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***Correspondence:**

liacandra299@gmail.com

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FINANCIAL STATEMENTS DISCLOSURE ON INDONESIAN LOCAL GOVERNMENT : IPSAS AND PSAP DISCLOSURE APPROACH

Lia Candra Inata^{1*}, Erwin Saraswati², Abdul Ghofar³

Affiliation:

^{1,2,3}Fakultas Ekonomi dan Bisnis, Universitas Brawijaya,
Malang, Indonesia

ABSTRACT

The objective of this research is to assess and analyze the effect of political culture, government financial, government size, and economic growth on Indonesian local government's financial reporting disclosure. The financial reporting disclosure of government, particularly the locals, is an important aspect for the fulfillment of users' need for information. The sample of this research is 320 research data from 64 Indonesian local governments that meet certain criteria. The multiple regression analysis performed on the data has led to findings political culture expressed with the level of openness of local governments and large measures of government is a factor for informants to disclose information in accordance with the provisions of international standards and local governments to be more open. While government finance and economic growth do not influence local governments to disclose information. This is because governments that have better financial conditions tend to have less information disclosure rate. This research can be used by local governments to evaluate their information disclosures and to improve them by referring to applicable standards, guided by IPSAS, and can be used by the committee to enhance the related standard rules.

KEYWORDS: Economic Growth; Government Financial; Government Size; Local Government's Financial Reporting Disclosure; Political Culture.

ABSTRAK

Penelitian ini bertujuan untuk menguji dan menganalisis apakah terdapat pengaruh political culture, government financial, ukuran pemerintahan, pertumbuhan ekonomi terhadap tingkat pengungkapan laporan keuangan

pemerintah daerah di Indonesia. Pengungkapan pelaporan keuangan pemerintah terutama pemerintah daerah merupakan aspek penting untuk memenuhi kebutuhan dari para pengguna informasi. Sampel dalam penelitian ini terdiri dari 320 data penelitian dari 64 Pemerintah daerah di Indonesia yang memenuhi kriteria sampel. Data penelitian ini dianalisa dengan menggunakan analisis regresi berganda. Hasil penelitian menemukan bahwa budaya politik yang diungkapkan dengan keterbukaan pemerintah daerah dan ukuran pemerintah merupakan faktor bagi pemerintah daerah untuk mengungkapkan informasi sesuai dengan ketentuan standar yang berlaku. Sedangkan government financial dan pertumbuhan ekonomi tidak berpengaruh terhadap tingkat pengungkapan laporan keuangan pemerintah daerah. Hal ini disebabkan pemerintah yang memiliki kondisi keuangan lebih baik cenderung tingkat pengungkapan informasi lebih rendah. Penelitian ini berpotensi relevan dengan pihak KSAP, pemerintah pusat, pemerintah daerah, dan masyarakat. Dengan memeriksa faktor-faktor yang mempengaruhi pengungkapan laporan keuangan pemerintah daerah, penelitian ini dapat dijadikan sebagai bahan evaluasi bagi pemerintah daerah untuk memperbaiki pengungkapan informasi yang berpedoman pada standar yang berlaku dan bahan pertimbangan bagi KSAP dalam perbaikan peraturan standar terkait.

KATA KUNCI: Budaya Politik; Keuangan Pemerintah; Pengungkapan Pelaporan Keuangan Pemerintah Daerah; Pertumbuhan Ekonomi; Ukuran Pemerintah.

INTRODUCTION

The International Public Sector Accounting Standards (IPSAS), which are equal to the International Financial Reporting Standards (IFRS), regulate financial accounting processes in governmental domain ([Ijeoma, B. & Oghoghomeh, 2014](#)). As Indonesia has opted the use of IPSAS, the country's government accounting standards (SAP) are used as the guidelines for public-sector accounting practices. This encourages the government, both central and local, to apply the standards. Well-oriented standards can motivate public-sector organizations to improve the transparency, accountability, and quality of their financial reporting ([Abolhalaje et al., 2012](#)). Transparency and accountability are evident in the financial reporting disclosure. The disclosure is grouped into two: mandatory and voluntary ([Bischof & Daske, 2013](#)). Information in local governments can be disclosed in several manner: full, partial, and minimal.

Nowadays Indonesia is still in the phase of applying PP 71/2010 (government regulation with the said number and year), which requires public-sector organization to perform full disclosure ([BPK, 2010](#)). In fact, since the enactment of the regulation requiring

government institution to make financial reporting, there has not been much progress in terms of public-sector organization's awareness for reporting their finance using the applicable standards. As the consequences, the report does not satisfy its users. As explained by [Abolhalaje et al. \(2012\)](#) & [Babatunde \(2017\)](#), issues such high cost and poor human resource are the cause of the failure of IPSAS implementation. They, in Indonesia, are aggravated by the lacking of local governments to completely publish documents related to budget usage transparency through their websites ([Nor et al., 2019](#)).

Users demand a complete, reliable, accurate, and quality financial reporting to reduce frequent problems such as misstatements, fraud, and misunderstandings. The quality of the financial statements is reflected from auditor's opinion. The Audit Board of the Republic of Indonesia (BPK) in its report has stated that the quality of financial reports had been increasing from year to year, based on the higher number of the granted unqualified opinion (WTP) status. This is supported by the data of the First Semester's Audit Result (IHPS) of 2020 on 541 (99%) Local Government's Financial Report (LPKD), which shows that 485 LKPD (90%) were awarded with unqualified opinion, 50 LKPD (9%) were awarded with qualified opinion (WDP), and only 6 LKPD (1%) were awarded with disclaimer opinion (TMP). This achievement exceeded the regional financial performance target in the area of Governance Strengthening or Financial Capacity Building Program for Regional Government.

The data above are different from the findings from several previous studies regarding the level of disclosure of local government financial statements in Indonesia, which is still considered low. [Febriani & Harahap \(2021\)](#) found that the average disclosure of local government financial statements in the Indonesian province in the 2017-2019 period was 58.35%. [Simbolon & Kurniawan \(2018\)](#) and [Priharjanto & Wardani \(2017\)](#) also stated that the disclosure of local government's financial reporting is still low. The studies above conclude that information disclosed by local governments through LKPD is not sufficient, which in the end compromise its quality. Observing the results of previous studies, it can be concluded that previous studies only partially examined the level of disclosure, so this study analyzed the overall level of disclosure of local government financial statements according to the disclosure criteria in the PSAP PP. No 71/2010.

Considering the low number of studies examining of local government's financial reporting disclosure in Indonesia which comprehensively analyze the said disclosure according to the criteria of PSAP (Government Regulation number 71 of 2010) and the need of public sector entities to provide transparent financial reporting to help prevent and detect corruption in a timely manner, this research reconsider factors influencing of local government's financial reporting disclosure, i.e. political culture, government financial, government size, & economic growth. Political culture expressed through different government disclosures causes differences in the presentation of information that discloses financial reporting. Government financial, government size, and economic growth are believed to be factors that influence of local government's financial reporting disclosure because nowadays parties with interest are more selective in choosing local governments as their choice will affect the level of trust. Therefore, public sector organizations are required to have competitive advantages, e.g. funds and level of trust. This is the reason why of financial reporting disclosure is an important aspect to increase competitive advantage and why the above factors become the benchmark of financial reporting disclosure in local governments. And this research helps the central government to encourage local governments in their accounting strategies to better support the implementation of

financial information disclosure in accordance with Government Accounting Standards based on accrual-based IPSAS.

In addition to internal organizational factors, organizational accounting practices can also be influenced by environmental characteristics, one of which is political culture ([Lopes & Rodrigues, 2007](#)). This culture affects the attitude of information providers in disclosing information and affects the needs of the organization. In this context, political culture is expressed by the level of government openness [Luder \(1992\)](#), which means the ability of public sector organizations to provide full information. In this case, local governments with a high level of disclosure are better in providing SAP- and IPSAS-based financial reporting, which allows higher transparency and accountability. Local governments with a higher level of disclosure are considered to be more extensive in their financial information. Stakeholder theory believes that the wider the disclosure of information based on applicable standards through the openness of local governments, the higher the public trust to the organization ([Deegan, 2004](#)) and the practice of busyness can increase trust ([Sofyani & Tahar, 2021](#)).

According to [Luder \(1992\)](#), the higher the government's openness (political culture), the greater the public participation, the higher the public information disclosure, and the greater the government's transparency and accountability. [Mnif & Gafsi \(2020\)](#) found evidences that government openness has a positive effect on IPSAS disclosure. Government transparency fosters freedom of information and enables various stakeholders to monitor government actions, to ensure more transparent financial reporting and compliance with regulations, and to ensure the fulfillment of their expectations. Organizations with a high level of disclosure are better able to produce financial reporting with IPSAS standards. Based on the description above, the first hypothesis of this research is as follows.

H₁: Political Culture positively influences the extent of local government's financial reporting disclosure

[Inman \(1995\)](#) defined financial conditions in the context of fiscal crisis. Here a public-sector organization experiences financial difficulties when their expenses are greater than their revenues. Therefore, the organization will look for solutions, one of which is by having loans. Financial constraints and increasing debt are a real stimulus for some governments to demonstrate sound financial management ([Luder, 1992](#)). [Cheng \(1992\)](#) argued that, when debt is high, government officials need to be encouraged to improve the quality and quantity of their financial disclosures.

Improving the quality and quantity of financial reporting must be followed by compliance with standards. Therefore, local governments with poor financial conditions will be encouraged to apply appropriate reporting standards and to increase disclosure. [Alcaide Muñoz et al. \(2017\)](#) found that financial conditions support the disclosure of public financial information. Public managers will be encouraged to make disclosures, support the role of management to report financial information, and reduce the cost of debt. Hence, public sector organizations with the interest of disclosing information seek to reduce the risk of information asymmetry perceived by external agents, which in turn reduces the cost of debt ([Mitnick, 2015](#)). [Mnif & Gafsi \(2020\)](#) also found a positive relationship between government financial and IPSAS-based disclosure because the government is responsible for issuing public debt. In addition, external pressure exerted by stakeholders for more relevant and transparent disclosures to facilitate future access to credit markets and to keep

the cost of debt low is also a factor. Based on the description above, the second hypothesis of this research is as follows.

H₂: Government financial positively influences the extent of local government's financial reporting disclosure

Local governments with bigger sizes are under great pressure to disclose their accountability reports and financial performance. As the size of the government increases, the administrative problems and the level of regulation within the organization will also increase ([Setyowati, 2016](#)). Therefore, the intention of establishing control systems is increasing. The adoption of new accounting systems as standard procedures can reduce monitoring costs. Thus, it can be assumed that larger governments tend to produce more quality financial reports and higher disclosure rates ([Nicolo et al., 2021](#)). Larger government size makes the officials have the obligation to increase their accountability, so that the information disclosed is higher and the community deserves services including financial condition information ([Rahman, 2022](#)).

[Simbolon & Kurniawan \(2018\)](#) found that local government size has a positive effect on the level of financial reporting disclosure and increases public pressure for complete financial reporting. [Handayani et al. \(2020\)](#) and [Purnama & Alfina \(2019\)](#) examined factors that influence local government's financial reporting disclosures based on the legitimacy theory, one of its factors is local government's size, and found that government size affects the said disclosure. Larger local governments tend to have more regulations than smaller local governments do, so the demand for financial management transparency as a medium of accountability is higher, and the disclosure must contain more information. Based on the description above, the third hypothesis of this study is as follows.

H₃: Government size positively influences the extent of local government's financial reporting disclosure

Economic growth is an increase in people's income which leads to better conditions. The growth is related to economic development, which in principle aims to increase welfare. It can be measured through an increase in GDRP or per-capita regional income. Regions are different in economic growth. High economic growth requires relatively large capital to strengthen the infrastructure, both physical and social. Economic growth has a positive and significant impact on wider disclosure of accounting reports ([Amiri & Hamza, 2020](#)). The need to increase assets for higher economic development encourages organizations to disclose more accurate and accountable information on the performance of public activities.

Stakeholder theory can provide a good framework for understanding the positive impact of financial reporting disclosures. Stakeholders have the right to obtain information they need, in this case information about the management organization ([Deegan, 2004](#)). Information disclosed by the government will increase public trust ([Hoffmann & Kleimeier, 2021](#)). Therefore, local governments will try to provide positive information to stakeholders, especially to the public and potential creditors, through disclosures outlined in the annual report to increase their trustworthiness and to show their conformity with international standards. Based on the description above, the fourth hypothesis of this research is as follows.

12.3 H₄: Economic growth positively influences the extent of local government's financial reporting disclosure

METHOD

The type of data used was secondary data obtained by documentation techniques. The data source in the form of Local Government Financial Statements (LKPD) is obtained from the official website of each local government, the website of the Indonesian Bureau of Statistics, Website of the Audit Board.

The population was all local governments in Indonesia in 2016-2020. The selection of samples for this study was used purposive sampling methods. The criteria of the companies used as samples in this study are as follows:

1. The local government published the local government financial report (LKPD) for 2016-2020.
2. Local governments implemented accrual-based government accounting standards starting in 2015.
3. The local government has complete data.
4. Local government financial information is available to the public.

This study implemented the dependent variable disclosure of local government financial statements. Disclosure measured by developing an IPSAS disclosure checklist that builds on research by [Ernst & Young \(2012\)](#) and refers to SAP provisions. The research checklist consists of 84 disclosure items from the following accrual-based standards.

The measurements in this study use the elements of the framework already mentioned in assessment component of financial statement disclosure. If the local government report attaches information from each of the above elements then it is given point 1 for each of these elements and if it does not attach then it is given point 0.

Nbr. Items By Standard	<i>Disclosure Category</i>	Nbr. Items By Disclosure Category	
68	General Disclosures	10	
	Budget Realization Report	9	
	Report on Changes in Budget Balance Over (LPSAL))	6	
	Operational Report	6	
	Equity Change Report	4	
	Statement of Financial Position	14	
	Financial Performance Report	3	
	Statement of changes in net assets/equity	7	
	Notes to Concolidated Financial Statements	9	
	Presentation of cash flow statement	3	
	Other cash flow information	8	
	16	Acquisition of controlled entities and other operating units	2
		Cash and cash equivalent components	3

Tabel 1.
Checklist
content

Source: Processed Data (2022)

617 The political culture in this study was expressed through the level of government openness. This study measures the openness of regional financial management based on three main stages, such as (1) planning; (2) implementation; and (3) reporting and accountability of the implementation of APBD (Ritonga & Syahrir, 2016). The stages of regional financial management are measured using 2 (two) main criteria, such as the availability and accessibility of disclosure of regional financial management information. The regional financial management openness instrument used is a modification of the research instrument (Ritonga & Syahrir, 2016).

Government Financial in this study was measured using the Debt to Asset (DAR) ratio.

$$Debt\ to\ Asset = \frac{Amount\ of\ Liability}{Amount\ of\ assets}$$

The size of the local government of this study is projected with total assets. The size of the government projected with total assets is indicated the larger the size of the local government, the greater the operational activities of the local government.

$$Size\ of\ Government = Ln (Amount\ of\ assets)$$

Regional economic growth is the increase in people's income that occurs in the region, which is an increase in all added value that occurs in the region. Economic growth is measured by per capita income (GDP). Economic growth formula, as follows:

$$R = \frac{T(PDBt - PDBt - 1)}{PDBt - 1}$$

Note:

R = Economic growth rate

PDBt = Gross Domestic Product (real national income) in the year t

PDBt-1 = Gross Domestic Product (real national income) in the year

Previously

The data analysis in this study used multiple linear regression to test the influence of independent variables on dependent variables. Multiple linear regression analysis to test the influence of Political Culture, Government Financial, Government Measures, Economic Growth against the Broad Disclosure of Local Government Financial Statements. The double linear regression equation is as follows:

$$AI_{it} = \alpha + \beta_1 PC_{it} + \beta_2 GF_{it} + \beta_3 UP_{it} + \beta_4 PE_{it} + \epsilon_{it}$$

Note:

AI_{it} = Financial Reporting Disclosure

α = Constant β₃ β₄

β = Regression Coefficient

PC_{it} = Political Culture

GF_{it} = Government Financial

UP_{it} = Government Size

PE_{it} = Economic Growth

RESULTS AND DISCUSSION

	Financial Reporting Disclosure	Political Culture	Government Financial	Government size	Economic growth
Mean	0.393	0.065	0.026	12.627	0.084
Maximum	0.810	0.224	1.000	14.716	9.026
Minimum	0.024	0.009	0.000	11.333	-0.148
Std. Dev.	0.217	0.047	0.081	0.463	0.503
Observation	320	320	320	320	320

Source: Processed Data (2022)

Descriptive Analysis

This study used 4 independent variables, such as political culture, government financial, government size, economic growth. Descriptive variables on data amounting to 64 samples for local governments. Based on the results of data processing with SPSS obtained the following calculation results

Table 1 shows the minimum, maximum, mean, and standard deviation values of independent and dependent variables. The extent of local government's financial reporting disclosure in Indonesia has the minimum value of 0.024, maximum value of 0.810, and mean value of 0.393. The extent is the highest in West Java (81%) and the lowest in Karimun regency (2.40%). The mean value of 0.393 and standard deviation value of 0.217 indicate that the data for the variable of the extent of financial reporting disclosure are normally distributed.

Political culture, one of the research's independent variables, is measured using a dichotomous score. If an item is available and accessible (downloadable), one point each is given for each criterion. Otherwise, zero is given. The accumulated score is divided by the expected total score. This variable has the minimum value of 0.009, maximum value of 0.224, mean value of 0.065, and standard deviation of 0.047. The highest openness value is for Belitung regency, and the lowest is for Banteang regency.

The second independent variable, government financial, has the minimum value of 0.000, the maximum value of 1,000, and the mean value of 0.026. The mean value indicates that the number of assets financed by local government's debt in Indonesia is 2.6% on the average. The financial condition of local governments in general is lower than the DAR value, indicating a sound financial performance.

Government size, the third independent variable, has the minimum value of 11.333, the maximum value of 14.716, the mean value of 12.627, and the standard deviation of 0.463. Pacitan regency has the minimum local government size value, while Jakarta province has the highest. The mean value of this variable is higher than the standard deviation value. This indicates that the data are normally distributed. Meanwhile, economic growth of local governments has the minimum value of -0.148, the maximum value of 9.026, and the mean value of 0.084. It is an indication that economic growth is decreasing for 0.148 and increasing for 9.026. Furthermore, the average prospect of economic growth for local governments in Indonesia is 0.084.

Tabel 2.
Descriptive
Statistics Test

Hypotheses Testing
619

Hypotheses	Sig.	Coefficient	Description
H1 : Political Culture positively influences the extent of local government’s financial reporting disclosure	0,000***	2,088	Supported
H2 : Government financial positively influences the extent of local government’s financial reporting disclosure	0,249*	-7,723	Not supported
H3 : Government size positively influences the extent of local government’s financial reporting disclosure	0,025**	,099	Supported
H4 : Economic growth positively influences the extent of local government’s financial reporting disclosure	0,062*	4,031	Not supported

Tabel 3.
Summary of Hypotheses Testing Results

Source: Processed Data (2022)

Significance :

***Sign 1%

** Sign 5%

* Sign 10%

R² 0,210

Classic Assumption Test

The classical assumption test has 4 stages, such as the Data Normality Test, multilinearity test, heteroskedasticity, and autocorrelation test. The method used to test normality using kolmogrogorov non paramerov analysis Kolmogrov Smirnov Z (1- Sampe K-S) and test results show the Sig part. with a value of 0.099 so that it can be concluded that the residual value is distributed normally or meets the requirements of the normality test. Meanwhile, the results of the Multicollinearity Test test showed that the free variables in this study had Variance Inflation Factor (VIF) smaller than 10, so it can be said that there are no symptoms of multicollinearity between free varibels in this study. Heteroskedasticity test results show that each variable obtained a sig value. > 0.05 then it is concluded that there is no heteroskedasticity. In addition, the data is said to be free from autocorrelation.

The Effect of Political Culture on the Extent of Local Government’s Financial Reporting Disclosure

This study finds that political culture has a positive and significant influence on the extent of local government's financial reporting disclosure. Thus, the first hypothesis which states that political culture influences the extent of local government's financial reporting disclosure (H1) is supported. Hence, the higher the level of political culture in local governments, the higher the quality of their financial reporting with reference to SAP and IPSAS. A higher political culture can encourage more public participation, which increases the transparency and accountability of the government as well as of its disclosure. This shows that political culture expressed through the openness of local governments is the responsibility of the information provider regarding the disclosure of information on public

sector organizations. Furthermore, it encourages local governments to be more open to general public regarding the budgets they manage.

Government transparency can be seen from the information disclosed by the government in terms of regional financial management, including planning, implementation, reporting, and accountability of the regional budget (APBD). High openness supported by the availability of access for the public to information can increase the disclosure of information related to the provisions of public accounting standards (Dewi et al., 2019). The more information provided, the higher the extent of financial reporting disclosure.

This finding is consistent with the explanation of agency theory stating that the wider the disclosure in financial statements provided to information users, the lower the information asymmetry, and the lower the agency cost. These disclosures are reflected in the financial statements of public sector organizations (Hassan & Marston, 2019). Local governments can maintain a level of trust through their reporting.

The results of this study support previous research conducted by Mnif & Gafsi, (2020), which showed that the level of government openness (political culture) has a positive effect on IPSAS disclosure. Government openness fosters freedom of information and allows various stakeholders to oversee government actions in disclosing financial statements that are more transparent and comply with regulations to meet stakeholder expectations. Organizations with a high level of government openness are expected to produce more quality financial reporting.

The Effect of Government Financial on the Extent of Local Government's Financial Reporting Disclosure

This research finds that government financial does not affect the extent of local government's financial reporting disclosure in Indonesia, so the second hypothesis which states that government financial positively influences the extent of financial reporting disclosure (H2) is not supported. This finding indicates that the level of government financial does not affect local governments in disclosing their financial statements. In other words, the extent of local government's financial reporting disclosure in Indonesia does not emphasize local government's financial condition. Hence, the presentation of information in the financial reporting of local governments in Indonesia does not consider the financial situation of the local government. The absence of the influence is also caused by the variations of local government's financial conditions in Indonesia, which make local government lack in the awareness of disclosing information, which is indicated by the lack of supervision and guidance from the central government (Tran et al., 2021). As a result, local governments are not motivated to disclose information in their financial reporting.

This finding is supported by the data showing that local government's financial conditions vary. This does not influence local governments to disclose more extensive information. For example, West Kalimantan, a province with unfavorable financial conditions, disclosed 28.80% of information. This also happened in South Sumatra. With good financial condition, information disclosure in this province is 36.90%.

This study supports agency theory which states that agents have more information about local government than the principals do. Actually, this information should be conveyed to the principals so that they know the condition of the local government's management. In this case, in terms of the extent of local government's financial reporting disclosure, it is suspected that some information is not presented to the principal, which in the end creates information asymmetry. Therefore, stakeholders do not have sufficient information about

the condition of the organization. Local government's financial conditions, either good or bad, do not encourage local governments to disclose wider information because, if the government implements full disclosure, the risks they face will increase. This research supports [Marsella & Aswar \(2019\)](#) found that fund transfer and political competition do not influence financial reporting and that financial condition negatively impacts the reporting. In terms of financial condition, which is measured using debt ratio, high debt ratio brings difficulty to organizations in making disclosure.

The Effect of Government Size on the Extent of Local Government's Financial Reporting Disclosure

This study finds that government size positively influences the extent of local government's financial reporting disclosure, so the third hypothesis which states that government size affects the extent of local government's financial reporting disclosure (H3) is supported. Therefore, the higher the government size, the wider the disclosure of the financial reporting information. A large government size can create great public pressure for local governments to present their financial statements in full and to comply with SAP by referring to higher IPSAS elements. In addition, a bigger local government has a larger number of assets, which encourages local governments to carry out more complex asset management so that the information presented is more extensive.

This finding supports the stakeholder theory, which emphasizes the importance of information being provided to interested parties ([Prasad et al., 2000](#)). This creates an obligation to increase accountability and transparency, as well as encourages local governments to disclose information more broadly as an effort to realize public accountability. This theory states that organizations will choose to voluntarily disclose information about environmental, social, and intellectual performance, over and beyond their mandatory demands, to meet actual expectations or gain stakeholder's recognition.

This study supports research by [Simbolon & Kurniawan \(2018\)](#) found that the size of local governments has a positive effect on the level of disclosure of financial statements. The large size of local governments can put pressure on local governments to disclose the full report. The demands in providing transparent and accountable financial information become a factor for local governments to present widely.

The Effect of Economic growth on the Extent of Local Government's Financial Reporting Disclosure

This study finds that economic growth does not affect the extent of local government's financial reporting disclosure, so the fourth hypothesis which states that economic growth positively influences the extent of local government's financial reporting disclosure (H4) is not supported. Hence, the economic growth of local governments in Indonesia is not a benchmark for them to disclose information based on applicable standards. Economic growth, either lower or higher, does not affect the decision of information providers to disclose more extensive information.

This finding is supported by the data showing that most local governments have a negative, and fluctuating, economic growth from year to year, which can lead to the conclusion that economic performance in the region is declining. However, the level of information disclosure by local governments is different. For example, North Sumatra with negative economic growth from year to year revealed 49.80% of information, while West Kalimantan with negative economic growth from year to year revealed 28.80% of information.

This finding is different from the finding of [Ogbuagu & Onuora \(2019\)](#) in their research regarding the effect of IPSAS adoption. They found that the economic growth of public sector organizations in Nigeria received a significant impact from accrual-based budgeting aimed at increasing transparency and accountability. The economic growth of countries that are able to increase their production output based on technological advances can increase the states' fiscal transparency and accountability for better governance. Thus, public sector organizations will be more compliant and more extensive in disclosing information according to applicable international standards.

CONCLUSION

This study aims to examine and analyze political culture, government finance, government size, economic growth on the widespread disclosure of local government financial statements. Based on the discussion, it can be concluded that two of the four variables influence local governments to disclose higher levels of financial statement, namely political culture and government size, while government finance and economic growth have no effect on the widespread disclosure of local government financial statements. The results of this study provide evidence that political culture expressed with the level of openness of local governments is a factor for informants to disclose information in accordance with the provisions of international standards and local governments to be more open to the general public about budget management. Meanwhile, the size of local governments is also a factor for local governments to disclose increasingly widespread information. The large size of government can also cause great pressure from the public to present its financial statements in full and will try to comply with the Public Accountant Standard (SAP) with the guidance of higher IPSAS elements.

The results of this study also provide evidence that the variables of government finance and economic growth do not influence local governments to disclose high levels of lebit information. Government finance has no effect on the widespread disclosure of local government financial statements. This is because governments that have better financial conditions tend not to disclose information more broadly. Meanwhile, local governments with poor financial conditions have an obligation to explain the weak performance of local governments. In addition, economic growth is also a factor that does not affect local governments to disclose high levels of lebit information. The rate of economic growth that is getting better or worse cannot influence informants to disclose increasingly widespread information.

This research is potentially relevant to KSAP, local governments, central governments, and communities. This research can add a basis for consideration for KSAP in improving standard regulations related to the determination of public accountant standards so as to create value for public entities, especially local government organizations. As well as evaluation materials for local governments to improve the disclosure of information based on applicable standards.

This study has some limitations. First, the R2 result of 21% which shows only 21% of variables representing of the 100% variables that affect of disclosure of government financial statements means that there are still 85.71% of variables that have not been studied. Second, not all local governments disclose up to date information about financial responsibility. Further researchers are expected to include other variables that are closely related to the extent of financial statement disclosure and conduct direct observation techniques to the data object so that maximum and accurate results are obtained in the research conducted.

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