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**"THE IMPACT OF CAPITAL BUDGETING AND ITS REALIZATION ON  
ACCOUNTABILITY AND BUDGET PERFORMANCE AT THE  
BANJARMASIN CITY HOUSING AND SETTLEMENT DEPARTMENT"**

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**Abstract**

The objective of this study is to examine and analyze the influence of Capital Budgeting and Capital Budget Realization on Accountability and Budget Performance at the Housing and Settlement Department of Banjarmasin City.

This is a quantitative study using a saturated sampling technique, in which the sample size is equal to the population, totaling 57 employees consisting of Civil Servants (PNS), Government Employees with Work Agreements (P3K), and individual consultants at the Housing and Settlement Department of Banjarmasin City. The method used in this study is path analysis, and the data were processed using SmartPLS version 3.2.9.

Based on the results and discussion, several conclusions were drawn: Capital Budgeting influences accountability at the Housing and Settlement Department of Banjarmasin City. Budget realization affects accountability at the same department. Capital Budgeting influences budget performance. Budget realization affects budget performance. Accountability has an impact on budget performance. Accountability mediates the effect of Capital Budgeting on budget performance. Accountability also mediates the effect of budget realization on budget performance.

**Keywords:** Capital Budgeting, Capital Budget Realization, Accountability, Budget Performance

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**INTRODUCTION**

The Performance Accountability System of Government Agencies (SAKIP), introduced during the reform era, has become a vital tool for assessing the performance of public institutions. This system not only serves as a guideline for achieving institutional work programs but also reflects the government's commitment to fulfilling its responsibilities and being accountable for both the successes and failures in implementing the organization's vision and mission. The application of this system begins from the formulation of the Strategic Plan (Renstra) to the preparation of performance accountability reports in the form of the Government Agency Performance Accountability Report (LAKIP).

SAKIP functions as one of the key performance management tools within a decentralized government structure and is expected to improve the overall quality of public administration. Government performance reflects the extent to which public institutions fulfill their obligations as promised to the community (Muhammad, 2008:9). Currently, government performance is under public scrutiny due to its perceived lack of satisfactory outcomes. Citizens increasingly demand that the government fulfill its duties and responsibilities effectively as a reflection of regional autonomy (Auditya & Husaini, 2013). This situation can be observed across many regions in Indonesia, including South Kalimantan Province, particularly in Banjarmasin City.

One crucial factor that affects performance accountability in the Housing and Settlement Area Office of Banjarmasin City is the implementation of the regional budget. The regional budget plays a strategic role in supporting the local government's strategic planning cycle. It serves as a technical blueprint for realizing institutional visions in a measurable and targeted manner. If budget implementation is poor, the government's functional performance will likely weaken, making it difficult for the region to meet its performance targets (Mardiasmo, 2006:176).

Unfortunately, budget utilization by the Housing and Settlement Area Office in Banjarmasin is often inefficient, unproductive, low in quality, and lacks innovation (Endrayani et al., 2014). Both central and regional officials are often seen engaging in wasteful practices, resulting in inefficiency, ineffectiveness, and low productivity. This ultimately leads to poor organizational performance in the public sector (Bahri, 2012).

Compliance with applicable laws and regulations is another important aspect that significantly influences the achievement of optimal performance accountability. As a public sector accounting entity, the Housing and Settlement Area Office of Banjarmasin City is required to implement accounting practices in accordance with existing regulations. The implementation of Government Accounting Standards in Indonesia is also supported by various legal instruments. These laws are essential in preventing irregularities and fraud that could obstruct the achievement of accountability goals (Zirman & Muhammad, 2010).

This study focuses on the Housing and Settlement Area Office of Banjarmasin City, which is responsible for planning and implementing regional policies in the areas of housing, settlements, complex roads, and low-cost rental apartments (rusun).

A key issue facing this office is the gap between capital expenditure planning and actual realization. In some cases, the realized capital spending either does not meet or exceeds the planned targets, which negatively impacts the government's accountability. When budget allocations do not align with actual implementation, budget performance deteriorates, affecting the overall effectiveness of the office.

In 2023, the gap between budget realization and targets became more pronounced due to various challenges during implementation. For instance, land acquisition plans were canceled because landowners either refused to sell or disagreed with the offered price. Other challenges included central government

regulations mandating the use of domestic products and restricting the importation of goods. However, some procurement plans, such as for heavy equipment components, depended on imported goods, making implementation difficult.

Several previous studies have examined these issues. Refi Illayuniaga (2019) found that budget planning and performance evaluation had a significant positive impact on performance accountability. Vicry Raihan Tarima and Jamaluddin MD (2020), using multiple linear regression analysis, concluded that: (1) accountability positively and significantly affects budget performance; (2) transparency significantly improves budget performance; and (3) public participation in the budgeting process significantly enhances budget performance.

Similarly, Bachtiar (2022) showed a strong and significant relationship between budget execution and performance evaluation in achieving accountability. Ana Muchlisa Rezeqiah (2020) confirmed that performance-based budgeting has a significant effect on institutional performance accountability. Conversely, Siti Maisarah (2019) argued that budget realization does not necessarily impact performance due to errors in initial budget planning within government institutions.

## **METHOD**

### **Research Design**

Quantitative research typically employs an explanatory design, where the main goal is to examine the presumed relationships between various factors. This type of research involves clear hypotheses to be tested. A hypothesis describes the relationship between at least two variables, aiming to determine whether one variable is associated with or influenced by another. A logically structured research plan is expected to clarify the hypothesis to the public or explain the relationship, differences, or effects of one variable on another.

In line with this, the researcher adopts an exploratory model and hypothesis in their analytical approach. The logical research plan aims to measure and test causal relationships between at least two factors using inferential (inductive) statistical analysis. Furthermore, logical analysis can also be used to develop and refine hypotheses, although in practice, it may sometimes weaken or even shorten the hypothesis. Explanatory research designs can be carried out through surveys and investigations.

### **Population and Sample**

#### **Population**

The population in this study consists of all civil servants (PNS) working for the Government of Banjarmasin City, totaling 57 individuals.

#### **Sample**

The sampling technique used in this research is the saturated sampling method, in which the sample size is equal to the population size. This means that all 57 individuals, including civil servants (PNS), government employees under work agreements (P3K), and individual consultants, serve as research respondents.

## **RESULTS AND DISCUSSION**

### **The Effect of Capital Expenditure Budget on Accountability in the Housing and Settlement Area Office of Banjarmasin City**

Based on the findings, the Capital Expenditure Budget has an impact on accountability in the Housing and Settlement Area Office of Banjarmasin City. From a real-world perspective, institutions must adhere to proper procedures to ensure effective budget implementation. They must execute the budget in line with budget realization, verify output achievements, record contract data, process invoices, maintain accurate Payment Order Documents (SPM), and avoid SPM dispensations.

Theoretically, capital expenditure refers to budget spending on acquiring fixed assets and other assets that provide benefits beyond a single accounting period. This includes expenditures on land, buildings, equipment, and intangible assets. The study by Vicry Raihan Tarima and Jamaluddin MD (2020) also confirms that capital expenditure budget influences accountability.

### **The Effect of Budget Realization on Accountability in the Housing and Settlement Area Office of Banjarmasin City**

The results indicate that budget realization affects accountability in the Housing and Settlement Area Office of Banjarmasin City.

Practically, institutions are expected to absorb the budget proportionally, execute contractual expenditures, finalize invoices, manage Operational and Unexpected Expenditures (UP and TUP) effectively, avoid SPM dispensations, and achieve output targets.

According to Munandar (2012), budget realization refers to the implementation, analysis, and evaluation of the budget. The objective is to provide feedback and follow-up improvements for future periods.

The findings of Vicry Raihan Tarima and Jamaluddin MD (2020) also state that budget realization impacts accountability.

### **The Effect of Capital Expenditure Budget on Budget Performance in the Housing and Settlement Area Office of Banjarmasin City**

According to the research results, the Capital Expenditure Budget affects budget performance in the Housing and Settlement Area Office of Banjarmasin City. In practice, the institution must ensure that the implementation of the budget is on target by aligning it with realization figures, confirming output achievements, recording contract data, completing invoice processes, maintaining accurate SPM, and avoiding SPM dispensations.

Theoretically, capital expenditure refers to budget allocations for fixed assets and other long-term assets such as land, buildings, equipment, and intangible assets.

A study by Nur Desiana Wardani and Dewi Silvia (2021) indicates that the Capital Expenditure Budget influences budget performance.

### **The Effect of Budget Realization on Budget Performance in the Housing and Settlement Area Office of Banjarmasin City**

The research findings show that budget realization influences budget performance at the Housing and Settlement Area Office of Banjarmasin City.

In practice, institutions must absorb the budget proportionally, execute contractual expenditures, settle invoices, manage UP and TUP efficiently, avoid SPM

dispensations, and meet output targets.

According to Munandar (2012), budget realization includes the implementation, analysis, and evaluation of budget activities. Its purpose is to provide constructive feedback for future improvements.

Research by Ana Muchlisa Rezeqiah (2020) supports the conclusion that budget realization affects budget performance.

#### **The Effect of Accountability on Budget Performance in the Housing and Settlement Area Office of Banjarmasin City**

The study results demonstrate that accountability affects budget performance in the Housing and Settlement Area Office of Banjarmasin City.

Institutions must ensure that their employees exhibit a high sense of responsibility, integrity, clear objectives, neutrality, public interest prioritization, fairness, transparency, consistency, reliability, and stakeholder participation.

Theoretically, accountability refers to the obligation to account for all activities to stakeholders (Mardiasmo, 2018), including presenting financial reports to relevant parties.

Research conducted by Nur Desiana Wardani and Dewi Silvia (2021) confirms that accountability influences budget performance.

#### **Accountability as a Mediator Between Capital Expenditure Budget and Budget Performance in the Housing and Settlement Area Office of Banjarmasin City**

The study shows that accountability mediates the effect of the Capital Expenditure Budget on budget performance in the Housing and Settlement Area Office of Banjarmasin City.

To ensure effective budget implementation, institutions must follow up on realization figures, verify output achievements, record contract data, settle invoices, ensure SPM accuracy, and avoid dispensations.

As a theoretical concept, capital expenditure involves budget allocations for long-term assets such as land, buildings, equipment, and intangible assets.

Effective accountability enhances the influence of capital expenditure on budget performance by aligning financial management with institutional policies and procedures. Research by Bachtiar (2022) supports the view that accountability serves as a mediating factor, enabling institutions to be fully responsible for their actions.

#### **Accountability as a Mediator Between Budget Realization and Budget Performance in the Housing and Settlement Area Office of Banjarmasin City**

Based on the study, accountability partially mediates the effect of budget realization on budget performance in the Housing and Settlement Area Office of Banjarmasin City.

In real-world scenarios, institutions must absorb the budget proportionally, implement contractual expenditures, finalize invoices, manage UP and TUP properly, avoid SPM dispensations, and meet output targets.

Theoretically, Munandar (2012) states that budget realization involves the analysis and evaluation of budget execution to provide feedback for future improvement.

However, strong accountability alone is not sufficient to outweigh the direct influence of budget realization on budget performance. Maximizing budget



realization significantly enhances budget performance, regardless of whether accountability measures have been implemented. This finding is also supported by Ana Muchlisa Rezeqiah (2020), who states that accountability mediates the influence of budget realization on budget performance.

### **Conclusion**

Based on the results and discussion of the research, the following conclusions can be drawn:

1. Capital Budgeting influences accountability at the Housing and Settlement Department of Banjarmasin City.
2. Budget Realization influences accountability at the Housing and Settlement Department of Banjarmasin City.
3. Capital Budgeting affects Budget Performance at the Housing and Settlement Department of Banjarmasin City.
4. Budget Realization affects Budget Performance at the Housing and Settlement Department of Banjarmasin City.
5. Accountability influences Budget Performance at the Housing and Settlement Department of Banjarmasin City.
6. Accountability mediates the influence of Capital Budgeting on Budget Performance at the Housing and Settlement Department of Banjarmasin City.
7. Accountability mediates the influence of Budget Realization on Budget Performance at the Housing and Settlement Department of Banjarmasin City.

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