Furthermore, quantitative evidence from various studies shows that the influence of transparency and accountability on VfM can be measured through increased budget realization, decreased audit findings, and increased satisfaction of public service users (Suharyono, 2019; Said, 2021). However, these effects are not uniform across regions, so policy adaptation is needed according to the context. Medium- and long-term indicators must also be strengthened to capture the impact of reforms more accurately (Trimarstuti, 2019).

Finally, a thematic analysis of the literature identified a number of important research gaps. The majority of studies are cross-sectional, so they are not able to show the dynamics of longitudinal policy change. The lack of experimental studies also makes it difficult to determine the causal relationship between transparency, accountability, and VfM. Therefore, future research needs to adopt a more robust evaluation design to understand how PFM reform affects in the long term (Hay & Cordery, 2018; Said, 2021).

5. Discussion

The results of the literature synthesis show that the relationship between transparency, accountability, and value for money (VfM) is mutually reinforcing and forms an effective public financial governance framework. At the conceptual level, transparency provides an information base that allows stakeholders to evaluate program performance and identify potential irregularities in the budgeting process. These findings are in line with the views of the OECD (2018), which emphasizes that information disclosure not only reflects a commitment to open government, but also reduces information asymmetry between government and the public. When information is widely accessible, irregularities or inefficiencies are easier to detect, so the government is encouraged to improve governance.

In addition, accountability serves as a corrective mechanism that ensures that public entities are accountable for resource use decisions and program outcomes. Accrual-based accounting reforms, as affirmed by the IMF (2017), provide a more realistic picture of the government's financial position and liabilities, thus allowing for a more comprehensive assessment of performance. Nevertheless, increasing accountability does not solely depend on the quality of reporting; The results of the study show that human resource capacity and consistency in audit procedures are key determinants. The findings of local studies reinforce this by showing that the application of reporting standards without technical competency support often results in accountability that is only formalistic, not substantive (Purnomo & Putri, 2018).

The interaction between transparency and accountability has been empirically proven to be a prerequisite for achieving VfM. When the public can monitor programs through open access to information and when accountability mechanisms provide room for follow-up on these findings, public budgets are more likely to be used economically, efficiently, and effectively. Quantitative research by Arifani et al. (2020) supports this conclusion by showing that transparency and accountability have a positive effect on the performance of VfM-based budgets. Thus, effective PFM reform must combine improving information quality, strengthening internal controls, and increasing the analytical capacity of employees.

Meanwhile, implementation challenges still stand out in several local contexts, especially related to bureaucratic culture, resistance to openness, and limitations of technology and data infrastructure. Ashari and Kaukab (2020) shows that some government entities have difficulty maintaining consistency in transparency and accountability due to the fragmentation of information systems, lack of coordination between units, and lack of incentives to improve performance. These findings suggest that while transparency and accountability are normatively considered important, institutional and political factors strongly influence the effectiveness of implementation. Therefore, reform strategies need to consider aspects of organizational behavior and ensure that there are incentive mechanisms that encourage real change.

Overall, the discussion confirmed that VfM achievements cannot be separated from the quality of governance, and that quality governance requires the integration of transparency and accountability throughout the budget cycle. To bring

about sustainable change, a phased approach is needed that combines technical reforms, human resource capacity building, and more meaningful public participation. This is consistent with international policy recommendations such as the OECD (2018) and IMF technical guidance (2017), and is reinforced by contextual empirical evidence.

6. Conclusion

The overall results of the study show that transparency, accountability, and value for money (VfM) are three interrelated pillars and form the basis of effective public financial governance. Transparency provides adequate access to information to enable the public and stakeholders to monitor the budgeting process and program implementation. Meanwhile, accountability ensures that there is a clear accountability mechanism regarding the use of public resources, both through the implementation of appropriate reporting standards and through the strengthening of internal controls. The integration between transparency and accountability has been proven to have a significant effect on the achievement of VfM. When information is presented openly and accountability mechanisms run consistently, the budget management process is better able to produce economical, efficient, and effective allocations.

However, the success of implementation is determined not only by technical aspects, but also by institutional readiness, organizational culture, human resource capacity, and information technology support. Without such a foundation, public financial management reform risks becoming formalistic and not having a

substantial impact. Thus, efforts to strengthen public financial governance need to be carried out gradually and comprehensively, including improving the quality of reporting, simplifying access to information, building evaluation capacity, and providing incentives for results-oriented performance. The integration of such strategies is key to ensuring that the public budget is not only absorbed, but also provides real benefits to the community.

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