

Analysis of transparency and accountability in financial management (Case study at Don Bosco Foundation Manado)

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ABSTRACT

The purpose of this study is to examine the implementation of financial management transparency and accountability at the Don Bosco Foundation in Manado. This research uses a descriptive quantitative method, along with a qualitative approach to understand the perspectives and experiences of individuals or groups. The research instruments include questionnaires and interviews with ten informants. Data analysis involves both descriptive quantitative analysis and qualitative analysis using triangulation of interview data. The findings show that financial management transparency at the Don Bosco Foundation is rated as medium, meaning the foundation generally practices good transparency in policy-making for managing the educational institution. Financial management accountability is rated as high, indicating that the foundation's accountability practices are very strong. This demonstrates that the foundation is highly accountable in managing the public entity, earning trust from the community now and in the future. Overall, financial management at the Don Bosco Foundation is rated as high, showing that it is well-aligned with the Work Plan and Budget, and is properly managed and accounted for.

Keywords: accountability; financial management; transparency

JEL Classification: H83; M41

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1. Introduction

Recently, there has been a growing demand for transparency and public accountability from the community towards the trustees of both private and government-owned companies. The performance of these companies has come under scrutiny, especially with the rise of a more democratic approach to managing

public entities. People are now questioning the value and benefits they receive from public services provided by these institutions. As a result, trustees are expected to meet public expectations and follow applicable regulations. The public is becoming more critical and aware of their right to know about all processes and goals within these companies, including

the financial management of public institutions.

According to the World Bank, Good Corporate Governance (GCG) is a set of laws, regulations, and rules that must be followed to improve corporate performance, ensuring efficient use of resources to generate long-term, sustainable economic value for the company (Karunia & Surrahma, 2021). GCG includes several principles, such as transparency, accountability, responsibility, independence, and fairness, which can be applied to enhance corporate governance. The goal of implementing good corporate governance in foundations is to improve resource performance, making them efficient, effective, transparent, responsible, and free from corruption, collusion, and nepotism. Modern public companies need governance principles that meet current administrative and management demands. These principles are outlined in the Ministry of State-Owned Enterprises' Decree No. Kep.117/M-MBU/2002, dated August 1, 2002, which emphasizes the consistency and obligation of GCG practices in SOEs (Karunia & Surrahma, 2021).

The Don Bosco Manado Foundation is a public entity focused on managing schools that provide education from kindergarten to higher education. Its goal is to develop the nation's children through education and knowledge, while fostering faith and devotion to God, in line with the foundation's vision and mission: "Knowledge, Wisdom, and Brotherhood" or "Fides, Scientia, et Fraternity." To achieve this, the foundation works with the government, parents, and other stakeholders. This collaboration significantly contributes to the foundation's sustainability and the quality of education it offers. The government supports the foundation's operations through the School Operational Assistance (or called BOS), while parents contribute

through tuition fees and building donations. As part of its moral responsibility, the Don Bosco Manado Foundation is committed to being accountable to all its stakeholders, including the government, parents, and others.

Given the annual contributions from parents, the Don Bosco Manado Foundation must build trust with parents and other stakeholders through transparent and accountable reporting. The foundation is assumed to be a private-public entity involved in education, social, and religious activities. As a result, financial and managerial accountability is managed internally between the administrators (agents) and the trustees (principals). However, this approach does not align with the principles of GCG, particularly in terms of transparency and accountability, which are expected in the management of a well-run public organization.

2. Literature review

Agency theory

Agency theory is a concept developed to establish cooperation between two parties, defined by a contract between the company's owner, known as the principal, and the agent responsible for managing the company (Jensen & Meckling, 1976). This creates a separation of roles and interests between the principal and the agent within the company. The principal is the individual who invests capital in the company, while the agent is the person who works, takes responsibility, and provides information to the principal or capital owner of the company. The cooperative relationship between the principal and the agent is essential within the company. The findings from Simanungkalit et al. (2023) and Prang et al. (2024) indicate that agency conflicts arise when there is asymmetric information between the principal and the agent.

In this collaboration, the principal grants the agent managerial authority to make strategic decisions that benefit the company in order to achieve the optimal profit anticipated by the principal (Jensen & Meckling, 1976). However, conflicts of interest may arise between shareholders or investors and management, known as agency problems. This conflict occurs because each individual tends to prioritize their own interests in fulfilling their duties and authority. Agency conflicts can be minimized through monitoring procedures to align the interests of both shareholders and managers. Thus, the concept of corporate governance is introduced to mitigate such conflicts. The GCG is designed to reduce agency conflicts and costs, as well as to reassure shareholders about management's performance in managing the company (Pratama et al., 2020).

Transparency

The principle of transparency requires companies to provide material and relevant information in a manner that is accessible and understandable to stakeholders in the course of their business. Empirical evidence from Oktarina et al. (2023) and Kawatu et al. (2024) show that transparency emphasizes the accountability of managers to stakeholders. Companies should take the initiative to disclose matters mandated by regulations and laws to support stakeholders' decision-making. They must also ensure that information is timely, adequate, clear, accurate, comparable, and accessible to stakeholders in accordance with their rights (Karunia & Zurrahma, 2021). Transparency involves: (1) ensuring the highest quality in financial reporting and disclosure by adhering to accounting standards and best practices; (2) guaranteeing optimal evaluation processes and decision-making by commissioners and management through information technology and management-level

information systems; and (3) effectively managing risks to maximize the development of risk management within the company. The principle of transparency requires openness in every action, a readiness to receive criticism or feedback, and accountability, as demonstrated by its characteristics. According to Mardiasmo (2009), the characteristics of transparency include: (1) informativeness – providing a clear and accurate flow of information, news, and procedural data to stakeholders; (2) openness – granting everyone the right to access public information held by the company, ensuring that information is open and accessible to the public; and (3) disclosure – sharing activities and financial performance with the public (stakeholders), which may be mandatory or voluntary disclosure.

Transparency involves offering open, honest, and non-discriminatory financial information to the public, recognizing the public's right to know the accountability of company management according to applicable laws. Shafratunnisa (2015) identifies the following transparency indicators: (1) community-involved discussions; (2) clear access to information on planning and implementation; and (3) clear access to information on accountability. Andrianto (2007) adds further transparency indicators: (1) openness in budgeting, especially during the budget process; (2) public announcements of budget policies; (3) well-documented budgets with fiscal indicators; (4) access to actual spending information; (5) openness in the budget formulation process; and (6) public participation opportunities in budgeting processes.

Accountability

According to Astuti and Yulianto (2016), and Stefan et al. (2023), accountability is the obligation to provide an explanation or justification of

organizational performance to authorized individuals or entities entitled to receive information about actions taken. Shafratunnisa (2015) suggests that accountability can be measured using indicators such as: (1) achieving objectives in public sector financial management; (2) government involvement in public sector financial management; (3) oversight by an implementation team; and (4) accountability reports in public sector financial management. Krina (2003) identifies additional accountability indicators: (1) written decision-making processes that are available to the public, meet ethical standards and values, and align with proper administrative principles; (2) accuracy and completeness of information related to program goals; (3) clarity in communicating policy goals; (4) feasibility and consistency of operational targets and priorities; (5) dissemination of decisions via mass media; (6) public access to information on decisions after they are made, as well as grievance mechanisms; and (7) effective management information systems and monitoring results.

The principle or characteristic of accountability requires the company to responsibly and transparently report on its performance, defining roles and responsibilities for each corporate body and employee in alignment with the company's vision, mission, corporate values, and strategies. Companies must ensure effective internal controls in their management (Karunia & Zurrahma, 2021). Practical implementations of accountability include: (1) strengthening supervisory oversight by establishing an audit team; (2) establishing and authorizing internal audit functions as part of the company's strategic system; (3) creating policies for performance evaluation through adequate accounting information systems; (4) strengthening policies through rewards and sanctions; (5) maintaining an accountable management

system and resolving disputes; and (6) selecting external auditors with professional expertise in their field.

3. Research method

This study uses a descriptive quantitative method to explain phenomena using numerical or statistical data (Sugiyono, 2019). Data is collected through surveys, questionnaires, or other methods that provide numerical values, which are then analyzed to describe the characteristics or distribution of specific variables. Following Moleong (2017), the study also uses a qualitative approach to explore the meanings, perspectives, and experiences of individuals or groups in specific contexts. This method allows the researcher to interpret phenomena using various techniques. The descriptive quantitative approach collects data on transparency, accountability, and financial management through questionnaires, while the qualitative approach confirms findings from direct interviews with informants.

Qualitative data include explanations, descriptions, and statements from key informants, such as the main administrators of the Don Bosco Foundation (Chairman, Secretary, Treasurer), and additional informants from the heads of Don Bosco's kindergarten, elementary, and middle schools in Manado. Documentation, such as the Don Bosco Foundation's vision and mission, job descriptions for administrators, and actions of the interviewees, supplement these data. Quantitative data include numbers, such as the foundation's 2022 budget plan, financial reports, and informant questionnaire responses. Following Ibrahim (2018), the data in this study is collected from the Don Bosco Foundation in Manado through interviews with its administrators, along with supporting documents that provide relevant information and facts for the research topic.

4. Result and discussion

Financial management transparency

Table 1 shows that the transparency of financial management at the Don Bosco Foundation in Manado is determined based on several indicators:

1. provision of clear information about procedures;
2. provision of clear information about costs;

3. ease of access to information;
4. establishing a complaint mechanism for violations of regulations;
5. enhancing information flow through cooperation with mass media; and
6. enhancing information flow through collaboration with non-governmental organizations.

Table 1. Transparency indicator description

No	Indicator	Average	Category
1	Clear provision of information about the school fund management procedure	3.00	Moderate
2	Clear provision of information on sources of income and education expenses	2.95	Moderate
3	Ease of access to information	2.70	Moderate
4	Establishment of complaint and grievance handling mechanisms in case of regulation violations.	2.95	Moderate
5	Enhancing information flow and building partnerships with mass media.	2.95	Moderate
6	Updated and credible information data in line with developments in the education sector	3.10	High
Average		2,95	Moderate

Source: processed data, 2024

The results from the questionnaire distribution show a total score of 295, with a minimum score of 25, a maximum score of 36, and an average score of 29.5. The transparency level at Don Bosco Foundation Manado, as reported by all respondents, includes 30% (3 respondents) in the high category and 70% (7 respondents) in the moderate category. The average transparency score at Don Bosco Foundation Manado, obtained from data collection, is 29.9, categorized as moderate within the range of 20 to 30. To identify the scoring tendency, the average score is determined based on the highest score and the number of transparency instrument items, calculated as $4 \times 10 = 40$. Therefore, the transparency value at Don Bosco Foundation Manado is $29.5 / 40 = 0.738$ or 73.8%. Based on this data, transparency at Don Bosco Foundation Manado falls within the moderate

category, with an average score of 29.5 or achieving 73.8% of the expected value.

Each indicator of transparency in fund management received an average score of 2.95, classified as moderate. For example, the indicator related to the clear provision of information on school fund management procedures scored an average of 3.0, also in the moderate category. This suggests that the information provided by both the foundation and the schools under the Don Bosco Foundation is adequate and transparent, as confirmed by the interview results elaborating on each question indicator. In terms of financial management transparency, the total score obtained is 295, with a minimum score of 25, a maximum score of 36, and an average score of 29.5. Among all respondents, 30% (3 respondents) fall in the high category, and 70% (7 respondents) fall in the moderate category. The mean transparency score of 29.9,

derived from the data collected, falls into the moderate category within the range of 20 to 30. Each question indicator related to financial management transparency averaged a score of 2.95 in the moderate category.

- **Provision of clear and detailed financial management information.** Each educational institution should provide transparent and detailed information on fund management procedures, including fund reception, allocation, use, and reporting. By offering clear information, all stakeholders—including school staff, students, and parents—can understand how funds are managed, ensuring that fund management is conducted in an accountable and compliant manner.
- **Transparent explanation of income sources and educational fund allocation.** Educational institutions need to transparently explain sources of income, whether from government funds, donations, or student fees. Information on how these funds are allocated to various educational needs should also be available. Transparency in this area is vital to ensure that all parties understand the origin and utilization of funds, and to prevent misuse or misunderstandings related to funding sources.
- **Ease of access to information.** Accessibility of information is key to ensuring transparency in educational fund management. Institutions should make information easily accessible to all stakeholders. This can be done through various channels, such as the school's website, bulletin boards, or regularly published financial reports. With this ease of access, all parties can quickly obtain the information they need without barriers.
- **Clear complaint mechanisms.** To maintain integrity in financial management, educational institutions

should have a clear and transparent mechanism for handling complaints and grievances. If there is any indication of regulation violations, this mechanism should allow the public to report such issues safely and effectively. A robust complaint-handling system will strengthen accountability and ensure that any arising issues can be resolved swiftly and appropriately.

- **Partnership with mass media.** Collaboration with mass media can help educational institutions enhance the information flow to the public. The media plays an essential role in disseminating information widely and quickly, ensuring that the public receives accurate news and information about educational fund management. Additionally, this collaboration can help build a positive image for educational institutions and strengthen public trust.
- **Updated and credible data.** Educational foundations must ensure that the data and information managed are always updated and credible. This information should reflect the latest developments in the education sector, including policies, curricula, and operational needs. Accurate and current data is crucial to support sound decision-making and to enable foundations to adapt to changes and challenges within the education sector.

Financial management accountability

Accountability in financial management consists of several indicators (1) decision-making processes documented in writing according to standards; (2) operational target feasibility and appropriateness; (3) ethical compliance in all decisions, adhering to proper administrative principles; (4) program alignment with managerial governance principles; (5) completeness of information related to program objectives;

(6) clarity of policy objectives; (7) information dissemination about decisions through mass media; (8) public access to

information post-decision; and (9) an accountable management information system.

Table 2. Accountability indicators

No	Indicator	Average	Category
1	Documented decision-making processes according to standards	3.50	High
2	Appropriateness of operational targets	3.55	High
3	Ethical compliance in all decisions, adhering to proper administrative principles	3.50	High
4	Program alignment with managerial governance principles.	3.40	High
5	Completeness of information related to program objectives.	3.60	High
6	Clarity of policy objectives	3.40	High
7	Information dissemination about decisions through mass media	3.50	High
8	Public access to information post-decision	3.20	High
9	An accountable management information system	3.70	High
Average		3.48	High

Source: process data, 2024

Based on the survey results, the total accountability score was 417, with a minimum score of 35, a maximum score of 45, and an average score of 45. The accountability survey results show that 20% of the respondents (2 respondents) fall into the medium category, while 80% (8 respondents) fall into the high category. The average transparency score collected through data, is 41.7, which is categorized as high. To identify the average score trend, the highest score and the total number of accountability instrument items ($4 \times 12 = 48$) were used. Therefore, the accountability score achieved is 41.7 out of 48, or 0.869, which equals 86.9%. Based on this data, it can be concluded that the accountability is high, with an average score of 41.7 within the range of 36 to 48, or achieving 86.9% of the target.

In terms of financial management accountability, a total score of 417 was achieved, with a minimum score of 35, a maximum score of 45, and an average score of 45. The accountability survey results show that 20% of respondents (2 out of the total respondents) fall into the medium category, and 80% (8 respondents) fall into the high category. The average transparency score is 41.7, categorized as high. The tendency score

for the average was identified based on the highest score and the total accountability instrument items ($4 \times 12 = 48$). Thus, the accountability score is 41.7 out of 48 or 86.9%. Based on this data, there is a high level of accountability, with an average score of 41.7 within the range of 36 to 48 or achieving 86.9% of the target. Furthermore, the financial management accountability achieved an average score of 3.48, classified as high.

The decision-making process within the organization should be documented in writing in accordance with the applicable standards. This ensures that every decision can be traced, held accountable, and accessed if needed. Written documentation also helps maintain consistency and adherence to established procedures, minimizing the risk of errors or misuse in decision-making. Each decision must be based on the feasibility of the established operational targets, meaning that decisions should support the organization's goals effectively and efficiently. Operational target feasibility includes assessments of relevance, attainability, and impact on the organization's mission as a whole. Decisions made must comply with applicable ethical standards and align with sound administrative principles,

encompassing integrity, transparency, fairness, and responsibility in the decision-making process. By adhering to ethical standards, the organization can maintain its reputation and public trust, ensuring decisions are made in the interest of all involved parties.

Programs carried out by the organization must align with principles of sound managerial governance. This includes transparent, accountable, and results-oriented management. Such alignment ensures that implemented programs support the organization's strategic goals sustainably and efficiently. The information used to achieve program objectives must be complete and relevant, including data, analysis, and guidelines necessary for proper planning, implementation, and program evaluation. Complete information ensures that all decisions made in program execution are based on accurate data and careful consideration.

The objectives of any policies or decisions made must be clearly defined. This clarity is essential to ensure that all involved parties understand the intended goals and can work together to achieve them. Clear objectives also facilitate performance measurement and evaluation, as well as effective communication of results to stakeholders. Once a decision has been made, it is important to disseminate information about the decision through mass media. This helps ensure that the public and all relevant stakeholders are informed about the decision and the reasons behind it. Sharing information through mass media also enhances transparency and helps build public trust in the decision-making process.

The public should be given sufficient access to information regarding the decision after it has been made. This access enables the public to understand the decision's impact and provide feedback if needed. Good public access is also a sign of transparency and accountability in

organizational management. An effective management information system is essential to support a sound decision-making process. This system should be able to manage data and information efficiently, provide accurate and timely information, and facilitate smooth communication between different parts of the organization. With an effective management information system, the organization can improve its performance and responsiveness to changes and challenges.

5. Conclusion

The transparency of financial management at Don Bosco Manado Foundation falls into the moderate category. This indicates that the transparency principles implemented by the foundation and the school are generally good. Thus, the Don Bosco Manado Foundation is reasonably transparent in formulating policies to manage a public entity or educational foundation. The financial management accountability of the Don Bosco Manado Foundation is categorized as high. This reflects that the accountability principles implemented by the foundation and the school are very well established. Therefore, the Don Bosco Manado Foundation is highly accountable in making policies to manage a public entity professionally and in a manner that is trustworthy for the wider community, both now and in the future. The financial management at the Don Bosco Manado Foundation is also rated as high. This shows that financial management is generally very good and aligns with the School Work and Budget Plan that has been developed and accounted for.

The results of the research on transparency and accountability in financial management at Don Bosco Manado Foundation, as a whole, fall into the good category. Some recommendations include providing clear and accurate information to the public about the

education provided under the Don Bosco Manado Foundation. All parties involved in education should strive to be transparent and accountable. As a unified entity, Don Bosco Foundation and schools should continue to collaborate with mass media to publish public policies regarding the transparency and accountability of financial management at the Don Bosco Manado Foundation, and provide accountability for the outcomes of educational programs to all relevant stakeholders.

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