

**THE EFFECT OF REGIONAL BALANCE SHEET DISCLOSURE AND
ACCESSIBILITY FINANCIAL STATEMENTS ON THE ACCOUNTABILITY OF REGIONAL
FINANCIAL MANAGEMENT IN PALEMBANG CITY**

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ABSTRACT

This research aimed to find effect of the regional balance sheet disclosure and the accessibility of financial statement for the accountability of regional financial management in Palembang city. The sample are the external users of financial statements including the city parliament members, employees of inspectorate institution, journalists and non-governmental institutions that concentrate on anti-corruption. It used purposive sampling which data collected using questionnaires. The testing instrument used classical assumptions, double linear regression statistical analysis, hypothesis testing, T test and F test.

The result showed that (a) as simultaneous, there is significant positive effect among the disclosure of regional balance sheet, the accessibility of financial statement to the accountability of local financial management in Palembang city, (b) furthermore, using the partial testing, it showed that the disclosure of regional balance sheet (X1) and accessibility of financial statements (X2) has positive and significant effect on the accountability of regional financial management in Palembang city.

Keyword: *disclosure, accessibility, accountability, regional financial statements.*

A. INTRODUCTION

Indonesia has complexity on historical background, geographical configuration, culture, customs, and character of a complex society. It encountered many obstacles and barriers including decision-making processes that affect to the nation, state, and people. Post-reform in 1998 that rolled for more than a decade as one of the maturing process of a nation to result a demand for effective governance, as reflected by good governance. It is done to minimize the bureaucratic disease especially related to corruption, collusion, and nepotism. Governance reforms which led government is more accountable to the public on the program as well as the spending of public funds for that programs. Public accountability is expected to be the answer to the acute problems of government corruption, collusion, and nepotism that happened from the local to national government (Iqbal & Sham, 2010).

Phase of governance reform have a direct impact in terms of developing Indonesian public mindset today. Some community of provinces, districts, cities are getting smarter. In general, according to Halim & Sham, (2012) in the area of financial pre-reform era, although it has been mentioned autonomy, still gives limited authority to local government as the executive power.

Country's wealth is managed by the large fund and is distributed to local governments, and therefore responsibility for the use of funds need governance rules and adequate supervision to ensure reliable equitable distribution of funds to all public sector so that the effectiveness and efficiency use of funds could be accounted for. Therefore, every head of the provincial, district or city is required to make reports of government accountability in accordance with the sound of the Act No. 32 of 2004 Article 27 subsection 2, paragraph 3 and paragraph 4. Content of article 27 paragraph (2) states the chief duty is to provide financial reports to the government, parliament, and present it to the public, in accordance with paragraph 3 that once a year. The financial statements were reported by the head of the region (Governors) to the President through the Secretary of the Interior, and to the Minister of Home Affairs through the Governor to the Mayor. Paragraph 4 mandates that local governments report the implementation of the central government is used as the basis for an evaluation according to the legislation.

In the other words, the Regional Executive shall make a report each year to account for its performance in terms of organizing and disseminating to the public administration. Subsequently the Government of the Republic of Indonesia make regulations regarding financial accountability. Contained in article 184 of Law No. 32 of 2004 paragraph (1) and paragraph (2) of the Local Government expressly stated that the Regional Head of Finance must account to the Regional Representatives Council (DPRD) in the form of financial statements. To be clearly explained to avoid confusion and communication between

the Head of the Regional Parliament the financial statements have been prepared on Government Regulation Number 71 Year 2010 (no later than fiscal year 2014) are: Actual budget reports; statement of changes in the budget balance over (SLA); balance sheet; operational reports; statement of changes in equity; Cash flow report and notes to the financial statements (accompanied by the company's financial statements or other entity).

However, the preparation of financial statements in the old rules still allowed at least until the 2013 budget year in question is composed of 4 (four) reports that: the realization of budget reports, balance sheets, cash flow statement and notes to financial statements and accompanying financial statements of entities regionally owned enterprises that have been audited by the State Audit Board (BPK) not later than 6 (six) months after the fiscal year ended, and in paragraph (3) states that financial statements should be prepared and presented in accordance with government accounting standards established by regulation government. Based on field surveys that found in some local governments, found that local governments can not prepare financial statements that are intended, especially in the disclosure of the balance sheet. (Bandariy, 2011).

Some local government doesn't have the balance sheet due to, among other things, because the reporting system and there has not been conducive to the direction (Halim, 2002), not to mention with a shift in the financial statements of local government accounting approach of the *single entry* to *double entry* is quite confusing to be implemented by local government and in the ranks of regional work units (SKPD). Whereas in the disclosure of balance sheet liabilities have been around since the legalization of Regulation No. 105 of 2000.

The existence of various laws and regulations that provide technical guidance in managing the implementation of government finances in particular region / country has yet to run as what expected. The indication of the annual report of the Corruption Eradication Commission (KPK) in 2008 announced an investigation of 70 cases, 46 investigations, 43 prosecutions, 25 cases have been decided in the District Court Corruption. Most of the case regarding the misuse of State Budget / Budget relating to budget / budget is at the core of financial (accounting) government, thus predicting the existence of abuse of financial statements (financial report) is not generated correctly and reliable. Data from the KPK illustrates that government efforts have not been completed and this will be the biggest challenge the next government to be more accountable in managing public funds.

On the other hand, based on the results of the RI State Audit Board (BPK RI) on all local government financial statements (LKPD) in Indonesia, the local government financial statements (LKPD) Palembang city from 2006-2010, providing opinions vary each year of the disclosure local government financial reports. Poor performance ever achieved by the city of Palembang in the region to present the financial information audited by the BPK,

which in 2006 had to get lots of TMP (Not Giving Opinions), whereas in the years 2007-2009 have lots WDP (Naturally With the exception).

BPK RI for audits of financial statements each year the city of Palembang still describes the procedure for error when taking notes, drafting, and disclosure of financial statements. In 2010 inspection report Kilkenny Local Government Finance, CPC in detail to find some flaws include, weakness of the control system of accounting and reporting (recording not / do not do or inaccurate, not according to the provisions of the preparation process, the entities are late in submitting reports) found 1401 cases of multiple LKPD as Indonesia, Palembang found as many as two cases, further non-compliance with statutory provisions resulted in the loss to the state, lack of acceptance, and administration errors, based on the BPK audit, the city of Palembang LKPD found as many as 11 cases from 4551 cases LKPD se Indonesia.

In accordance with the results found by the CPC above, reveals that there are still mistakes made by the local government legislation, and other laws throughout Indonesia, including the city of Palembang to the disclosure of local government and regional reporting of financial statements (LKPD). That is what accountability of those statements are still problems that were not done properly and correctly from the recording, the application of legislation or disclosure.

Basically the ultimate goal of financial reporting for local government is to achieve the *good public governance*. GPC, according to the principle of UNDP (*United Nation Development Program*) is one of openness, that is how accessible government financial statements can be executed every year in providing information related to the activities of the management of public resources to the parties who become stakeholders (Mahmudi, 2011). However, the curiosity of individuals and community stakeholders are not supported by the publication of financial reports by local government (through newspapers, internet, or by other means), which according to the survey in several regional governments have not become common practice (Mulyana, 2006)

As the organizer of the mandate of the people to run the government the appropriate corridors (*Good Governance*), one of which is to explain to interested parties including the public in the form of local government financial statements in accordance with what is performance happening , also comply with the provisions of the existing (accountable). Local governments should also facilitate the public or the propriety and *stakeholders* to obtain information and clarification on the use of the funds used in the construction of a particular area in the city of Palembang. According to Shende & Bennett, quoted by Mulyana, (2006) revealed that the achievement of effective accountability depends on public access. This is reinforced by the mandate of Law No. 33 of 2004 on fiscal balance between central and local government section 103, that the information contained in the financial

information system is an open data that can be known, and accessible to the general public and gained a complete financial picture of the area Palembang.

Jones et al. cited in Mulyana, (2006) says that the inability of financial statements in implementing accountability, not only due to the annual report does not contain all relevant information needed by the user, but also because the report could not be immediately available and accessible on potential users. As a consequence, the financial statements are incomplete and not accessible to the grade quality of transparency and accountability of local finances. The mandate of Law No. 17 of 2003 declared openness in financial management, accountability, proportionality, professionalism, and audit by the inspector who is a free and independent norms or general principles of the delivery of government policies will create a healthy state and local levels. Also according to Arnando, (2004) that the statements of financial accountability and performance accountability report a positive effect on the regional head of public accountability of district / city.

Based on the background, the authors are interested in doing research with the title "The Effect of Regional Balance Sheet Disclosure and Accessibility Financial Statements on the Accountability of Regional Financial Management in Palembang city"

2. LITERATURE RIVIEW

Agency theory (Agency Theory) is a theory that explains the principal and agent relationship that is rooted in economic theory, decision theory, sociology, and organizational theory. Principal-agent theory to analyze the contractual arrangement between two or more individuals, groups, or organizations. One party (*principal*) to make a contract, either implicitly or explicitly, with the other party (*agent*) with the expectation that the agent will act / do work like that chill by the principal (in this case occurred delegation).

Agency theory in the local government began to be practiced, especially since the introduction of regional autonomy since 1999. Application of agency theory can be in the study from two perspectives, namely the relationship between the executive and legislative branches, and the legislature by the people, the implications can be positive in terms of efficiency, but more of a negative form of *opportunistic* behavior (cited in Bandariy Subaweh, 2011) . This happens because the agent has the advantage of the financial information than the principals, while from the principal may use a personal interest (*self interest*) because it has the advantage of power.

The relationship between the agency theory research is the government acting as agent (the manager of government) should set a specific strategy in order to provide the best service to the public as the principals. Principal (society) demanded that the government has expected performance, embodied in the financial statements, and public service was performing well. If the performance of good governance implemented well, the people will

trust the government. In conclusion a good performance of local governments will have an impact on public confidence as a principal party to the government as an agent. Although most agents are more "closed" and tend not to take risks, but the government has full liability for the information in the financial statements can be accessed by the stakeholders.

Under paragraph 28 the Government Accounting Conceptual Framework of Accrual-Based SAP in PP No. 71 of 2010, the government's financial statements including a balance sheet is compulsory to be made. Balance sheet are the financial statements present of the financial position at a particular area, usually at the end of the fiscal year. This report is intended to provide reliable financial information about assets, debt and equity. (Halim & Sham, 2012).

The balance sheet incorporated in the Financial Report which is the output of accounting systems that are useful for providing information to parties that would make it as a basis for making financial decisions (economic, social, and political). Financial statements other than as a provider of financial information also serves as a tool of accountability and performance evaluation in particular financial performance (Mahmudi, 2011). Although, the financial statements are not the only source of information in decision making, but the financial statements into the source of financial information, which has a very large role for the quality on resulting decisions. Government Regulation No. 71 of 2010, the general purpose financial statements are financial statements that are intended to meet the common needs of most users report including the Legislative body as defined in the legislation.

The change of SAP according to Regulation No. 71 Year 2010 on the revision of Regulation No. 24 of 2005 also led to changes in component form or financial statements that need to be presented to the user. PP No. 71 of 2010 on the SAP identifies the principal components of the report should be presented both central and local governments include (a). Budget Realization Report (LRA), (b). Statement of Changes in Balance Over Budget (Statement of Changes in SAL), (c). Balance sheet, (d). Report of Operations (LO), (e). Statement of Cash Flows (IRR), (f). Statement of Changes in Equity (LPE), (g). Notes to Financial Statements (CaLK). If the financial statements have been prepared and presented in accordance with the provisions of the Act, SAP, and other regulations, it can be said that it could be a reference LKPD, for use by interested parties in decision-making process, so it can be right and true.

It still a big question, when the financial statements have been prepared and accountable to its external users, including members of the board, the next concern is the accessibility of financial statements if it is running and has been implemented. Because, the inability of financial statements in implementing accountability, not only due to the annual report does not contain all relevant information needed by the user, but also because the report could not be immediately available and accessible to potential users (Jones et al.

Cited in Mulyana , 2006). On the basis that local government should not necessarily present the results of the financial report to the legislature alone, but must provide a public space for the public to know the financial statements.

The public disclosure means to optimize the public provision of state, other public bodies and everything that led to the public interest must be done for real, for example, access for information concerning on local finance can be obtained easily, not with a convoluted bureaucracy, and financial information can be downloaded from our site the local government. Regulation in legal protection for the support of these objectives has been imposed by the central government that has approved the Law No. 14 of 2008, set forth in article 7, paragraph 3, said local governments in providing public information must be accurate, correct, and not misleading, the agency the public should build up and develop information and documentation system for managing public information properly and efficiently so that it can be accessed easily and cheaply.

The financial statements are an important instrument for the government, to demonstrate transparency and accountability. Mahmudi, (2011) reveals there are two main reasons why the government needs to publish financial statements and are accessible to the public in mind, namely: 1. Financial statements are the tools of management control and performance evaluation for the government as a whole. 2. Financial statements are the responsibility of management to any form of internal (*internal accountability*), namely to the parties within the organization, such as employers, employees, and inspectors and external accountability (*external accountability*) to external parties concerned, such as the public, investors, creditors, donors, press, and other parties with an interest in the report to base decisions on economic, social, and political. Therefore, the government should inform any measures taken are listed in the financial statements can be known or widely accessible to most residents with fast, accurate and inexpensive, not only for legislative parliament.

Since the early 1990s, various state governments tried to shift the paradigm of formal government (*ruling government*), leading to good governance (*good governance*), in order to put the administration more effective, efficient, and equitable for all citizens. Government officials to be responsive to changing demands of its environment, so the best services provided by transparency and accountability procedures. (Bastian, 2006). One is in terms of financial management as a complex of government administration over the use of financial and other resources. However, you actually need to know what local finance is. According Mamesah, in Halim & Sham, (2012) describes that the local finance can be defined as: "all the rights and obligations which can be valued in money, as well as everything in cash and goods that can be wealth throughout the region that have not owned / controlled by countries or regions of higher and other parties in accordance with / the applicable regulations".

Strengthening accountability demands on institutions - public institutions, both in central and regional levels in response to the phenomenon of bureaucratic reform and public sector development in Indonesia can not be avoided. The definition of accountability itself is a liability by a person or an institution for any actions addressed to the member authorities (Halim & Sham, 2011). Another notion of accountability as well as a form of obligation to account for the success or failure of the mission of the organization in achieving objectives and targets have been set previously, through a media accountability is implemented on a periodic basis (quoted in Mardiasmo Stanbury, 2006). Reform in the government of Indonesia is inseparable from the spirit democracy. The term 'democracy' implies at least three essential elements: transparency, accountability and justice (Shende & Bennett, quoted Mulyana, 2006).

To meet the public rights such as the right to be heard voice their aspirations, to know against the government, either central or local, as the subject of informers should be able to carry it out. That goal is expected to be done in order to realize the development orientation of the public sector that is *good governance*. The World Bank definition of *governance* as a way of managing the government's social and economic resources for the benefit of community development, while the *United Nations Development Programme* (UNDP) focuses more on the administration of the state such as politic, economic and administrative. UNDP to assess the characteristics of *good governance* include *transparency, responsiveness, consensus orientation, equity, efficiency, and effectiveness, and accountability* (Mardiasmo, 2006).

Accountability requires that decision makers behave in accordance with the mandate it receives. For this, policy formulation, together with the manner and the results of these policies must be accessible and communicated with both vertical and horizontal (Mardiasmo, 2002). Based on Governmental Accounting Standards Board in *Concepts Statement state that. One of the Objectives of Financial Reporting* states that accountability is the basis of financial reporting in government. Accountability is the highest purpose of government financial reporting. It explain the link of accountability and financial reporting as follows: *Accountability requires Governments to answer to the citizens to justify the raising of public resources and the purposes for sandwiches they are used. Governmental accountability in based on the belief that the citizens has a "right to know," a right to receive openly declared facts That my lead to public debate by the citizens and their elected representatives. Financial reporting plays a major role in fulfilling government's duty to be publicly accountable in a democracy society.* (Par. 56).

Mardiasmo revealed that Concepts Statement No. 1 stressed also that the financial statements of central or local government should be able to assist users in making economic decisions, social, political and financial performance by comparing actual and budgeted, to

assess the financial condition and results of operations, helps determine level of compliance with laws and regulations related to financial and other provisions, as well as assist in evaluating the efficiency and effectiveness.

Based on the description above that statement shows that accountability includes providing financial information to the public and other users making it possible for them to assess the government accountable for all activities, not just financial activities, but also the responsibility of local government is to the community through the media accessible to all parties honestly and openly, because there are rights to know the community for the organization of government.

This study is a continuation of previous research by Mulyana (2006) conducted in the administration of Yogyakarta which the population and sample of members of parliament in the region of DIY that consists of the taxpayers, academics, shows that there is a regional balance of influence between the disclosure and accessibility of financial statements area of transparency and accountability in financial management. The difference is that the study adds to the limited sample of the members of the press. Sample of taxpayers and academics are no longer use in advanced in this research. Samples are among other legislators, Regional Inspectorate, Journalists and Society Institute. Variable Y is accountability of financial management, because the author assumes responsibility (accountability) of financial statements in accordance with applicable regulations to be the main focus for the government to make *good governance*, and will directly impact the accountability to the public. Furthermore, the object of research conducted in Palembang city, South Sumatra, while Mulyana (2006) did in the province of Yogyakarta.

Other studies conducted Bandariy (2011) showed that there is a positive influence on the financial statements with the use of financial information. Differences in this study with research conducted Bandariy (2011) is the sample used. If the previous research that external users of financial statements made public the non-governmental organizations (NGOs) that are consistent and highlight the process of budgeting, financial statements and performance evaluation of local government in the ex Banyumas residency, while the researchers used a sample of the community members of the press and NGO (Non Government Organization) in which they are domiciled, and never use and highlight the disclosure of balance sheets and financial statements, especially the city of Palembang, including electronic and print media in the Palembang city. According to the authors, of the journalist is a function of social control in society and the independent watchdog on government and democracy goes in Indonesia today, and anti-corruption non-governmental organizations to be an independent watchdog over the financial management area.

3. RESEARCH METHODS

This research type is descriptive research design that quantitatively describe phenomenon or specific population. The research will be conducted in Palembang city which is the object are legislators, Inspectorate, journalists, Non Government Organization (NGO) anti-corruption in Palembang.

3.1 Population and Sample

The population in this study are external users of financial statements Palembang city which are the city parliament member, Palembang Inspectorate officials, non governmental institutions, and society that totally 74 respondents. It used purposive sampling technique, in order to obtain a representative sample in accordance with the specified criteria. These criteria are defined as follows:

1. Member of Parliament is the actual primary users of financial statements presented by the local government in accordance with laws and regulations (Mulyana, 2006). Elected member of Parliament involved in the process of budgeting, approval, financial accountability to the region, as well as board members who understand the financial statements of government.
2. Regional Supervisory Agency (audit agency) is now renamed the Inspectorate. It was chosen because they are responsible to assure that the use of local government fund have been done according to the laws and regulations (cited in Bandariy Ulum, 2011). Inspectorate uses financial statements of government to conduct surveillance. Regional inspectorate of the selected employee is an employee who understands the rules of the disclosure of balance sheets and financial statements of local governments (LKPD), attended training on financial management and have been assigned to conduct financial management in the city of Palembang.
3. Community as one of the users of government financial statements and the object of government services, certainly involved to assess the financial statement disclosures to assess the performance of government, giving response or correction if it is found indicates the ineffectiveness of government financial statements government performance. (Bandariy, 2011). Selected communities are individuals or groups who have influence of government control. It include the leader of the mass media (print and electronic) as well as journalists who understand, and have highlighted the financial statements. The community also includes members of the NGO (Non-Government Organization). Anti-corruption NGO is the most progressive communities in monitoring and advocacy on unexpected behavior.

3.2 Types and Sources of Data

This study uses primary data using questionnaire and it is also used secondary data that obtained indirectly from the object.

3.3 Data Collection Method

The technique of data collecting is using questionnaires that carried out the distribution of several questions. The questionnaire had been made by Mulyana (2006) and Rahmawati (2011) which is processed again. The spread of the questionnaires is given directly to the respondents to increase the opportunity to get back the questionnaires.

4. RESULTS AND DISCUSSION

4.1 Validity of Test Results

The result of validity of test on the disclosure of the balance sheet item that consists of 6 questions that can be seen in Appendix 3. Based on the results tests using SPSS 19, it can be seen that question asked by the respondent has a value of $r_{count} > r_{table}$. Thus the questions used in this study is valid.

Validity of test results on the accessibility of financial statements that consist of five questions shows that it has a value of $r_{count} > r_{tabel}$. So the questions used in this study is valid. Validity of test results on the accountability of financial management which consists of 14 questions used in this study can be found in Appendix 3. Based on the results of tests using SPSS 19, it can be seen that question asked by the respondent has a value of $r_{count} > r_{table}$. Thus the questions used in this study is valid.

4.2 Test Results Reliabilitas

The analysis tools using Cronbach's Alpha formula, aided by SPSS 19.0. In this case if the value Cronbach's Alpha results are positive and greater than or equal to 0.60, then the instrument is reliable. (Sarwono, 2012).

Cronbach's Alpha value obtained by processing the data with SPSS version 19 is 0.642 for variable the disclosure the balance sheet; 0.768 for variable the accessibility of financial statements, and 0.64 for variable the accountability of local financial management. All variables have a value of more than 0.6 Alpha, so it can be said that the variables in this study is reliable.

4.3 Hypothesis Testing

Hypothesis testing was done by multiple linear regression analysis. The goal is to find out whether variable the disclosure of regional balance sheets and accessibility significantly affect the accountability of regional financial management of Palembang city. Based on multiple linear regression, the equation is as follows:

$$Y = a + b_1X_1 + b_2X_2 + e$$

Description:

Y: Financial Management Accountability

X1: Disclosure of the Regional Balance Sheet

X2: Accessibility of Financial Statements

4.3.1 Constant

By using multiple regression analysis, it can be known how much influence the independent variable on the dependent variable. The output obtained are presented in Table 4.3.1 below:

Tabel 4.3.1

Variables Entered/Removed^b

Model	Variables Entered	Variables Removed	Method
1	X2, X1 ^a	.	Enter

Based on the table, the descriptive statistic analysis is as follows:

a. All requested variables entered.
 b. Dependent Variable: Y
 Source: Data are processed with SPSS 19.0

1) The independent variable are Regional Balance Sheet disclosure (X1) and Accessibility of Financial Statements (X2),

2) There is no dependent variable is excluded (removed),

4.3.2 Test Coefficient of Determination

The coefficient of determination (R²) aims to determine how large a role and capabilities of the independent variables could explain the dependent variable. In other words, the coefficient of determination is used to measure the ability of variable the disclosure of the balance sheet (X1) and the variable accessibility of financial statements (X2) can explain the accountability of financial management variable (Y). The coefficient of determination r² is calculated by multiplying 100% (r² × 100%). The value of the determination coefficient was between zero to 1. if r = 0 or close to 0, then the relationship between two variables is very weak or no relationship at all. When r = +1, or close to 1 then the correlation between two variables are said to be positive and very strong. (Bandariy, 2011)

Table 4.3.2
Determination Coefisien Test

Model Summary^b

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate	Durbin-Watson
1	.681 ^a	.464	.449		1.42703	1.829

- a. Predictors: (Constant), X2, X1
 - b. Dependent Variable: Y
- Source: Data are processed with SPSS 19.0

Based on the overall regression results, it shows that a correlation coefficient (R) 0.681 which means that the correlation of variable the disclosure of the balance sheet and accessibility of financial statements for the accountability of regional financial management in Palembang city ($r^2 \times 100\%$) is 68.1%. So the relationship between the independent variables with the dependent variable is big. On the other hands, the coefficient of determination R Square of 0.464 means that the dependent variable (financial management accountability) can be explained by the independent variables (disclosure of the balance sheet and accessibility of financial statements) by 46,4%, so the remain which is 53.6% are other factors outside of the study. It can be conclude, because R square is almost close to 1, the relationship between the two variables are strong.

4.3.3. Partial Test with a T-test

T test used to determine and examine whether there are variables influence the disclosure of the balance sheet (X1) and accessibility of financial statements (X2) is partially or individually against the dependent variable which is the accountability of regional financial management (Y).

Table 4.3.3
Result of T-Test

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	5.644	1.627		3.469	.001
X1	.176	.082	.246	2.146	.035
X2	.338	.078	.495	4.328	.000

a. Dependent Variable: Y
Source: Data are processed with SPSS 19.0

4.3.3.1 Disclosure of Regional Balance Sheet variable (X1)

The results of data processing based on the table 4.3.3 shows that X1 variable have the t value 2.146 and significance 0.035 which was significant. Figures obtained the variable X1 of 0.035 is smaller than 0.05, so the first hypothesis is accepted and significant. It means that the disclosure of the balance sheet has significant effect on the accountability financial management in Palembang city.

4.3.3.2 Variable the Accessibility of Financial Statements (X2)

According to the table 4.3.3, it can be seen that X2 variable has t count 4.328 that have significance 0,000 that smaller than 0.05, so it means that it is significant. This number means that the accessibility of financial statement has significant effect on the accountability of financial management. Thus the second hypothesis (H2) which states the accessibility of financial statements has a positive influence on regional financial management accountability is evident. These results indicate that by providing easier access to the financial statements for external users, and easy access for journalists to improve trust.

4.3.3.2 Simultaneous test with the F-test

The basis of the decision are as follows:

- 1) Significant value when $r < (0.05)$ to accept the hypothesis.
- 2) No significant when the r value $> (0.05)$ to reject the hypothesis.

Result of F test from the data processing collected are shown in Table 4.3.4 below

Table 4.3.4
Result of F- Test
ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	125.036	2	62.518	30.700	.000 ^a
	Residual	144.585	71	2.036		
	Total	269.622	73			

- a. Predictors: (Constant), X2, X1
 - b. Dependent Variable: Y
- Source: Data are processed with SPSS 19.0*

According to the table above, it can be seen that the f count is 30.700 with significance 0,000 that smaller than 0.05. Due to Sig <0.05, Ho is rejected and Ha accepted. So the disclosure of regional balance sheet and accessibility of financial statements jointly or simultaneously affect the accountability of regional financial management in Palembang city.

4.4 Discussion of Results

These research showed some results. First of all, the disclosure of the balance sheet has positive and significant effect on the increasing the accountability of regional financial management of Palembang city. The Variable X1 has significance 0.035 which is smaller than 0.05 so if the sig. less than 0.05 then the independent variable is positive and significant influence on the dependent variable.

Furthermore, partially the variable of the accessibility of the financial statements have significant effect on increasing of the accountability of financial management. It can be seen from the sig. 0.000 which is smaller than 0.05. If the sig. independent variable is less than 0.05, the independent variable is significant.

If compared between variables X1 and X2, it shows that the sig X1 greater than X2, so it can be said that the accessibility of financial statements (X2) is strong enough influence to the increasing the accountability of the financial management. It indicate that people that represented by the journalists and the institutions of the community is still need the convenience of accessing local government financial reports, especially in the city of Palembang in order to support good governance and accountability of local financial management.

Furthermore, the results from the simultaneous test shows that the disclosure of balance sheet variable (X1) and accessibility of the financial statements (X2) indicates that simultaneously both variables have positive and significant impact on improvement the accountability of regional financial management in Palembang city. It can be seen from the sig. 0.000 which is smaller than 0.05.

Overall, based on the results of regression test that has been described above, it is known that the influence of the disclosure of balance sheet and accessibility of the financial statements either individually or simultaneously are influence, positive and significant impact

on the accountability of regional financial management in Palembang city. This results support the results of study conducted by Mulyana (2006) about the Effect of Regional and Accessibility Balance Sheet disclosure of Financial Statements of the Transparency and Accountability Financial Management case study in Yogyakarta province, and Rahmawati (2011) about the influence of the balance sheet disclosure and accessibility of transparency and accountability of financial management.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusion

1. Based on the results of hypothesis testing of data processing to 74 respondents located in Palembang consisting of members of parliament, Inspectorate, members of the journalist and public anti-corruption agencies in Palembang city, it prove that the disclosure of the regional balance sheet and accessibility of financial statements individually and together have an influence strong, positive and significant impact on improvement the accountability of regional financial management in Palembang city.

2. The Significant level of the accessibility of financial statements greater than the significant level of disclosure of the balance sheet, so it indicates that from the two variables, the respondents still asking the accessibility to local government financial statements of Palembang city. Actually, it still unimplemented well, especially for journalist, members of parliament and regional inspectorates that are often restricted to access it.

5.2 Advice

Financial statements are one of tools for delivery of accountability for financial management. The balance sheet as part of the financial statements required to be reported by local governments, so that a complete and appropriate reporting can enhance and contribute to the accountability of financial management. Relating to the above, the local government in particular is expected to Palembang government to take attention on the following:

1. The disclosure of financial statements including balance sheet should be easily accessible to all interested parties. Participation mass media and citizen concerned with anti-corruption is still lacking. The presence of the journalist can further enhance public accountability, efficiency and effectiveness local government spending and will be able to minimize corruption, fraud, mafia budget and other practices.

2. To promote accountability for the effectiveness financial management, the government of Palembang city is expected to publish financial statements through the mass media, such as newspapers, radio, local government website so that public could access the information more easily without any significant restrictions.

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