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Reframing Public Budgeting in Indonesia: The Urgency of Risk-Based and SDG-Integrated Approaches to Ecological Disasters

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ABSTRACT

Study's aims: This study justifies the urgency of transforming regional public budgeting (APBD) in Indonesia from an incremental, compliance-oriented model to a risk-based budgeting framework integrated with the Sustainable Development Goals (SDGs). It conceptualizes ecological risk as fiscal risk within decentralized public financial management. **Design/Methodology/Approach:** The study employs a conceptual framework that integrates risk governance and the SDGs into regional public budgeting (APBD), reframing ecological risk as fiscal risk and embedding it across the budget cycle to enhance fiscal resilience and sustainability in decentralized governance contexts. **Findings:** The analysis reveals that conventional budgeting systems inadequately internalize ecological and social risks, leading to reactive emergency spending and fiscal instability. The proposed risk-based budgeting model embeds risk identification, fiscal risk assessment, SDG alignment, preventive allocation, and risk-informed accountability into the regional budget process, thereby strengthening fiscal resilience and sustainability. **Theoretical contribution/Originality:** This study extends the public sector accounting literature by repositioning budgeting as a risk-governance mechanism and by integrating the SDGs into subnational fiscal management frameworks. **Limitation/Implication:** As a conceptual study, the framework requires future empirical validation to assess its practical implementation and measurable impact on fiscal resilience.

Keywords: Risk-based budgeting; Sustainable Development Goals; Development Governance; Public Sector Accounting; Fiscal Resilience; Ecological Disasters

Introduction

The escalating frequency and severity of ecological disasters across Indonesia, ranging from recurrent floods and landslides in Sumatra, peatland degradation and forest fires in Kalimantan, environmental pressures from tourism expansion in Bali, to flash floods in Guci, Tegal, underscore that disasters can no longer be interpreted solely as exogenous natural events. Increasingly, such events are understood as manifestations of governance failures and risk-amplifying development choices embedded within planning and budgeting systems. Contemporary disaster governance literature conceptualizes disasters as "policy-induced" or "risk-governed" phenomena, shaped by institutional decisions, regulatory fragmentation, and short-term fiscal orientations (OECD, 2014; UNDRR, 2019).

In public financial management (PFM), ecological risks have traditionally been treated as contingent or extraordinary events, addressed through emergency allocations and post-disaster reconstruction spending. However, this reactive fiscal model generates substantial medium- and long-term fiscal pressures, including

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increased contingent liabilities, infrastructure replacement costs, and revenue volatility (World Bank, 2018; IMF, 2020). The failure to integrate environmental risk into ex-ante fiscal planning weakens fiscal resilience and undermines sustainable development trajectories. Climate-related fiscal risk, for example, has been recognized as a macro-critical issue that can destabilize public finances if not systematically incorporated into budget frameworks (IMF, 2020; OECD, 2021).

From a public sector accounting perspective, the budget is not merely a technical financial instrument but a central governance mechanism that translates political priorities into allocative outcomes and accountability structures. Yet, public budgeting systems in many jurisdictions remain incremental and compliance-oriented, prioritizing annual output realization rather than anticipatory risk governance (Aven & Renn, 2010; Mahmud & Ikbal, 2024). Such paradigms limit governments' capacity to internalize ecological and social risks into fiscal decision-making. Consequently, foreseeable risks become fiscal shocks, revealing a structural misalignment between budgeting practices and contemporary risk environments.

Recent developments in risk governance theory advocate a shift from reactive risk response toward anticipatory and integrative risk management embedded within institutional design (Aven & Renn, 2010; Tõnurist & Hanson, 2020). Within the PFM domain, this shift has materialized in the growing emphasis on risk-based budgeting, fiscal risk statements, and climate-informed budget tagging (OECD, 2021; World Bank, 2021). Risk-based budgeting repositions risk as a primary determinant of resource allocation, requiring governments to assess likelihood, impact, and fiscal exposure before approving programs. In this framework, budgeting functions as an ex-ante governance tool that mitigates vulnerability and enhances systemic resilience.

Simultaneously, the Sustainable Development Goals (SDGs) provide an integrated global framework that links economic growth, environmental sustainability, social inclusion, and institutional accountability (United Nations, 2015). The SDGs, particularly Goals 11, 13, and 15, implicitly demand that governments embed climate adaptation, disaster risk reduction, and ecosystem protection within development financing strategies. However, empirical evidence suggests that SDG integration into public budgeting often remains symbolic or fragmented, lacking a systematic linkage with fiscal risk management mechanisms (Allen et al., 2019; Manes Rossi et al., 2025).

The intersection between risk governance, fiscal sustainability, and SDG-oriented budgeting remains underdeveloped in public sector accounting literature, particularly in emerging economies. While prior studies have examined accountability reforms and performance management (Allen et al., 2019; Arshad, 2024), limited attention has been paid to how ecological risk can be conceptualized as fiscal risk and embedded structurally within regional budgeting systems. This gap is particularly salient in disaster-prone countries such as Indonesia, where subnational governments bear significant fiscal responsibility for mitigation, response, and reconstruction.

Against this background, this article argues for a paradigm shift in Indonesian regional public budgeting (APBD) from a compliance-driven, output-oriented model to an integrated, risk-based budgeting framework aligned with the SDGs. Using a conceptual and policy analysis approach, the study positions recent ecological disasters as indicators of structural weaknesses in budget design. The central thesis advanced is that environmental risk must be redefined as fiscal risk and systematically embedded throughout the budget cycle, from risk identification and fiscal risk assessment to allocation, monitoring, and accountability.

By bridging risk governance theory, public sector accounting scholarship, and sustainable development frameworks, this study makes a conceptual contribution in three ways. First, it reconceptualizes public budgeting as a risk governance mechanism rather than a purely allocative tool. Second, it integrates SDGs as a normative compass for risk-informed fiscal planning. Third, it advances the discourse on fiscal resilience by positioning accounting and budgeting systems as institutional infrastructures for managing long-term development uncertainty.

Literature Review

Risk Governance as the Theoretical Foundation of Public Risk Management

In contemporary public governance literature, risk is no longer understood as an isolated technical event but rather as the outcome of complex interactions among policy decisions, institutional actors, and socio-ecological dynamics (Schweizer, 2021). The risk governance perspective emphasizes that public risks, including disaster risks and environmental degradation, are products of governance systems shaped by how governments plan development, allocate budgets, and coordinate cross-sectoral actors (OECD, 2014; UNDRR, 2019).

The risk governance approach shifts policy orientation from mere risk response toward risk anticipation and prevention (Klinke & Renn, 2021). Within this framework, failure to manage risk is not merely a technical deficiency but an institutional failure to recognize, measure, and internalize risk at the early stages of the policy cycle. Consequently, ecological risks that culminate in disasters are understood as consequences of development choices and fiscal governance arrangements that inadequately account for environmental carrying capacity.

For the public sector, the risk governance approach has direct implications for public financial management. Environmental and social risks not only affect societal welfare but also generate significant fiscal risks through increased emergency expenditures, economic disruptions, and erosion of national and subnational revenue bases. Thus, risk governance provides a theoretical foundation for bridging disaster risk, development governance, and public budgeting within an integrated analytical framework.

Risk-Based Budgeting from the Perspective of Public Sector Accounting

Within public sector accounting, budgeting plays a central role as an instrument of planning, control, and accountability (Anessi-Pessina et al., 2016). However, traditional budgeting paradigms, primarily oriented toward procedural compliance and annual output targets, have demonstrated limitations in addressing complex, long-term development risks. Budgets often serve as routine allocation tools rather than strategic mechanisms for managing uncertainty and public risk.

Risk-based budgeting places risk as a central variable in planning and budgeting processes. Under this framework, budget allocation is determined not only by program priorities but also by levels of risk exposure and their potential impact on fiscal sustainability. The budget thereby serves as an ex-ante governance instrument aimed at reducing both the probability and impact of risks before they result in substantial public losses (OECD, 2014; World Bank, 2018).

Public sector accounting literature further emphasizes that strengthening risk orientation in budgeting transforms the concept of accountability. Accountability extends beyond the proper use of allocated funds to include responsibility for failing to anticipate foreseeable risks. In this context, risk-based budgeting expands the role of accounting from an ex-post reporting mechanism to a strategic instrument for risk governance and fiscal resilience (Steccolini, 2019).

Integrating the SDGs as a Framework for Risk-Based and Sustainable Budgeting

SDGs provide a globally recognized framework for operationalizing risk-based budgeting within sustainable development contexts. The SDGs emphasize the interconnections among economic, social, environmental, and institutional dimensions, enabling governments to identify cross-sectoral risks often overlooked in conventional budgeting systems (United Nations, 2015).

In public budgeting, the SDGs should not be treated merely as a list of normative targets but rather as a risk-informed development framework. Goals such as SDG 11 (Sustainable Cities and Communities), SDG 13 (Climate Action), and SDG 15 (Life on Land) implicitly require governments to internalize ecological and

disaster risks within planning and budget allocation processes. Without meaningful integration into budgeting systems, commitments to the SDGs risk remaining symbolic and ineffective in preventing disasters.

Integrating the SDGs with risk-based budgeting simultaneously strengthens fiscal resilience and development sustainability. Budgets are directed not only to achieving development targets but also to reducing vulnerabilities that could undermine them. Accordingly, the SDGs function as a strategic compass that aligns development objectives, risk management, and public accountability within a coherent budgeting framework.

Method

This article presents a conceptual reflection on the urgency of reforming regional public budgeting in Indonesia in response to increasing ecological disasters and fiscal vulnerabilities. It draws upon perspectives from risk governance (Aven & Renn, 2020), public sector accounting (Grossi et al., 2017), and post–New Public Management governance reforms (Bracci et al., 2021; Steccolini, 2019), as well as the Sustainable Development Goals (SDGs) framework (United Nations, 2015), to articulate an integrated interpretive orientation for regional public budgeting (APBD) systems.

The discussion reframes ecological risk as fiscal risk, recognizing that environmental shocks generate contingent liabilities, expenditure volatility, and long-term fiscal instability (IMF, 2020; World Bank, 2018). Consistent with risk governance scholarship, disasters are understood not merely as natural events but as outcomes shaped by institutional choices and development pathways (Aven & Renn, 2020). Within this framing, the budget is repositioned from a procedural allocative tool toward a governance instrument capable of managing uncertainty and safeguarding public value (Grossi et al., 2017; Steccolini, 2019).

By examining how ecological and fiscal risk intersect across the budget cycle—planning, allocation, implementation, monitoring, and accountability—the article translates governance principles into a coherent normative blueprint for public financial management reform. In disaster-prone and decentralized contexts such as Indonesia, where regional governments carry significant responsibility for mitigation and recovery, embedding risk considerations into budgeting becomes a structural governance necessity rather than a technical adjustment. Aligning risk-informed budgeting with SDG objectives further strengthens the coherence between fiscal resilience, sustainability, and accountability (Bracci et al., 2021). The framework articulated in this paper therefore advances a policy-oriented orientation for transforming regional budgeting into a risk-informed and sustainability-aligned governance mechanism capable of enhancing fiscal resilience and long-term development stability.

Results

Conceptual Model of SDG-Integrated Risk-Based Budgeting in Local Governments

Table 1 presents the structured stages of SDG-integrated risk-based budgeting, outlining the governance stage, primary focus, key instruments, institutional roles, and resulting budgetary outputs.

Operational Stages of Risk-Based Budgeting

1. Regional Development Risk Identification

The initial stage involves identifying key risks that may hinder regional development objectives. These risks extend beyond fiscal dimensions to encompass ecological, social, and governance risks arising from unsustainable development patterns. The Regional Development Planning Agency (Bappeda) plays a central coordinating role by integrating data from technical agencies (OPD), the Regional Disaster Management

Agency (BPBD), and Strategic Environmental Assessments (SEA). Risk identification is positioned as an integral component of development planning rather than an additional administrative exercise.

Table 1 Risk-Based Budgeting in Local Governments

Governance Stage	Primary Focus	Key Instruments	Role of Local Government Actors	Budgetary Output
Risk Identification	Identification of ecological, social, and fiscal risks	Disaster risk maps, Strategic Environmental Assessment (SEA), historical disaster data, SDG indicators	Regional Development Planning Agency (Bappeda): leads cross-sectoral risk identification; Technical Agencies (OPD): provide sectoral data; Regional Disaster Management Agency (BPBD): disaster risk analysis	Priority regional risk list
Risk Assessment	Assessment of the likelihood and impact of risks	Risk matrix, scenario analysis, fiscal risk assessment	Bappeda & Regional Financial Management Agency (BPKAD): assess fiscal impact; Inspectorate: assess governance risk	Regional risk profile
Risk–SDGs Integration	Linking risks with SDG targets and medium-term plans	SDG mapping, RPJMD, agency strategic plans	Bappeda: align risks with SDGs and RPJMD; OPD: adjust programs	Risk-informed development priorities
Budget Formulation	Allocation of budget based on risk levels	Risk-based budgeting framework, KUA–PPAS	BPKAD: risk-based allocation; OPD: prepare risk-mitigating budget proposals	Preventive and mitigative budget
Program Implementation	Implementation of risk mitigation programs	Budget Implementation Documents (DPA), performance contracts	Implementing OPD: execute programs; BPBD: coordinate preparedness	Risk reduction programs
Monitoring & Evaluation	Evaluation of risk reduction effectiveness	Risk-outcome performance indicators, performance reports	Inspectorate: evaluate residual risks; Bappeda: assess SDG achievement	Risk-based performance report
Public Accountability	Accountability to the public and the local parliament	Local Government Financial Statements (LKPD), Governance Reports (LPPD), SDG reports	Regional Head: political accountability; Local Parliament (DPRD): budget oversight	Fiscal and sustainability accountability

2. Risk Assessment and Fiscal Impact Analysis

Identified risks are assessed based on their likelihood and impact, including fiscal sustainability implications. This stage quantifies the potential economic consequences of disasters and environmental degradation, including increased emergency expenditures, reduced local revenues, and post-disaster recovery costs. The Regional Financial Management Agency (BPKAD) translates non-financial risks into fiscal risks, while the Regional Inspectorate evaluates governance risks and internal control effectiveness. Risk thus becomes a strategic variable in budget decision-making rather than a sectoral technical issue.

3. Integration of Risk with SDGs and Planning Documents

The next stage integrates risk assessment results with regional development planning documents and the SDGs framework. This integration ensures that development priorities and budget allocations are oriented not only toward short-term economic growth but also toward long-term risk reduction and sustainability. Bappeda facilitates risk mapping against SDG targets and regional performance indicators, explicitly linking ecological and social risks with medium-term development plans (RPJMD) and agency strategic plans.

4. Risk-Based Budget Formulation and Allocation

Budget formulation incorporates risk levels associated with each program and activity. Unlike incremental and historically driven budgeting practices, risk-based budgeting prioritizes mitigation and prevention programs. BPKAD and sectoral agencies prepare the General Budget Policy, Temporary Budget Ceilings (KUA–PPAS), and detailed work plans (RKA) based on the regional risk profile. The budget is thus positioned as a preventive policy instrument aimed at minimizing potential public losses.

5. Program Implementation and Risk Control

During implementation, allocated programs are executed with explicit focus on risk reduction. Implementing agencies ensure alignment among program activities, risk-mitigation objectives, and SDG targets. The Regional Disaster Management Agency (BPBD) coordinates disaster preparedness, while internal control mechanisms monitor residual risks during execution. Risk-based budgeting requires more intensive cross-sectoral coordination than traditional budgeting approaches.

6. Monitoring, Evaluation, and Risk-Based Accountability

The final stage involves monitoring and evaluation oriented toward risk reduction outcomes rather than merely budget absorption and activity outputs. The Regional Inspectorate evaluates the effectiveness of risk controls and assesses whether allocated budgets have reduced regional risk levels. Evaluation results inform improvements in subsequent planning and budgeting cycles. Public accountability is communicated through Local Government Financial Statements (LKPD), Local Government Administration Reports (LPPD), and regional SDG reports, ensuring that budget accountability reflects substantive performance in protecting public interests and sustainable development.

Illustrative Narrative of Risk-Based Local Government Public Budgeting (APBD)

Context of Regency X

Regency X is characterized geographically by upstream river basins, hilly terrain, and coastal areas. Over the past five years, the regency has experienced an increasing frequency of hydrometeorological disasters, particularly flash floods and landslides. These events have significantly damaged public infrastructure, disrupted local economic activities, and increased emergency expenditures within the regional budget. An evaluation of previous APBD cycles indicates that development spending remained largely sectoral and incremental, with relatively limited allocation for disaster risk mitigation and environmental protection. In response, the Government of Regency X initiated the implementation of a risk-based APBD in Fiscal Year 2026 as part of a broader reform of regional planning and budgeting governance. This approach aims to integrate development risk analysis and environmental sustainability considerations into the entire APBD cycle, from planning and budgeting to performance evaluation.

Regional Risk Identification and Assessment

Based on the Strategic Environmental Assessment (SEA) and risk mapping conducted by the Regional Disaster Management Agency (BPBD), three primary development risks were identified:

1. Flood and landslide risks resulting from land-use changes in protected forest areas;
2. Fiscal risks arising from increasing post-disaster contingency expenditures;
3. Social risks related to heightened vulnerability among low-income populations in disaster-prone areas.

These risks were assessed as having a high likelihood and significant impact on achieving the Regional Medium-Term Development Plan (RPJMD) targets and on regional fiscal stability.
The Regional Financial Management Agency (BPKAD) subsequently translated these findings into medium-term fiscal risks, particularly potential increases in rehabilitation and reconstruction expenditures that could crowd out priority spending allocations. Environmental and social risks were thus positioned as strategic variables in the formulation of general budget policy.

Formulation of Risk-Based Budget Policy

In the 2026 KUA–PPAS document, the Government of Regency X established budgetary policies that prioritize disaster risk mitigation and environmental protection as cross-sectoral development objectives. This policy shift materialized through increased allocation for preventive expenditures, including watershed rehabilitation, strengthening of early warning systems, and land-use control programs in disaster-prone areas. Unlike conventional APBD practices, which tend to emphasize short-term physical infrastructure development, risk-based APBD explicitly links each priority program to the regional risk profile. Infrastructure programs must include disaster risk and environmental impact analyses as prerequisites for budget approval. Budget allocations are therefore directed toward minimizing residual risks.

Budget Allocation and Expenditure Priorities

As a result of adopting a risk-based approach, the APBD expenditure composition shifted significantly. Allocations for disaster mitigation and adaptation increased substantially, while expenditures that could exacerbate environmental risks were reviewed and adjusted. The regional government allocated specific funding for community-based disaster risk reduction programs, capacity building for disaster-resilient villages, and the integration of SDG targets into regional development planning. Moreover, Contingency Expenditure was determined based on fiscal risk assessment rather than historical patterns. This approach enables the regional government to maintain fiscal space sufficient to respond to disasters without undermining other strategic development programs.

Implementation, Monitoring, and Accountability

During implementation, line agencies (OPD) are required to report performance not only on physical outputs and budget absorption, but also on their contributions to reducing regional risk levels. The Regional Inspectorate conducts risk-based oversight to ensure alignment between budget-funded programs and risk mitigation objectives. Risk-based APBD accountability is presented through performance reporting that explicitly links budget realization to reductions in vulnerability and improvements in regional resilience. The APBD is thus redefined not merely as an annual financial instrument but as a strategic governance tool with fiscal, social, and ecological responsibility.

Table 2 demonstrates that the transition toward a risk-based APBD represents not merely a technical adjustment in budgeting practices but a paradigmatic transformation in regional fiscal governance. The APBD evolves from an allocation and compliance instrument into a public risk management mechanism oriented toward fiscal resilience and sustainable development.

Table 2 Comparison Between Conventional APBD and Risk-Based APBD

Dimension	Conventional APBD	Risk-Based APBD

Basic paradigm	Procedural compliance and annual budget stability	Fiscal resilience and development risk management
Planning logic	Incremental and sectoral, historically driven	Strategic and anticipatory, risk-mapping based
Policy orientation	Short-term outputs and budget realization	Medium–long-term outcomes and risk reduction
Role of risk	Treated as external and residual	Internalized as a core policy design variable
Basis for expenditure prioritization	Routine programs and sectoral projects	Regional risk profile and impact on RPJMD
Mitigation and preventive spending	Limited and ad hoc	Cross-sectoral and planned priority
Contingency expenditure (BTT)	Based on historical patterns	Based on fiscal risk estimation
Environmental and social integration	Limited to regulatory compliance	Integrated via risk analysis and SDG targets
Role of line agencies	Sectoral program implementers	Sectoral risk managers within development framework
Inter-actor coordination	Minimal and administrative	Intensive and collaborative (Bappeda, BPKAD, BPBD, OPD)
Performance measurement	Budget absorption and physical outputs	Contribution to risk reduction and resilience
Public accountability	Financial and compliance accountability	Risk, performance, and sustainability accountability
Oversight role	Compliance-based audit	Risk-based audit
Disaster response	Reactive and dependent on contingency funds	Preventive and adaptive through budget design
Long-term fiscal implications	Vulnerable to disaster shocks	More resilient and sustainability-oriented

Discussions

Policy Implications for Regional Budget Reform in Indonesia

The conceptual findings and illustrative case of risk-based APBD indicate that regional budget reform in Indonesia can no longer focus solely on procedural compliance and short-term efficiency. Increasing ecological disasters across regions highlight that environmental, social, and fiscal risks have become inherent components of development processes and must therefore be systematically integrated into budget design. First, budget planning must shift from sectoral and incremental approaches toward strategic risk-based frameworks. Planning documents such as the RPJMD, RKPD, and KUA–PPAS should explicitly incorporate regional risk profiles as the foundation for expenditure prioritization. This requires strengthening risk analysis capacity at the local government level, particularly through collaboration among Bappeda, BPKAD, and BPBD.

Second, public expenditure design must shift from reactive to preventive and adaptive spending. Risk-based APBD encourages increased allocations for disaster mitigation, environmental protection, and community resilience-building without waiting for emergencies to occur. The budget thus becomes a proactive instrument for development risk management. Third, public accountability must be strengthened. Integrating risk into budgeting broadens accountability beyond financial compliance to include responsibility for managing public risk and ensuring development sustainability. This aligns with post–New Public Management governance paradigms emphasizing public value, system resilience, and collaborative governance.

Implications for Public Sector Accounting and Financial Reporting

The implementation of risk-based APBD has significant implications for public sector accounting and financial reporting practices. Risk is no longer treated as a contingent external factor but as relevant information to be considered in recognition, measurement, and disclosure. First, fiscal and non-fiscal risk disclosures should be strengthened in financial and performance reports. Local government financial statements should include narratives on significant risk exposures, mitigation strategies financed through the APBD, and implications for medium-term fiscal sustainability. This enhances transparency and risk communication to stakeholders.

Second, performance measurement must shift toward outcome-based accountability. Program success should be assessed not only by budget absorption or physical outputs but also by contributions to risk reduction and resilience improvement. This necessitates tighter integration among financial accounting systems, performance measurement frameworks, and government risk management systems. Third, oversight and audit functions must evolve toward risk-based approaches. Inspectorates and public sector auditors should assess not only regulatory compliance but also the effectiveness of budget utilization in managing development risks. Audit thus becomes a mechanism for policy learning and continuous governance improvement. Overall, risk-based APBD positions public sector accounting strategically within regional financial governance reform. Accounting evolves from an ex post administrative reporting function into a key instrument supporting anticipatory, accountable, and public-value–oriented budget decision-making.

Conclusion

This article aims to underscore the urgency of shifting the paradigm of regional budgeting in Indonesia from a conventional approach—primarily oriented toward procedural compliance and budget realization—toward a risk-based budgeting framework integrated with the Sustainable Development Goals (SDGs). Drawing on reflections from numerous ecological disasters across various regions in Indonesia, the article argues that disasters should not be viewed merely as natural events, but rather as manifestations of governance failures in development planning and budgeting processes that are insufficiently sensitive to medium- and long-term risks.

Through the development of a conceptual framework and an illustrative model of risk-based APBD, this study demonstrates that integrating risk analysis across the entire regional budgeting cycle can strengthen fiscal resilience, improve the quality of budgetary decision-making, and broaden the scope of public accountability. A risk-based APBD repositions the regional budget not only as an instrument of resource allocation, but also as a strategic mechanism for managing public risk and creating sustainable public value. Conceptually, this article enriches the public sector accounting literature by positioning risk as relevant accounting information in the design of budget policy and local government financial reporting. Public sector accounting is therefore understood as an integral component of development governance rather than merely an ex post administrative reporting function.

Future Research Directions for Public Sector Accounting Scholars

This article opens several avenues for future research in public sector accounting. First, empirical studies are needed to examine the relationship between risk-based budgeting implementation and outcomes such as fiscal performance, regional resilience, and the quality of public accountability. Cross-regional quantitative analyses or longitudinal studies would be particularly valuable in strengthening empirical evidence for the conceptual arguments advanced in this article.

Second, in-depth qualitative research should explore how key actors within local governments—such as Bappeda, BPKAD, BPBD, and Regional Inspectorates—understand and operationalize the concept of risk within budgeting practices. Case study approaches and semi-structured interviews could provide insights into institutional dynamics, implementation challenges, and processes of policy learning.

Third, further theoretical work could develop integrative frameworks that connect public sector accounting, risk governance, and post–New Public Management paradigms such as New Public Governance and public value governance. Advancing such conceptual integration is expected to strengthen public sector accounting's positioning as a discipline that substantively contributes to solving development challenges and enhancing sustainable public financial governance.

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Conflict of Interest

The authors declare no conflict of interest. The founders had no role in the design of the study, the collection, analysis, or interpretation of data, the writing of the manuscript, or the decision to publish the results.