The Influence of Local Government Integrity on Local Government Budget and its Implications for Development

Indra Jaya
Institut Pertanian Bogor, Indonesia
Email: indra56jaya@apps.ipb.ac.id*

*Correspondence

ABSTRACT

Keywords: APBD; Integrity; Local Government; GRDP; Regional Development	This research aims to analyze the influence of local government integrity on APBD management and its implications for the quality of regional development in Indonesia. Secondary data from BPS, SPI, and APBD records for cities and regencies in Indonesia in 2022 were used. Data were analyzed using the Structural Equation Modeling-Partial Least Squares (SEM-PLS) method. This method integrates measurement models to validate indicators and structural models to assess relationships between latent variables. Key evaluation criteria, including reliability, validity, and hypothesis testing, were employed to ensure robustness. The results indicate that higher local government integrity improves APBD management, albeit with a relatively modest effect. Integrity plays a crucial role in preventing corruption and enhancing the sustainability of regional development, highlighting its importance in public financial management. These findings underscore the necessity of promoting high-integrity practices in local governance to achieve sustainable development goals.

Introduction

The concept of regional autonomy encompasses the prerogative, responsibility, and capacity of autonomous regions to regulate and manage community interests in accordance with their own initiatives, grounded in community aspirations and within the confines of statutory regulations (Widjaja, 2019). Quoted from Law Number 23 of 2014, the implementation of regional government is directed at accelerating the realization of community welfare through improved services, empowerment, and community participation, as well as increasing regional competitiveness by taking into account the principles of democracy, equity, justice, and the distinctiveness of a region within the system of the Unitary State of the Republic of Indonesia. The existence of regional autonomy encourages local governments to be independent in political and financial aspects. This delegation of responsibility and authority is expected to increase the capacity of local governments in carrying out development in their regions so that they are able to compete with other regions in the context of regional development (Setianingsih, 2015).

The concept of regional development entails the strategic allocation of available resources to enhance the overall well-being of a community. A significant aspect of this endeavor pertains to the augmentation of income, a critical component of the financial well-being of the community. The efficacy of regional development initiatives can be gauged by the Gross Regional Domestic Product (GRDP) data of each respective region. The GRDP signifies the total value of goods and services generated within a specific region by all economic entities, representing the sum of the value of final (net) goods and services produced by these economic units. It serves as an indicator of economic growth trends on an annual basis, providing insights into the region's economic resources and capabilities (BPS, 2023).

The Regional Budget (APBD) plays a pivotal role in measuring regional development based on GRDP, serving as the primary instrument in planning and implementing development programs. As from Sukirno (2006), explains, the theory of government spending posits that government expenditure on various development activities will increase aggregate spending and stimulate economic activity within the country. When considered in the context of local government spending in the execution of APBD expenditures, which is a reflection of GRDP, it can be inferred that an increase in local government spending will have a corresponding increase in the impact on the regional economy (Darise, 2006).

As delineated above, the APBD emerges as a pivotal instrument in the pursuit of regional development in Indonesia. The financial resources allocated within the APBD are allocated toward the financing of infrastructure projects, public services, and other developmental programs that are foundational to economic growth and community welfare. The utilization of the APBD is to be supported by documentation in the form of a budget realization report, balance sheet, cash flow statement, and notes to the financial statements, in accordance with the provisions stipulated in Government Regulation Number 8 of 2006.The government's internal control system is entrusted with the responsibility of overseeing the accountability of state finances, inclusive of the utilization of the APBD (Ayem & Kusumasari, 2020). The effectiveness of the government's internal control system is influenced by various factors, both internal and external to the APBD. Internal factors include the size of the APBD budget, while external factors may include government complexity, size, and economic growth.

Good regional financial management is a concrete step in realizing government administration with the principles of good governance (Muhyarsyah, 2008). Good governance can be said to be effective if it has good coordination and integrity, professionalism, and high work ethic and morals in carrying out its functions through formal and informal institutions (Nazsir, 2003). Therefore, it is important to ensure that the APBD is managed properly, efficiently, and transparently, so as to achieve sustainable development goals with a commitment to government integrity.

Integrity as a form of self unity that is consistent with the commitments that have been determined in the regulations (Ardiani, 2019). Integrity in government agencies has a significant impact on APBD management. The Corruption Eradication Commission

(KPK) annually conducts an Integrity Assessment Survey (SPI) to map the risk of corruption and the progress of corruption eradication efforts carried out by Ministries / Institutions / Local Governments (M / I / RG). This survey is expected to be the basis for KPK to develop recommendations for improvement as an effort to prevent corruption. Government agencies with a high level of integrity will have regional financial management apparatus that avoids irregularities or misuse of regional finances managed (Suryani, 2019). On the other hand, agencies with a low level of integrity will be more vulnerable to corrupt practices and actions that harm regional development. In the context of government agencies, integrity is very important because the government is responsible for the public interest and the management of public resources. Strong integrity in government agencies ensures that decisions and actions taken are based on the interests of society as a whole, not the interests of certain individuals or groups.

In practice, integrity is closely related to ethics because with good ethics, high integrity will be created. The government in maintaining its integrity needs to pay attention to the elements and functions of ethical infrastructure. According to the Organization for Economic Cooperation and Development (OECD) (2000), there are three points that become ethical infrastructure, namely guidance, management, and control. Guidance is provided by a strong commitment from the leadership, strongly held values such as a code of ethics, and through regular education and training to increase public employees' awareness and understanding of the importance of integrity in carrying out their duties. Management can be implemented through coordination by an existing central management body, taking into account the conditions of public services, policies and management practices. Controls are ensured by a legal framework that allows for independent investigation and prosecution, accountability and control mechanisms that are effective, transparent, and involve public participation and oversight.

The integrity of someone who adheres to anti-corruption principles should be unwavering and will not be tempted by the temptation of bribes and gratuities. However, sometimes there is an integrity dilemma condition that makes a person in the middle of an indecision. If the integrity dilemma is not resolved immediately, the individual may be caught in a corruption case (Aksi-informasi, 2023).

Corruption is a pervasive problem that many countries, including Indonesia, are grappling with. The 2022 Corruption Perception Index (CPI) reveals that Indonesia is still struggling to combat corruption, with a 7th-place ranking out of 11 Southeast Asian countries and an 110th-place ranking out of 180 countries in the 2022 Corruption Perception Survey (Transparency International, 2023). The dissemination of corruption corruption propagates both horizontally and vertically within the governmental structure. Horizontal corruption, defined as the spread of corruption among equal powers, disseminates in nearly all representative institutions, including the executive, legislative, and judicial branches. Conversely, vertical corruption, characterized as the propagation of corruption from the highest power holders to the lowest level, is a phenomenon that occurs within hierarchical structures.

Corruption exerts a detrimental influence on various levels of society, including the younger generation, politics, the nation's economy, and bureaucracy (Setiadi, 2018). Within Indonesia, instances of corruption frequently manifest at the local government level, encompassing local financial management. According to the "Overview of Audit Results for Semester II of 2022," a report by the Supreme Audit Agency, the local government sector recorded the highest number of findings, with a total of 1,818. Notably, local governments identified 2,775 issues, leading to state losses amounting to Rp369.24 billion. This figure represented the most significant loss among various budget managers, accounting for 69% of the total losses. In addition to the substantial losses, the findings related to inefficiency, inefficiency, and ineffectiveness of local governments numbered 828, although the total value of these findings was not the largest at Rp38.43 billion.. Local financial management includes the management of local revenues and expenditures, as well as the supervision of the use of public funds. If corrupt practices such as bribery, nepotism, embezzlement, etc. are implemented in an economic project, the projected economic growth of the project will not be achieved (Meier & Baldwin, 1957). The Corruption Eradication Commission (KPK) handled a total of 120 corruption cases throughout 2022. Of the total cases, 100 of them were cases of corruption committed in local government areas (outside the central government) (KPK, 2023). Corruption cases involving local leaders and questionable practices in the use of APBD have been a major highlight in the history of the Indonesian government. Quoted from several news published by detik.com, some examples of APBD corruption cases by local governments are described in Table 1.

Table 1. Examples of APBD corruption cases by local governments

No.	Name of convicted person	Position	Source
1	Raharjo Minulyo	District Head of Purbalingga, Central Java	Romadhon (2022)
2	Darmili	Regent of Simeulue, Aceh	Detikcom (2019)
3	Ahmad Yantenglie	Katingan Regent, Central Kalimantan	Saputra (2019a)
4	Herman Felani and Jornal Effendi	Actor and Head of Legal Bureau of DKI Jakarta Regional Secretariat	Saputra (2019b)
5	Khairil Anwar Mahdi	Tourism Office of East Lombok, NTB	Detik.com (2019)

The Indonesian government faces significant challenges in combating corruption and enhancing local financial management. The implementation of measures to prevent corruption, coupled with the augmentation of transparency in local financial management, has the potential to address these issues. Policy reforms, stringent law enforcement, and the active involvement of the public in local financial oversight can contribute to the

establishment of a more transparent and efficient environment for public financial management at the local level.

Based on the research background, this research was carried out with the following objectives: Analyzing the effect of local government integrity level on APBD management and its implications on the quality of regional development in Indonesia. Analyzing the extent to which local government integrity can minimize the risk of corruption and irregularities in the implementation of the APBD. Develop recommendations that can be implemented by local governments and other stakeholders to increase integrity in APBD management and improve regional development in Indonesia.

Method
Data

In Indonesia, instances of corruption frequently manifest at the local government level, encompassing local financial management.According to the "Overview of Audit Results for Semester II of 2022," a report by the Supreme Audit Agency, the local government sector recorded the highest number of findings, with a total of 1,818. Notably, local governments identified 2,775 issues, leading to state losses amounting to Rp369.24 billion. This figure represented the most significant loss among various budget managers, accounting for 69% of the total losses.In addition to the substantial losses, the findings related to inefficiency, inefficiency, and ineffectiveness of local governments numbered 828, although the total value of these findings was not the largest at Rp38.43 billion.
.

Structural Equation Model - Partial Least Square (SEM-PLS)

The relationship or influence between variables can simply be measured using the simple regression method. If the variables measured are more numerous and more complex, a more capable model needs to be used to handle this. Structural Equation Modeling (SEM) is a multivariate analysis that combines models between regression analysis and factor analysis (Santoso, 2018). SEM is able to simultaneously estimate the complex relationship between several independent variables (indicators) and dependent variables (latent variables) (Hair et al., 2011, 2019). SEM has the ability to estimate the relationship between variables that are multiple relationships with output in the form of a measurement model (outer model) from a number of indicators and a structural model (inner model) composed of a number of constructs (latent variables) (Anggita et al., 2019). In its use, SEM requires several assumptions, including normal data distribution, linearity, indirect measurement, multiple indicators, recursivity, interval data, high accuracy, random and small residuals, uncorrelated error terms, uncorrelated residual errors, complete multicollinearity, and a minimum sample size of 100 (Sarwono, 2010).

Data Analysis Procedure
1. To find out whether the integrity of local governments at the city / district level in Indonesia affects the APBD which has implications for regional development, the following data analysis procedures are carried out. Perform descriptive analysis on each variable.
2. The subsequent step involves the design of a structural model (inner model) based on the aforementioned hypothesis.

3. The design of the measurement model, otherwise known as the outer model, is contingent upon the nature of the indicator, whether it is reflective or formative.
4. The construction of a path diagram constitutes a sophisticated phase in the design process of the inner and outer models.
5. The evaluation of the measurement model (also known as the "outer model") is essential for ascertaining the validity and reliability of an indicator when utilized as a measurement tool. The evaluation of the outer model is conducted through a meticulous analysis of convergent validity and discriminant validity. This analysis involves the comparison of the square root of the average variance extracted (AVE), composite reliability, and Cronbach's alpha.
6. The structural model, also known as the inner model, is evaluated to ascertain the relationship between latent variables in the model. This evaluation employs two criteria: the coefficient of determination (^{2}) and the predictive relevance (^{2}).
7. The objective of hypothesis testing is to ascertain the effect between endogenous and exogenous latent variables. In essence, this process involves determining the significance of the observed relationship. The criteria employed for evaluating the statistical significance of a hypothesis test include the t-statistic value and the p-value. Specifically, if the t-statistic value exceeds 1.96 or if the p-value is less than 0.05, with α set at 5%, then the effect is deemed to be significant.
8. Model interpretation.

Results and Discussion
Data Analysis Using SEM-PLS Method
1. Outer Model

Figure 1. Path diagram of outer model testing

a) Outer Loading

Table 2. Outer loading value of each indicator

No.	Indicator	Outer Loading	Description
1	APBD1	0,966	Valid
2	APBD2	0,988	Valid
3	APBD 3	0,733	Valid
4	PBRB1	0,954	Valid
5	PBRB2	0,849	Valid
6	PBRB3	0,853	Valid
7	PBRB4	0,909	Valid
8	PBRB5	0,963	Valid
9	PBRB6	0,782	Valid
10	SPI1	0,927	Valid
11	SPI2	0,988	Valid

12	SPI3	0,934	Valid

Table 7 shows that the outer loading value of each indicator shows a value >0.7. Therefore, all indicators can be included in the research and do not need to be excluded from the research process.

b) Construct Validity and Reliability

Cronbach alpha

Table 3. Cronbach's alpha reliability value of each variable

Variables	Cronbach's alpha
Regional Revenue and Expenditure Budget	0,883
Local Government Integrity	0,910
Regional Development	0,945

As illustrated in the above table, all variables displayed values greater than 0.7, indicating that all variables employed in this study exhibited a satisfactory degree of consistency in each measurement. Consequently, all indicators can be incorporated into the research framework without the necessity of exclusion from the research process.

Composite Reliability

Table 4. Composite reliability value of each variable

Variables	Composite Reliability
Regional Revenue and Expenditure Budget	0,929
Local Government Integrity	0,943
Regional Development	0,957

Based on the composite reliability value, all variables have a value above 0.700, this indicates that each variable used in this study meets the standard. Thus, all indicators can be included in the research and do not need to be excluded from the research process.

Average Variance Extracted (AVE)

Table 5. Average variance extracted (AVE) test value

Variables	average variance extracted (AVE)
Regional Revenue and Expenditure Budget	0,815
Local Government Integrity	0,847
Regional Development	0,788

The table above shows that each variable has an AVE value that exceeds 0.5. Therefore, each variable used in this study has the ability to reflect the latent variable they represent. Thus, all indicators can be included in the study and do not need to be excluded from the research process.

c) Discriminant Validity

Fornell-Lacker Criterion

Table 6. Fornell-Lacker Criterion Test

Variables	Regional Revenue and Expenditure Budget	Local Government Integrity	Regional Development
Regional Revenue and Expenditure Budget	0,903		
Local Government Integrity	0,167	0,920	
Regional Development	0,732	0,241	0,887

Heterotrait-Monotrait (HTMT)

Table 7. Heterotrait-Monotrait Test (HTMT)

Variables	Regional Revenue and Expenditure Budget	Local Government Integrity	Regional Development
Regional Revenue and Expenditure Budget			
Local Government Integrity	0,184		
Regional Development	0,775	0,259	

Based on the table above, the HTMT value for each variable is less than 0.9, so each variable meets the HTMT pre-conditions and meets discriminant validity.

Cross Loading

Table 8. Cross loading value of each indicator

Indicator	Regional Revenue and Expenditure Budget	Local Government Integrity	Regional Development
APBD1	0,966	0,149	0,744
APBD2	0,988	0,158	0,745
APBD 3	0,733	0,138	0,440
PBRB1	0,954	0,243	**0,954**
PBRB2	0,849	0,260	**0,849**
PBRB3	0,853	0,189	**0,853**
PBRB4	0,909	0,179	**0,909**
PBRB5	0,963	0,232	**0,963**
PBRB6	0,782	0,173	**0,782**
SPI1	0,927	**0,927**	0,226
SPI2	0,988	**0,899**	0,210
SPI3	0,934	**0,934**	0,228

The cross-loading value of each indicator employed in this study has been determined, and the results indicate that all indicators have a cross-loading value above 0.700. This finding suggests that these indicators have the highest correlation with their latent variables. Therefore, it can be concluded that no indicators require removal.
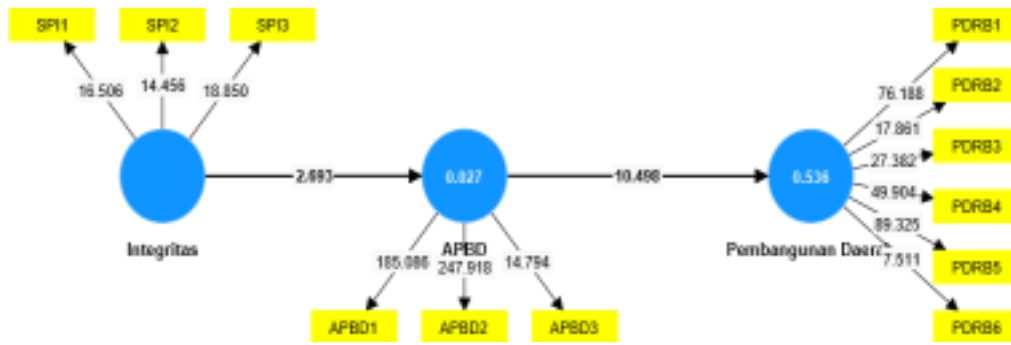
Indra Jaya

2. Inner Model

Figure 2. Testing the inner model

a) R Square

Table 9. R Square Test Results

Variables	R Square	R Square Adjusted
Regional Revenue and Expenditure Budget	0,027	0,025
Regional Development	0,536	0,535

The results of the R-squared test demonstrate that the dependent variable, Regional Development, is influenced by the independent variable to the greatest extent of 0.536, or 53.6%. The residual 46.4% is influenced by extraneous factors not included in the study's scope. The Regional Budget variable demonstrates a 0.027, or 2.7%, influence from the independent variable. The remaining 97.3% of the variance is attributable to factors not encompassed within the purview of this study.

b) F Square

Table 10. F Square Test Results

Variables	Effect Size
Local Government Integrity -> Local Revenue and Expenditure Budget	0,027
Regional Budget -> Regional Development	1,156

The results of the F-square test demonstrate that the Local Government Integrity variable has an F Square (f²) value on the Regional Budget variable of 0.027, indicating a negligible effect. Additionally, the Regional Revenue and Expenditure Budget variable on Regional Development has an F Square (f²) value of 1.156, suggesting a substantial effect.

c) Model Fit

Table 11. Model Fit Output

Indicator	Saturated Model	Estimated Model
SRMR	0,054	0,072
d_ULS	0,224	0,399
d_G	1,704	1,712
Chi-Square	2212,283	222,180
NFI	0,741	0,739

As illustrated in the above table, the SRMR value in the saturated model is 0.054 <0.08, and the estimated model is 0.072 <0.08. Therefore, the model formed is declared to meet the feasibility of the model.

3. Hypothesis Test

Table 12. Hypothesis Test Results

Construct	Original Simple (O)	T-statistics (|O/STDEV|)	p-Value	Description
Local Government Integrity - > Local Revenue and Expenditure Budget	0,163	2,693	2,693	Accepted
Regional Budget -> Regional Development	0,732	10,498	0,000	Accepted
Local Government Integrity - > Local Budget -> Local Development	0,119	2,241	0,025	Accepted

A series of empirical tests have been executed and subsequently analyzed. The ensuing conclusions, derived from these empirical tests, are as follows:

1) The impact of local government integrity on the regional budget is statistically significant, as evidenced by the original sample value of 0.163, the t-statistic of 2.693, and p-values less than 0.05. This indicates that local government integrity exerts a substantial positive influence on the regional budget. Consequently, the initial hypothesis is substantiated.

2) The impact of the Regional Budget on Regional Development has an original sample value of 0.732, with a t-statistic of 10.498 > 1.960 and p-values of 0.000 < 0.05. Consequently, it can be concluded that the Regional Budget exerts a significant positive effect on Regional Development. Consequently, the initial hypothesis is endorsed.

3) The study's findings indicate that the Regional Budget plays a significant mediating role in the relationship between Local Government Integrity and Regional Development. The original sample value is 0.119, with a t-statistic of 2.241 > 1.960 and p-values of 0.025 < 0.05. These results support the hypothesis

that the Regional Budget can mediate the influence of Local Government Integrity on Regional Development. Therefore, the hypothesis is accepted.

The Effect of Local Government Integrity on APBD Management and its Implications for Development Quality

The hypothesis test results obtained show that all research hypotheses can be accepted. The effect between one variable and another is positively significant, meaning that each one unit increase in variable 1 will increase the value of variable 2. The value of the influence between variables is shown in Table 12 in the Original sample (O) column. The effect of local government integrity on the APBD has an original sample value of 0.163, which means that if the integrity of the local government increases by one unit, the APBD can increase by 16.3%. The effect of APBD on regional development (GRDP) has an original sample value of 0.732, which means that if the APBD of each local government increases by one unit, regional development will increase by 73.2%. In addition to direct influence, there is an indirect effect on this path analysis, namely the role of the APBD in mediating the influence between local government integrity on development which has an original sample value of 0.119. This means that if the integrity of the local government increases by one unit, regional development will increase directly or indirectly through the APBD by 11.9%.

The findings of the data analysis suggest a direct correlation between the integrity of the local government and its capacity to enhance the management of the regional budget. Conversely, a decline in the integrity of the government can adversely impact the management of the local regional budget.The impact of local government integrity on APBD is relatively modest, and the efficacy of APBD management is also influenced by factors that extend beyond the purview of this research. Nevertheless, the management of APBD necessitates a high degree of integrity on the part of the local government, as the APBD management process can be utilized as a conduit for the disbursement of specific funds to individuals or groups.Local governments that exhibit a high level of integrity tend to be more transparent in their execution of APBD planning, budgeting, implementation, and accountability processes. This can contribute to the prevention of corrupt practices, abuse of authority, and misuse of public funds. Local governments that maintain their integrity also tend to exercise greater caution and professionalism in the management of regional finances.Stakeholders in this area prioritize the efficiency and effectiveness of public funds, ensuring the successful implementation of programs funded by the APBD and the maximization of benefits for the community's well-being.

High local government integrity towards APBD management will also have a direct impact on public and investor confidence in regional economic and financial conditions. Governments that are considered to have high integrity will get more support and trust from the public and financial institutions, both in terms of investment and development cooperation. Communities and / or institutions that will carry out cooperation or investment will definitely pay attention to the risk management of the APBD management. Governments that have a good level of integrity tend to be better able to

control financial risks that may arise in managing the APBD. They conduct regular risk evaluations, implement effective internal control mechanisms, and ensure compliance with applicable financial regulations. The most important thing about a culture of integrity in APBD management is its impact on the quality of development in the region. APBDs managed with high integrity will focus more on development projects that are sustainable, beneficial to the wider community, and oriented towards improving the welfare and empowerment of the community.

The Effect of Local Government Integrity in Minimizing the Risk of Corruption in the Implementation of the APBD

Integrity in government institutions has been demonstrated to reduce the risk of corruption (Law Number 20 of 2001 amending Law Number 31 of 1999). When grouped, the contents include state financial losses, bribery, embezzlement in office, extortion, fraudulent acts, conflicts of interest in procurement, and gratuities. The correlation between enhanced local government integrity and the augmentation of the APBD is a salient finding, with higher levels of integrity being associated with more robust APBDs. Consequently, the integrity of local government assumes a pivotal role in the preservation of local financial prosperity and the promotion of community welfare.

Currently, the integrity of local governments can be said to be quite high with an average SPI value score of 70.92. When viewed from all districts / cities in Indonesia, Boyolali Regency received the highest SPI value of 88.32, while Waropen Regency obtained the lowest SPI value of 45.26 from a maximum value of 100. This is an illustration of the existing conditions of integrity in regional governments. Local governments need to strengthen their integrity because integrity is the main foundation of good and sustainable governance. With good integrity in APBD management, it will increase the GRDP value of the region. Effective and efficient, targeted, and transparent APBD management can optimize the results of investments made, thus potentially increasing the contribution to GRDP. APBD management that is clean from corrupt practices and misuse of public funds is able to attract investors and private partners to invest in the area. High trust in the integrity of regional financial management can open up new investment opportunities, both in the form of direct investment and partnerships in strategic projects. These opportunities can be an additional driver for GRDP growth.

This study reveals the fact that the integrity of local governments can significantly affect the APBD which has implications for regional development represented by GRDP. in line with research conducted by Kurniawan (2023) which states that the lower the morality (which includes integrity) of the government apparatus, the fraud in the financial statements of the Solok City government will increase. Ardiani's research (2019) also produced a similar conclusion, namely integrity has a significant influence on the accountability of village fund financial management.

Indra Jaya

Recommendations to Improve Local Government Integrity

The integrity of local governments still varies widely with considerable variation. Therefore, integrity needs to be strengthened in running the government. Efforts that can be made include:

1. Increased awareness and anti-corruption education. Local governments need to raise awareness of the importance of integrity and good governance at all levels of the bureaucracy. Training programs, anti-corruption campaigns, and outreach to government employees and the public can help build a strong culture of integrity.

2. Strengthening internal and external oversight. Strengthening internal and external oversight systems can help detect, prevent and act against fraud and corruption. Local governments need to have professional and independent internal oversight units, and work with external oversight institutions such as the Supreme Audit Agency (BPK) to ensure compliance with applicable rules and standards. The government also needs to enforce penalties on those who commit fraud and corruption.

3. Exemplary local government leaders who can be used as good examples in terms of integrity. Leaders must model high integrity behavior in every action and decision taken. This includes avoiding conflicts of interest, rejecting bribery, and setting an example of transparency in the use of public funds.

4. Simplification of administrative processes and the use of information technology can help improve transparency, efficiency, and control in APBD management. The implementation of an integrated financial information system, the use of e-procurement for internet-based procurement of goods and services with an auction system, and the development of a financial transparency portal can be effective steps.

5. Active participation of the public in monitoring and controlling the use of public funds is also an important step. Local governments can open up spaces for social scrutiny, involve NGOs and citizens in decision-making processes, and facilitate grievance and whistleblower mechanisms to report violations.

With a commitment to implementing the suggestions that have been outlined comprehensively and consistently, the government is expected to boost integrity in APBD management, thus creating an environment that supports sustainable and quality regional development.

Conclusion

The findings of this study, based on rigorous research and data analysis, demonstrate that local government integrity exerts a substantial influence on the APBD, thereby impacting regional development. This assertion is substantiated by the findings of the SEM PLS analysis, which yielded the acceptance of all postulated hypotheses. These hypotheses include the following: (1) the presence of local government integrity exerts a substantial positive influence on APBD, (2) APBD exerts a substantial positive influence on regional development, and (3) APBD is capable of mediating the impact of

local government integrity on regional development.The enhancement of local government integrity by a single unit is predicted to result in an increase in the value of APBD by 16.3%. While the direct impact of local government integrity on APBD may be modest, the necessity of high-integrity commitment from the local government in APBD management is paramount. External factors, independent of integrity, play a substantial role in determining the success of APBD management.Effective and efficient APBD management, targeted and transparent, has the potential to optimize the returns on investments, thereby contributing to an increase in the contribution to GRDP.

Bibliography

Aksi-informasi. (2023, January 18). Cara Mengatasi Dilema Integritas agar Tidak Terjerat Korupsi. Pusat Edukasi Antikorupsi. https://aclc.kpk.go.id/aksi-informasi/Eksplorasi/20230118-cara-mengatasidilema-integritas-agar-tidak-terjerat-korupsi

Anggita, E. D., Hoyyi, A., & Rusgiyono, A. (2019). Analisis Structural Equation Modelling Pendekatan Partial Least Square dan Pengelompokan dengan Finite Mixture PLS (FIMIX-PLS) (Studi Kasus: Kemiskinan Rumah Tangga di Indonesia 2017). Jurnal Gaussian , 8(1), 35–45. https://doi.org/https://doi.org/10.14710/j.gauss.8.1.35-45

Ardiani, S. (2019). Pengaruh Integritas Terhadap Akuntabilitas Pengelolaan Keuangan Dana Desa (Studi Kasus Di Kecamatan Rambutan Kabupaten Banyuasin). Jurnal Riset Terapan Akuntansi, 3(2), 159–170.

Ayem, S., & Kusumasari, K. F. (2020). Pengaruh Sistem Pengendalian Intern Pemerintah (SPIP) Terhadap Pencegahan Fraud dalam Pengelolaan Dana Desa dengan Akuntabilitas Sebagai Variabel Mediasi. Jurnal Ilmiah Akuntansi Dan Humanika, 10(2), 160–169.

BPK. (2022). Ikhtisar Hasil Pemeriksaan Semester II tahun 2022. Badan Pemeriksa Keuangan.

BPS. (2023). Produk Domestik Regional Bruto Provinsi-Provinsi di Indonesia Menurut Lapangan Usaha 2018 – 2022. Jakarta: Badan Pusat Statistik.

Darise, N. (2006). Pengelolaan Keuangan Daerah. PT. Indeks Jakarta.

Detik.com. (2019, July 29). Korupsi Penataan Kawasan, Eks Kadis Pariwisata Lombok Timur Dibui 2 Tahun. Detiknews. https://news.detik.com/berita/d-4643876/korupsi-penataan-kawasan-eks-kadis-pariwisata-lombok-timur-dibui-2-tahun

Detikcom. (2019, December 22). Gembosi APBD, Eks Bupati Simeulue Aceh Dihukum 4,5 Tahun Penjara. DetikNews. https://news.detik.com/berita/d-4832000/gembosi-apbd-eks-bupati-simeulue-aceh-dihukum-4-5-tahun-penjara

Ghozali, I., & Latan, H. (2015). Partial least squares: Konsep, teknik dan aplikasi menggunakan program SmartPLS 3.0 untuk penelitian empiris. Semarang: Badan Penerbit Universitas Diponegoro.

Ghozali, I. (2021). Partial least square: Menggunakan program SmartPLS 3.2.9 untuk penelitian empiris. Semarang: Badan Penerbit Universitas Diponegoro.

Hair, J. F., Ringle, C. M., & Sarstedt, M. (2011). PLS-SEM: Indeed a Silver Bullet. Journal of Marketing Theory and Practice, 19(2), 139–152. https://doi.org/10.2753/MTP1069-6679190202

Hair, J. F., Risher, J. J., Sarstedt, M., & Ringle, C. M. (2019). When to use and how to report the results of PLS-SEM. European Business Review, 31(1), 2–24. https://doi.org/10.1108/EBR-11-2018-0203

KPK. (2023, October 6). Statistik TPK Berdasarkan Wilayah. Komisi Pemberantasan Korupsi. https://www.kpk.go.id/id/statistik/penindakan/tpk-berdasarkan-wilayah

Kurniawan, G. (2013). Pengaruh moralitas, motivasi dan sistem pengendalian intern terhadap kecurangan laporan keuangan (Studi empiris pada SKPD di kota Solok). Jurnal Akuntansi, 1(3).

Labolo, M. (2017). Menutup Celah Korupsi Pemerintahan Daerah. Jurnal Ilmu Pemerintahan Widya Praja, 43(2), 93–110. https://doi.org/10.33701/jipwp.v43i2.50

Meier, G. M., & Baldwin, R. E. (1957). Economic Development: Theory, History, Policy. John Wiley & Sons, Inc. .

Muhyarsyah, M. (2008). Anggaran berbasis kinerja: implementasi pada penyusunan APBD (anggaran pendapatan dan belanja daerah). Jurnal Riset Akuntansi Dan Bisnis, 8(1), 63–86. https://doi.org/https://doi.org/10.30596/jrab.v8i1.446

Nazsir, N. (2003). Good Governance. Mediator: Jurnal Komunikasi, 4(1), 135–150. https://doi.org/https://doi.org/10.29313/mediator.v4i1.831

OECD. (2000). Trust in government: ethics measures in OECD (Organization for Economic Cooperation and Development) countries. Public Affairs and Communication Directorate.

Peraturan Pemerintah Republik Indonesia Nomor 8 Tahun 2006 tentang Pelaporan Keuangan dan Kinerja Instansi Pemerintah. (2006).

Rahmawati, R. (2023). Analisis Anggaran Pendapatan dan Belanja Daerah (APBD) Pada Pemerintah Daerah Kabupaten Berau. Jesya, 6(1), 794–803. https://doi.org/10.36778/jesya.v6i1.1019

Romadhon, V. (2022, February 14). Update Terkini Kasus Korupsi APBD Ratusan Juta Eks Camat Purbalingga. Detikjateng. https://www.detik.com/jateng/hukum-dan-kriminal/d-5941727/update-terkini-kasus-korupsi-apbd-ratusan-juta-eks-camat-purbalingga

Santoso, S. (2018). Konsep Dasar dan Aplikasi SEM dengan Amos 24. PT Elex Media Komputindo.

Saputra, A. (2019a, September 11). Hakim Roki dan Ketukan Palu Merampas Harta Bupati Korup Rp 30,5 Miliar. DetikNews. https://news.detik.com/berita/d-4701328/hakim-roki-dan-ketukan-palu-merampas-harta-bupati-korup-rp-30-5-miliar

Saputra, A. (2019b, September 11). Korupsi APBD DKI, PK Aktor Lawas Herman Felani Kandas. Detik.Com. https://news.detik.com/berita/d4701520/korupsi-apbd-dki-pk-aktor-lawas-herman-felani-kandas

Sarwono, J. (2010). Pengertian dasar structural equation modeling (SEM). Jurnal Ilmiah Manajemen Bisnis Ukrida, 10(3), 98528.

Setiadi, W. (2018). Korupsi di Indonesia (Penyebab, Bahaya, Hambatan dan Upaya Pemberantasan, serta Regulasi). Jurnal Legislasi Indonesia, 15(3), 249–262.

Setianingsih, B. (2015). Efektivitas Sistem Perencanaan Pembangunan Daerah (Simrenda) (Studi Pada Badan Perencanaan Pembangunan Daerah Kota Malang). Jurnal Administrasi Publik Mahasiswa Universitas Brawijaya, 3(11), 1930-1936–125.

Sukirno, S. (2006). Pengantar Teori Makro Ekonomi. PT. Raja Grafindo Persada.

Suryani, P. (2019). Pengaruh partisipasi publik, akuntabilitas, transparansi dan integritas terhadap kinerja keuangan kabupaten bengkulu tengah. Jurnal Fairness, 9(1), 33–44.

Transparency International. (2023). Corruption Perception Index 2022. Berlin (DE): Transparency International. https://www.transparency.org/en/cpi/2022

Undang-Undang Republik Indonesia Nomor 20 Tahun 2001 tentang Perubahan Atas Undang-Undang Nomor 31 Tahun 1999 tentang Pemberantasan Tindak Pidana Korupsi. (2001).

Undang-Undang Republik Indonesia Nomor 23 Tahun 2014 tentang Pemerintah Daerah. (2014).

Undang-Undang Republik Indonesia Nomor 9 Tahun 2015 tentang Perubahan Kedua Atas Undang-Undang Nomor 23 Tahun 2014 tentang Pemerintahan Daerah. (2015).

Widjaja, H. (2019). Otonomi Daerah dan Daerah Otonom. Rajawali Pers.