

PROVINCIAL GOVERNMENT FINANCIAL REPORTING QUALITY IN INDONESIA: AN ANALYSIS OF AUDIT OPINIONS, DISCLOSURE LEVELS, AND CORRUPTION CASES

Andi Tryani Pratiwi P¹, Haryono Pasang Kamase², Muhammad Ansar³,
Muhammad Ikbal Abdullah⁴

¹⁻⁴⁾ Tadulako University, Palu City

E-mail: ¹⁾anditryanipratiwip@gmail.com, ²⁾haryonokamase@untad.ac.id,
³⁾ansar16.sj@gmail.com, ⁴⁾ikbalabdullah@untad.ac.id

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Abstract

The purpose of this study is to evaluate the standard of Indonesian provincial government financial reporting through audit opinions, financial statement disclosure levels, and corruption cases. This study uses document analysis in a descriptive qualitative manner and content analysis techniques on the Audit Board of the Republic of Indonesia (BPK RI) examined 38 Provincial Local Government Financial Statements (Laporan Keuangan Pemerintah Daerah, LKPD) for the 2023 fiscal year. Audit Report (Laporan Hasil Pemeriksaa, LHP), Summary of Semester I Audit Results (Ikhtisar Hasil Pemeriksaan Semester I, IHPS) 2024, province government LKPD, and corruption case data from Indonesia Corruption Watch (ICW) provided the research data. A disclosure index was used to evaluate the degree of financial statement transparency based on 53 mandatory disclosure items under Government Accounting Standards (SAP). The findings demonstrate that the standard of provincial government financial reporting from 2019 to 2023 was dominated by Unqualified Opinions (WTP), although in 2022–2023 The number of provincial governments that received Qualified Opinions (WDP) and Adverse Opinions (TW) increased. The level of financial report disclosure still shows variation across provincial governments, with an average disclosure of 55% (29.37 item) of the total mandatory disclosure items. Furthermore, corruption cases were found in provincial governments with various audit opinion categories and disclosure levels, The findings suggest the need to strengthen audit reforms by applying risk-based inspections and improving the identification of fraud risks during the audit process. indicating that financial reporting quality needs to be understood in a broader context and not solely based on a single indicator. This research contributes to enriching the study of provincial government financial reporting quality through an integrated analysis of audit opinions, financial report disclosure levels, and corruption cases.

Keywords: Financial Audit; Corruption; Quality of Financial Reporting; Regional Government Financial Reports; Mandatory Disclosure

1. INTRODUCTION

In Indonesia, regional autonomy refers to the right, power, and responsibility of autonomous areas to control and manage governmental authority and satisfy local community interests in compliance with the laws of laws and regulations. Law Number 32 of 2004, which was later amended by Law Number 23 of 2014, marked the beginning of the implementation of regional autonomy. Through this regulation, regional governments are given broader freedom to manage their resources and finances independently to improve the effectiveness of governance and services to the community. Law Number 1 of 2022 pertaining to the central government's and regional governments' financial relations, regional financial management is carried out through the optimization Local Own-Source Revenue (*Pendapatan Asli Daerah, PAD*), Transfer To Local Government (*Transfer Ke Daerah, TKD*) mechanisms. Regional taxes, regional levies, the administration of distinct regional assets, and other legal sources of revenue are the sources of PAD. In the meanwhile, TKD, which consists of Revenue Sharing Funds, General Allocation Funds, and Special Allocation Funds, is a fund that is distributed to regions from the State Budget to support the execution of government affairs. The authority to utilize regional financial resources has the potential to lead to abuse if not accompanied by adequate oversight. Corruption, according to the World Bank, is the misuse of public office for private benefit, but several researchers emphasize that corruption is also influenced by certain social, political, and power relations contexts (Pertiwi & Ainsworth, 2020). Regarding Indonesia's regional government, corrupt practices have even occurred before someone took office as a regional head, one of which is through Bribing members of the Regional People's Representative Council (*Dewan Perwakilan Rakyat Daerah, DPRD*) is a type of money politics to gain political support (KPK, 2023). Decentralization of financial management has also shifted corrupt practices to the regional level. Research by ICW in 2023 showed a significant degree of corruption in the public sector, second only to the village sector. This can cause concern and distrust among the public. Regional governments are one of the areas most prone to corruption, with data on regional government corruption cases reaching 694 cases. State losses due to corruption in the regional government sector in 2023 reached 630.8 billion rupiah.

The high number numerous corruption cases in local governments highlights how crucial it is to establish accountability in public financial management. The concept of accountability, particularly financial accountability, holds that the government is obligated to account for the use of public funds by presenting accurate, timely, and audited financial reports by authorized institutions. Financial accountability serves not only as a method of public accountability but also as an instrument to increase transparency, strengthen oversight, and minimize abuse of authority and corrupt practices. From this perspective, The degree of financial report disclosure and the audit opinion are important indicators in reflecting The level of responsibility in the financial administration of local governments. As corruption levels in Indonesia have not yet subsided, Financial reports from local

governments are now of higher quality, as reflected in the increase in the opinion of the BPK on LKPD. The results of the 2024 BPK audit of 546 entities showed that 32 of 38 provincial governments received an Unqualified Opinion (WTP). Nationally, the percentage of local governments receiving an Unqualified Opinion (WTP) is also relatively high, reaching 90.3% in 2023 (Audit, 2024). However, there are still Local governments that are disclaimer of opinion (TMP), Adverse Opinions (TW), or Qualified Opinions (WDP) view, which shows that the quality of regional financial management and reporting is not yet fully even.

The relatively favorable audit opinion achievement does not fully represent the level of corruption that exists in local governments today. Data from ICW in 2023 still indicates that the local government sector has a significant number of corruption charges, even though most provincial governments have received a WTP from the BPK. This phenomenon indicates that the audit opinion as a gauge of how fairly financial statements are presented, cannot be viewed as the sole indicator of the integrity of regional financial management. Therefore, a more comprehensive study is needed, considering the level of financial statement disclosure as a component of financial reporting quality in relation to corruption. The outcomes of earlier research, which continue to yield conflicting conclusions on the function of audit views in the context of corruption, also reflect this state. Syahrir and Suryani (2020) found that audit opinions negatively affected corruption levels, while Budiman and Amyar (2021) and Triya & Ningsih (2022) concluded that audit opinions had no effect on corruption levels. Anggela et al. (2023) again showed that audit opinions negatively impact corruption levels, while Perdana & Prasetyo (2023) stated that audit opinions, combined with internal control systems, contribute to reducing local government corruption levels. These differing findings indicate that the role of audit opinions in explaining corruption remains inconsistent.

Most previous studies have centred on internal control systems, audit views, and audit findings, transparency, and local financial characteristics. Kurniawati & Pratama (2021) showed that government audit aspects, including audit opinions and findings, are important to study in relation to provincial government corruption. Dholi et al. (2023) and Panji and Utomo (2023) also indicate that audit opinions and findings need attention when looking at corruption conditions in district/city governments. These results support the use of audit opinions as one of the aspects analyzed in this study. Additionally, Aswar et al. (2022) and Hanif et al. (2023) highlight the importance of the level of financial report disclosure in reflecting The quality and openness of financial reporting by municipal governments, which supports using the disclosure level as an aspect that complements audit opinions in this study. (Rini & Sarah, 2020) more specifically show that audit opinions and financial statement disclosures can be examined together in the context of corruption through content analysis, but that study focused on district governments. These findings form the basis for this study

to look at the degree of financial statement disclosures and audit opinions together in the context of corruption. The difference is that this study specifically focuses on all provincial governments in Indonesia, so it can provide a more specific An image of provincial governments' financial reporting practices compared to studies that focus on district/city governments or local governments in general. The degree to which financial statements are disclosed as part of financial reporting quality is still relatively rarely discussed together with audit opinions in the context of corruption, especially across all provincial governments in Indonesia. This study makes a contribution. The financial statement's level disclosure as part of financial reporting quality is still relatively rarely discussed together with audit opinions in the context of corruption, especially across all provincial governments in Indonesia. This study offers a contribution by illustrating audit opinions and the degree to which provincial governments disclose their financial statements in the context of corruption, providing a more comprehensive picture of financial resources of the municipal government reporting quality. This study is grounded in actual occurrences and research gaps is important to give a more comprehensive understanding of The degree of financial statement transparency by provincial governments and audit conclusions in relation to Indonesian corruption. This study aims to: (1) examine the development of provincial government financial reporting quality in Indonesia during the 2019–2023 period based on audit opinions issued by the Audit Board of Indonesia (BPK RI); (2) assess the level of financial report disclosure and audit opinions of provincial governments in 2023; and (3) examine corruption cases in provincial governments alongside audit opinions and financial report disclosure levels. To achieve these objectives, this study employs a descriptive qualitative approach using document analysis and content analysis techniques on Local Government Financial Statements (*Laporan Keuangan Daerah, LKPD*), audit reports issued by The Audit Board Republic of Indonesia (*Badan Pemeriksa Keuangan Republik Indonesia, BPK RI*), and provincial government corruption case data for 2023. The findings of this study should add to the body of knowledge on public sector accountability, especially with reference to the calibre of local government finances reporting in relation to corruption issues, and provide insights for local governments and stakeholders in strengthening Accountability and openness in regional financial administration.

Literature review

Accountability Theory

A key component of sound government is accountability. Accountability necessitates that public sector organisations prioritise horizontal accountability (to the public) rather than solely vertical accountability (to higher authorities) (Turner and Hulme, 1997 S) in Muchlisin Riadi (2021). Through accountability, the government is required to provide transparent, reliable, and accountable information to enable the public to evaluate the financial management and performance of the government. Such information should be

accurate, complete, timely, accessible, understandable, and capable of being independently verified. It should encompass budget planning, resource allocation, programme implementation, performance achievements, and from predetermined targets.

Polidano (1998) clarifies that accountability has three main dimensions: the authority to obtain approval before a decision is made, accountability for the implementation of tasks, and the existence of a review mechanism regarding the implementation of policies or programs that have been implemented. These three dimensions indicate that accountability does not only focus on the final result, but also includes the decision-making process, activity implementation, and evaluation of the outcomes attained. The creation of regional government financial reports in compliance with Government Accounting Standards (SAP) is how accountability is achieved in the context of regional financial management. The BPK then audits these financial reports to see how fairly they are presented. One measure of the degree of government accountability is the audit results, which take the form of an audit opinion in presenting financial information. In addition, the level of information disclosure in the Notes to the Financial Statements (*Catatan Atas Laporan Keuangan, CaLK*) also reflects the extent to which the government provides complete and transparent information to the public.

According to Puspitasari & Adil (2020), Financial reports from regional governments serve as a foundation for assessing regional financial management and are a type of accountability for the use of public funds. They are created to fulfill accountability and transparency tasks. Consequently, the audit opinion is not the only indicator of the calibre of financial reporting by the BPK but also in the completeness of the information disclosed within the financial reports.

Accountability theory is used as the basis for this research because it explains the relationship between audit opinions, Indonesian provincial governments' degree of financial statement transparency and corruption. Audit opinions reflect the fairness of financial statement presentation, while the level of disclosure reflects the level of information openness the government provides to the public. Both aspects demonstrate government accountability in managing regional finances.

Audit Opinion

An audit opinion, as defined by Law Number 15 of 2004 concerning the Audit of State Financial Management and Accountability, is an expert assessment of the accuracy of the data in the financial accounts. SAP compliance, sufficient disclosure, legal and regulatory compliance, and the efficiency of the internal control system are the four factors that form the basis of this evaluation. Therefore, an audit opinion reflects the level of equity of the financial statements' presentation, not a direct assessment of the presence or absence of corrupt practices. Similarly, Tobing (2004) defines an audit opinion as a report supplied by

a licensed auditor upon the completion of an audit in accordance with applicable audit norms or standards, accompanied by an opinion on the certified financial accounts' fairness. According to Mulyadi (2002), An unqualified opinion, an unqualified opinion with an explanation paragraph, a qualified opinion, an unfavourable opinion, and a disclaimer of opinion are the five categories of audit opinions. When it comes to the audit of local government financial accounts, the Indonesian Audit Board's audit opinion serves as an indicator of the establishment of accountability for regional financial management and the calibre of financial statement presentation.

Disclosure of Regional Government Financial Reports

Financial statement disclosure is the delivery of all information necessary to enable consumers of financial statements to fully comprehend the situation of the government's finances. Wolk et al. (2004) state that disclosure encompasses all of the data in the financial statements, as well as other data such accounting rules, Notes to the Financial Statements (CaLK), and other data pertinent to the financial statements' users.

Stecolini (2002) in Puspitasari & Adil (2020) explains that financial reports are the primary means of government accountability to the public. Therefore, the more comprehensive the information disclosed in financial reports, The more accountable and transparent local administrations are. In this study, the level of disclosure was measured using a disclosure index based on Government Accounting Standards The 2023 Provincial Government Financial Statements' Notes.

Corruption (*Fraud*)

According to the World Bank, the misuse of official authority for personal benefit is known as corruption. When it comes to defining and creating the concept of corruption, this World Bank definition has become the accepted international standard. Therefore, this definition is also synonymous with the definition of corruption from *Transparency International Indonesia* (TII, 2006). According to TII, corruption is the misuse of power for personal benefit. Suyatmiko (2021) adds that the misuse of authority for individual and collective gain is corruption. According to Law No. 31 of 1999, which was changed to Law No. 20 of 2001 about the Eradication of Criminal Acts of Corruption, there are at least thirty different kinds of criminal acts of corruption. Seven categories include the thirty sorts of illegal actions of corruption: (1) financial losses to the state; (2) bribery; (3) embezzlement in office; (4) extortion; (5) fraudulent activities; (6) conflict of interest in procurement; and (7) gratification.

2. RESEARCH METHOD

This study uses document analysis in a descriptive qualitative manner and content analysis techniques to describe LKPD degree of disclosure audit opinions from the BPK RI,

and provincial government corruption cases in Indonesia. The descriptive qualitative method was chosen because this study focuses on analyzing, interpreting, and presenting information obtained from official documents without conducting hypothesis testing or statistical analysis. According to Holsti (1969) in (Reyvan Maulid, 2021) content analysis is applied to identify and count the mandatory disclosure items presented in the LKPD. The object of The LKPD of Indonesian provincial governments are the subject of this study, considering the continued occurrence of corruption cases within provincial governments. All provincial governments make up the study's population LKPD for the 2023 fiscal year. A total sampling technique (census) was applied because the population size was limited and all required documents were available for analysis. Therefore, all 38 provincial government LKPDs that had been audited by BPK RI and received audit opinions were included as research units. In addition, this study analyzes provincial government corruption cases in 2023 that have obtained permanent legal force (*inkracht*). Cases that were still suspected or had not received a final legal decision were excluded from the analysis.

Secondary data is the kind of information utilised through documentation studies. Secondary data is data obtained indirectly through other parties or intermediaries (Rahman, 2021), while documentation studies are data collection techniques that utilize documents as sources of research information (Sugiyono, 2012) in Nilamsari (2021) . The research data comes from the BPK RI audited the Provincial Government's Regional LKPD for 2023, the LHP and the IHPS I for 2024, as well as information on corruption cases in the provincial government for 2023 obtained from ICW. A disclosure is used to gauge the degree of financial report transparency *checklist instrument* compiled based on the provisions of the Indonesian BPK RI.

Government Regulation Number 71 of 2010 mandates disclosures in SAP. The instrument consists of 53 disclosure items that cover all mandatory disclosure components in the CaLK. Measurement is carried out using the disclosure index method , namely by giving a score of 1 if a disclosure item is disclosed in the LKPD and a score of 0 if it is not disclosed. All scores are then added up and calculated using the disclosure level formula according to Setiawan (2023) as follows:

$$LLGFSD = \frac{\text{Number of items disclosed}}{\text{Total items to be disclosed}} \times 100\%$$

3. RESULTS AND DISCUSSION

Development of the Quality of Provincial Government Financial Reporting in Indonesia

The improvement in Indonesian provincial government financial reporting quality between 2019 and 2023 period is demonstrated through the audit opinions on LKPD issued by the BPK. The audit results indicate that WTP remained dominant throughout the

observation period, although changes in the composition of audit opinions began to occur in 2022.

Table 1. Development of opinions on the Provincial LKPD

Government Year	Province WTP	WDP	TW	TMP
2019	34	0	0	0
2020	34	0	0	0
2021	34	0	0	0
2022	32	2	0	0
2023	32	5	1	0

Source: IHPS Semester I 2024 BPK RI

Based on Table 1, in 2019–2021, all provincial governments received an WTP. In 2022, the number of provincial governments receiving an Unqualified Opinion decreased to 32, with two provinces receiving an WDP. Furthermore, in 2023, the number of provincial governments receiving an WTP remained at 32, while the WDP increased to five provinces, and one provincial government received an TW. These results indicate a change in the standard of financial reporting by the provincial government over the observation period.

Disclosure of LKPD and Audit Opinion of Provincial Government

The degree of transparency in the province government's financial reporting for 2023 (LKPD) was measured using a checklist consisting of 53 mandatory disclosure items based on SAP. The assessment results showed variations in disclosure levels across provincial governments.

Table 2. Disclosure Level of Provincial Government LKPD in 2023

Description	Results
Number of provincial governments	38
Number of mandatory disclosure items	53 items
Total disclosure score	1,116
Average disclosure score	32 items (60%)
Highest score	41 (77%)
The government with the highest score	North Sumatra
Lowest score	16 (30%)
The provincial government with the lowest score	Southwest Papua
Above average province	19 provinces
Provinces below average	19 provinces

Source: Data processed, 2026

Based on Table 2, disclosure scores ranged from 16 to 41 items. North Sumatra Province had the highest disclosure score with 41 items (77%), while Southwest Papua Province had the lowest score with 16 items (30%). The total disclosure score for all provincial governments reached 1,116 with an average disclosure score of 29.37, or approximately 55% of the 53 mandatory disclosure items. Based on this average score, 19 provincial governments were in the above-average disclosure level group, while 19 others were in the below-average disclosure group.

Corruption Cases, Audit Opinions, and the Level of Disclosure of Provincial Government Financial Reports

Based on the results of 38 provincial government LKPD for 2023, information was obtained regarding the distribution of audit opinions, the quantity of corruption cases and the degree of financial report disclosure. A summary of the analysis results is presented in Table 3.

Table 3. Corruption Cases, Audit Opinions, and Disclosure Levels in Provincial Government Financial Reports in 2023

Category	Corruption Case	Audit Opinion	Disclosure Level
Highest	East Java (64)	WTP	34 (64%)
Highest	North Sumatra (54)	WTP	41 (77%)
Highest	Central Java (47)	WTP	32 (60%)
Highest	South Sulawesi (46)	WTP	32 (60%)
Highest	West Java (36)	WTP	29 (55%)
Lowest	South Papua (2)	WTP	33 (62%)
Lowest	Southwest Papua (4)	TW	16 (30%)
Lowest	West Papua (8)	WTP	28 (53%)
Lowest	Papua (8)	WDP	26 (49%)
Lowest	North Maluku (10)	WTP	29 (55%)

Source: Data processed, 2026

Based on Table 3, 32 provincial governments (84.21%) received a WTP opinion, five provincial governments (13.16%) received a WDP opinion, and one provincial government (2.63%) received a TW opinion. The LKPD disclosure level averaged 29.37 out of 53 mandatory disclosure items, while Indonesia *Corruption Watch* (ICW) data showed 764 corruption cases in provincial governments during 2023. The number of corruption cases,

audit opinion categories, and disclosure scores showed variation across provincial governments. These findings form the basis for discussing the extent of corruption in relation to the financial reporting quality of provincial governments. The highest was in East Java Province (64 cases) and the lowest in Papua Pegunungan Province (0 cases).

DISCUSSION

Development of the Quality of Provincial Government Financial Reporting in Indonesia

The study's findings show that the standard of provincial government financial reporting in Indonesia during the 2019–2023 period generally experienced positive developments, as indicated by the predominance of Unqualified Opinions (WTP). However, starting in 2022, there was a decline in the number of provincial governments receiving WTP opinions, accompanied by an increase in WDP opinions and the emergence of TW opinions in 2023. This state shows that the standard of financial reporting by provincial governments is still requires improvement in several regions, despite showing good progress nationally. This finding aligns with (Herindraningrum & Yuhertiana, 2021) who showed that most provincial governments received a WTP opinion based on BPK inspections. These findings support this study's results that audit opinions can be used to depict the development of local government financial reporting quality.

These conclusions are consistent with Law Number 15 of 2004's provisions, which define an audit opinion as a professional assessment of the fairness of financial statement presentation based on adherence to Government Accounting Standards, adequate disclosures, legal and regulatory compliance, and the efficacy of the internal control system. Therefore, the dominance of WTP opinions indicates that most provincial governments have been able to prepare financial statements in accordance with the audit criteria set by the BPK, although not all have met these standards. A WTP or unqualified opinion signifies that the financial statements are presented fairly, in all material respects, in accordance with the applicable accounting standards. Nevertheless, this opinion does not provide an absolute guarantee that financial management is entirely free from fraud, regulatory violations, internal-control weaknesses, or non-material errors. Audit findings may still exist when their effects are not considered material enough to alter the overall fairness of the financial statements.

Financial reports are a way for the government to answer to the public for public financial management, according to accountability theory. A local government's level of accountability increases with the calibre of its financial reporting can demonstrate. However, accountability is not solely determined by the audit opinion; it is also influenced by the quality of governance, the efficiency of regulatory compliance and internal controls.

The results of this investigation are consistent with those of Thoriq 2025, which showed that The majority of provincial government financial reports are typically of high

quality of WTP. However, the study also showed that audit views serve as a gauge for the calibre of financial reporting, is not yet able to significantly explain the state of corruption. Therefore, the quality of financial reporting needs to be understood as an indicator of the fairness of financial report presentation, not as the sole measure of governance quality. Therefore, the study's findings verify that provincial governments' financial reporting has improved significantly, but improvements are still needed in several provincial governments that have not yet obtained a WTP in order to ensure that financial reporting quality can be more evenly distributed.

Disclosure of Provincial Government Financial Reports and Audit Opinions

The study's findings show that the degree of disclosure in provincial governments' 2023 LKPD still shows variation across provincial governments. The average disclosure level of 29.37 out of 53 mandatory disclosure items, or approximately 55%, indicates that the information presented in the CaLK does not fully meet all disclosure components required by SAP. Furthermore, variations in the level of disclosure were also found among provincial governments that received different audit opinions, including those with Unqualified (WTP), Qualified (WDP), and Adverse Opinions (TW) opinions. These findings indicate that the level of disclosure and audit opinion are two distinct aspects in assessing the quality of regional government financial reporting.

The findings of this study support the view of Wolk et al. (2004) who stated that financial statement disclosures include not only The data displayed in the major financial statements but also additional information necessary for users to obtain an adequate understanding of an entity's financial condition. CaLK are crucial because they provide explanations of accounting policies, details of financial statement items, and other information necessary to increase local administrations' accountability and transparency. CaLK complement the primary financial statements by providing narrative explanations, detailed schedules, and analyses of the values reported in the Budget Realisation Report, Balance Sheet, Operational Report, Cash Flow Statement, and Statement of Changes in Equity.

The research results also show that provincial governments that receive an unqualified opinion do not necessarily have a higher level of disclosure than provincial governments with unqualified opinions or unqualified opinions. This condition indicates that the audit opinion is not solely determined by the amount of information disclosed in the financial statements, but is based on four audit criteria as stipulated in Law Number 15 of 2004, namely compliance with Government Accounting Standards, adequacy of disclosure, compliance with laws and regulations, and the effectiveness of the internal control system. Thus, the adequacy of disclosure is one of the elements assessed in providing an audit

opinion, but it is not the only factor that determines the type of opinion provided by the Supreme Audit Agency.

These findings align with accountability theory, which positions financial report disclosure as a form of government accountability to the public. According to Stecolini (2002) in Puspitasari & Adil (2020), the more comprehensive the information disclosed in financial reports, the greater the opportunity for the public and stakeholders to monitor regional financial management. Therefore, a higher level of disclosure can increase transparency and support public accountability, although it does not automatically determine the audit opinion obtained by a regional government.

Therefore, the findings of this study indicate that the level of disclosure and the audit opinion complement each other in describing the quality of provincial government financial reporting. The audit opinion provides an assessment of the overall fairness of the presentation of the financial statements, while the level of disclosure indicates the extent to which the local government conveys the information required by the SAP. Therefore, efforts to improve the quality of financial reporting are not only directed at achieving a favorable audit opinion, but also at increasing the completeness of information disclosure so that the financial statements can meet the information needs of stakeholders and strengthen the accountability of regional financial management.

Corruption Cases, Audit Opinions, and the Level of Disclosure of Provincial Government Financial Reports

Based on Table 3, the number of corruption cases in provincial governments in 2023 shows significant differences between regions. East Java was the province with the highest number of corruption cases, with 64 cases, followed by North Sumatra with 54 cases, Central Java with 47 cases, and South Sulawesi with 46 cases. In contrast, South Papua recorded only two cases, while Southwest Papua, West Papua, and Papua also had relatively fewer cases. These differences indicate that the distribution of corruption cases in provincial governments is uneven.

When these results are compared with audit opinions, it is clear that most provincial governments with high levels of corruption cases still received WTP. For example, East Java, North Sumatra, Central Java, and South Sulawesi all received unqualified opinions despite their relatively high number of corruption cases. Conversely, Southwest Papua, which received an TW, actually had a lower number of corruption cases than several provinces that received unqualified opinions. These results demonstrate that the distribution of corruption cases is not concentrated among provincial governments with specific audit opinions, but is found across various audit opinion categories.

The same situation is also seen when the results are compared with the level of financial report disclosure. North Sumatra has the highest disclosure level, at 41 items (77%), but still recorded 54 corruption cases. On the other hand, Southwest Papua has the

lowest disclosure level, at 16 items (30%), but the number of corruption cases is lower than several provinces with higher disclosure levels. Furthermore, East Java has a disclosure score of 34 items (64%), with the highest number of corruption cases, while North Sulawesi only disclosed 24 items (45%) but had 16 corruption cases. These findings indicate that variations in the level of disclosure are not always followed by variations in the number of

The results of this study indicate that the characteristics of corruption cases in provincial governments do not exhibit a uniform pattern when compared to audit opinions or levels of financial report disclosure. Some provincial governments with relatively good audit opinions and disclosure levels still have a high number of corruption cases, while others with lower audit opinions and disclosure levels actually have fewer cases. This condition indicates that corruption cases in provincial governments are influenced by various factors that are not solely reflected in the quality of financial reporting.

These findings align with those of Budiman & Firdaus (2021) and Ningsih & Haryanto (2022), who stated that audit opinions do not necessarily reflect the level of corruption in local governments. However, these findings differ from those of Angela et al. (2023), who found a tendency for financial reporting quality to be related to the level of corruption. This difference may be influenced by differences in research subjects, regional coverage, corruption indicators used, and observation periods, resulting in different findings.

4. CONCLUSION

This study shows that the quality of provincial government financial reporting in Indonesia during the 2019–2023 period generally experienced positive development, as indicated by the predominance of Unqualified Opinions (WTP), although some provincial governments still received Qualified Opinions (WDP) and Unqualified Opinions (TW). The level of disclosure of provincial government financial reports also varies, indicating that the completeness of information in the Regional Government Financial Reports (LKPD) is not yet fully distributed across all provincial governments.

Furthermore, the results of the study indicate that corruption cases are still found in provincial governments with various categories of audit opinions and levels of financial report disclosure. These findings indicate that audit opinions and levels of disclosure are indicators of financial reporting quality, but need to be understood together with other governance aspects in the context of corruption. This study contributes to the development of the literature on the quality of local government financial reporting, particularly at the provincial government level, by presenting an analysis that integrates the development of audit opinions, levels of financial report disclosure, and corruption cases.

The policy implications of this research finding show the need to strengthen audit reforms in provincial governments. Audit reforms can be directed towards risk-based

auditing, fraud risk assessments, strengthening internal controls, and following up on audit recommendations to improve accountability in regional financial management.

This study has limitations in terms of the observation period and research approach. The analysis focuses on the 2019–2023 period and uses a descriptive approach to examine audit opinions, financial report disclosure levels, and corruption cases. Therefore, the study does not quantitatively examine the relationship between these variables. Future research is recommended to use a longer observation period or a quantitative approach to examine the relationship between variables and provide a more comprehensive understanding of financial reporting quality and corruption in local governments.

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