

The Effect of Good Government Governance and Discretionary Accrual on the Level of Corruption in Indonesia's Local Government

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ABSTRACT

This study aims to estimate the effects of good government governance (i.e., transparency and accountability) and accrual deviations on the level local government corruption in Indonesia. This study uses quantitative research methods with secondary data. The sample contains provincial governments in Indonesia. The results of multiple linear regression provide no empirical evidence for the effects of transparency and accountability on provincial government corruption. However, DA is found to have a significantly positive on provincial government corruption.

Keywords: transparency, accountability, discretionary accruals, corruption

1. INTRODUCTION

The concept of open government is in terms of budget transparency, participation in the budget process, and accountability. Research in Indonesia found that disclosure of democracy, human resources, and budget documents is consistently associated with transparency, accountability, and the involvement of the Supreme Audit Agency with the public (Harrison & Sigit, 2014). It was also found that the lack of transparency and accountability in local government in Sri Lanka has resulted in a high level of distrust, in addition to political and administrative factors that have contributed to the increase in corruption (Ramesh et al., 2013) . In practice, the implementation of electronic-based public services or e-government has yet to be effective in preventing corruption in local governments in Indonesia (Ismail, Fathonih, Hadi Prabowo & Redje, 2020). Research conducted in Arab countries found weaknesses in transparency due to weak regulations against corruption (Drebee et al., 2019). In contrast, research conducted in the United States states has lower corruption and perceptions of freedom of expression and accountability that significantly reduce corruption, indicating that citizens can choose their government and have more freedom of expression. Free media is an effective way to curb corruption (Nasr et al., 2012) .

The 2020 Corruption Perception Index (CPI) issued by Transparency International (TI) places Indonesia at 102nd out of 180 countries, 5th in Southeast Asia. The decline in the CPI ranking in Indonesia was due to an increase in the number of corruption cases disclosed by Indonesia Corruption Watch. Transparency is a Public effort to control agents' performance, namely the government. This concept relates to

the availability of information so that it is easy for the public to monitor government performance (Lindstedt & Naurin, 2006). Government Accounting Standards (SAP) in Indonesia states that transparency is giving open and honest financial information to the community because the community has the right to know openly and thoroughly the government's accountability in resource management and compliance with the management of these resources in the laws and regulations. Strategies that can eradicate corruption include increasing transparency and accountability (De Asis, 2006). Brusca et al. (2018) show that transparency and accountability affect corruption in 79 countries. Corruption is believed to be the product of various factors, including low-income levels, poverty, the lack of a good governance institutional framework, and a failed government system (Joseph Phiri, 2019). Joseph Phiri (2019) found that greater transparency in local government was not accompanied by increased corruption and effective accountability mechanisms and resulted in less corruption. This research scheme is related to Good Government Governance, namely good governance. Corporate Governance is a set of regulations used to control the relationship between several parties, including shareholders, company managers, creditors, government, employees, and stakeholders in both company's internal and external areas. The General Guidelines for Good Corporate Governance in Indonesia are a basic reference for companies to implement GCG in order to encourage corporate sustainability through the governance based on GCG principles, including transparency, accountability, responsibility, independence and fairness, as well as equality (Puspaningsih & Ristya, 2022).

Discretionary Accrual (DA) is a government policy to determine the accounting treatment to be chosen or to manage (management) accounting numbers in financial statements (in private companies, it is called earnings management). In local governments, financial statement management has become a way for politicians to adjust the numbers in financial statements to their interests (Cohen et al., 2019; Garrone et al., 2013; Pilcher & Van Der Zahn, 2010). For example, it is essential to present the best financial reports so local governments can obtain subsidies from the central government or obtain an Unadjusted Unqualified Opinion (WTP) on their financial statements. This motivation can lead to acts of corruption in local governments. Previous research has explored the relationship between the level of corruption and discretionary accruals ((Bisogno & Donatella, 2022; Ines, 2017; Rahman et al., 2016). Similarly, previous studies have shown a relationship between political connections and income quality as measured using discretionary income accruals (Hasnan et al., 2013; Xu et al., 2019). However, research on AD still needs to be done in Indonesia to prove how much AD occurs in Indonesia and whether it significantly affects corruption in local governments in Indonesia.

The problems of this research are how much transparency, accountability, and DA affect the level of corruption in local government in Indonesia. The purpose of this study, among others, is to find empirical evidence of how much corruption, accrual irregularities, levels of transparency, and accountability occur in local governments in Indonesia. This research is also expected to help policymakers and auditors to curb the pattern of accrual irregularities that have a high probability of being part of the corruption that occurs.

2. LITERATURE REVIEW

2.1 Corruption

Agency theory explains the conflicts between local governments who act as agents and the community as principals related to the use of regional revenue and expenditure budget (APBD). Asymmetric information occurs because the government has more information about its resources in the form of APBD than the community, resulting in fraud or corruption. Corruption is the abuse of power by opposing the law in obtaining personal or group benefits or benefits that can harm the public interest (Law Number 20 the Year 2001 concerning the Eradication of Corruption Crimes). Fadjar in Utomo et al. (2018) state that the pattern of corruption in an institution is divided into three:

1. Mercenary of power: abuse of authority with bribery, reducing specifications or volume standards, and inflating funds.
2. Discretionary abuse of power: issuing policies or rule particular which bias which makes can work with parties certain.
3. Ideological abuse of power: for specific goals and interests of the group or party.

Criminal acts of corruption are regulated in Law Number 20 of 2001 concerning Amendments to Law Number 31 of 1999 concerning the Eradication of Criminal Acts of Corruption . Based on these articles, corruption is formulated in thirty forms/types of corruption crimes. The thirty forms can then be simplified into seven major groups: state financial losses, bribery, embezzlement in office, extortion, fraud, conflicts of interest in procurement, and gratuities.

2.2 Transparency

Transparency is the principle of openness that allows the public to know and gain access to the broadest possible information about regional finances (Government Regulation Number 12 of the Year 2019, concerning Regional Financial Management). Government Regulation (PP) No. 71 of 2010 states that transparency means providing open and honest financial information to the public based on the consideration that the public has the right to know openly and thoroughly the government's responsibility in managing the resources entrusted to it and its compliance with laws and regulations.

Transparency refers to openness, access to government information, and public participation in government decision-making. Lack of accountability and transparency in local government institutions in Sri Lanka results in widespread poverty and socioeconomic inequalities, ambivalence about the legitimacy of the government and its organizations, and systematic mismanagement providing fertile ground for corruption. It often destroys organizational performance, economic development, and politics (R. Ramesh, 2013). The need for government recommendations for transparency is increasing, as is the development of information and communication technology (ICT) to support e-government and open government, which has the potential to create new opportunities for participation and accountability (Harrison & Sigit, 2014).

2.3 Accountability

PP Number 71 of 2010 concerning SAP states that accountability is responsible for managing resources and policy implementation, which is entrusted to entity reporting in reach destination determined by periodic. Mardiasmo (2018) states that public accountability is the obligation of the holder of the mandate (agent) to provide accountability, present, report, and disclose all activities and activities that are their

responsibility to the party giving the mandate (principal) who has the right and authority to demand such accountability. Public accountability consists of two types, namely:

1. Vertical accountability: accountability for fund management to higher authorities, for example, accountability of work units/services to local governments, accountability of local governments to the central government, and central government to the House of Representatives (DPR).
2. Horizontal accountability: accountability to the broader community.

2.4 Discretionary accruals (DA) on Local Government Financial Reports

In applying the accrual accounting method, there are two variables in calculating total accruals: Non-Discretionary Accruals / NDA) and Discretionary Accruals / DA. NDA is a variable whose changes are related to economic phenomena and can be explained. DA is an error term variable or changes that are not related to economic phenomena but result from management (government) policies. DA is a government policy to determine the accounting treatment to be chosen, or in other words, to manage accounting numbers such as total accruals, income, receivables, buildings, property, and equipment (Pellicer et al., 2016) . The objectives of DA in the public sector (Pellicer et al., 2016) include 1) reducing surpluses, appropriating unused, or retaining funding for use in subsequent accounting; 2) increasing surplus or unused allocation to create a perception of efficiency of performance; 3) changing spending information to prevent government or media scrutiny and criticism; and 4) provide funds for expenditures that are available for use in other expenditures. Earnings management practices in Indonesia are opportunistic, which means that managers act in their own interests, not in the interests of shareholders (Brahmono & Purwaningsih, 2022).

2.5 Effect of Transparency on Level Corruption

Transparency refers to openness, access to government information, and public participation in decision-making. In theory, better transparency in local government should reduce the scope of corruption, where dishonest behavior will become easier to detect, punish and reduce in the future (R. Ramesh, 2013) . According to Gedeona (2005), transparency in regional budget management is essential in preventing or eliminating corrupt practices in regional budgets. The principle of transparency can be in the form of transparency on the legality of budget sources, the mechanism of use, allocation, and accountability which all people can monitor. More extensive transparency can reduce corruption, even in highly hierarchical and pluralistic countries (Peisakhin & Pinto, 2010). Information in the form of CPI from IT organizations has contributed to developing approaches to fighting corruption by promoting good governance (Andersson & Heywood, 2009). Chen & Neshkova's (2020) research on 95 countries shows transparency fiscal very crucial to Step end year budget because it can be a powerful anti-corruption tool. Likewise (Halter et al., 2009) stated that transparency is essential for promoting professionalism in performance and data reporting and can be used to reduce corruption. Maximizing transparency in the activities of the government is a way to achieve the objectives of the anti-corruption program (De assist, 2006). The results of the study (Lee et al., 2018)state that E-government as a form of transparency has a positive and significant effect on corruption, as well as (Revier & Bahnasawy, 2012) state that transparency through media openness is an effective way to curb corruption. Based on the

theory and the results of previous research, the hypothesis is stated as follows: H1: Transparency negatively affects (reduces) the level of corruption.

2.6 Effect of Accountability on Level Corruption

Some African countries are reported to have put in place various accounting, auditing, and accountability institutions to curb corrupt practices and promote accountability (Joseph Phiri, 2019). The study (Joseph Phiri, 2019) found corrupt networks operating within government structures and several accountability institutions. Mardiasmo (2018) states that public sector financial reports are essential to creating accountability. Without financial report audits, which are useful in ensuring government accountability, government officials have more opportunities to be involved in corruption (De Asis, 2006). International organizations, such as the IMF, OECD, and the World Bank, refer to accountability as one of the critical issues for reducing corruption. Government accountability directly influences and reduces government corruption (Lee et al., 2018; Elbahnasawy & Revier, 2012).

Accountability is one of the keys to fighting corruption because it illustrates that those trusted with public resources are accountable for how these resources are allocated and used and the results achieved from their use (Brusca et al., 2018). In line with the results of research (Rasul, 2009), which stated that the application of good government, like accountability, could limit corruption opportunities so that efforts to eradicate corruption become effective. Several previous studies have shown empirical evidence that there is a long-term relationship between the quality and accountability of public finances as reflected in audit opinion and the level of corruption in an area (Triwibowo, 2019; Ikhwan et al., 2016; Rini & Sarah, 2014). The hypothesis is stated as follows: H2: Accountability negatively affects (reduces) the level of corruption.

2.7 The Effect of Discretionary Accruals on Corruption

Jones et al. (2008) show that DA can detect extreme earnings that constitute accounting fraud. DA, or earnings management through aggressive financial reporting, is prevalent in Malaysia (Hasnan et al., 2013). This extreme DA is worrying because its practices lead to financial statement fraud or corruption (Hasnan et al., 2013; Rahman et al., 2016). Companies will commit financial statement fraud when they can engage in aggressive DA or earnings management tactics (Dechow et al., 2014; Powell et al., 2005).

DA has a positive influence on corporate (Ines, 2017). Aggressive accounting manipulation (DA) increases the likelihood of financial statement fraud or corruption (Ines, 2017). The findings (Ines, 2017) show that earnings management is positively related to the level of corruption. A high level of corruption will be associated with higher earnings management (DA). Lower-quality accounting or higher DA will result in higher levels of corruption. It is supported by further research, which states that there is a relationship between the US State's political corruption and the local government's earnings management activities of companies located in these corrupt areas (Xu et al., 2019). In local governments, organizations that receive subsidies are more likely to commit fraud or corruption by exercising discretionary accruals on local government financial statements. H3: Discretionary accruals have a positive effect on the level of corruption.

3. RESEARCH METHODS

3.1 Population and Research Sample

The population in this study is the provincial government in Indonesia. The population selection is in the form of a provincial government because it has a large budget compared to other local governments. Determination of the sample is done by purposive sampling method, with the following criteria:

1. Provinces are included in the recapitulation of corruption crimes in 2016 - 2019
2. The province has an official website related to information disclosure that the public can access
3. Provinces have an Examination Result Report (LHP) and Follow-up Examination Results (TLRHP) from 2016 - 2019.

3.2 Design Variable Research and Measurement

The research design is descriptive quantitative, which aims to explain an empirical phenomenon accompanied by statistical data, characteristics, and patterns of relationships between variables. The following is the measurement of the variables used:

Table 3.1 Variable Measurement

Variable	Measurement	Data source
Corruption	Number of corruption cases per year at the prosecution stage	Annual Report from the Prosecutor Great.
Transparency	Annual data availability on the website: LHKPN, RKPD, LKIP, LRA, Balance sheet, LAK, and CALK documents Measurement criteria: Score 0: if no document is available. Score 1: if 1 document is available Score 2: if 2 documents are available Score 3: if 3 documents are available Score 4: if 4 documents are available Score 5: if 5 documents are available Score 6: if 6 documents are available Score 7: if all documents are available LHKN= the State Administrators Wealth Report, LR = Budget Realization Reports, LAK = Cash Flow Reports , CALK = Notes to Reports Finance, RKPD = Regional Government Work Plans, LKIP = Government Agency Performance Reports	Website of each provincial government.
Accountability	Weighting 1 – 4 for opinion. 1. Score 1 for opinion TMP. 2. Score 2 for opinion TW. 3. Score 3 for opinion WDP. 4. Score 4 for opinion WTP. TMP = disclaimer, TW = adverse, WDP = qualified opinion, WTP = unqualified opinion	Summary of Examination Results of the Supreme Audit Agency of the Republic of Indonesia (IHPS BPK RI)

<p>Discretionary Accruals</p>	<p>The equation to find Discretionary Accrual :</p> $\text{DISCACCR}_{jt} = \text{TACCR}_{jt} - \text{EXPACCR}_{jt} \quad [1]$ $\text{ACCR}_{jt} = -\text{DY}_{jt} + \text{COFO}_{jt} = \text{COFO}_{jt} - \text{DY}_{jt} \quad [2]$ $\text{ACCR}_{jt}/\text{TA}_{jt-1} = \alpha 1/\text{TA}_{jt-1} + \beta (\text{delta } \text{REV}_{jt}/\text{TA}_{jt-1}) + \gamma (\text{PPE}_{jt}/\text{TA}_{jt-1}) + \varepsilon_{j,t} \quad [3]$ <p>Modified Jones model formula:</p> $\text{ACCR}_{jt}/\text{TA}_{jt-1} = \alpha (1/\text{TA}_{jt-1}) + \beta (\text{delta } \text{REV}_{jt}/\text{TA}_{jt-1} - \text{delta } \text{AR}_{jt}/\text{TA}_{jt-1}) + \gamma (\text{PPE}_{jt}/\text{TA}_{jt-1}) + \varepsilon_{j,t} \quad [4]$ <p>Notes:</p> <p>DISCACCR_{jt} = <i>discretionary accrual</i> province j, year t. TACCR_{jt} = Total Accruals province j, year t. EXPACCR_{jt} = <i>Expected Accruals</i> atau <i>non discretionary accrual</i> province j, year t. DY_{jt} = Surplus/Defisit province j, year t. COFO_{jt} = Cash flow from operation province j, year t. ACCR_{jt} = Total accruals province j, year t REV_{jt} = Revenue province j, year t ACCR_{jt} = Total accruals province j, year t AR_{jt} = Account Receivable province j, year t PPE_{jt} = Plant, property, equipment, province j, year t. TA_{jt-1} = Total assets province j, year t-1 .</p>	<p>Provincial Government Financial Report</p>
<p>Control Variable</p>	<p>Total Asset $_j$ / Sum of Total Asset all province</p>	<p>Provincial Government Financial Report</p>

3.3 Data analysis technique

The analysis phase is descriptive statistical analysis, classical assumption test, regression analysis, and hypothesis testing using SPSS. This study uses panel data, a combination of data time series and cross-section. Data time series within four years (2016 - 2019) and cross-section data from the provincial government. Multiple regression analysis is an analysis used to determine the relationship between the dependent variable and the independent variable, as follows:

$$\text{COR} = \alpha + \beta_1 \text{TRAN} + \beta_2 \text{ACCT} + \beta_3 \text{DA} + \text{CTA} + e$$

- COR : level of corruption
- α : Constant
- TRAN : transparency
- ACCT : accountability
- DA : discretionary accruals
- CTA : Control variable (Total Asset)
- e : error term

4. RESEARCH RESULTS AND DISCUSSION

4.1 Descriptive research

Table 2. Descriptive Statistics of Variables

	N	Minimum	Maximum	mean	Std. Deviation
Y_COR	129	14.00	155.00	56.2093	33.02170
X1_TRAN	129	.00	7.00	2.2558	2.26481
X2_ACCT	129	3.00	4.00	3.9535	.21141
X3_DA	129	-.03	.86	.3701	.18891
CTA	129	.0005	2.1107	.022844	.1817158
Valid N (listwise)	129				

Table 2 states that the average value of the Y (Corruption) variable is 56.20, meaning that the number of corruption cases that occurred in the Provinces in Indonesia during 2016 – 2019 was 56 cases. The highest value or the highest number of corruption cases was 155 cases found in West Java Province in 2017, while the lowest value of 14 cases occurred in Gorontalo Province in 2019. The standard deviation value is 33.02, and the median value is 52.50, meaning the data is homogeneous because it has a standard deviation value below the median value.

The average value for the variable X1 (Transparency) is 2.26, meaning that the level of transparency in the provincial government in Indonesia is low (minimum one and maximum 7). The highest transparency is seven disclosures on the website (LHKPN, RKPDP, LKIP, LRA, Balance Sheet, LAK, and CALK documents), namely DKI Jakarta Province data in 2017 and Central Java Province in 2019. In contrast, the lowest transparency is zero (no disclosure on the website), namely the Provincial Government of Bali in 2017, South Kalimantan in 2019, North Maluku in 2020, and Southeast Sulawesi in 2013. Transparency variable data is heterogeneous because it has a standard deviation value above the median (1).

The average value of the X2 (Accountability) variable is 3.95, meaning that the audit opinion on the Government Financial Report (LKPD) of the provincial government in Indonesia is classified as good because it is close to the value of 4, which is an indicator of WTP opinion. Accountability value is measured by audit opinion. The highest opinion of 4 was found in East Java Province in 2020 and West Nusa Tenggara in 2018. The lowest opinion was that three occurred in North Maluku Province in 2017. The accountability variable is homogeneous because the standard deviation (0.21) is below the median (4).

In the provincial government in Indonesia, there is an average discretionary accrual positive of 0.37, which indicates that there is a surplus/deficit higher than the actual, meaning that the regional government tends to use procedures to increase the surplus/deficit to approach zero. Local government procedures or policies, in this case, for example, increase abnormal returns of income, abnormal returns of receivables, or reduce abnormal depreciation costs.

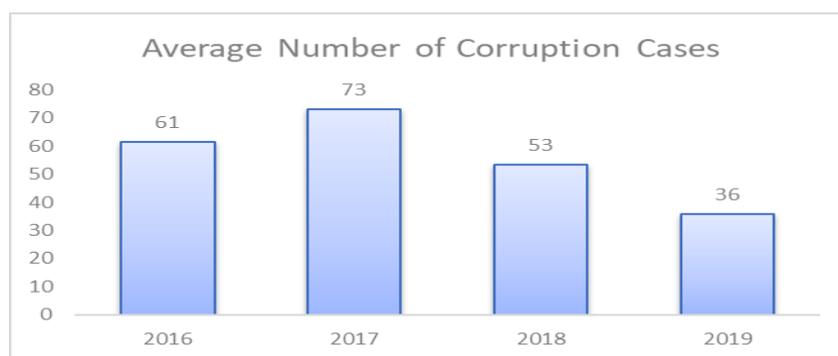


Figure 1. The average number of corruption cases to the provincial government in Indonesia

Based on Figure 1 above, the average number of corruption cases per year decreased from 2016 (61 cases) to 2019 (36 cases). However, the highest average number of cases was in 2017.

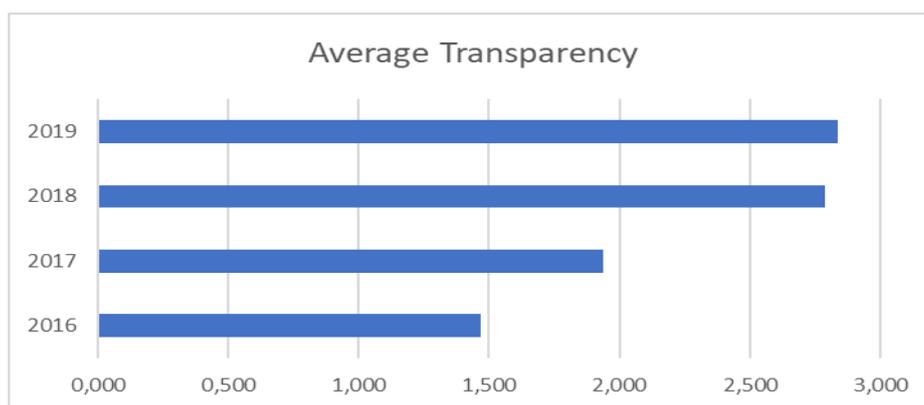


Figure 2. The average level of Transparency to the provincial government in Indonesia

Based on Figure 2, the average level of transparency or disclosure on the website increased from 2016 to 2019. In 2016, the average transparency score was meager, namely 1.4, meaning that the average provincial government in Indonesia in 2016 only announced 1 type of financial report on the website. Next, in 2017, the average provincial government in Indonesia only announced 1-2 types of financial reports on the website. Meanwhile, in 2018 and 2019, the same results were obtained, the average provincial government in Indonesia only announced three types of financial reports on the website (LRA, Balance sheet, LAK, CALK, LHKPN, RKPD, and LKIP).

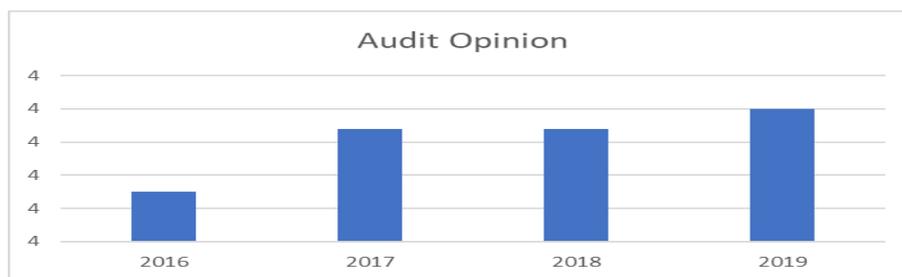


Figure 3. Average Accountability to the provincial government in Indonesia

Based on Figure 3, the average accountability shown by the opinion of provincial governments in Indonesia has a stable level of accountability from 2016 to 2019, as indicated by an opinion of 4 (Unqualified / WTP). This means that, on average, provincial governments in Indonesia have good accountability.

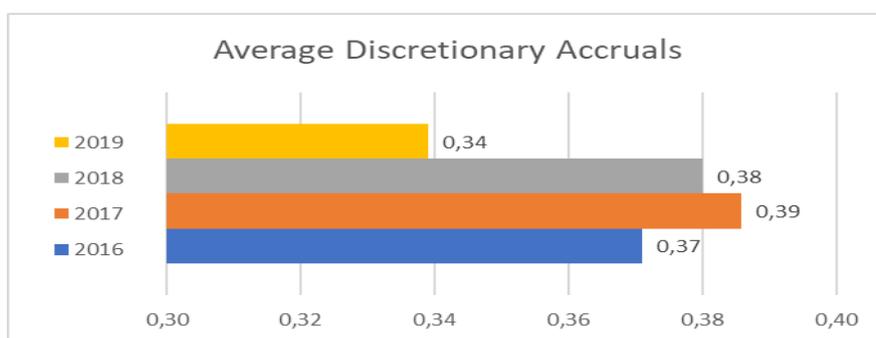


Figure 4. Average Discretionary Accruals to the provincial government in Indonesia

Graph 2 shows that Indonesia's average value of DA in provincial governments is stable from 2016 to 2019. In 2016, the average value of DA was 0.37. In 2017, the average DA increased slightly by 0.39; in 2018 the average DA decreased by 0.38; and in 2019 it decreased to 0.34.

4.2 Test Results in Multiple Linear Regression

Table 3. Multiple Linear Regression Test Results

	Unstandardized		Standardized		t	Sig.
	B	Std. Error	Beta			
(Constant)	14.216	52.530			.271	.787
X1_TRAN	1.949	1.284	.134		1.518	.132
X2_ACCT	5.195	13.267	.033		.392	.696
X3_DA	47.175	15.125	.270		3.119	.002
CTA	-16.789	15.304	-.095		-1.097	.275

Dependent Variable: Y_COR

Based on the multiple regression test results in Table 3, the DA coefficient value is 47.175, and the significance of DA is $0.02 < 0.05$, meaning that the DA variable has a positive and significant effect on the level of corruption. The coefficient value of 47.175 indicates that an increase in DA by 1 will increase corruption by 47.175. The coefficient value of the Transparency Variable is 1.949, but it is not significant, meaning that Transparency has no significant effect on corruption. The coefficient value of the Accountability Variable is 5.195, but not significant. Thus Accountability has no significant effect on corruption in the provincial government in Indonesia. The control variable, namely the proportion of assets, has a coefficient of -16,789 but has no significant effect on corruption because the significance of TA is $0.275 > 0.05$.

4.3 Effect of Transparency on the level of corruption

Based on the results of this study, the level of transparency proved to have no significant effect on the level of corruption. This means that the higher level of transparency in local governments in Indonesia does not reduce the level of corruption. The level of corruption, in this case, is indicated by the number of corruption crimes (tipikor) at the prosecution stage. The higher the level of transparency (the availability of annual data on the website of each provincial government in Indonesia), it has yet to be proven to have a significant effect on reducing the number of corruption crimes in local governments. Provinces in Indonesia. The level of transparency in the provincial government in Indonesia could be much higher based on the disclosure of financial statements on the website. On average, only three types of financial statements must be announced out of 7 financial reports. The number of corruption crimes decreased, but this decline was not influenced by transparency because transparency (the level of disclosure of financial statements on the website) is still low. Financial reports that are most often disclosed on local government websites in Indonesia include Budget Realization Reports (LRA), Balance Sheets, Cash Flow Reports (LAK), and Notes to Reports Finance (CALK). However, the announcement rate on the website of Provincial governments in Indonesia is still meager on the State Administrators Wealth Report (LHKPN), Regional Government Work Plans (RKPD), and Government Agency Performance Reports (LKIP).

This study's results align with research (Ismail et al., 2018) that transparency in the form of implementing e-government (electronic-based public services) has yet to be effective in preventing corruption in local governments in Indonesia. Likewise, the research (R. Ramesh, 2013) state that the Sri Lanka government still needs to improve transparency. Although efforts have been made to increase transparency and accountability to eradicate corruption, this needs to be more effective due to Sri Lanka's organizational and political culture. However, the results of this study differ from the results of research (Lee et al., 2018) that E-government has a positive and significant effect on corruption. In addition, (Revier & Bahnasawy, 2012) states that free media is an effective way to curb corruption.

Instruments to increase transparency include laws that will be used as the basis for decision-making in the public sector and enforcement of regulations. This legislation may include the annual publication of the performance of the local public sector so that citizens can compare the efficiency and effectiveness of performance as reflected in local government financial reports published on the website. Disclosure of information

and the availability of laws ensure that all decisions and public policies are made openly and transparently to reduce the risk of corruption. To increase transparency, it is also necessary to have a sound monitoring system in local government.

4.4 Effect of Accountability on the level of Corruption

Based on the results of this study, accountability is not proven to affect the level of corruption. The higher the level of accountability (shown by the opinion of the Supreme Audit Agency of the Republic of Indonesia (BPK) on the quality of the provincial government's financial reports), it is not proven to have a significant effect on reducing the number of criminal acts of corruption in the provincial government in Indonesia. The results of this study are in line with (R. Ramesh, 2013) who states that accountability is not effective in reducing corruption due to the organizational culture of the Sri Lanka government and the distrust of accountability in the delivery of local government services.

The level of accountability in local governments in Indonesia, as measured by public opinion on average, has a pretty good score (showing an average value of 4 or WTP). However, accountability in the Indonesian government has yet to be proven to reduce corruption because accountability is not easy and depends on many problems. The achievement of accountable public financial management results from complex and interrelated factors.

These results are not in line with research (Triwibowo, 2019; Ikhwan et al., 2016; Rini & Sarah, 2014) that the accountability of public financial management, as reflected in the audit opinion, affects the level of corruption in a region. Not in line with research results (Joseph Phiri, 2019; De Asis, 2006; Rasul, 2009) that there is a need for accountability and oversight of this accountability to local governments to reduce corruption in government structures and several accountability institutions. Government accountability directly influences and reduces government corruption (Lee et al., 2018; Elbahnasawy & Revier, 2012).

4.5 The Effect of Discretionary Accrual on the level of Corruption

Based on the results of multiple regression testing, the DA variable has a positive and significant effect on the level of corruption. A higher level of DA has been proven to significantly increase the number of corruption crimes in the provincial government in Indonesia. The average value of DA in provincial governments in Indonesia shows a positive number of 0.37, meaning that local governments tend to use procedures to increase the surplus/deficit to approach zero. The management or management of the surplus/deficit value is done through the management of accrual accounts such as depreciation, accounts receivable, income, and PPE (Plan, Property, and Equipment).

The results of this study support that DA can detect accounting fraud (Dechow et al., 2014; Powell et al., 2005) DA practices lead to financial statement fraud or corruption (Hasnan et al., 2013; Rahman et al., 2016; Ines, 2017). Lower-quality accounting or higher DA will result in higher levels of corruption. Supported by further research (Xu et al., 2019),

there are discretionary accruals in local government financial statements and in local governments that commit fraud or corruption. In line with research conducted on local governments in the UK (Stalebrink, 2007; Pilcher & van der Zahn, 2010), there is management in the recording of the Regional Government Financial Report (LKPD) in

Indonesia which aims to achieve a surplus/deficit close to zero.

4.6 The Effect of Control Variable on the level of Corruption

This study uses a control variable (total assets of the province), which is the total asset of a province compared to the sum of total asset of the entire population of the province. Based on the results of the regression analysis, the control variable has a negative sign but not significant, meaning that the total assets of the province has no effect on the amount of corruption that occurs. The larger the size of an area (province), does not affect the magnitude of corruption.

5. CONCLUSIONS, LIMITATIONS, AND IMPLICATIONS

5.1 Conclusion

- Transparency has not been shown to have a significant negative effect or has yet to be proven to reduce corruption in provincial government in Indonesia because of the low level of transparency in provincial governments in Indonesia. Transparency is measured by the website's availability of financial information (LHKPN, RKPD, LKIP, LRA, Balance sheet, LAK, and CALK documents). The availability of information still needs to be improved in the LHKPN, RKPD, and LKIP documents.
- Accountability has not been proven to have a significant negative effect or has not been proven to reduce the level of corruption in provincial government in Indonesia. The level of accountability in the provincial government in Indonesia, as measured by the BPK's opinion on the Regional Government Financial Report (LKPD), shows a good value of accountability, but this has not been proven to reduce the level of corruption in the provincial government in Indonesia. Many factors are involved in creating greater accountability, such as planning and budgeting, the behavior and ethics of officials in managing public funds, and monitoring accountability.
- Discretionary Accrual (DA) is proven to have a positive and significant effect (increase) corruption. There are DA management practices that lead to corruption in provincial governments in Indonesia.

5.2 Limitations and theoretical and practical implications

Accountability variables are measured from opinions on LKPD, which in future studies can use other measurements, like primary data. The results of this study are significant for supporting decisions and policies of local governments for preparing accrual financial statements, transparency, and accountability policies for corruption prevention. Regarding transparency and accountability, the government should make regulations on transparency policies for the disclosure of local government financial information, make better planning and budgeting, and implement a better monitoring system. Regarding DA, it needs the policy to control accrual accounts (such as income, receivables, depreciation, buildings, and equipment) which can lead to manipulation loopholes to get a surplus/deficit close to zero.

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