

Analysis of The Disclosure Rate of Local Government Financial Statements in Indonesia

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ABSTRACT

Purpose. One of the criteria for giving an opinion by an examiner according to Act No. 15/2004 is the adequacy of the disclosure rate. Previous research has only examined the disclosure rate partially and has not used data for the 2018 fiscal year. This study aims to analyze the disclosure rate of Local Government Financial Statement (LKPD) for the 2018 fiscal year in Indonesia.

Methodology. This study uses a descriptive quantitative approach. The instrument in this study refers to Government Accounting Standards (SAP) based on Government Regulation No. 71/2010 as many as fifteen mandatory criteria consisting of sixty nine sub criteria. The data used in this study is secondary data in the form of Provincial/District/City LKPDs for the 2018 fiscal year as many as 542 LKPDs with saturation sampling technique.

Results. The results showed that the level of disclosure in Indonesia is still low at 48.22% with the highest level of disclosure of 65.22% and the lowest level of disclosure of 30.43%. From the analysis of the difference test, it was found that there were differences in disclosure between LKPDs that received unqualified opinions and qualified opinions, there were differences in disclosures between LKPDs that received unqualified opinions and disclaimer of opinions, but there was no difference in disclosure between LKPDs that received qualified opinions and disclaimer of opinions.

INTRODUCTION

International Standard on Auditing (ISA) 700 and 705 states that one of the criteria for the formulation of opinions on financial statements is the adequacy of disclosure. In the public sector audit in Indonesia, the Government has issued Act No. 15/2004 on Examination of State Financial Management and Responsibility. Act No. 15/2004 in the explanation of article 16 paragraph (1), opinion is a professional statement of the examiner regarding the fairness of financial information presented in financial statements that is based on criteria in accordance with government accounting standards, adequate disclosures, compliance with laws and regulations, and the effectiveness of internal control systems. According to Act No. 15/2004 there are four types of opinions that can be given by the examiner, namely unqualified opinion, qualified opinion, adversed opinion, and disclaimer of opinion.

One of the criteria for giving opinions on the explanation of article 16 paragraph (1) of Act No. 15/2004 is the adequacy of disclosure. Accounting standards require examiners to use the basis of disclosure of sufficient information in the provision of opinions. Disclosure of insufficient information in financial statements as stipulated in Government Accounting Standards (SAP) then the examiner can consider the materiality impact of information that is not adequately disclosed (BPK, 2012). Therefore, the auditor must modify his opinion if he finds disclosure of LKPD that is not in accordance with Government Accounting Standards (SAP) (Igbal, 2018).

The Government of the Republic of Indonesia in 2010 has issued Government Regulation No. 71 on Government Accounting Standards. Based on Government Regulation No. 71/2010 paragraph 53 explains that financial statements present in full the information needed by users. Information required by users of financial statements may be placed on the financial statement advance sheet or Notes on Financial Statements (CaLK). The report includes information about accounting policies used by reporting entities and other information required and recommended to be disclosed in

Government Accounting Standards (SAP) as well as expressions necessary to produce a reasonable presentation of financial statements. The presentation of Notes on Financial Statements (CaLK) has an important role to help users of financial statements so as not to misperception by increasing the transparency of financial statements and providing a better understanding of government financial information.

Government Regulation No. 71/2010 states that CaLK is presented systematically. The advance sheet referred to in the conceptual framework of paragraph 53, Government Regulation No. 71/2010 is the Statement of Budget Realization (LRA), Accumulated Budget Surplus Change Report (LPSAL), Balance Sheet, Operational Report (LO), Cash Flow Statement (LAK) and Equity Change Statement (LPE). Each post in the LRA, LPSAL, Neraca, LO, LAK and LPE must have a cross-reference with the relevant information within the CaLK. An explanation or analysis of the value of the posts presented in LRA, LPSAL, Neraca, LO, LAK and LPE is contained in CaLK.

Article 16 paragraph (1) of Act No. 15/2004 is clarified by Government Regulation No. 71/2010 in the conceptual framework of paragraphs 53 and 83 outlining that the adequacy of disclosure contains about the complete information that should be explained in the financial statements and the location of the information that should be presented because of the importance of complete information for users of the Local Government Financial Statement (LKPD). Disclosure of adequate local government financial statements is expected to really be a matter of consideration, especially for bpk auditors as one of the conditions in the provision of opinions. Through this research can be known the difference in financial statement disclosure between local governments who get unqualified opinion (WTP) and opinions other than WTP.

Summary of The Results of The First Semester Examination (IHPS) in 2019 of the Audit Board of the Republic of Indonesia (BPK RI) mentioned that BPK RI has examined as many as 542 (100%) Local Government Financial Statements (LKPD) in 2018. From the results of BPK RI examination of 542 LKPD in 2018, as many as 443 (82%) LKPD obtained unqualified opinion (WTP), as many as 86 (16%) LKPD obtained qualified opinion (WDP), and as many as 13 (2%) LKPD obtained disclaimer of opinion (TMP). When compared to BPK RI examination in 2017, the quality of LKPD in 2018 increased as indicated by an increase in unqualified opinion (WTP) of 6% which is 411 (76%) LKPD in 2017 to 443 (82%) LKPD in 2018. Based on the Government level, WTP opinion was reached by 32 out of 34 Provincial Governments (94%), 327 out of 415 District Governments (79%), and 84 out of 93 Municipal Governments (90%). The achievement of this opinion has exceeded the regional financial performance targets in the Field of Strengthening Local Government Governance or the Financial Capacity Building Program of Provincial, Regency, and City Governments set in RPJMN 2015-2019 by 85% (province), 60% (regency), and 65% (city) respectively in 2019.

Data on the success of local governments both provincial government, regency government and city government received WTP opinion inversely proportional to a number of previous studies on the level of disclosure of Local Government Financial Statements in Indonesia so that an interesting phenomenon appeared. Iqbal's research (2018) which aims to assess the disclosure rate of Local Government Financial Statements (LKPD) from 2013 to 2014 that obtained unqualified opinion (WTP) obtained the result that the average mandatory disclosure rate of LKPD is low value, which is 53.79% in 2013 and 56.14% in 2014. Suwarjuwono (2017) examined the level of inventory account disclosure in the Local Government Financial Statement (LKPD) in Java in 2014 obtained the results of the level of disclosure of inventory accounts in LKPD in Java is still low (by 40.35%) and not in accordance with SAP. The study also found that there was no difference in inventory account disclosure with WTP, WDP, and TMP opinions. Putri (2019) conducted research on the analysis of factors that affect the mandatory disclosure rate of Local Government Financial Statements in West Sumatra in 2015-2017, the average result of mandatory disclosure rate is still low by 61%. The results of these studies show that LKPD still does not contain enough disclosure.

Based on the background of the above problems it can be concluded that previous research only examined the level of partial disclosure or part of one of the accounts in the balance sheet, there has

been no research on the overall disclosure rate in accordance with the criteria in SAP with provincial/regency/city LKPD data throughout Indonesia that uses the latest LKPD data in 2018, then the formulation of the problem that will be examined is (1) is the level of disclosure of Local Government Financial Statements (LKPD) in Indonesia fiscal year 2018 in accordance with the disclosure criteria in SAP?, (2) Is there a difference in the level of disclosure of Local Government Financial Statements (LKPD) in Indonesia fiscal year 2018 based on the Opinion of BPK Assessment Report (LHP BPK)?

The purpose of this study is to (1) analyze the level of disclosure in the Local Government Financial Statements (LKPD) in Indonesia Fiscal Year 2018 in accordance with the disclosure criteria in SAP, (2) know the difference in the level of disclosure in the Local Government Financial Statements (LKPD) in Indonesia Fiscal Year 2018 with the opinion of WTP, WDP and TMP. The adequacy of disclosure in a broad sense (both mandatory disclosure and voluntary disclosure) has been extensively researched by researchers before. Researchers are interested in thoroughly analyzing the level of disclosure of Local Government Financial Statements according to the disclosure criteria on PSAP (PP. No 71/2010).

THEORETICAL FRAMEWORK

Agency Theory

Agency problems can occur in all organizations, both private and public organizations (Zimmerman, 1977). In public organizations or government sectors, agency problems occur between government officials (principals) and voters (people) as agents. Government officials as parties who organize public services have more information so that it is possible to make decisions or policies that only attach importance to the government and the ruler and override the interests and welfare of the people. To reduce the problem, the efforts that must be done by local governments are to present financial statements in a transparent and accountable manner in order to gain the trust of the community.

Signalling Theory

Evans and Patton (1987) stated that in the context of Signalling Theory, the Government seeks to give a good signal to the public. Therefore, the public can continue to support the activities of the current government. In order for Local Government Financial Statements to be understood, all those related to financial statements must have clear disclosure. Disclosure of financial statements is explained in CaLK which is one component of the Local Government Financial Statement. These disclosures certainly pave the way for the public to see the transparency of efforts made by local governments.

Legitimacy Theory

According to O'Donovan (2002), the theory of legitimacy is based on the idea that an organization to continue its operations must act within the limits of behavior acceptable to the social environment. The organization will create alignment of all its activities with the social norms of the society in which the organization is located. As long as the organization's work programs and activities are aligned, the organization's existence and activities can be authorized.

Financial Statements

Financial statements are used to determine the value of economic resources utilized in carrying out government operations, assess financial conditions, assess the effectiveness and efficiency of a reporting entity, and help determine compliance with laws and regulations (Republic of Indonesia, 2010).

While the purpose of reporting determines the relevant concepts and principles that ultimately determine the form, content, type, and arrangement of financial statements, the intended party and

its interests must be clearly identified so that the information generated by financial reporting can satisfy the informational needs of the intended party (Suwardjono, 2014).

One of the main components of financial statements is CaLK which includes details of the numbers listed in the LRA, LPSAL, LO, LPE, Balance Sheet and LAK. CaLK also includes information about accounting policies used by reporting entities and other information required and recommended to be disclosed in SAP as well as expressions necessary to produce a reasonable presentation of financial statements. CaLK presents the following: (a) discloses general information about reporting entities and accounting entities, (b) presents information on fiscal or financial and macroeconomic policies, (c) presents an overview of the achievement of financial targets during the reporting year following the constraints and obstacles faced in achieving the target, (d) presents information on the basis for the preparation of financial statements and accounting policies selected to be applied to transactions and other events, (e) presents the details and explanations of each post presented on the front sheet of the financial statements, (f) disclose information required by the Government Accounting Standards Statement (PSAP) that has not been presented in the front sheet of the financial statements, (g) provide other information necessary for reasonable presentation, which is not presented in the front sheet of the financial statements.

Audit of Financial Statements

In Act No. 15 of 2004 it is mentioned that the audit of the management and financial responsibility of the state is carried out by the Audit Board (BPK). One type of audit that is routinely conducted every year by the BPK is an audit of LKPD (Republic of Indonesia, 2005). Act No. 17/2003 on state finances and Act No. 32/2004 states that it has not been submitted to the DPRD, LKPD must first be examined by the BPK. An audit of LKPD conducted by BPK will result in an opinion on LKPD. The results of the audit will provide confidence in the conformity of the presentation of LKPD with SAP and applicable laws and regulations.

There are four types of opinions that can be given by the examiner, namely unqualified opinion, qualified opinion, adverse opinion, and disclaimer of opinion. One of the criteria in giving an opinion is the ability of disclosure. In technical bulletin number 01, reporting the results of the examination of government financial statements mentioned that sufficient disclosure is a condition that reflects that the financial statements and their records have provided information that can affect the use, understanding and interpretation of financial information adequately in accordance with government accounting standards (Republic of Indonesia, 2012). The provision to consider disclosures included in the formulation of audit opinions on government financial statements has been contained in government accounting regulations and standards (SAP). Act No. 15/2004 and technical bulletin number 01 states that the adequacy of disclosure is one of the criteria that must be used as a reference by auditors in formulating opinions on government financial statements. The auditor should assess the adequacy of the disclosure of government financial statements and make the results of his assessment as one of the considerations in formulating audit opinions (Republic of Indonesia, 2012).

Disclosure of Local Government Financial Statements

Disclosure consists of mandatory and voluntary disclosure (Suwardjono, 2005). Mandatory disclosure is disclosure required by accounting standards of regulatory agency regulations, while voluntary disclosure is disclosure beyond that required.

Suwardjono (2005) mentions that the breadth and detailing of disclosures related to how much information should be disclosed called the level of disclosure .

Previous Research

Suwarjuwono and Ritonga (2017) examined the disclosure of inventory accounts in the Local Government Financial Statements in Java. The method used in the selection of samples is purposive sampling and obtained a sample of 113 LKPD districts/cities in Java in 2014. While the data analysis

method uses percentage descriptive techniques and obtained the result that there is no LKPD regency/city in Java in 2014 that has a inventory disclosure rate of 100%. The level of disclosure of inventory accounts in LKPD Regency/City in Java in 2014 was only 40,35%.

Iqbal, Gudono and Ritonga (2018) researched about the adequacy of disclosures have been considered by the audit board (BPK) in the formulation of opinions. The data used in this study are primary and secondary data. Primary data from data collection and interviews, while secondary data from BPK examination report data in 2013 and 2014. The sampling method used in this study was convenience sampling. From the sampling obtained 42 LKPD throughout Indonesia in 2013 and 2014. Data analysis methods use case study techniques supported by LKPD mandatory disclosure rate measurement data. The results of the LKPD disclosure rate measurement showed that the average LKPD disclosures in 2013 and 2014 were 53,79% and 56,14%.

Putri and Arza (2019) examined the factors that influence the mandatory disclosure rate of local government financial statements. Purposive sampling technique is used by researchers in determining the method of selection of samples so that 57 LKPD districts/cities in West Sumatra in 2015-2017. The study used hypothesis testing based on multiple regression analysis. The results showed that the mandatory disclosure rate of local government financial statements was 39,9%.

The limitations of Suwarjuwono's research (2017) only focus on the adequacy of disclosure rate of inventory accounts in LKPD in Java. The results of this study cannot be generalized on all LKPD accounts in Indonesia. Iqbal's research (2018) is limited to the assessment of mandatory disclosure levels of LKPD who obtained unqualified opinion (WTP) opinions with LKPD who obtained opinions other than unqualified opinion (WTP) in 2013 and 2014. While the Putri research (2019) assessed mandatory disclosure factors in regencies/cities of West Sumatra Province only in 2015-2017. This study is different from previous studies. Researchers conducted a thorough disclosure level study according to the criteria in SAP in the Provincial/Regency/City LKPD as many as 15 criteria with 69 sub criteria. Research data also uses LKPD throughout Indonesia, so research is expected to reveal the actual conditions. LKPD data also uses Fiscal Year 2018 data that has never been used in previous studies.

Research Hypothesis

Unqualified Opinion (WTP) with Qualified Opinion (WDP)

Disclosure in accordance with SAP criteria in Government Regulation No. 71/2010 has been implemented thoroughly in the territory of Indonesia since 2015. LKPD from 2015 of course continues to experience improvements in terms of disclosure quantity and in terms of quality. BPK auditors from year to year also provide recommendations for LKPD improvement through BPK examination results report which is routinely carried out every year in accordance with the mandate of the Act. This is in line with the results of research from Priharjanto and Wardani (2017). In his research stated that the audit opinion had a positive and significant effect on the disclosure of the Provincial Government's Financial Statements. A positive relationship indicates that the higher the opinion obtained means the better the resulting financial statement disclosure rate, thus indicating the good quality of the financial statements. It is also in accordance with one of the criteria of giving opinions, namely the adequacy of disclosure. In the Provincial/Regency/City LKPD in addition to being assessed from the level of fairness of financial statements also consider the completeness and presentation and disclosure of LKPD. Based on the analysis and findings of the above research, the following hypotheses can be proposed:

H₁: There is a difference in the disclosure rate of Local Government Financial Statements that have Unqualified Opinion (WTP) with Qualified Opinion (WDP).

Unqualified Opinion (WTP) with Disclaimer of Opinion (TMP)

According to Act No. 15/2004 in the explanation of article 16 paragraph (1), the opinion is a professional statement of the examiner regarding the fairness of financial information presented in

financial statements based on criteria of conformity with government accounting standards, adequacy of disclosure, compliance with laws and regulations, and effectiveness of internal control systems. While based on the level, Unqualified Opinion (WTP) is the highest opinion obtained by the Local Government and Disclaimer of Opinion (TMP) is the lowest opinion obtained. One of the criteria that determines BPK opinion is the adequacy of disclosure. It can be interpreted that the higher the audit opinion obtained by an area, the level of disclosure presented is also high/adequate, and vice versa. In accordance with research from Naopal, Rahayu and Yudowati (2017), local governments that have good audit opinions mean having good financial reporting and implementation and are less likely to cover up this good implementation information and have a high level of disclosure as well. Based on the analysis and findings of the above research, the following hypotheses can be proposed:

H₂: There is a difference in the disclosure rate of Local Government Financial Statements that have Unqualified Opinion (WTP) with Disclaimer of Opinion (TMP).

Qualified Opinion (WDP) with Disclaimer of Opinion (TMP)

BPK opinion on the disclosure level of Provincial/Regency/City LKPD can be a benchmark for the accountability assessment of a Local Government entity. Qualified Opinion (WDP) under SA 508 paragraph 20 (IAI, 2002:508.11), provided if (a) there is not sufficient competent evidence or any restrictions on the scope of the audit which is material but does not affect the overall financial statements. (b) The auditor believes that the financial statements contain deviations from generally accepted accounting principles that have a material impact but do not affect the overall financial statements. Such deviations can be inadequate disclosures, as well as changes in accounting principles. While the TMP opinion is an opinion given when the scope of the examination is limited, so that the auditor does not carry out the examination in accordance with the auditing standards set by IAI which results in the auditor not giving an opinion. This criterion is the first criterion in the formulation of opinions. In addition to the first criterion, in the formulation of opinion must also be met the second criterion, namely the adequacy of disclosure. In accordance with the results of research from Madelia (2018) stated that the better opinion obtained by the local government will increase the level of disclosure made by the local government on its financial statements. So it can be concluded that LKPD with WDP opinion has a higher disclosure rate than LKPD with TMP opinion. Based on the analysis and findings of the above research, the following hypotheses can be proposed:

H₃: There is a difference in the disclosure rate of Local Government Financial Statements that have Qualified Opinion (WDP) with Disclaimer of Opinion (TMP).

RESEARCH METHODS

Selection and Data Collection

This study took the research object of all LKPD Provinces/Regencies/Cities in Indonesia in 2018. In 2018, there were 542 Local Governments in Indonesia that have compiled LKPD consisting of, 34 LKPD provincial government, 415 LKPD district government, and 93 LKPD city government.

The approach used in this study is quantitatively descriptive. This research refers to SAP as its disclosure research instrument. There are 15 sections on the disclosure criteria, namely General Information, Income-LRA, Accumulated Budget Surplus Change Report (LPSAL), Income-LO, Cash Flow Statement (LAK), Equity Change Report (LPE), Expenditure, Expenses, Cash and Cash Equivalents, Receivables, Inventories, Investments, Fixed Assets, Construction Work in Progress (KDP) and Liabilities consisting of 69 sub-criteria.

The sampling technique in this study uses a saturated sample, namely sampling if the entire population is used as a sample and there is no change in the characteristics of the sample (Sugiyono,

2017; Sekaran and Bougie, 2016; Budiarto, 2019). The sample used in this study was LKPD in 542 Provincial/District/City Governments in Indonesia. Data is obtained directly from the BPK by submitting an official data request through the website of the BPK Information Management and Documentation Officer (e-ppid.bpk.go.id).

Data Analysis Methods

Data analysis uses percentage descriptive techniques such as those used by Suwarjuwono (2017). According to Ritongga (2010) states that descriptive percentage techniques are techniques to calculate the level of conformity by making a percentage of the data obtained and then describing the data. In this study, the calculation uses how to divide the total value obtained (disclosure in LKPD) by the total number of criteria (disclosure in PSAP) multiplied by 100% (Suwarjuwono, 2017).

To determine the level of qualified disclosure of LKPD is done with descriptive percentage techniques. The procedures carried out in the percentage descriptive technique are (a) determining and compiling the criteria of LKPD disclosure level on each aspect that has been established in accordance with the provisions in SAP, (b) the conformity of disclosure facts in the LKPD for each aspect is sought, then conducted an analysis of the financial statement advance sheet (on the face) with CaLK, (c) conformity between aspects and criteria with the facts found given value / score. According to Ritongga (2010) giving a score to determine conformity with the criteria. If the fact of disclosure is in accordance with the criteria then a score of 1 while a score of 0 is given for facts not in accordance with the criteria, (d) the total score obtained by each LKPD is summed and then transferred into the disclosure recapitulation working paper to obtain the percentage of disclosure level, (e) the median percentage of disclosure levels is calculated by determining the middle value between the lowest disclosure percentage with the highest disclosure percentage, (f) determine the mean, middle value (median) and frequently appeared value (mode) of the percentage of disclosure level, (g) the distribution of the score obtained is calculated in the disclosure recapitulation working paper, (h) the description and interpretation given for the acquisition of the disclosure level percentage score, (i) perform a different test (Mann-Whitney Test) on the percentage score of the disclosure level obtained to then describe the difference in disclosure rate between LKPD opinions WTP with WDP, WTP with TMP and WDP with TMP.

RESULTS AND DISCUSSIONS

Disclosure of Local Government Financial Statements in Indonesia

It was obtained that the average LKPD disclosure rate in Indonesia was 48,22%. The highest disclosure result was achieved by West Sumatra Province with WTP opinion and Grobogan Regency with WTP opinion. As for the lowest disclosure achieved by Keerom Regency with WTP opinion and got a result of 30,43%.

LKPD disclosure with WTP opinion has an average of 48,53%. No one gets a 100% score from all LKPD with WTP opinion. Keerom County obtained the lowest LKPD disclosure value of 30,43%. While the LKPD with the highest disclosure value is West Sumatra Province and Grobogan Regency at 65,22%.

LKPD disclosures with WDP opinions have an average of 47,25%. No one gets a 100% score from all LKPD with WDP opinion. West Bandung Regency, Eastern Seram Regency and Bintang Mountain Regency obtained the lowest LKPD disclosure value of 36,23%. While the LKPD with the highest disclosure value is Pematang Siantar City at 62,32%.

LKPD disclosure with TMP opinion has an average of 44,26%. No one gets a 100% score from all LKPD with tmp opinion. Mappi Regency obtained the lowest LKPD disclosure value of 31,88%. While the LKPD with the highest disclosure value is Simalungun Regency at 53,62%.

Disclosure Rate Based on Criteria

Table 4. Disclosure Rate Based on Criteria

No	Criteria	Average
1	Cash and cash equivalents	81,13%
2	Income-LRA	75,87%
3	Expenses	70,86%
4	Inventories	69,18%
5	Income-LO	67,17%
6	Cash Flow Statement	64,91%
7	Accumulated Budget Surplus Change Report	57,82%
8	Fixed Assets	56,52%
9	Equity Change Report	54,68%
10	Expenditure	46,40%
11	Receivables	42,56%
12	Investment	34,53%
13	Liabilities	18,97%
14	General Information	9,34%
15	Construction Work in Progress	4,71%

Cash and cash equivalents are the most frequently disclosed criteria in LKPD at 81,13%, which means that 81,13% of provinces/regencies/cities have disclosed cash and cash equivalents. The least disclosed criteria is construction work in progress which is 4,71% meaning only 4,71% of provinces/regencies/cities have revealed construction work in progress.

Difference in LKPD Disclosure Rate That Gets WTP, WDP and TMP Opinion

Table 1. Results of Different Tests (Mann-Whitney Test) between WTP Opinion and WDP opinion

		Ranks			
		BPK Opinion	N	Mean Rank	Sum of Ranks
Disclosure	WTP		433	265.96	115159.50
	WDP		85	226.61	19261.50
	Total		518		

Test Statistics ^a	
	Disclosure
Mann-Whitney U	15606.500
Wilcoxon W	19261.500
Z	-2.225
Asymp. Sig. (2-tailed)	.026

a. Grouping Variable: BPK Opinion

The LKPD disclosure rate that obtained the WTP opinion with the WDP opinion tested with Mann Whitney had a Z of -2,225 (sig=0.026), because sig < 0.05 so it can be concluded that there is

a difference in the level of disclosure between LKPD who obtained the WTP opinion and the WDP opinion. For the first Hypothesis (H1): There is a difference in the disclosure rate of Local Government Financial Statements that have Unqualified Opinion (WTP) with Qualified Opinion (WDP), accepted. The results of this study are in accordance with the results of research conducted by Naopal, Rahayu and Yudowati (2017). In the study, the audit opinion variable had a significant positive influence on the level of LKPD disclosure in 2014-2015. This can be interpreted that the higher the audit opinion obtained, the higher the level of disclosure will be higher as well. WTP opinion has a higher level or value when compared to WDP opinion, so the level of LKPD disclosure with WTP opinion is certainly higher or has a difference in disclosure rate compared to WDP opinion LKPD. Local Governments that have a good BPK opinion mean having good quality reporting and financial implementation as well, so it tends to be more open in conveying financial information contained in the Local Government LKPD. The information contained in the LKPD is certainly with a higher level of disclosure.

Table 2. Results of Different Tests (Mann-Whitney Test) between WTP Opinion and TMP Opinion

		Ranks			
		BPK Opinion	N	Mean Rank	Sum of Ranks
Disclosure	WTP		433	226.26	97971.00
	TMP		13	131.54	1710.00
	Total		446		

Test Statistics ^a	
	Disclosure
Mann-Whitney U	1619.000
Wilcoxon W	1710.000
Z	-2.621
Asymp. Sig. (2-tailed)	.009

a. Grouping Variable: BPK Opinion

The LKPD disclosure rate that obtained the WTP opinion with the TMP opinion tested with Mann Whitney had a Z of -2,621 (sig=0.009), because sig < 0.05 so it can be concluded that there is a difference in the level of disclosure between LKPD who obtained the WTP opinion and the TMP opinion. For the second hypothesis (H2): There is a difference in the disclosure rate of local government financial statements that have Unqualified Opinion (WTP) with Disclaimer of Opinion (TMP), accepted. The results of this study are in accordance with the results of research from Madelia (2018). In madelia research (2018) showed that bpk audit opinion variables have a significant effect on the level of disclosure of LKPD. WTP opinion is the highest opinion given to the Local Government. Of course, this is achieved easily because BPK from year to year continues to increase limits or standards in the adequacy of LKPD disclosure. Accountability of an entity can be reflected in the acquisition of WTP opinion. The achievement of such opinions must be prepared by meeting the criteria, namely compliance with SAP, adequacy of disclosure, compliance with applicable legislation and effectiveness of Internal Control System (SPI). As for the regions that get TMP opinions in addition to there are some parts of the report that are considered unnatural also in terms of low disclosure levels and less transparent. So that of the two opinions, namely WTP opinion and TMP opinion has differences in LKPD disclosure levels.

Table 3. Results of Different Tests (Mann-Whitney Test) between WDP Opinion and TMP Opinion

		Ranks			
		BPK Opinion	N	Mean Rank	Sum of Ranks
Disclosure	WDP		85	51.38	4367.50
	TMP		13	37.19	483.50
	Total		98		

Test Statistics ^a	
	Disclosure
Mann-Whitney U	392.500
Wilcoxon W	483.500
Z	-1.683
Asymp. Sig. (2-tailed)	.092

a. Grouping Variable: BPK Opinion

The LKPD disclosure rate that obtained the WDP opinion with the TMP opinion tested with Mann Whitney had a Z of -1,683 (sig=0.092), because sig > 0.05 so it can be concluded that there is no difference in the level of disclosure between LKPD who obtained WDP opinion with TMP opinion. For the third Hypothesis (H3): There is a difference in the disclosure rate of Local Government Financial Statements that have Qualified Opinion (WDP) with Disclaimer of Opinion (TMP), not accepted. The results of this study are in line with research from Suwarjuwono (2017) which obtained the results of the study that there is no difference in the level of inventory disclosure between LKPD qualified opinion (WDP) with disclaimer of opinion (TMP). In suwarjuwono research (2017) mentioned that the adequacy of disclosure related to inventory has not been considered by the examiner (BPK Auditor) in providing an opinion, as well as there are indications that the constituents of CaLK have not understood the provisions of inventory disclosure in accordance with SAP and the accounting policies of some local governments have not detailed regulated the disclosure of inventory according to SAP. The reason for giving WDP opinions to local government LKPD is largely due to the non-compliance of applicable legislation as a legal basis and lack of disclosure in reporting that can be used by the BPK to determine the need for correction to the LKPD. This is also almost the same in local government LKPD with TMP opinion in terms of less disclosure level as well, although for local governments that get TMP opinions there are usually reports that are not believed to be reasonable. So for the level of disclosure of LKPD that gets WDP and TMP opinions are not too different or can be said to have no difference in disclosure levels.

CONCLUSIONS, LIMITATIONS AND SUGGESTIONS

From the above discussion, it was concluded that the disclosure rate of Provincial/Regency/City LKPD in Indonesia fiscal year 2018 is still low and has not been in accordance with the disclosure criteria on SAP, because none of the LKPD has made full or 100% disclosure in accordance with the criteria set out in SAP. This can be interpreted that all local governments fall into the category of not complying in disclosing mandatory information in the LKPD. The average LKPD disclosure rate is 48,22%.

Based on the analysis of different tests using the Mann-Whitney Test obtained the result that there is a difference in disclosure between LKPD who obtained WTP opinion with WDP opinion, there is a difference in disclosure between LKPD who obtained WTP opinion with TMP opinion, but there is no difference in disclosure between LKPD who obtained WDP opinion with TMP opinion.

This study uses data from the Examination Results Report (LHP) on LKPD in fiscal year 2018 alone so there is no comparison with the previous year to see trends or developments in disclosure

rates whether up or down. Future research can use LHP data on LKPD over several years to determine the trend of disclosure rates. The study used secondary data only to collect data. Researchers can further add secondary data with other data collection techniques such as interviews and observations to obtain more accurate and in-depth research results.

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