



Analysis of Regional Financial Report Disclosure Factors: A Literature Review

Ferryansah^{1*}, Einda Evana², Fitra Dharma³

Accounting Department, University of Lampung

Corresponding Author: Ferryansah ferryansah.ferry3@gmail.com

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ABSTRACT

This research looks at various factors influencing regional government financial report disclosure in Indonesia. The method used is a literature review using the SINTA database with a publication period of ten years. The results show that good audit opinions, a high level of independence, and effective regional revenue management positively impact the disclosure of regional government financial reports. Other factors, such as political pressure, population size, and regional wealth, also play an important role in shaping transparency. Increasing openness of financial information at the regional level strengthens accountability and builds public trust in local government. Based on these findings, it is known that it is important for local governments to pay attention to factors such as audit opinion, level of independence, and revenue management to increase financial report disclosure. In addition, understanding political pressures, population size, and regional wealth is also needed to form effective transparency policies. Increasing the transparency of financial information at the regional level is expected to strengthen government accountability and build public trust, support good governance, and increase the efficiency of regional financial management

INTRODUCTION

Indonesia is experiencing a very dynamic development of government governance, where good governance is a public demand for the management of public sector organizations (Moento et al., 2019). Good governance, measured by the Indonesian Governance Index (IGI), emphasizes the distribution of power, resource management, and solving community problems through the participation of the government, the people, and the private sector (Palangda & Dame, 2020). According to the UN survey, the importance of good governance is reflected in E-Government, where Indonesia has increased from 88 in 2020 to 77 in 2022. The implementation of good governance is also closely related to accountability and transparency, especially in strategic state financial management for development (Napitupulu et al., 2020).

In Indonesia, regional governance does not yet have specific regulations and has only reached the trial stage with the Regional Governance Index (ITKPD) initiated by the Ministry of Home Affairs. Regional governments have the right and obligation to develop regional potential, but the delegation of responsibility is also accompanied by increasing corruption cases, especially revealed through BPK reports (Fajaruddin, 2021). Governance is measured through financial reports, where transparency and accountability are the focus. Financial reports must be clear, open, and useful for political, social, and economic decision-making (Kusuma et al., 2021). The implementation of regional financial management involves several stages, from budget preparation to accountability, and is regulated by Government Regulation 71 of 2010. PPKD prepares regional government financial reports by consolidating reports from SKPD-SKPD (Ministry of Finance of the Republic of Indonesia, 2017b).

The core of effective governance lies in the disclosure of information in financial reports, encompassing mandatory and voluntary aspects to ensure the provision of relevant and comprehensive data (Carolina, 2019). However, existing research indicates a persistently low level of disclosure in regional financial reports, particularly evident in the inadequate disclosure of inventory accounts in various Indonesian regions (Suwarjuwono & Ritonga, 2017; Iqbal, 2018). The quality of financial reports in regional governments is further assessed through audit findings by the Financial Examiner (BPK), aiming to gauge presentation quality and potentially influence disclosure levels (Rizta & Nazwar, 2021). Despite this, research on the impact of audit findings yields mixed results (Marliani et al., 2018).

Several variables contribute to financial report disclosure, including regional independence, balancing funds, political environment, population, and regional wealth. Previous studies offer varied insights into the influence of regional independence, balancing funds, and population (Finakesti et al., 2022; Utami & Sulardi, 2020). The political environment and pressure are acknowledged as factors influencing local government transparency (Yudistira & Rohman, 2022). The population, considered a proxy for regional complexity, is believed to correlate with disclosure levels (Utami & Sulardi, 2019). However, research results still need to be more conclusive, emphasizing the need to

consider additional variables like regional wealth, reflecting regional prosperity (Hadi & Setiawan, 2020).

METHODOLOGY

This study aims to fill gaps in existing knowledge by qualitatively examining the impact of several factors on the disclosure of local government financial reports in Indonesia. The factors under scrutiny include audit findings, independence ratio, balancing funds, political pressure, and local government characteristics. The research adopts a literature review methodology, comparing and synthesizing findings from previous studies to provide a nuanced contribution to understanding the complex landscape of regional financial report disclosure.

The chosen methodology involves a qualitative literature review conducted on academic journals within the SINTA database, covering the period from 2014 to 2023. This specific timeframe ensures the inclusion of recent studies that reflect the current state of financial reporting practices in local governments. The qualitative approach offers flexibility, allowing for a detailed examination of each study's methodology and findings. Through critical analysis, the research aims to uncover new insights into the determinants of regional government financial report disclosure in Indonesia. This involves delving into the methodologies employed in selected studies, understanding their primary findings, and synthesizing conclusions. The holistic nature of the literature review methodology enables the research to provide a comprehensive understanding of the intricate factors influencing financial reporting practices at the regional level.

RESULT

Article to be reviewed

Table 1. Article to be Reviewed

No	Author	Title
1	Mistika, Mega Deviani, Deviani (2023)	The Influence of Political Factors in Disclosure of Information Transparency on Regional Government Websites: Empirical Study of Regencies/Cities of Java and Bali for the 2017-2020 Period
2	Putri, Anggi Nadila Hardiningsih, Pancawati (2023)	Conformity of local government characteristics and audit opinions with financial statement disclosures
3	Finakesti, Lestavira Yulina, Bainil Hartaty, Sri (2022)	Determinants for Disclosure of Regency/City Regional Government Financial Reports
4	Putri, Errina Aprilia Rahayu, Sri Lestari, Tri Utami (2022)	Determinants for Disclosure of Regency/City Regional Government Financial Reports, South Sumatra Province
5	Vini Zenita, Yesi Mutia Basri, Rofika (2021)	Audit Opinion, Balancing Funds, Financial Condition and Disclosure of Regional Government Financial Information
6	Jessica, Novertasya Suhartono, Sugi (2020)	External Pressure, Political Factors, Internal Control and Leadership Style in Increasing Transparency of Regional Government Financial Reporting
7	Kurniati, Sari Siddi, Purnama (2020)	The Influence of Intergovernmental Revenue, Human Development Index, Regional Wealth, and Audit Opinion on Voluntary Disclosure: (Empirical Study: Regional Government on Sumatra Island, 2018)
8	Hadi, Deka Anugrah Setiawan, Mia Angelina (2020)	The Influence of Regional Wealth, Type of Government, and Audit Quality on Internet-Based Financial Reporting Disclosure
9	Hadianto & Murtin (2020)	The Influence of Regional Government Size, Regional Government Wealth, and Population Number on Internet Budgeting Reporting Disclosure
10	Utami, Shafira Ramadhia Sulardi, Sulardi (2020)	Analysis of Factors that Influence Internet Financial Reporting (IFR) Disclosure in Indonesia
11	Andriani, Meri Santi, Elfitri Mustika, Rasyidah (2019)	The influence of local government characteristics, audit opinion, and independence ratio on disclosure of local government financial reports
12	Dewi, Viona Indra Adi, Priyo Hari (2019)	Factors influencing the level of disclosure of regional government financial reports in districts/cities of West Sumatra province for the 2014-2016 fiscal year
13	Utami, Rinda Dwi Hapsari, Dini Wahjoe Mahardika, Dewa P K (2019)	The Influence of Education Level, Population, and Audit Opinion on Transparency of Regional Government Financial Information
		Political Competition, Regional Original Income and Audit Opinion on E-Government Implementation

14	Fikrinah Naopal, Sri Rahayu, Siska Priyandani Yudowati (2017)	The Influence of Regional Characteristics, Population, Audit Findings, and Audit Opinions on Disclosure of Regional Government Financial Reports
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Article identity

Table 2. Article Identity

Article No.	Year	Sinta	Citation	Journal
1	2023	S4	0	Vol. 5 No 3. (2023): Jurnal Eksplorasi Akuntansi (JEA)
2	2023	S4	1	Vol. 12 No. 1. (2023): Equilibrium
3	2022	S4	4	Vol. 6 No. 1 (2022): Jurnal Riset Terapan Akuntansi
4	2022	S3	3	Vol. 32 No. 8 (2022): E-Jurnal Akuntansi
5	2021	S4	1	Vol. 22, No. 1 (2021): Kajian Akuntansi
6	2020	S5	4	Vol. 9 No. 1 (2020): Jurnal Akuntansi
7	2020	S4	3	Vol. 4, No. 1 (2020): INVENTORY: Jurnal Akuntansi
8	2020	S4	4	Vol 2 No 1 (2020): Jurnal Eksplorasi Akuntansi (JEA)
9	2023	S3	7	Vol. 4, No. 2 (2020): Reviu Akuntansi dan Bisnis Indonesia
10	2020	S2	16	Vol 19, No 2 (2019): Jurnal Akuntansi dan Bisnis
11	2019	S5	15	Vol. 14 No. 1 (2019): Akuntansi dan Manajemen
12	2019	S2	9	Vol. 3 No. 4 (2019): International Journal of Social Science and Business (IJSSB)
13	2019	S2	3	Vol. 11 No. 1 (2019): Jurnal Riset Akuntansi Kontemporer
14	2017	S4	35	Vol. 7 No. 1 (2017): Assets: Jurnal Ekonomi, Manajemen, dan Akuntansi

In general, analysis of the reference table shows variations in terms of publication level, Sinta level, and number of citations between various studies discussing the disclosure of local government financial reports in Indonesia. From the data presented, these studies fall into various Sinta levels, with varying numbers of citations.

As an illustration, studies with Sinta S2 to S5 levels show the diversity of research qualification levels. The number of citations also varies, indicating the degree of influence and acceptance by the scientific community. Research with more citations may have a greater impact in supporting and developing an understanding of the factors that influence the disclosure of local government financial reports in Sumatra and Indonesia in general. Given these variations, this topic has significant appeal and relevance in the context of government accounting research. The implication is that these studies provide a strong

foundation for further understanding of the factors that influence local government financial report disclosure practices and can provide guidance for further research in the future.

Sample and respondents

Table 3. Sample and Respondents

Article No.	Sampling method	Sample
1	Purposive sampling	122 local governments in Java and Bali for the 2017-2020 period
2	Purposive sampling	provincial government in the 2018 to 2021 budget year
3	Saturation sampling	South Sumatra Provincial Government
4	Saturation sampling	34 Provincial Governments in Indonesia
5	Purposive sampling	33 OPDs of Siak Regency government
6	Purposive sampling	Regional governments on the island of Sumatra that have financial reports that have been examined by the BPK in 2018
7	Purposive sampling	Regency/city regional government in Indonesia
8	Purposive sampling	Regency/City regional government on Sumatra Island
9	Random sampling	All city or district governments in Indonesia
10	Purposive sampling	District/city governments in Indonesia
11	Purposive sampling	District/city regional government in West Sumatra Province.
12	Purposive sampling	Districts and Cities in Central Java
13	Purposive sampling	Provincial level regional government in Indonesia
14	Saturation sampling	Regency/City in West Java

The table provides a broad overview of research studies conducted on the disclosure practices of regional governments in Indonesia. These studies employ various sampling methods to investigate factors influencing financial disclosure in different contexts. Purposive sampling is frequently utilized, allowing researchers to target specific localities or periods of interest. The samples in the table represent a varied selection of regional governments in Indonesia, each chosen based on specific criteria related to the research objectives. Purposive sampling is a predominant method, allowing researchers to intentionally select samples that align with their study focus.

Data source & collection and data analysis

Table 4. Data Source & Collection and Data Analysis

Article No.	Data source	Data analysis
1	Secondary; KPU website	Descriptive statistics, classical assumption test, f test, t test
2	Secondary; Financial information	Descriptive statistics, classical assumption test, f test, t test
3	Secondary; Regional Government Financial Reports (LKPD) that have been audited by the Financial Audit Agency (BPK)	Descriptive statistics, hypothesis testing
4	Secondary; financial reports of all provincial governments in Indonesia from 2019-2020	Descriptive statistics, Logistic Regression Feasibility Test, Model Fit Test, Simultaneous Test, Coefficient of Determination
5	Primary; direct answers from respondents after the questionnaire was distributed directly to respondents (Head of OPD, Secretary and Head of Finance Subdivision)	Descriptive statistics, data feasibility testing, hypothesis testing
6	Secondary; Provincial Regional Government Financial Report (LKPD).	Descriptive statistics, classical assumption test, f test, t test, coefficient of determination
7	Secondary; regional government financial reports (LKPD) for cities/districts in Java in 2018	Descriptive statistics, Model Classification Power, hypothesis testing
8	Secondary; Regional Government Financial Reports for 2016 and 2017.	Descriptive statistics, classical assumption test, f test, t test
9	Secondary; financial reports of district/city governments in Indonesia in 2019 which have been audited by the Financial Supervisory Agency (BPK).	Descriptive statistics, classical assumption test, f test, t test, coefficient of determination
10	Secondary; financial reports of district/city governments in Indonesia in 2017	Descriptive statistics and regression analysis
11	Secondary; Regency/City Regional Government Financial Report (LKPD) in West Sumatra Province for the 2014-2016 period	Descriptive statistics, model testing, and regression analysis
12	Secondary; Regional Government Financial Reports	Descriptive statistics, classical assumption tests, and regression analysis
13	Secondary; annual provincial level regional government budget realization report and provincial	Descriptive statistics, classical assumption tests, and regression analysis

14	level BPK audit results report from 2012 to 2015. Secondary; Regency/City Regional Government Financial Report (LKPD) in West Java for the 2014-2015 period	Descriptive statistics, classical assumption tests, and regression analysis
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The table provides an overview of the data sources and analytical methods employed in various research studies investigating factors influencing the financial disclosure of regional governments in Indonesia. The studies utilize both primary and secondary data sources, showcasing the diversity in data collection approaches. Several studies rely on secondary data from financial reports, audited by institutions such as the Financial Audit Agency (BPK) or Financial Supervisory Agency (BPK), ensuring the reliability and credibility of the information. For instance, Mistika et al. (2023) and Finakesti et al. (2022) use secondary data from the KPU website and Provincial Regional Government Financial Reports (LKPD), respectively, to analyze the influence of political factors and other determinants on financial disclosure.

The data analysis methods vary across studies, reflecting the complexity of the research questions. Descriptive statistics are commonly employed to provide a summary of key variables, while hypothesis testing and regression analysis allow for the exploration of relationships between different factors. Logistic Regression Feasibility Test, Model Fit Test, Simultaneous Test, and Coefficient of Determination are employed in specific studies, such as the one conducted by Putri et al. (2022), to assess the impact of audit opinions, balancing funds, and financial conditions on financial information disclosure. Primary data collection methods, such as questionnaires, are utilized in studies like Vini Zenita et al. (2021), emphasizing the importance of incorporating the perspectives of key stakeholders, including heads of departments and finance officers. This comprehensive overview of data sources and analytical methods demonstrates the methodological rigor applied in these studies to contribute valuable insights into the disclosure practices of regional governments in Indonesia.

Table 5. Article Result

No	Title	Result
1	The Influence of Political Factors in Disclosure of Information Transparency on Regional Government Websites: Empirical Study of Regencies/Cities of Java and Bali for the 2017-2020 Period	The intense competition within the regional government process does not impact transparency disclosure procedures. Similarly, political support for government officials in their administrative duties does not significantly influence the implementation of information transparency. Specifically, government officials backed by the main party that secured victory in the national election are perceived to have no significant impact on the promotion of information transparency through regional government websites.
2	Conformity of local government characteristics and audit opinions with financial statement disclosures	The population positively contributes to the disclosure of financial reports by local governments. However, total assets and local original income do not exert any influence on the extent of disclosure in local government financial reports. Conversely, audit opinion negatively affects the level of disclosure in local government financial reports.
3	Determinants for Disclosure of Regency/City Regional Government Financial Reports Determinants for Disclosure of Regency/City Regional Government Financial Reports, South Sumatra Province	The outcomes of the research indicate that variables related to regional wealth, regional independence ratio, total Organizational Units (OPD), dependency, and legislative size exert a substantial and positive influence on the disclosure of financial reports.
4	Audit Opinion, Balancing Funds, Financial Condition and Disclosure of Regional Government Financial Information	The research outcomes reveal that audit opinion and financial conditions do not impact the disclosure of local government financial information. However, balancing funds demonstrate a negative effect on the disclosure of local government financial information.
5	External Pressure, Political Factors, Internal Control and Leadership Style in Increasing Transparency of Regional Government Financial Reporting	The research findings provide evidence that political factors, internal control, and leadership style variables positively influence financial reporting transparency. Conversely, the external pressure variable exhibits a negative impact on financial reporting transparency.
6	The Influence of Intergovernmental Revenue, Human Development Index, Regional Wealth, and Audit Opinion on Voluntary Disclosure: (Empirical	The findings of the study reveal that the Human Development Index and Audit Opinion exert a positive influence on Voluntary Disclosure. In contrast, Intergovernmental Revenue and Regional Wealth have a negative impact on voluntary disclosure.

	Study: Regional Government on Sumatra Island, 2018)	
7	The Influence of Regional Wealth, Type of Government, and Audit Quality on Internet-Based Financial Reporting Disclosure	The research employed logistic regression as the analytical method. The outcomes of the study suggest that local government wealth, local government complexity, local government type, and audit quality enhance the probability of IBFR disclosure.
8	The Influence of Regional Government Size, Regional Government Wealth, and Population Number on Internet Budgeting Reporting Disclosure	The magnitude of the local government positively and significantly influences internet budgeting reporting. However, regional government wealth does not exhibit a significant effect on internet budgeting reporting. Similarly, population size does not have a notable impact on internet budgeting reporting in districts/cities on the island of Sumatra.
9	Analysis of Factors that Influence Internet Financial Reporting (IFR) Disclosure in Indonesia	The analysis results indicate that the ratio of political competition and regional wealth has a positive yet insignificant effect. In contrast, the size of the local government has a significantly positive impact. Additionally, debt financing exerts a significantly negative effect. Lastly, per capita income and audit opinion demonstrate a negative and insignificant influence on IFR disclosure.
10	The influence of local government characteristics, audit opinion, and independence ratio on disclosure of local government financial reports	The analysis outcomes for 458 regional governments reveal an average disclosure rate of 60.42% in regional government financial reports. Moreover, the analysis indicates that the population and Human Development Index (HDI) variables positively impact the disclosure of regional government financial reports. However, the variables of audit opinion and regional independence ratio do not exert influence on the disclosure of regional government financial reports.
11	Factors influencing the level of disclosure of regional government financial reports in districts/cities of West Sumatra province for the 2014-2016 fiscal year	The findings of the research indicate that the size of the legislative body and the population have an impact on the level of disclosure in Local Government Financial Reports (LKPD). However, factors such as regional government size, level of dependency, age of the regional government, local original income, functional differentiation, and capital expenditure do not exert influence on the level of disclosure in LKPD.
12	The Influence of Education Level, Population, and Audit Opinion on Transparency of Regional	The research outcomes reveal that the population variable has a negligible and negative impact, whereas the education level and audit opinion variables significantly contribute to enhancing

	Government Information	Financial	the transparency of local government financial information in Central Java Province.
13	Political Regional and Audit Implementation	Competition, Original Income Opinion on E-Government	The study findings indicate that local original income has a noteworthy impact on e-government implementation, while political competition and audit opinions do not exhibit a substantial influence on the implementation of e-government.
14	The Influence of Regional Characteristics, Population, Audit Findings, and Audit Opinions on Disclosure of Regional Government Financial Reports		Partially, the age of government and audit opinion exert a positive influence, whereas government size, population, and audit findings partially show no impact on district/city LKPD in West Java during the 2014-2015 period.

DISCUSSION

The influence of audit findings on the disclosure of local government financial reports

As Utami and Sulardi (2020) indicated, a higher audit opinion level corresponds to more comprehensive and adequate disclosures in financial reports. The audit opinion, categorizing findings as Unreasonable (TW), No Opinion (TMP), Fair with Exceptions (WDP), and the ideal Reasonable Without Exceptions (WTP), serves as a critical indicator of financial accountability quality during the various stages of Local Government Financial Report (LKPD) presentation (Kurniati & Siddi, 2020). This professional statement, based on adherence to Financial Accounting Standards (PSAK), reflects the auditor's evaluation of compliance and the absence of material discrepancies (Putri & Hardiningsih, 2023; Putri et al., 2022).

Research, such as that conducted by Hadianto and Martin (2020), affirms the positive influence of audit opinion on the disclosure levels of Regional Government Financial Reports (LKPD). Positive evaluations by the Financial Examiner (BPK) motivate local governments to enhance financial disclosure practices, demonstrating their commitment to Government Accounting Standards (SAP) and showcasing their capabilities to the public. The study's implications underscore the connection between favorable audit opinions and disclosure quality in financial reports, emphasizing the significance of continually improving audit opinions to establish stakeholder trust. An Unqualified Audit Opinion (WTP) is identified as the highest-quality indicator, sending a positive signal about the credibility of financial information. In the context of regional governance, BPK audit opinions are crucial in influencing the disclosure levels of Regional Government Financial Reports (LKPD), prompting regional governments to elevate the quality of their financial reporting. Thus, maintaining compliance with Accounting Standards and enhancing the audit process are essential for obtaining favorable audit opinions and strengthening financial accountability.

The influence of the independence ratio on disclosure of government financial reports

The independence ratio shows the level of dependence of regional governments on funding sources originating from external parties. The independence ratio is proxied by comparing total regional original income to total transfer income and liabilities (Aprianti et al., 2022; Finakesti et al., 2022). The

independence ratio reflects the extent to which a region relies on external funding and involves the community in the development process (Utami & Sulardi, 2020). In other words, the higher the ratio value, the lower the regional dependence on external funding sources and, conversely, the greater the community involvement in regional development.

The regional government independence ratio is a metric that measures the extent to which a regional government can rely on internal funding or local sources of income to support its development and operational activities. This ratio is often used to evaluate the level of dependence of a region on external funding, such as transfer funds from the central government or loans (Utami & Sulardi, 2020). This ratio measures how much a region can rely on internal funding sources or local income to finance its development and operational activities without having to depend too much on external funding or transfer funds from the central government (Utami & Sulardi, 2020).

The regional government independence ratio, calculated by comparing total regional original income with total transfer income and liabilities, is an important benchmark in evaluating the level of dependence of a region on external funding sources. In this context, this ratio reflects the local government's dependence on external funds and indicates the level of community involvement in the development process. The higher the independence ratio value, the lower the dependence on external funding sources, and vice versa, the greater the community's participation in regional development efforts. The implication is that a high level of independence not only creates financial sustainability but also allows local governments to be more connected to the needs and aspirations of the community, creating a foundation for more active participation.

The influence of intergovernmental revenue on the disclosure of local government financial reports

The central government supervises transfer funds distributed to regional governments and monitors performance achievements from using these funds. The greater the regional government's dependence on the central government, the higher the level of openness or disclosure of financial information required (Aprianti et al., 2022). Balancing funds, as regulated in Law No. 33 of 2004, does the central government allocate funds from the State Revenue and Expenditure Budget (APBN) to regional governments to finance local needs. The provision of balancing funds requires regional governments to submit reports relating to their financial information, and this can be done through the Regional Financial Information System (SIKD). This aligns with regional responsibilities to provide accountable financial information to the central government (Putri et al., 2022).

The influence of intergovernmental revenue on the disclosure of regional government financial reports is a subject of concern in the context of financial transparency and accountability. Intergovernmental income includes transfers of funds or other sources of income received by local governments from the central government or other government entities (Jessica & Suhartono, 2020). This condition reflects the link between the receipt of funds and demands for transparency and accountability. With intergovernmental revenues, regional governments can provide complete, accurate, and easy-to-understand financial information as a form of accountability for the management of public funds.

The implications of the relationship between the central government and regional governments, especially regarding the use of transfer funds and intergovernmental revenues, strongly reflect the importance of financial transparency and accountability in the context of regional government in Indonesia. The greater the local government's dependence on transfer funds, the higher the pressure to increase financial information disclosure. Balancing funds, as a vital funding source from the State Revenue and Expenditure Budget (APBN), indicate the regional government's obligation to provide detailed reports through the Regional Financial Information System (SIKD). In addition, intergovernmental revenues are an important aspect of the dynamics of regional financial management, requiring regional governments to provide complete and accurate information. The implication is that local governments must maintain transparency, strengthen financial information systems, and effectively manage transfer funds to ensure strong accountability and sustainable financial continuity.

The influence of political pressure on the disclosure of local government financial reports

Political factors are crucial in making and setting regulations, especially in the context of key positions in the government structure. This factor can be a force that influences the level of transparency in reporting regional financial reports. Regulations made by political authorities can be a tool that makes the financial reporting process easier or more difficult, depending on the underlying policies and political interests. Thus, political factors become critical elements that can shape the conditions and environment for transparency in regional financial accountability (Hadi & Setiawan, 2020).

The influence of political power on the level of information disclosure and transparency is still considered unclear. The political power that emerges in the implementation of government provides benefits for officials who occupy office (Mistika & Deviani, 2023; Zenita & Basri, 2021). This political power provides greater space for regional officials to design policies, including disclosing information that can be published and the extent of transparency to the public. In the Indonesian government system, which adopts a multi-party system, no single party has a majority of votes like in Spain. Therefore, the existence of coalition and opposition parties is a necessity. The level of public attention to the performance of a regional head will be higher, along with the amount of support from supporting parties. Because of this high pressure, people will seek information, encouraging the need for greater information openness.

Political factors, especially political power in the government structure, play an important role in determining the level of transparency of regional financial reporting. Regulations produced by political authorities can be a tool that makes reporting processes easier or more difficult, depending on the underlying policies and political interests. The influence of political power on information disclosure and transparency is not completely clear. However, political power provides advantages for officials who occupy positions in designing policies and disclosing financial information. In Indonesia's multi-party government, coalition and opposition parties are important, and the level of public attention to the performance of regional heads is correlated with support from supporting political

parties. High pressure from the public encourages the need to increase information disclosure to strengthen regional financial accountability.

The influence of population on the disclosure of local government financial reports

The population is the number of individuals who, at a certain time, live in an area and is the result of demographic processes, which include death, birth, and migration (Dewi & Adi, 2019). Population projections are scientific calculations based on assumptions about the components of population change, namely births, deaths, and migration. (Naopal et al., 2017). Population size is positively and significantly related to the level of disclosure because the greater the population, the greater the encouragement from society to demand greater disclosure as a form of transparency and accountability.

According to (Andriani et al., 2019; and Hadianto Murtin, 2020), the size of a region's population plays a role in determining the level of transparency of local governments on their online platforms. In other words, the larger the population, the more complex the public service needs that the government must meet, affecting the level of transparency of financial information. This complexity can pressure the government to provide transparent financial information as a form of responsibility and accountability in regional financial management.

There is an influence between population size and the level of disclosure of regional government financial information, namely that the greater the population of a region, the more pressure the government has to increase transparency. With the complexity of services related to greater societal needs, governments face pressure to provide more open and accountable financial information through their online platforms. This shows that the large population creates administrative complexity and encourages public demand for higher levels of financial information disclosure. Therefore, regional governments are expected to respond by providing more transparent financial information as a form of responsibility and accountability in managing regional finances. This implication emphasizes the importance of information disclosure as a main element in carrying out government duties at the local level.

The influence of regional wealth on the disclosure of regional government financial reports

Regional revenue refers to the amount of money that flows into the regional general treasury, causing an increase in fund equity in a fiscal year, and does not require a return. The main components of Original Regional Income (PAD) include regional taxes, regional levies, results from the management of separated regional assets, and various other types of legal PAD, both in the form of regional taxes and regional levies, which are received from the community (Aprianti et al., 2022). Regional financial reporting functions as a means for regional governments to convey economic information about resources and performance to various parties interested in the data (Kurniati & Siddi, 2020). The success of information depends on timely delivery, ensuring effective decision-making. The quicker financial reports are presented, the better they support decision-making. Wealth, as the ability to meet needs, can be measured using various criteria that vary according to each individual's outlook. Local governments have used Internet media, especially websites, to convey timely information to users (Jessica & Suhartono, 2020).

Regional revenue refers to the amount of money that flows into the regional general treasury, causing an increase in fund equity in a fiscal year, and does not require a return. The main components of Original Regional Income (PAD) include regional taxes, regional levies, results from the management of separated regional assets, and various other types of legal PAD, both in the form of regional taxes and regional levies, which are received from the community (Aprianti et al., 2022). In the context of regional revenues, adequate financial reports play an important role in identifying sources of income, such as regional taxes, regional levies, and other local revenues. This information provides a clearer picture of local revenue potential and creates awareness among the public about their contribution to local government finances. Through Internet media, the public can access this information directly, creating a climate of better transparency in regional financial management and increasing public trust in local government. Thus, effective financial reporting and the use of technology provide real benefits in strengthening relations between local government and the community.

CONCLUSION

In order to improve governance in Indonesia, especially at the regional level, good governance and financial transparency are key elements. Despite the government's efforts through E-Government to increase transparency and accountability, the implementation of regional government governance is still being tested by increasing corruption cases. Local government financial reports are considered the main benchmark, but low levels of disclosure remain a major concern. Factors such as audit opinion, independence ratio, balancing funds, political pressure, population, and regional wealth significantly impact the level of transparency of local government financial information. A good audit opinion can be a driving force for local governments to improve financial disclosure practices. At the same time, political pressure and community demands play a role in shaping the information disclosure level. Other factors, such as population complexity and the level of regional independence, have also been proven to influence transparency. In the context of regional financial reporting, this research contributes a further understanding of the factors that influence the disclosure of regional government financial reports, highlighting the importance of information disclosure in carrying out government duties at the local level.

FURTHER STUDY

Future studies could build on this research by delving deeper into the challenges and solutions related to implementing good governance and financial transparency at the regional level in Indonesia. Exploring how factors like audit opinion, independence ratio, balancing funds, political pressure, population, and regional wealth specifically impact transparency in local government financial reports would provide valuable insights. Researchers could conduct detailed case studies or empirical analyses to assess the effectiveness of E-Government initiatives in promoting financial transparency and reducing corruption in regional settings. Understanding the role of digital platforms and technology in aligning with good governance principles could be a key focus.

Moreover, investigating how community engagement influences information disclosure and studying the dynamics between politics and financial transparency would contribute to a more comprehensive understanding of governance challenges faced by regional governments. In essence, future studies could offer specific recommendations for policymakers to enhance governance and financial transparency practices in regional governments in Indonesia, building on the findings of this research.

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