ROLE OF FINANCIAL INFORMATION SYSTEMS IN RELATION PARTICIPATION BUDGET AND ADEQUACY OF BUDGET AGAINST BUDGETARY SLACK

(Studies in Local Government In Minahasa)

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ABSTRACT

This study looked at the local government budget is a social reality that is compiled with the social interaction between the various parties. Therefore, in general, this study aims to uncover the influence of the social elements of the interaction between the various parties to the budgetary slack in government agencies Minahasa North Sulawesi province of Indonesia. This research is an empirical study using explanatory survey that tested the hypothesis by exploring questions about the investigation of the influence between variables using a variable as intervening. The population in this study are the leaders and elements of civil servants involved in the preparation of local budgets in 14 offices in Minahasa regency consisting of: Head / Deputy Head of Department, Head of Division, Chief, Section Chief, and added staff who participated in the preparation budget. By using a non-probability sample design with purposive sampling category, obtained samples were 112 elected leaders and staff involved in the preparation of local budgets. The questionnaire collected eligible data is to be processed were 108 respondents, with a response rate Usable rate of 96.42%. The findings were obtained as follows: 1) the higher the participation given to subordinates to be involved in the preparation of the budget, then subordinates tend to try to make the budget they set easily reached, one way in which the budget is to loosen or create slack on the budget. 2) occurs budget use of poorly controlled resulting in slack between budgeted or planned to use. 3) The financial information system so that it becomes less obvious confusion spawned financial management budgetary slack. 4) Participation budgeting determine positively to the financial information system. 5) getting an adequate amount of the budget available, the better the ability to access a variety of financial information needs obtained superiors in decision-making. 6) The system of financial information between the variable region is very strategic in reducing the budgetary slack due to the effect of budget participation and adequacy of the budget.

Keywords: budgetary slack, budgetary participation, budget adequacy, financial information systems area

INTRODUCTION

Participation preparation of budgeting is a process that describes the individuals involved in the preparation of the budget and have an influence on the budget targets and the need appreciation for the achievement of the budget. Subordinates are given the opportunity to provide input in the form of information in its possession to the boss so that employers will gain a better understanding of the knowledge that is relevant to the task (task relevant knowledge).

Many determinants of the budgetary slack in the public sector, among other budgetary participation and adequacy of the budget. According Utomo in Bawono (2006) points when the participation of the budget is not executed properly can encourage subordinates / executors of the budget do the budget gap. Furthermore, it is stated that the adequacy of the budget will determine the budgetary slack, the availability of sufficient budget will be smaller the budgetary slack, and vice versa. This has negative implications of such misallocation of resources and bias in the evaluation of performance accountability units subordinate to them (Dunk and Nouri, 1998 in Webb, 2002). The Hilton in Herman (2003) states three main reasons managers do budgetary slack: (a) those who have always believed that the results of their work will look good in the eyes of superiors if they can reach the budget; (B) budgetary slack is always used to treat conditions of uncertainty, if there are unexpected events, which occurred the manager can achieve budget; (C) the budget plan is always cut in the process of allocation of resources.

Dunk and Nouri, (1998) in Webb, (2002) stated that the participation of the budget assessed as having consequences of the attitudes and behavior of members of the organization and participation if the budget is not executed properly can encourage subordinates/executors of the budget perform budgetary slack. It gives directions that the budget participation tends to have a negative impact on budgetary slack. This occurred in the relationship between the adequacy of the budgets of the budgetary slack.

Furthermore Fisher, Frederickson and Peffer (2002) found that the budgetary slack will be greater under conditions of asymmetric information. Asymmetric information also encourages subordinates / executors of the budget make budgetary slack. So it can be said that the asymmetric information is a trigger (antecedent) budgetary slack. It gives directions that the system of financial information included is not clear asymmetric received both superiors to subordinates and vice versa will have a negative impact on the budgetary slack. In this condition whether the information system as described earlier if it becomes intervening in the relationship between budgetary participation and budgetary slack adequacy of the budget to whether to increase or decrease the negative relationship occurred. This is what will be revealed in this study.

This study looked at the local government budget is a social reality that is compiled with the social interaction between the various parties. Therefore, in general, this study aims to reveal the influence of the elements of the interaction of social between the various parties, such as budgeting participation, the adequacy of the budget and financial information systems to the budgetary slack The study also aims to reveal whether the elements of regional financial information system will strengthen or precisely to weaken ties between budgetary participation and adequacy of the budget with budgetary slack. To unravel this problem by taking a case study conducted by government agencies Minahasa North Sulawesi province of Indonesia.

Relevant literature review and hypothesis development

1. Effect of Budget Participation on budgetary slack

Antle and Eppen (1985) in Latuheru (2006) which states that participation would create budgetary slack. The argument put forward is that the higher the participation given to subordinates, the subordinates are likely trying to get the budget they set easily reached, one way in which the budget is to loosen or create slack. This was confirmed by the results of research conducted Dunk (1993), showed that participation in budget preparation can reduce budgetary slack. This happens because subordinates helps provide personal information about future prospects so that the budget is prepared to be more accurate.

Some researchers also believe that the budgetary participation and budgetary slack have a negative relationship, the higher the participation in the budget, the smaller the budgetary slack. Onsi (1973) in Budiman (2008) suggested that budgetary slack downhill since participation leads to positive communication. Merchant (1985) in Suhartono 2008 supports the statement.

Indeed, the agency theory and some studies in accounting shows that the subordinates have more accurate information about local conditions than their boss (Merchant, 1981; Chow et al, 1988; Waller, 1988). With the participation in budgeting, subordinates will provide information about the level of resources adequate budget, so if subordinates were involved in the preparation of the budget, it is expected that budgetary slack that might occur would be on the wane.

On the basis of the above conception, the hypothesis formulated in this study are: H1: Participation budget negatively affects budgetary slack.

2. Effect Against Budget Adequacy budgetary slack.

Research conducted by Ikhsan and Ane (2007) suggests that the interaction between budgetary participation and budget sufficient influence on budgetary slack, and the adequacy of the budget is pure moderating variables. These results indicate that the adequacy of the budget is not the only factor the onset of budgetary slack. Furthermore, it is stated that the interaction between budgetary participation and budget sufficient influence on budgetary slack. However, the research results Ikhsan and Ane (2007) tend to show a positive relationship between the adequacy of the budget by the budgetary slack, because there is interaction between the adequacy of the budget with the participation of the budget. Therefore, the adequacy of the budget may determine budgetary slack negatively or positively. the adequacy of the budget can specify a negative budgetary slack when the state budget amount lacking or excessive, because if it is inadequate then the use of the budget so that the mismatch between expectations could the budgetary slack.

On the basis of the above conception, the hypothesis formulated in this study are:

H2: the adequacy of the budget negatively affects budgetary slack.

3. Effect of Openness Financial information Influential Against budgetary slack

Relationships of financial information systems to the budgetary slack it could happen either positive or negative. The occurrence of a positive relationship when financial information systems, either in the form of accounting information, financial provisions imposed, and other financial information that is considered to be clear, it is not likely to give birth to budgetary slack. However, a negative effect if the required financial information system lacks clarity.

According Kulesza et. al., (2011), that the accounting information management required in the process of managerial decision making. Timeliness in management accounting information is needed by the organization's members to develop strategies in achieving the objectives of the organization, so the possibility of the occurrence of errors in the future to be very small. This means that if the timeliness of management accounting information is needed by the organization's members are less obvious possibility of slack use of funds will occur.

The findings were made by Nazaruddin (1998), also stated that the high level of availability of management accounting information in an organization, managerial performance will be optimal. In contrast to the low level of availability of management accounting information in an organization, managerial performance is less than optimal, resulting in the occurrence of slack use of the budget. This means that the low level of availability of accounting information systems lead to budgetary slack.

On the basis of the above conception, the hypothesis formulated in this study are:

H3: regional financial information system negatively affect budgetary slack.

4. Effect of Participation Budgets and Budget Sufficiency of the budgetary slack Through Regional Financial Information System.

Dunk (1993), showed that participation in budget preparation can reduce budgetary slack. This happens because subordinates helps provide personal information about future prospects so that the budget is prepared to be more accurate. The findings of this conception and give directions that the system information received good budget manager of information systems in general and financial information system will strengthen the relationship of budget participation with budgetary slack. With the participation in budgeting, subordinates will provide information about the level of resources adequate budget, so if subordinates were involved in the preparation of the budget, it is expected that budgetary slack that might occur would be on the wane.

The findings were made by Ikhsan and Ane (2007) suggests that the interaction between budgetary participation and budget sufficient influence on budgetary slack, and the adequacy of the budget is pure moderating variables. These results indicate that the adequacy of the budget is not the only factor the onset of budgetary slack. Furthermore, it is stated that the interaction between budgetary participation and budget sufficient influence on budgetary slack. However, the research results Ikhsan and Ane (2007) tend to show a positive relationship between the adequacy of the budget by the budgetary slack, because there is interaction between the adequacy of the budget with the participation of the budget. The results provide the direction that the interaction between budgetary participation and budget will determine the adequacy of budgetary slack. This interaction will be stronger if the application of the system of financial information clear and sufficient. This is explained by the Merchant, (1981), Chow et al, (1988); and Waller, (1988), in line stating that the agency theory and some studies in accounting shows that the subordinates have more accurate information about local conditions than their superiors. On that basis, it can be stated that the financial information system can determine the interactive relationship between budgetary participation and budgetary slack against the budget adequacy.

On the basis of the above conception, the hypothesis formulated in this study are:

H4: financial information systems plays strengthen the relationship between budgetary participation and budgetary slack.

H5: Financial information systems plays strengthen the relationship between the adequacy of the budget by the budgetary slack.

RESEARCH METHODS

This research is an empirical study using explanatory survey that tested the hypothesis by exploring questions about the investigation of the influence between variables using two exogenous variables, one variable as intervening, as well as an endogenous variable. This study uses a quantitative research model, with a correlational design, as seen in the image as seen in the figure, below:

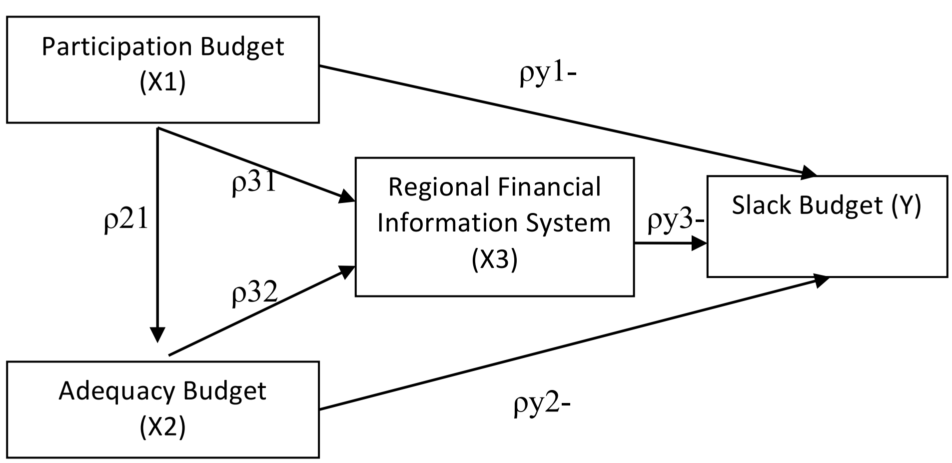

Figure 1
Conceptual Framework

Variables studied the indicators of measurement as follows:

1. Participation budget (X1)

Participation budget, is the participation of the leadership in preparing the budget and influential in determining achievement of objectives in the central budget accountability. This variable is measured with a questionnaire consisting of six indicators, compiled by Milani (1975). These instruments have been modified adjusted to the level of the statements made. The answer to this statement is designed using five Likert scale models with alternative answers as follows: 1 (strongly disagree), 2 (disagree), 3 (neutral), 4 (agree), 5 (strongly agree). Increasingly disagree meaningful participation is very low budget, the agreed means of budget participation is very high. Scale of one (1) participation is very low budget, scale of five (5) participation is very high budget. This instrument has also been used by researchers Mia (1989), Dunk (1990), Indrianto (2000), Mustikawati (1999), RJ (1999), Supriyono (2004). Budget Participation size indicator is:

a. Involvement in the preparation of policy direction and implementation unit activity,
b. Involvement in the determination of the methods and implementation strategies,
c. Involvement in the determination of priorities and budget advocacy,
d. Involvement in goal setting and budget goal clarity which it is responsible,
e. Involvement in the budgeting process until the final budget.
f. Contributions in the budgeting process.

2. Adequacy of the budget (X2)

The adequacy of the budget, is the individual believes that sufficient budget resources to carry out his duties. The adequacy of the budged measured by six items indicators developed by Nouri and Parker (1998). Scale response using a five-point Likert scale ranging from 1 (strongly disagree), 2 (disagree), 3 (neutral), 4 (agree), 5 (strongly agree). Increasingly disagree with the statement score lower, meaning low-budget sufficiency rate, the more agree with the statement score higher, means the adequacy of the higher budget. Scale of one (1) adequacy of the budget is extremely low, five (5) the adequacy of the budget is very high.

3. The financial information systems (X3)

The Financial Information System, is the implementation of the decision-making process of the local government officials were involved in reconstructing and reestablishing Regional Financial Information System in accordance with the conditions of their respective regions. The indicators used to measure the implementation of the regional financial information system are: 1) Implementation of decentralized decision-making; 2) The involvement of leadership in designing a new system that could accept the implementation of a new system; 3) The demands of the public about the transparency and accountability of public sector institutions in the area of financial management; 4) Implementation of a regional financial information system that can meet the expectations of financial management; and 5) the ability to adapt employees in assisting the receipt of implementing the new system. The indicators used to measure the area of financial information system implementation are:

a. Implementation of decentralized decision-making;
b. Management engagement in designing a new system that could accept the implementation of a new system;
c. The demands of the community about the transparency and accountability of public sector institutions in the area of financial management;
d. Implementation of a regional financial information system that can meet the expectations of financial management;
e. The adaptability of employees in helping the receipt of a new system implementation;
f. Changes in the work environment so that the system implementation process is acceptable;
g. Behavior in the success of the implementation of a system.

4. budgetary slack (Y)

Budget slack, an act of subordinate discouraging productive capacity when subordinates are given the opportunity to determine the standard of performance. Determining the size of the budgetary slack refers to research conducted Nouri and Parker (1986) Cronbach alpha of 0.75 using the assumption that the budgetary slack and propensity to create budgetary slack managers are closely related (highly correlated). Items questions used in the measurement of budgetary slack using instruments developed by Dunk (1993) with six indicators, and other researchers have used such Nouri and Parker (1996), Govindarajan (1986) and Merchant (1985). This variable is measured qualitatively to determine the individual's perception of the tendency to create budgetary slack. Indicators measure the budgetary slack:
a. The standards used in the budget,
b. Budget plans work unit
c. The budget gap for each unit of work,
d. The limited amount of the budget provided,
e. The target budget, and
f. Goals outlined in the budget.

The population in this study are the leaders and elements of civil servants involved in the preparation of local budgets in 14 offices in Minahasa regency consisting of: Head/Deputy Head of Department, Head of Division, Chief, Section Chief, and added staff who participated in the preparation budget amounted to 196 people. By using a non-probability sample design with purposive sampling category, obtained samples were 112 elected leaders and staff involved in the preparation of local budgets.

RESEARCH RESULT

1. Testing Validity and Reliability

To get the data quality of the instruments used, then before the instrument can be used to collect the data, tested the validity and reliability of the instrument. To test the validity of an instrument can be done by testing the validity of its construction. Measurement validity of the construction can be done by correlating each item score measuring instrument with a total score with the total score is positive and its magnitude

≥ 0.30 (Sugiyono, 2008). To test the validity of an instrument can be done by testing the validity of its construction. Measurement validity of the construction can be done by correlating each item score measuring instruments with a total score of the Positive and magnitude ≥ 0.30 (Sugiyono, 2008). Based on the results of testing the validity of the instruments used in this study are presented in Table 1 below.

Table 1. Results of Test Validity

Variable	**Constructs**	**Correlation Coefficient**	**P-value**	**Description**
Budget Participation (PA)	PA1	0.877^{**}	0.001	valid
	PA2	0.877^{***}	0.001	valid
	PA3	0.769^{***}	0.009	valid
	PA4	0.527^{*}	0.101	Repaired
	PA5	0.943^{***}	0.000	valid
	PA6	0.805^{***}	0.005	valid
Adequacy of the budget (KA)	KA1	0.928^{***}	0.000	valid
	KA2	0.514^{*}	0.108	Repaired
	KA3	0.963^{***}	0.000	valid
	KA4	0.622^{**}	0.055	valid
	KA5	0.767^{***}	0.010	valid
	KA6	0.823^{***}	0.003	valid
The financial information systems (SIK)	SIK1	0.954^{**}		valid
	SIK2	0.911^{**}	0.000	valid
	SIK3	0.937^{**}	0.000	valid
	SIK4	0.949^{**}	0.000	valid
	SIK5	0.887^{**}	0.001	valid
	SIK6	0.858^{**}	0.002	valid
	SIK7	0.901^{**}	0.000	valid
Budgetary Slack (SA)	SA1	0.928^{**}	0.000	valid
	SA2	0.768^{**}	0.010	valid
	SA3	0.830^{**}	0.000	valid
	SA4	0.906^{**}	0.000	valid
	SA5	0.971^{**}	0.000	valid
	SA6	0.834^{**}	0.003	valid

Description: *** Valid at α = 0:01; ** Valid at α = 0:05; * Valid at α = 0.01
Sources: Primary data is processed, 2015

Validity test results showed that all the items on each of the variables significant at $p \leq 0.05$, but there is one (1) item on the budget participation variable is not significant is item 4, as well as on the adequacy of the budget there is a variable one (1) item that is not significant namely item 2, while in the variable financial information systems and budgetary slack all items are very valid. But according Sugiyono, (2008), that an item is declared valid if the correlation of each item score measuring instrument with the total score is positive with magnitude ≥ 0.30. Referring to the Sugiyono substantially all of the items on the four variables qualify the validity of the study. However, in order to obtain the level of validity of the items were higher then those items which are not valid yet qualify validity will be improved so as to qualify high to capture data.

While reliability testing can be done in two ways, namely, repeated measurements (repeated measure) and a measurement only once (one shot). This study used a one-shot measurement. Measurements one shot done by trying out the instrument once and then the data were analyzed with specific techniques. The technique used to test the reliability of the instrument in this study is the technique of Cronbach Alpha (α). A construct or variable said to be reliable if the Cronbach Alpha value is greater than 0.60 (Ghozali, 2006).

Based on the results of testing the reliability of the instruments used in this study are presented in Table 2 below.

Table 2. Results of Test Reliability

Reliability Test Results Variable Data	Total of items	Cronbach alpha	**Description**
Budget Participation	6	0,800	Reliable
Adequacy of the Budget	6	0,795	Reliable
The financial Information Systems	7	0,807	Reliable
Budgetary Slack	6	0,811	Reliable

Sources: Primary data is processed, 2016

Reliability testing results indicate that the constructs of the three variables in this study reliability values > 0.60 and are considered reliable. Contrary to the data table 2 and the criteria used can be stated that the instrument to a variable budget Participation, the adequacy of budgets, financial information systems and budgetary slack is eligible reliability. Thus the four variables instrument is excellent for capturing research data.

One that is mandatory for the use of parametric statistical analysis tools, as used in this study is to test the assumption of normality of the data being analyzed. Normality test aims to test whether the normal distribution of data variable or not. Data that is good is to have a data distribution normal or nearly normal. Detection of normality in this study using the Z test of Kolmogorov-Smirnov, the test criteria that is otherwise normal distribution of data when the Z value calculation result is smaller than the specified α, in this study $\alpha = 0.05$. The test results were obtained for all variables obtained:

Table 3: Normality Test Data

		PA	KA	SIK	SA
N		108	108	108	108
Normal Parameters[a]	Mean	25.0000	24.1389	25.3333	22.7037
	Std. Deviation	2.73434	3.05849	4.18274	4.83032
Most Extreme Differences	Absolute	.138	.145	.220	.314
	Positive	.138	.144	.167	.314
	Negative	-.132	-.145	-.220	-.183
Kolmogorov-Smirnov Z		1.435	1.509	2.282	3.263
Asymp. Sig. (2-tailed)		.032	.021	.000	.000
a. Test distribution is Normal.		Normal	Normal	Normal	Normal

According to criteria of the test, all the Z value calculation result is smaller than α which is determined, ie, α = 0.05. On that basis it can be stated that the data for the variables Participation Budget (PA), Budget Sufficiency (KA), Financial Information System (SIK), and the budgetary slack (SA) have a tendency to normal distribution so it is worth using further parametric analysis.

2. Testing Multicolinearity

Multicolinearity testing is a condition that describes a perfect linear relationship or certainly among some or all of the independent variables of the model studied (Damodar, 1995). Multicolinearity will lead to the regression coefficient is uncertain or cause errors by default becomes infinitely causing bias specification. Hair et al (1995) offers a way to determine whether there is multicolinearity, namely by looking at the value of the tolerance value Variance Inflation Factor (VIF). If the value of VIF <10 and a tolerance value approaching one, this show did not happen multicolinearity. Summary of test results can be seen in Table 3 below.

Table 3. Linear Regression Analysis and VIF

hypothesis	Regression equations	Value VIF	Conclusion
H1	SA = 62.079 - 1.575PA	1,000	Did not happen multicolinier
H2	SA = 62.079 - 1.575KA	1,000	Did not happen multicolinier
H3	SA = 48.799 - 1.030SIK	1,000	Did not happen multicolinier
H4	SIK = -8.354 + 1.347PA	1,000	Did not happen multicolinier

H5	SIK = -1.460 + 1.110KA	1,000	Did not happen multicolinier

From the results of the data in Table 3 it can be said that the regression model has met the multicollinearity assumption, because the limit of tolerance VIF research does not exceed a value of 10 (VIF <10) and even two independent variables in the model of the first and second VIF is at number 1, so it can be concluded that there is no multicollinearity between independent variables in the regression model.

3. Testing Heteroscedasticity

One of the other assumptions in the regression model is viewed heteroscedasticity influence of each variable, whose relationship with the independent variable residual must not show any significant correlation. To test the effect of heteroscedasticity in this study, using the testing of P-Plot or scater plot. If the observation points are on the line of regression. then this indicates no occurrence heteroscedasticity among the variables studied. The test results heteroscedasticity for 6 (six) hypothesis can be seen in Figure scater plot. SPSS output results show that all the data variables studied, where observation points are on the line of regression. Therefore, the relationship with the independent variable residual showed no significant relationship, thus it can be said that the regression model has met assuming no heteroscedasticity.

4. Testing Autocorrelation

Test autocorrelation symptoms to see the results of the analysis using the Durbin Watson. If the value of D-W below -2 means there is a negative autocorrelation, otherwise if the value of D-W above -2 means there is a negative autocorrelation. If the D-W is between -2 to +2, meaning no autocorrelation (Santoso, 2001).

Table 4. Linear Regression Analysis and Value DW

hypothesis	Regression equations	Value DW	Conclusion
H1	SA = 62.079 - 1.575PA	1.422	Not autocorrelation
H2	SA = 62.079 - 1.575KA	1.342	Not autocorrelation
H3	SA = 48.799 - 1.030SIK	1.463	Not autocorrelation
H4	KA = 1,881 + 0,75PA	1.554	Not autocorrelation
H5	SIK = -8.354 + 1.347PA	1.649	Not autocorrelation
H6	SIK = -1.460 +	1.450	Not autocorrelation

	1.110KA		

Based on the data according to Table 4 in this study produces the numbers Durbin Watson (D-W) whose value is between -2 to 2, which means that there were no autocorrelation between variables negatively or positively.

4. Path Coefficient Calculation

4.1. Relationship Model Path Between Variable On Substructure-1

Model relationships between variables in the substructure-1 consists of a variable endogenous nature of variable effect, namely: Adequacy Budget (KA), while the other is a variable exogenous nature variable causes, namely: Participation Budget (PA), as well as a variable residue that is e1. Based on this, the model-1 pathway in the substructure, The amount of overall R231,32 determinant coefficient of 0.839. The magnitude of the coefficient determinant of external variables in the equation substructure e1-1 can be calculated by a formula ei =, so e1 = = √0,474 = 0.688. On the basis of this calculation, the causal empirical framework KA variables, PA, against SIKD on Substructure-1, as follows:

KA = 0,725PA + 0,688e1

The results of these calculations, indicating that the path coefficient Participation Budget (PA) against the Budget Sufficiency (KA) is significant or H0.

4.2. Relationship Model Path Between Variable On Substructure-2

Model relationships between variables in the substructure-2 consists of one variable endogenous nature of variable effect, namely: Regional Financial Information System (SIK), while others are two variables exogenous nature variable causes, namely: Participation Budget (PA) and the adequacy of the Budget (KA), as well as a variable residue that is e2. Based on this, the model-2 pathway in the substructure, the overall magnitude of the coefficient of determination of 0.839 R231,32. The magnitude of the coefficient determinant of external variables in the equation e2 substructure-1 can be calculated by a formula ei =, so e2 = = √0,161 = 0.401. On the basis of this calculation, the causal empirical framework KA variables, PA, against the substructure SIK-2, as follows:

SIK = 0,617PA + 0,364SA + 0,401e2

The results of these calculations, indicating that the path coefficient PA against SIK is significant or H0, as well as the PA against SIK path coefficient is significant or H0.

4.3. Relationship Model Path Between Variable On Substructure-3

Chart model of the relationship between variables in the substructure-3 is a causal relationship empirical variables PA, KA and SIK against Y. causal relationships between variables in the substructure-3, consists of three exogenous variables, namely the Participation Budget (PA), Budget Sufficiency (PA), Financial Information system (HIS), as well as an endogenous variable, namely budgetary slack (SA). On the basis of this calculation, the causal empirical framework variable PA, KA, SIK against SA in the substructure-3, as follows:

SA = -0,462PA - 0,222KA - 0,305SIK + 0,371e3

These results, indicating that the path coefficient Participation Budget (PA) against the budgetary slack (SA) is significant or H0 is rejected, but the effects are negative, as well as the path coefficient Adequacy Budget (KA) to the budgetary slack (SA) is significant or H0, but also a negative influence. While the path coefficient Financial Information System (SIK) to the budgetary slack (SA) also is significant or H0.

RESEARCH FINDINGS

1. Effect of Budget Participation Against budgetary slack

The results showed that the Budget Participation negatively affect budgetary slack. The results of this study meant that the increase in participation element of the Budget will reduce budgetary slack. The results of this study confirms what Antle and Eppen (1985) in Latuheru (2006) which states that participation would create budgetary slack. The argument put forward is that the higher the participation given to subordinates, the subordinates are likely trying to get the budget they set easily reached, one way in which the budget is to loosen or create slack. This was confirmed by the results of research conducted Dunk (1993), showed that participation in budget preparation can reduce budgetary slack. This happens because subordinates helps provide personal information about future prospects so that the budget is prepared to be more accurate.

Some researchers also believe that the budgetary participation and budgetary slack have a negative relationship, the higher the participation in the budget, the smaller the budgetary slack. Onsi (1973) in Budiman (2008) suggested that budgetary slack downhill since participation leads to positive communication. Merchant (1985) in Suhartono 2008 supports the statement. Indeed, the agency theory and some studies in accounting shows that the subordinates have more accurate information about local conditions than their boss (Merchant, 1981; Chow et al, 1988; Waller, 1988). With the participation in budgeting, subordinates will provide information about the level of resources adequate budget, so if subordinates were involved in the preparation of the budget, it is expected that budgetary slack is going to happen is to be on the wane.

On the basis of the findings of the study directs that: the higher the participation of the budget will be less likelihood of budgetary slack. Therefore, more and more participation of the budget in the form of: 1) Involvement in the preparation of direction and policy implementation unit activity, 2) involvement in the determination of the methods and strategies for implementation, 3) Involvement in the determination of priorities and budget advocacy, 4) involvement in goal setting and goal clarity budget which it is responsible, 5) involvement in the budgeting process to the final budget, and 6) Contributions in the budgeting process, the less the individual perception of the tendency to create budgetary slack.

2. Effect of Against Budget Adequacy Against budgetary slack.

Results of the study showed that the adequacy of the budget lines negatively affect budgetary slack. This means that the increase in the budget will reduce the adequacy element of budgetary slack. It is very logical, because when financial conditions are adequate, then the possibility of slack (slack) to the use of the budget will be smaller, and vice versa.

Research conducted by Ikhsan and Ane (2007) suggests that the interaction between budgetary participation and budget sufficient influence on budgetary slack, and the adequacy of the budget is pure moderating variables. These results indicate that the adequacy of the budget is not the only factor the onset of budgetary slack. Furthermore, it is stated that the interaction between budgetary participation and budget sufficient influence on budgetary slack. However, the research results Ikhsan and Ane (2007) tend to show a positive relationship between the adequacy of the budget by the budgetary slack, because there is interaction between the adequacy of the budget with the participation of the budget. Therefore, the adequacy of the budget may determine budgetary slack negatively or positively. the adequacy of the budget can specify a negative budgetary slack when the state budget amount lacking or excessive, because if it is inadequate then the use of the budget so that the mismatch between expectations could the budgetary slack.

On the basis of the findings of the study directs that: The higher the individual's belief that the sources of its budget sufficient to carry out its tasks, the less the budget gap for each unit in the form of the actions of subordinates who understate their productive capacity when subordinates are given the opportunity to determine the standard of performance

3. Effect of Financial Information Systems Influential Against budgetary slack.

The results of the research path between the increase in the financial information system elements negatively affect budgetary slack. This means that the increase in the financial information system elements will reduce budgetary slack. The relationship of these two variables it could happen either positive or negative. The occurrence of a positive relationship when financial information systems, either in the form of accounting information, financial provisions imposed, and other financial information that is considered to be clear, it is not likely to give birth to budgetary slack. However, a negative effect if the required financial information system lacks clarity.

According Kulesza et. al., (2011), that the accounting information management required in the process of managerial decision making. Timeliness in management accounting information is needed by the organization's members to develop strategies in achieving the objectives of the organization, so the possibility of the occurrence of errors in the future to be very small. This means that if the timeliness of management accounting information is needed by the organization's members are less obvious possibility of slack use of funds will occur. Results of research conducted by Nazaruddin (1998), also stated that the high level of availability of management accounting information in an organization, managerial performance will be optimal. In contrast to the low level of availability of management accounting information in an organization, managerial performance is less than optimal, resulting in the occurrence of slack use of the budget. This means that the low level of availability of accounting information systems lead to budgetary slack.

The results of this study showed that the elements of financial information systems negatively affect budgetary slack. The occurrence of a negative relationship between the two variables is more due to the financial information systems, either in the form of accounting information, financial provisions imposed, and other financial information that is considered much less clear that by the end of periodization use often give birth budget budgetary slack. It is also caused by the financial information required system lacks clarity. Financial conditions of use frequent changes so that the use of the budget is often out of the rules governing the use of the budget should be. It is fitting therefore what is stated Kulesza et. al., (2011) that the timeliness of management accounting information is needed by the organization's members to develop strategies in achieving the objectives of the organization, so the possibility of misuse of finances in the future be on the wane.

The study also supports the research results Fisher, Frederickson and Peffer (2002) found that the budgetary slack will be greater under conditions of asymmetric information. Asymmetric information also encourages subordinates/executors of the budget make budgetary slack. So it can be said that the asymmetric information is a trigger (antecedent) budgetary slack. There are similarities in the research that will be done this, that information is asymmetric, in this study intangible asymmetric information on the financial system in the form of accounting information system in realizing the budget that ultimately occurs slack in implementation.

On the basis of the findings of the study directs that: Improved financial information system elements will reduce budgetary slack. In essence the regional financial information system is needed by member organizations involved in Budgeting, but because of the lack of clarity which received budget administrator, then the slack use of funds that occurred. The findings that the financial information systems, either in the form of accounting information, financial provisions imposed, and other financial information that is considered acceptable is much less clear that the budget manager at the end of periodization of the use of budget childbirth budgetary slack.

4. Effect of Budget Participation Against Financial Information System.

Hypothesis testing results indicate that the positive effect of budget participation on the financial information system, meaning that the higher participation carried out by that in the preparation of the budget will be the better financial information obtained superiors in decision-making. By Winda Arum Hapsari and Murtanto, (2005: 7) In these companies, information about the management accounting system used as the basis in budget making on each responsibility center on planning and control activities. Where the budget is used as a measure of performance assessment at each responsibility center. More and more managers have information that can support them in participating in the budget process, there will be more financial information is received, the better managerial performance that will be generated especially in the current condition with environmental uncertainty, the availability of information is needed. In the study the conditions in place, the budget is the information that is used as a measure of performance assessment at each responsibility center. Budgeting participation by subordinates will be a source of information on things that are needed in budgeting, therefore budgeting participation by subordinates determine how large the accuracy of the information used for decision making. It is fitting therefore that do government leaders in Minahasa District North Sulawesi Province that any initial preparation of work programs and budgets involving subordinates in providing inputs and formulate together in making managerial decisions of financial performance.

On the basis of the findings of the study directs that: Participation Budget negatively affects budgetary slack. The results of this study meant that the increase in participation element of the Budget will reduce budgetary slack. So the higher the participation in the preparation of the budget, will be smaller the budgetary slack. The interaction between budgetary participation and budget sufficient influence on budgetary slack. By entering the area of financial information systems as variable between (intervening), it strengthens the relationship between budget participation with budgetary slack, that is from 46.20% to 74.70%. Therefore, more robust and comprehensive system of local finance information received by the makers of the budget in preparing the budget, the less likely occurred budgetary slack, so the regional financial information system strengthens the relationship between budgetary participation and budgetary slack, so that a variable which should be noted by making up the budget.

5. Effect of Budget Sufficiency Against Financial Information Systems.

The results showed that the adequacy of the budget to influence positively the financial information system, which means that the adequate amount of the budget available, the better the ability to access a variety of financial information needs obtained superiors in decision-making. Adequacy of the budget at every level of the organization, where the unit leaders will feel very good when budget resources or adequate enough to qualify in the field of work that will be widened both the desired information to complete various tasks to the fullest. This is in line with the (Nouri and Parker (1998), which states that the budgetary resources are sufficient or adequate to meet requirements in the field of work, where the subordinates have information of the financial influence in terms of the level of budget support desired to solve kinds of tasks in their field of work. The adequacy of the budget is the primary source of information is essential in order to the success of individuals and organizations in the activities.

On the basis of the findings of the study directs that: On the relationship between the adequacy of the budget by the budgetary slack also shows a negative relationship, which means that the higher the level of adequacy of the available budget the less the possibility of budgetary slack. At the time of incorporating elements of the regional financial information system will precisely lower the strength of the relationship between the adequacy of the budget by the budgetary slack. This means that the stronger the system of local finance information received by the budget makers in preparing a budget then will precisely enlarge the budgetary slack. Thus the system of local finance information received by compilers of the budget when the level of adequacy of the available budget will add to the inadequate budgetary slack.

CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS

A. Conclusions

1. Participation in the preparation of the budget can reduce budgetary slack. This happens because the participation of subordinates in preparing the budget tends to help provide personal information about future activities so that the budget is prepared to be more accurate. Another argument that the higher the participation given to subordinates to be involved in the preparation of the budget, then subordinates tend to try to make the budget they set easily reached, one way in which the budget is to loosen or create slack on the budget.
2. Adequacy of the budget negatively affect budgetary slack. Thereby improving the adequacy element of the budget would reduce the budgetary slack. This happens because when financial conditions are adequate, then a common condition that is slack on the use of the budget will be smaller. Although the adequacy of the budget is not the only factor that raises budgetary slack, but the results of this study demonstrate the adequacy of the budget may determine budgetary slack negatively. Arguments arise because because if the amount of the budget is inadequate then the use of the budget will be an inconsistency between the hope that their presence budgetary slack.
3. The financial information system negatively affect budgetary slack. This means that the increase in the financial information system elements will reduce budgetary slack. financial information systems, either in the form of accounting information, financial provisions imposed, and other financial information that is unclear, it will give birth to budgetary slack. The results of this study showed that the elements of financial information systems negatively affect budgetary slack. The occurrence of a negative relationship between the two variables is more due to the financial information system obtained financial manager, either in the form of accounting information, financial provisions imposed, and other financial information that is considered much less clear, causing confusion in financial management at the end of periodization of use often give birth budget budgetary slack. It is also caused by the financial information required system lacks clarity. Financial conditions of use frequent changes so that the use of the budget is often out of the rules governing the use of the budget should be.
4. Participation budgeting positive effect on the financial information system, meaning that the higher participation carried out by that in the preparation of the budget will be the better financial information obtained superiors in decision-making. The condition is reinforced by the findings obtained that the budget information is used as a measure of performance assessment at each responsibility center. Budgeting participation by subordinates will be a source of information on things that are needed in budgeting, therefore budgeting participation by subordinates determine how large the accuracy of the information used for decision making. It is fitting therefore committed leadership in government in Minahasa District North Sulawesi that any initial preparation of work programs and budgets involving subordinates in providing inputs and formulate together in making managerial decisions of financial performance.
5. The adequacy of the budget to influence positively the financial information system, which means that the adequate amount of the budget available, the better the ability to access a variety of financial information needs obtained superiors in decision-making.

The element of regional financial information system may also reduce the strength of the relationship between the adequacy of the budget by the budgetary slack. Therefore, the stronger the system of local finance information received by the budget makers in preparing a budget then will precisely enlarge the budgetary slack. Thus the system of local finance information received by compilers of the budget when the level of adequacy of the available budget will add to the inadequate budgetary slack.

B. Implications

Some of the implications of the findings and conclusions of this study are as follows:

1. If the budget participation can reduce budgetary slack, it is necessary to continue to involve subordinates in participating in the preparation of the budget for each of periodization, so that the information from the ground on employment conditions will be accommodated on the financing of future.
2. If the increase in the budget will reduce the adequacy element budgetary slack, it is necessary that the available budget is always fulfilled according to plan needs.
3. If sufficient financial information systems will reduce budgetary slack, then the financial information systems, either in the form of accounting information, financial provisions imposed, and other financial information must be increasingly clear, and strived to always be available at any time of its use, so the possibility of budgetary slack will not happen in the future.
4. If the involvement of subordinates to participate in the preparation of budgets determine the amount of financial information system is obtained, then the supervisor in preparing the budget for each period shall involve subordinates in preparing the budget.
5. When determining the adequacy of the budget system of access to financial information, the amount of the budget at all levels of the organization should be adequate, because the leadership of the unit would be very good if the budget resources or adequate enough to meet the requirements in the areas of work that will even become better informed desired to complete tasks to the fullest.

C. Recommendations

Contrary to the conclusions and implications mentioned earlier, some suggestions with regard to reducing the government's budgetary slack in Minahasa District North Sulawesi Province, as follows:

1. Minimum information on various issues related to the use of government finances in Minahasa District will be very influential on not achieving the intended use of the budget so that it becomes slack between expectations and reality in 'organizations. It is therefore clear information about the use of funds by the leadership, especially leadership that has a clear financial resources shall be distributed massively on all subordinate elements are involved in the use of budget.
2. The occurrence of slack on the use of the government budget in Minahasa District one of which is determined by the lower subordinates to get involved in participating in the preparation of the budget. Therefore budgeting should be done by phases starting from the proposals of the lower level and then continue in the hierarchy, so

that all information needs are accommodated. If this is done then the possibility of a slack against the use of the budget becomes smaller, even budgetary slack until it becomes nothing.

3. Other factors deciding the slack against the use of the government budget in the Minahasa District is determined by insufficient amount of the budget provided. Therefore, the budget plan focused more on activities that fit their needs. In the use of the budget should use the principle of the use of budget accuracy precedence over accuracy advantage of opportunities to acquire profit-making on the use of the budget.

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