

THE DETERMINANT DISCLOSURE OF INTERNET FINANCIAL REPORTING IN DISTRICT AND CITY GOVERNMENT IN INDONESIA

Ade Lynda Maulintika Idris*, Ni Ketut Surasni, M. Irwan

Faculty of Economics and Business, University of Mataram, West Nusa Tenggara, Indonesia

adelynda75@gmail.com*, surasni12@gmail.com, m_irwan_fe@yahoo.co.id

ABSTRACT

The Publication of the government financial reports through e-government known as internet financial reporting (IFR) is one form of accountability of local financial management to the society. This study aims to test and provide empirical evidence on the effect of the local government's capacity, leverage, type of local government, level of regional dependence, level of public welfare and BPK audit opinion on internet financial reporting. 152 people were selected to be the sample from district and city governments in Indonesia by purposive sampling method and analyzed by logistic regression. The results showed that the type of local government and the level of community welfare have a significant effect on IFR disclosure. This research failed to prove that the capacity of local government, leverage, level of local government dependence and BPK audit opinion have an effect on IFR disclosure. The municipal governments with larger and more diverse populations, local government sites are more sophisticated and more information is revealed. Likewise, if the highest level of public welfare indicates better government financial performance, it encourages the local government to disclose financial information as a signal that the local government has carried out the mandate and responsibility from the society.

Keywords: IFR, local government's capacity, leverage, local government type, local level of dependency, level of community welfare, BPK audit opinion

1. INTRODUCTION

The use of information and communication technology has developed in various sectors such as government, education, health, manufacture, banking, finance, transportation, retail and distribution, tourism and other services (Muhammad, 2012). Government is one component that can apply information and communication technology to provide efficient and effective public services and can support the implementation of good governance. The goal of good governance is to create a clean and authoritative government with the application of two principles of accountability and transparency.

The implementation of good governance in Indonesia was marked by an unofficial launch of e-government since 2001, when the President issued Presidential Instruction No. 6 of 2001 on the National Communication Information Technology Action Plan. Furthermore, the Government of Indonesia issued Presidential Instruction No. 3 in the

year 2003 on National Policy and Strategy of e-Government Development. This policy instructed each institution of government from the center to the local to build its own website in an effort to introduce the potential of the region and improve its services to the society until finally it is able to become good governance. The Internet can also be utilized by the Regional Government in expressing voluntary and concrete accountability in realizing accountability. Thus the pattern of traditional public information services with face to face services can be developed into new models through e-government which is more efficient and flexible because the access can be done anytime and anywhere by the society.

The condition of e-government in Indonesia is reflected in the low ranking of index of e-government in the world. The United Nations (UN) re-published the EGDI (E-Government Development Index) ranking based on a 2016 survey. In this year Indonesia ranked at 116 EGDI, went down 10 ranks compared to 2014 which ranked 106th. This condition is still far

under some countries in Southeast Asia such as Malaysia (ranked 60th), Philippines (ranked 71st), and Brunei Darussalam (ranked 83rd) (<https://bpptik.kominfo.go.id>). The decrease in the level of e-government index certainly makes it a challenge for the Indonesian to be able to improve EGDI ranking in the coming years. The figures obtained are thereflection of the conditions of the implementation of e-government to ensure that the public institutions are more inclusive, effective, accountable and transparent.

The transparency is a key issue in democratic governance. The democratic governance requires accountability to the public in order to increase the transparency in disclosing more information about budgets and finances. The increased of transparency is needed in the context of oversight functions, preventing corruption and misuse of public resources that will result in wasting. According to the Corruption Perceptions Index report of 2016, Indonesia ranked at 90th from 176 countries, went down two ranks compared to 2015 which ranked 88th. In the top ranks there are Denmark, Canada, Finland, Sweden and Switzerland which are marked by transparency in the process bureaucracy, engaging citizen involvement, freedom of the media and an independent judicial system. These countries allow citizens access information about how the public budget is used. (<http://www.transparency.org/cpi2016/results>, accessed October 7, 2017). This demonstrates the need for more serious efforts to improve the quality of government transparency in government administration.

The increased of transparency can be seen from the availability of information and ease in obtaining such information to the public. The attention to increase transparency in Indonesia is growing with the issuance of the Law of the Republic of Indonesia no. 14 in the year 2008 on Public Information Disclosure that regulated all levels of public officials become more transparent, responsible and oriented to the best service of the society. The law stated that the Government is obliged to

disseminate the public information in a manner which is easily accessible by the society and in an understandable language.

In addition, the President also issued an Inpres no. 17 in the year 2011 on Corruption Prevention and Eradication Act in the year 2012. The Inpres mandated to all Ministries / Institutions (K / L) and local governments related to corruption prevention efforts. In the implementation of the Inpres, the government has drawn up a national action plan. For the central government, the action plan became the domain of the Ministry of Finance (MoF) related to the transparency of K / L budget management. As for transparency of local budget management (TPAD) implemented by Kemendagri. In order to encourage regions to organize budget transparency, MoHA has issued Ministerial Instruction No. 188.52 / 1797 / SJ / 2012 on Transparency of Regional Budget Management (TPAD). The directive was directed to the Governor of Indonesia for the execution of TPAD. The Instruction of the Minister of Home Affairs mandated the provincial government to prepare a content menu named TPAD in the official website of the provincial government (Pemprov).

With affordable access to government financial information, the society can know and monitor government programs and assess government performance in managing their finances. This is in accordance with the signal theory framework which stated that the drive to provide information is due to the information asymmetry between local government and outsiders, especially the society. One way to reduce information asymmetry is to provide a good signal to the society in the form of positive and reliable financial information (Trisnawati and Achmad, 2014). The Internet is the most effective medium for local governments to show the positive signals to the society that the government has run the mandate given by the society (Puspita and Martani, 2012). If based on institutional theory, local government financial reporting through the internet is an effort in order to gain legitimacy

from their institutional environment of society, central government and other organizations (Ratmono, 2013).

The Puspita and Martani Research (2012) stated that the local governments disclose information on the site at 44.84% (total disclosure), 47% (content disclosure) and 42.61% (disclosure presentation). The disclosure in local government sites in Indonesia is still relatively low, as it is still below 50%. Research Afryansyah and Haryanto (2013) showed that the average index of accounting information disclosure level on the internet is 22%. The research from Suhardjanto and Yulianingtyas (2011) revealed that the average value of mandatory disclosure in local government balance of 30.85%. Meanwhile Martani et al. (2014) revealed that the level of transparency of financial information and performance of local government in Indonesia only reached 15%. The research from Trisnawati and Achmad (2014) showed that the level of transparency of LKPD is still very low that is, only 13% of local governments publish financial statements on their official website.

The same study was conducted by Nofriani et al. (2015), which indicated that the average percentage of financial information disclosure at local government sites is still relatively low because it is still below 50% which is only 34.2%. This low percentage indicated that during the 12 years of e-government implementation in Indonesia, the local government has not optimized the disclosure of their financial information as a medium of communication with stakeholders. The level of preparedness of local governments in the implementation of e-government in accordance with INPRES No.3 in the year 2003 can be categorized still in level 1 that is, the preparation stage. The tendency of local governments to simply fulfill their obligations in making official websites without actually wanting to increase accountability and transparency. This finding was also supported by the observation that there were several local government sites that provide links for

documents or certain information but the documents or information is not available.

Several previous studies have attempted to extract empirical evidence on some of the factors that were the determinants of IFR. The local governments through websites include political competition, local government's capacity, leverage, local government type, audit opinion, local government wealth (PAD), local government age, functional differentiation (number of SKPD), local education background, local government complexity, media visibility, Human Development Index, capital expenditure, findings, intergovernmental revenues. The researcher chose the variables of local government's capacity, leverage, type of local government, level of regional dependency, level of community welfare and audit opinion of BPK as independent variable because it showed the inconsistency of the result so that it was interested to be researched.

The existence of inconsistent research results as well as the unequivocal sanctions on the local governments that do not comply with legislation regarding disclosure of financial information on the website, made the researcher motivated to examine whether the capacity of local government, leverage, type of local government, level of regional dependence, level of community welfare and opinion BPK audit may affect the compliance of internet financial reporting disclosure. In addition, the researcher wanted to see the development of financial reporting through the internet in 2017, where in the previous year the disclosure of financial statements was still low that was below 50%.

It is expected that with this research, the local government began to concern the development and usefulness of IT and internet. This research was expected to be a feedback value for the development of the region as well as motivating other local governments to develop the official website using the means in the delivery of information. For the community this research can be used as information to

know the performance of local government so that can be used as tool of supervision of financial performance of local government.

2. THEORY AND HYPOTHESIS DEVELOPMENT

The capacity of Local Government

The amount of assets owned by the local government will describe how big the capacity of the local government (Puspita dan Martani, 2012). The capacity of local government is a significant predictor for accounting compliance (Patrick, 2007). The biggest local government is also more complex in their financial management, so that more financial information should be reported to reduce the occurrence of information asymmetry (Trisnawati and Achmad, 2014). According to institutional theory, the biggest entities are more publicly visible and are under greater pressure. In addition, the biggest stakeholders are also more numerous. Therefore big-capacity of local government has stronger incentives to improve their reputation and public image. IFR is an effective means of meeting such pressures because the financial information can be disseminated to a larger audience (Pina et al., 2010). The results of Nosiha and Yaya (2016) showed that the capacity of the local government has a positive effect on the disclosure of Internet Financial reporting. Similarly, the research of Puspita and Martani (2012), Medina (2012), Trisnawati and Achmad (2014) and Nofriani et al., (2015). From the above exposure, the researcher developed the following hypothesis:

H1: The capacity of Local Government has a positive effect on IFR disclosure

Leverage

Leverage is the ability of the government to ensure its borrowed funds in providing services and programs for the society both now and in the future. The creditor will always oversee the performance of local governments in using the borrowed funds and assess the ability of local governments to pay their

liabilities. According to institutional theory the amount of debt will cause an organization to coercive isomorphism in order to meet the pressure of the creditors (Ratmono, 2013). The coercive isomorphism can be a financial reporting practice that is more accessible to creditors. Meanwhile, according to the theory of signaling, the local government that has large debts should properly provide more complete disclosure and more detailed explanation to the society about the use of debt that can be used as a means to provide a good signal to the society. The local government can increase public trust by reducing information asymmetry. The results of Styles and Tennyson (2007) showed that the level of local government debt had a positive effect on the level of access to IFR. Similarly, the results of Laswad et al. (2005), Trisnawati and Achmad (2014) and Nosiha and Yaya (2016) studies showed that the level of debt financing had a significant effect on voluntary disclosure of financial information through the internet. Based on the description above the researcher made a hypothesis:

H2: Debt Financing ratio positively affected IFR disclosure

Type of Local Government

In Chapter VI of the Regional Government of the 1945 Constitution of the Republic of Indonesia article 18 stated that the Unitary State of the Republic of Indonesia is divided into provinces and provinces divided into districts and municipalities, with each province, district and city have the local government, which is regulated by law. The Laswad et al. b(2005) study revealed that the type of government in the form of larger and more diverse cities makes the regional government sites more sophisticated and more information is revealed on the site, the better internet access in urban areas causes disclosure rates at urban areas higher than in districts. So here the government in the city more optimize it especially in the disclosure of financial statements. The research of Medina (2012), Laswad et al., (2005), Trisnawati and Achmad (2014), indicated that the type of local government has an influence on financial

reporting. From the above explanation the researcher made a hypothesis:

H3: Type of Local Government has a positive effect on IFR disclosure

Local level of dependency

Patrick (2007) defined the level of regional dependence is a type of revenue of the Regional Government derived from central government transfers to the Regional Government to finance the operations of the Regional Government. In return, the Local Government spends intergovernmental transfer revenues in accordance with budget allocations and guidance under the Act. In the context of financial management in Indonesia, the local government generally receives funding from the central government in the form of General Allocation Fund (DAU). Based on institutional theory, the greater the DAU aid received by local governments, the greater the tendency of local government to coercive isomorphism to meet the demands for transparency and accountability for the management of grant funds (Ratmono, 2013). The study of Setyaningrum and Syafitri (2012), Pupita and Martani (2012) and Medina (2012) found a positive influence of regional dependence on the corresponding mandatory disclosure of the local government. From the above description, the hypothesis of this study was:

H4: The level of local government dependence has a positive effect on IFR disclosure

The society Welfare Level

The level of society welfare of a region is measured through the income of each society of the area reflecting the level of productivity of each population in a region (Medina, 2012). The higher the income of a society of a region, the higher the demand for information provided on the government site to assess the performance of the government (Styles and Tennyson, 2007). With higher the income of a society will have a demand for higher accountability as well. Laswad's research (2005) and Trisnawati and Achmad (2014) proved that the higher the income of each society of the region, the higher the level of

disclosure of information in government sites. The higher level of public welfare indicates the financial performance of local government is getting better too. The more prosperous the society, the greater the public demand for the availability of financial information and performance in local government sites. Based on the above it can be formulated hypothesis as follows:

H5: The level of community welfare has a positive effect on IFR disclosure

Audit CPC Opinion

Audit opinion is an indicator of the quality of financial accountability seen by the presentation of Local Government Financial Statements (LKPD). Multilateral audit opinions consist of: Unfair (TW), Not Giving Opinion (TMP), Fair With Exceptions (WDP), and the Best is Unqualified (WTP). The better BPK's opinion on LKPD will probably lead to a higher tendency for local government to implement IFR practices in order to demonstrate to the public its capabilities and commitments in compliance with SAP. Disclosure through IFR is conducted to gain legitimacy from the public for good financial management capability so as to get a good opinion from BPK. Based on signaling theory, disclosure through IFR is also a signal to various principals that the Head of Region has a good performance in the management of local finances (Ratmono, 2013). Andriani's research (2012) found that audit opinion has a positive influence on the quality of financial information disclosure by local government. Based on the above description of the researcher made the following hypothesis:

H6: Audit opinion has a positive effect on IFR disclosure of local government in Indonesia

3. RESEARCH METHOD

Population and Sample

The population in this study were 514 district and city governments in Indonesia consisting of 416 districts and 98 cities in Indonesia (data of 2016). The Sampling in this research using purposive sampling technique. The Sampling criterias are local government that has web and accessible, local government which publishes local government finance report of budget year 2016 and has been audited by BPK RI and present data and information for measurement of research variable.

Types and Data Sources

The data used in this research is secondary data. The dependent variable of this study is the publication of local government financial statements that are accessed from the respective district / municipal government websites. The website address of the district / city government is obtained from the official website of the Ministry of Home Affairs, ie www.kemendagri.go.id. The data of this study included total local government assets, total local government liabilities, total DAU, total LG revenue, total PAD, total population, and also an audit opinion on LKPD in 2016. The total government assets, total local government liabilities, Total Revenue and total PAD sourced from LKPD obtained from the Information and Communication Center of BPK RI. The population data and DAU data were obtained from Kemendagri website, ie www.kemendagri.go.id. The audit opinion data of LKPD is obtained from Summary of Semester Examination Results (IHPS) I 2017 by BPK published through www.bpk.go.id.

Operational Definition of Variable

The variables used in this study were the publication of local government financial statements according to the instruction of the Minister of Home Affairs, the capacity of the local government, the leverage, the type of regional government, the level of local government dependence, the level of community welfare and the BPK audit opinion. Publication of local government financial statements via the internet is measured using dummy numbers. Number 1 is

awarded to the regional government that presents one of the components of the financial statements in accordance with the instructions of the Minister of Home Affairs and the number 0 is given to the regional government which does not present one of the components of the financial statements. The capacity of the local government is measured using total local government assets. Leverage is measured using the ratio of total liabilities to total assets owned by the local government. The type of local government is measured using dummy numbers, the municipal government is assigned the number 1, while the district government is given the number 0. The level of regional dependence is measured by the total DAU divided by the total income. The level of community welfare is measured by the total PAD divided by the total population. Audit opinion is measured by dummy number. The local government that received the WTP audit opinion was given the number 1, while the local government that received the non-PAP audit opinion was given the number 0.

Hypothesis Testing

The regression analysis used in this study was logistic regression analysis (logistic regression). Some of the reasons underlying the use of logistic regression in this study included free variable was a combination of continuous variables (metrics) and categorical (non-metric). The logistic regression model used in this research was as follows:

$$IFR = \alpha + \beta_1 SIZE + \beta_2 LEV + \beta_3 TYPE + \beta_4 DEPEND + \beta_5 WEALTH + \beta_6 AUDIT + e$$

4. RESULT AND DISCUSSION

Hypothesis Testing Results

Hosmer and Lemeshow test results showed sig value. 0,545 was greater than 0.05 which meant that there was no significant difference between the model and the observation value, so the model was acceptable or fit. The value Nagelkerke R Square this study amounted to 0.154 indicating that the independent variables in the study were able to explain 15.4% dependent variable. While the rest of 84.6% was explained by other variables outside the

research model. This was shown in the table below:

TABLE 1 - HOSMER AND LEMESHOW TEST

Step	Chi-Square	Df	Sig.
1	6,922	8	,545

Source: Secondary Data Processed, 2017

TABLE 2 - COEFFICIENT OF DETERMINANT:

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	189,528	0,115	0,154

Source: Secondary Data Processed, 2017

TABLE 3 - LOGISTIC REGRESSION TEST RESULTS

		B	S.E	Wald	Df	Sig.	Exp(B)
Step 1 ^a	Wealth	.000	.000	7.111	1	.008	1.000
	Tipe	-1.068	.518	4.258	1	.039	.344
	Opini	.473	.465	1.034	1	.309	1.604
	Depend	.383	2.344	.027	1	.870	1.467
	Leverage	-5.204	8.567	.369	1	.544	.005
	Size	.000	.000	1.096	1	.295	1.000
	Constant	-1.777	1.569	1.283	1	.257	.169

Source: Secondary Data Processed, 2017

Based on the results of logistic regression testing can be seen that the level of community welfare and type of local government had a positive effect on the confidence level of 5%. The highest the level of public welfare was, the highest the level of IFR disclosure was, while the type of city government was more sophisticated and open in disclosure of financial information, compared to the districts. While the variable

capacity of local government, audit opinion, level of local government dependence and leverage have probability value (sig.) Bigger than $\alpha = 5\%$. This study did not succeed in proving the influence of local government's capacity, audit opinion, level of local government dependency and leverage on internet financial reporting disclosure. Based on the results of logistic regression testing, the regression equation that was formed:

$$\text{IFR} = -1,777 + 0,000(\text{SIZE}) - 5,204(\text{LEV}) - 1,068(\text{TIPE}) + 0,383(\text{DEPEND}) + 0,000(\text{WEALTH}) + 0,473(\text{OPINI}) + e$$

Discussion

Local Government's Capacity Hypothesis

The first hypothesis states that the capacity of the local government has a positive effect on IFR expression was not proven. The capacity of local government expressed by assets was unlikely to have an effect on financial reporting on the internet due to accounting issues of assets faced by local governments in

Indonesia as evidenced by the exception in BPK audit opinion (Rahman et al., 2013). Most local government financial statements that were given fair opinion with an exception have mismatched in terms of assets. Meanwhile, according to Setyaningrum and Syafitri (2012) the government with a large capacity has a more complex bureaucracy, making it more difficult to supervise the

management of its assets. This results in the potential for inaccurate listing of assets. Therefore, the growing capacity of the local government does not encourage local governments to increase their disclosure of financial statements. The results of this study were not accordance with the research of Medina (2012), Puspita and Martani (2012), Trisnawati and Achmad (2014), Nofriani et al. (2015) and Nosihana and Yaya (2016) indicating that disclosure of financial information through local government websites is not affected by the capacity of the local government.

Leverage Hypothesis

The results of this study indicated that the level of debt financing did not affect the disclosure of internet financial reporting on the local government website. With a high debt burden, the local government is unwilling to disclose its financial information to the public or creditors to avoid assuming the high burden of debt owned by the local government. Higher debt used as a source of financing indicates low local government performance. Therefore, the highest the debt burden was, the less disclosure of internet financial reporting was. The results of this study was in accordance with research Nofriani et al. (2015) and Nosihana and Yaya (2016) which revealed that local governments with high debt ratios would tend not to publish their financial information to reduce the spotlight of creditors. This indicated that local governments have not fully provided transparency to stakeholders. The results of different studies were shown by Laswad et al. (2005) and Trisnawati and Achmad (2014) where the results of his research obtained evidence that leverage has a positive significant effect on the disclosure of local financial information. High leverage will encourage local governments to publish financial statements on their official website.

Hypothesis Type of Local Government

The results of this study revealed that the disclosure of internet financial reporting was influenced by the type of local government.

Local government tends to be more transparent than district governments. The urban areas are the urban areas where the heterogeneous population is so that the public demand for the transparency of financial statements tends to be higher. In addition, urban-owned technology is more sophisticated and internet access is more adequate than the district. This led to higher urban oversight resulting in a more voluntary government tendency to disclose financial information due to the demands of financial transparency. The results of this study were consistent with the research of Laswad et al. (2005), Sinaga and Prabowo (2011) and Medina (2012) indicating that municipal government tends to be more transparent in reporting financial information via the internet. However, the results of this study were not in accordance with research Rahman et al. (2013) and Trisnawati and Achmad (2014).

Hypothesis of Dependency of Local Government

The results of this study indicated that the level of local government dependence has no significant effect on internet financial reporting. Local government that has high levels of dependence on central government funds in this case special allocation funds (DAU) will not automatically have a high percentage of disclosure on the site. The results of this study were in accordance with the research of Setyaningrum and Syafitri. (2012) which revealed the level of dependence of the local government does not affect the internet financial reporting is suspected because the central government has so far given less control over the balance fund so that the local government does not have the impetus to increase the disclosure of its financial statements. The results of this study were different from the results of research Puspita and Martani (2012) and Martani et al. (2014) which succeeded in proving the influence of the level of dependence on the disclosure of financial information on the local government website. The existence of pressure from the central government on local government on accountability of DAU in the

form of financial information and performance of local governments encourages greater disclosure of information on local government sites (Martani et al., 2014)

Hypothesis Level of Public Welfare

The results of this study indicated that the level of public welfare has a positive effect on the level of IFR disclosure. The highest the level of people's welfare was, the public demand for financial information was higher. The results of this study were consistent with the research of Laswad et al. (2005), Rahman et al. (2013) and Trisnawati and Achmad (2014) proving that the highest income of the society of the regions, the higher the level of disclosure of financial information on local government sites. The higher level of public welfare indicates the financial performance of local government is getting better. Publication The financial report through the internet is a signal from the local government to the society to oversee local government performance and the demands of transparency. However, the results of this study were not in accordance with the research of Sinaga and Prabowo (2011) and Afriansyah and Haryanto (2013) studies indicating that the wealth of local government has no significant effect on voluntary financial reporting on the internet.

Hypothesis of CPC Audit Opinion

The results of this study indicated that the BPK audit opinion does not affect the disclosure of internet financial reporting. Unqualified Audit (WTP) opinion obtained by the local government does not encourage the local government to publish financial reports through the local government website. The Audit opinions other than WTP do not indicate the performance and accountability of local governments is bad because the performance of the government is not only measured from the results of financial statements only. As happened in the case of bribery of BPK officials by officials in the Ministry of Village Development of Disadvantaged Regions and Transmigration (Kemendes PDTT). The existence of bribery cases showed to the public that the opinion of the WTP is not a

guarantee of the local government free from corruption. The public perceptions that began to change make an audit opinion does not directly affect the local government in publishing financial statements via the internet (Trisnawati and Achmad, 2014).

5. CONCLUSION

This study aimed to examine the effect of local government's capacity, leverage, type of regional government, level of regional dependence, level of public welfare and BPK audit opinion on internet financial reporting disclosure at district and city government in Indonesia in accordance with Instruction of Minister of Home Affairs Number 188.52 / 1797 / SJ / 2012. The tests were conducted on 152 district and city governments using logistic regression methods. The results showed that the internet financial reporting disclosure rate was still low, only 44% of local governments published the financial reports through the official local government website.

Based on the results of tests conducted can be seen that variable types of local government proved to affect the internet financial reporting. The Municipal Government tends to disclose financial statements through their website because of the demands and supervision of the public. Meanwhile, financial performance was not proven as a moderating variable only as an independent variable. The level of public welfare affected the disclosure of internet financial reporting. The highest the level income of society of the region is, the highest the level of disclosure of information in government sites is. The highest level of public welfare indicated the financial performance of local government is getting better. The more prosperous the society is, the greatest the public demand for the availability of financial information and performance in local government sites is.

The results of this study did not succeed in proving the influence of local government's capacity, leverage, level of regional government dependence and BPK audit opinion on internet financial reporting

disclosure. Local governments with large sizes have more complex bureaucracies, making it more difficult to monitor the management of their assets. This has resulted in the potential for inaccurate listing of assets so that large-capacity of local governments do not encourage local governments to increase disclosure of financial statements. Those with high financing ratio will tend not to publish their financial information to reduce the spotlight of creditors and to avoid assumption about the high burden of debt owned by the government. The central government does not provide special monitoring in the process of determining the balancing budgets to the local government so that this is not expected to encourage regional governments to improve their financial information disclosure. The audit opinion also does not directly affect internet financial reporting due to changes in public perceptions related to WTP opinion. WTP opinion does not guarantee good and clean local government finances from corruption, while non-PAP opinion does not necessarily indicates poor local government financial management.

The limitations in this study was the low ability of independent variables in affecting

the dependent variable tested. This showed that there were other factors that can explain the publication of local government financial statements through the internet. In the equation model in this study only 15.4% of the disclosure variable of financial information can be explained by the independent variable, while the rest of 84.6% explained by other factors outside the model. The local government site is one of alternative media disclosure of financial information. There are still many other disclosure media such as print media and electronic media other than internet.

Based on the limitations of the research that has been described, the researcher gave suggestions for improvements by adding other variables that allegedly affected the publication of financial statements namely HDI, administrative age of local government, the area, the quality of financial information displayed on the site, the ratio of regional independence. For the further research may also add the provincial government as a sample.

REFERENCES

- Afriansyah, Rahmad Dian. 2013. Factors Affecting Disclosure of Accounting Information on the Internet By Local Government. *Diponegoro Journal Of Accounting* Vol.2 (2).
- Andriani, Evanti. 2012. The Influence of Audit Opinion and Audit Findings on the Level of Disclosure on Local Government Financial Statements. *Essay. Accounting Extension Program Faculty of Economics University of Indonesia*.
- Asbaugh, H., Johnstone, K.M., and Warfield, T.D. 1999. Corporate Reporting on the Internet. *Accounting Horizons*, 13(3) : 241-257
- Carpenter, V. and Feroz, H. 2001. Institutional Theory and Accounting Rule Choice. *Accounting, Organization and Society* Vol. 26: 565-596
- DiMaggio, P and Powell, W. 1983. The Iron Cage Revisited : Institutional Isomorphism and Collective Rationality in Organization Fields. *American Sociological Review* Vol.48: 147-160
- Garcia, A. C., and Garcia, J. 2008. Determinants Of Internet Financial Disclosure by Local Government. *Articulos Doctrinales Vo. XXXVII No. 137. Universidad de Oviedo. Spanyol*
- Ghozali, Imam. 2013. *Aplikasi Analisis Multivariate dengan Program IBM SPSS 21*. Diponegoro University. Semarang
- Handoko, M and Fuad. 2013. Antecedents and Consequences of Internet Based Financial Information Disclosure Ratios: The Role of Financial Performance Moderation. *Diponegoro Journal Of Accounting* Vol. 2 (2).
- Hilmi, A.Z., and Martani, Dwi. 2010. Analysis of Factors Affecting the Disclosure Rate of Provincial Government Financial Statements. *National Symposium on Accounting XV Banjarmasin*, 20-23 September 2012.
- Hiola, Y., Rosidi and Aji Dedi M. 2015. The Influence of Financial Performance on Compliance of Financial Information Disclosure on Website With Audit Opinion and Political Environment as Moderator (Study on Provincial, City and District Government in Sulawesi. *National Symposium on Accounting XVIII Medan*, 16 -19 September 2015.
- Hudoyono, Y.T., and Mahmud, A. 2014. Factors Affecting the Disclosure of Financial Statements on the Internet by Local Governments. *Accounting Analysis Journal* 3 (4) (2014) p 485-492.
<http://www.bpk.go.id/ihips/2017/I>, (Retrieved 20 October 2017)
https://id.wikipedia.org/wiki/Daftar_kabupaten_dan_kota_di_Indonesia, (Retrieved 5 June 2017)
<https://bpptik.kominfo.go.id/2016/09/09/2190/inilah-peringkat-e-government-indonesia-berdasarkan-survei-pbb-2016/>, (Retrieved 5 June 2017)
<http://www.kemendagri.go.id/basis-data/2013/05/06/alamat-situs-daerah-dan-lpse>, (Retrieved 5 June 2017)
- Instruction of the Minister of Home Affairs of the Republic of Indonesia Number 188.52 / 1797 / SJ Year 2012 on Improving Transparency of Local Budget Management.
- Presidential Instruction No. RI. 3 of 2003 on National Policy and Strategy of E-Government Development
- Presidential Instruction No. RI. 17 Year 2011 on the Prevention and Eradication of Corruption.
- Laswad, Fawzi, Fisher Richard and Oyelere, Peter, 2005. Determinants of Voluntary Internet Financial Reporting by Local Government Authorities. *Journal of Accounting and Public Policy*, 24 : 101-121
- Martani, D., Fitriarsi, D., and Annisa. 2014. Financial and Performance Transparency On The Local Government Websites In Indonesia. *Journal of Theoretical and Applied Information Technology* Vol. 60 No. 3
- Martono, Nanang. 2012. *Metode Penelitian Kuantitatif : Analisis Isi dan Analisis Data Sekunder*. Jakarta. Rajawali Press
- Medina, Febri. 2012. Factors Influencing Transparency of Financial Information On Official Site of Local Government. *Faculty of Economics, University of Indonesia*
- Muhammad, Bagus H. P. 2012. Analysis of Disclosure of Financial and Non Financial Information in E-Government Perspective On

the City /District Government Website In Indonesia. FPEB UPI. Bandung.

Nofriani, S., Lilik H., and Erna Widiastuty. 2015. Determinant of Financial Information Disclosure On Local Government Sites as a Form of E-Government Implementation in Indonesia. (Unpublished *thesis*, Mataram University)

Nosihana, Ariefia and Rizal Yaya. 2016. Internet Financial Reporting and Factors Affecting the City and Regency Government In Indonesia. *Journal of Accounting and Business Dynamics*. Vol. 3 (2), pp 89-104.

Patrick, P. A. 2007. The Determinant Of Organizational Inovativeness : The adoption of GASB 34 in Pennsylvania Local Government. *Unplished Ph.D Disertation. Pennsylvania : The Pensylvania State University*

Pernyataan Standar Akuntansi Keuangan (PSAK) Number: 1 Year Per 1 July 2009. *About Presentation of Financial Statements*

Pina, V. Torres, L. and Royo, S. 2010. Is E-Government Promoting Convergence Towards More Accountable Local Government? *International Public Management Journal* 13 (4): 350-380

Puspita, R and Dwi Martani. 2012. Analysis of the Effect of Performance and Characteristics of Local Government Against Level of Disclosure and Quality of Information in Local Government Website. *National Symposium on Accounting XV, Banjarmasin 20-23 September 2012*.

Rahman, A., Sutaryo, dan Budiatmanto, A., (2013). Determinan Internet Financial Local Government Reporting in Indonesia, *National Symposium on Accounting XVI Manado, 25-28 September 2013*.

Ratmono, Dwi. 2013. Local Government Financial Reporting on the Internet: Institutional and Institutional Testing. *Media Scientific Accounting* Vol. 1 No. 2, September 2013. pp. 28-48.

Republic of Indonesia. 2008. Law Number 14 Year 2008 regarding Public Information Transparency.

2014. Law Number 23 Year 2014 on Regional Government.

2004. Law Number 33 Year 2004 regarding Fiscal Balance between Central Government and Local Government.

2005. Government Regulation Number 56 Year 2005 regarding Regional Financial Information System.

2005. Government Regulation No. 58/2005 on Regional Financial Management.

2010. Government Regulation Number 71 Year 2010 concerning Government Accounting Standards.

2007. Regulation of the Minister of Home Affairs Number 7A of 2007 concerning Procedures on Information and Feedback or Suggestion

from the Upper Society Report on the implementation of the Regional Government.

Serrano, C., Mar R., and Pilar P. 2008. Factors Influencing E-Disclosure In Local Public Administrations. *Documento de Trabajo-03 Facultad de Ciencias Economicas y Empresariales Universidad de Zaragoza*

Setyaningrum, D., and Syafitri, F. 2012. Analysis of the Effect of Local Government Characteristics on Financial Statement Disclosure Level. *Journal of Accounting and Finance Indonesia* Vol 9 No. 2, University of Indonesia.

Sinaga, Yurisca F., and Tri Jatmiko W.P. 2011. Analysis of Factors Affecting Internet Financial Reporting Voluntarily by Local Governments. *Journal of Diponegoro University*

Styles, Alan, K. and Tennyson, Mack, 2007. The Accessibility of Financial Reporting of US Municipalities on The Internet. *Journal of Public Budgeting, Accounting and Financial Management*. Spring. 19 :56-92

Sugiyono. 2014. *Metode Penelitian Kuantitatif Kualitatif dan R&D*. Alfabeta. Bandung

Sugiyono. 2015. *Statistik Untuk Penelitian*. Bandung: Alfabeta.

Suhardjanto, Djoko and Yulianingtyas, Rena Rukmita. 2011. Effect of the Characteristics of Local Government Against Compliance on Compulsory Disclosures in Local Government Financial Statements (Empirical Studies of Regencies / Cities in Indonesia). *Journal of Accounting and Auditing* Vol. 8 No. 1: 1-94

- Suwardjono. 2005. *Teori Akuntansi : Perencanaan Pelaporan Keuangan*. Jogjakarta: BPFE
- Transparency International. 2017. *Corruption Perceptions Index 2016*. (Online),(<http://www.transparency.org/cpi2016/results>, accessed October 7, 2017).
- Trisnawati, M.D., Achmad, K. 2013. Determinant Publication of Local Government Financial Reports Through the Internet. *Accounting journal. Universitas Brawijaya Malang*
- West, D. M. (2005). *Digital Government, Technology, and Public Sector Performance*. Princeton NJ: Princeton University Press.
- Wiyono, Gendro. 2011. *Merancang Penelitian Bisnis dengan Alat Analisis SPSS 17.0 & SmartPLS 2.0*. Yogyakarta. UPP STIM YKPN.