

POLITICAL PARTY AFFILIATION, INCUMBENT STATUS, AND AUDIT OPINION ON THE INDICATION OF REGIONAL GOVERNMENT CORRUPTION IN INDONESIA

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ABSTRACT

The indication of corruption cases of the regional government is a thing which indicates the occurrence of the corruption of the regional government where its domain has not yet been recorded and decided in the court. This study aims at examining the influence of political party affiliation, incumbent status, and audit opinion on the indication of corruption of the regional government in all districts or cities in Indonesia in 2017. The sample of the study was 302 regional governments consisting of 256 districts and 46 cities. The sample was selected through a purposive sampling method. This study used multiple regression analysis to test the proposed hypotheses. The findings of the study informed that political party affiliation and incumbent status do not affect the indication of corruption of the regional government. Audit opinion has a negative and significant effect on corruption indication of the regional government, where better audit opinion leads to the reduction of the corruption indication of the regional government.

KEYWORDS: Political party affiliation; incumbent status; audit opinion; corruption indication

INTRODUCTION

The complexity of corruption cases in various countries is still a crime phenomenon that requires deeper exploration. One of the cases is corruption case occurs in a developing country like Indonesia (Prabowo & Cooper, 2016). In general, there are two corruption sectors in Indonesia, namely the public sector and the private sector. This current study will further discuss corruption in the public sector. Subagio (2016) and Toruan (2018) elaborate that corruption in the public sector in Indonesia is seen as an extraordinary crime which includes the involvement of the head of the regional government to the occurrences of corruption. Corruption committed by the head of the regional government is indicated by misuse or abuse of authority and power to fulfill one's desire or the interest of his group.

The data on the abuse of authority committed by the head of the regional government are shown by 4 independent organizations that focus on disclosing corruption cases in Indonesia. The table 1 below shows the findings of the 4 organizations:

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Table 1. The disclosure of corruption cases by governmental and non-governmental organizations in 2017

| No. | Organization | Findings |
|-----|--|--|
| 1 | Indonesia Corruption Watch (ICW) | <ul style="list-style-type: none"> ▪ The involvement of regional heads and officials in collusion, corruption, and nepotism (KKN) which harms the state. ▪ The value of state losses significantly increases to Rp. 6.5 trillion and bribes of Rp. 211 billion during 2016-2017 with a total of 576 corruption cases. ▪ There is a significant increase in the number of corruption suspects in the scope of regency or city government and village government with the mode of budget misuse, state losses, price inflation, bribery, and gratification. |
| 2 | Transparency International | <ul style="list-style-type: none"> ▪ Indonesia ranks 96th with the value of the Corruption Perception Index (CPI) of 37 out of 180 most corrupt countries surveyed worldwide and is categorized as a country that has a high level of corruption. |
| 3 | The Audit Board of the Republic of Indonesia (BPK) | <ul style="list-style-type: none"> ▪ There are still incompliancies with statutory provisions as many as 6,558 problems, which include incompliance that can result in losses, potential losses, and lack of acceptance (financial impact). |
| 4 | Indonesia Corruption Eradication Commission (KPK) | <ul style="list-style-type: none"> ▪ The increasing of the number of corruption cases carried out by the regional head in 2017 where there were 11 suspects; 5 cases involving mayors, 5 cases involving regents, and 1 case involving governor. |

Sources: www.antikorupsi.org, www.transparency.org, www.bpk.go.id/ihps, www.kpk.go.id (data processed)

For the various reports above, public sector corruption cases from 2016 to 2017 has increased by number, it is believed that the public financial sector is a very open area for corruption due to financial benefits from the taxation, budgeting, procurement, and state asset management sectors (Ferraz & Finan, 2010; Liu & Lin, 2012). On the other hand, ICW (2017) reported that aspects of the suspect also increased. This is evidenced by the mode of corruption committed by the most regional heads is bribery with 30 regional heads who are entangled in corruption cases in 29 regions, 12 of which will hold regional head elections (Pemilukada) in 2018.

At the same time, the direct regional election becomes a debate among different parties, both central government or house of representative (Ritonga & Alam, 2010). Furthermore, Ritonga & Alam opined that direct regional elections in several regions in Indonesia cause a very large financial burden to the regions and are prone to conflict. Moreover, Irianto & Ronaldo (2016) also stated the same thing, these costs are used as a transactional process for political parties to encourage the election of candidates. For prospective candidates who register independently must also seek support to get fees to be recognized by the community

As we have already known, the Law of the Republic of Indonesia Number 8 year 2015, Article 1 Paragraph (4) on the election of governor, regent, and mayor states that in order to be able to participate in the election, prospective candidates can go through several ways, such as support from political parties, join political parties, or individual candidate who registers or is registered at regency's or city's general election commission. However, to participate in general election, prospective candidates must prepare certain substantial costs to obtain a political position (Kuncoro, Adrison, & Isfandiarni, 2013). Additionally, Kuncoro et al. (2013) said that if a candidate is a position holder or commonly called *Petahana*, then he can use the budget that he leads legally for his political campaign. The sources of political campaign fund are declared legally when they are in accordance with the regulation of the Republic of Indonesia General Election Commission (PKPU) No 5 Year 2017 concerning Campaign Funds for the Election of the Governor and Deputy Governor, Regent and Deputy Regent, and/or Mayor and Deputy Mayor. Meanwhile, there are sources of political campaign funds that are illegal or prohibited as contained in PKPU Number 5 of 2017 Article 49.

Regarding the political campaign, political parties affiliation has more control over prospective candidates for the regional head. Fitriyah (2011) argued that political parties play role in corruption committed by the regional head, where the regional head affiliated with political parties must provide a budget for their political activities in the general election by financing their supporting parties. Regarding the provision of budgets for supporting parties illustrates that there will be fraud and misuse of the budget (Lewis & Hendrawan, 2018).

A classic phenomenon emerges when the regional head general election is carried out directly is the use of the Regional Revenue and Expenditure Budget (APBD) for personal interests of regional heads ahead of its implementation (Sjahrir, Kis-katos, & Schulze, 2013). It is marked by many cases of budget allocations that led to budget irregularities and corruption by the regional head in the lead up to the election (Mietzner 2011). The election of regional heads in Indonesia is one of the causes of corruption, money politics, and strong patronage relations between voters and candidates (Hadiz 2010; Mietzner 2010). The regional head who ends his term of office and will advance again to become a regional head candidate will tend to use policy funds (discretionary funds) to increase his popularity so that he will be re-elected in the next period, or commonly referred to as the incumbent (Sjahrir et al., 2013).

Political scholars in the United States have carefully studied the benefits of incumbent status, outlined mechanism that allows elected office holder to increase the chances of re-election and with a careful attitude to estimate the impact of incumbent (Butler, 2009; Cattaneo & Frandsen, 2015; Gelman & Huang, 2008; Lee, 2008). The decades-long study of in-depth investigation shows that congressional representatives, governors, senators, mayors, and state legislators enjoy tangible benefits obtained while holding office. Incumbent status effects are also found in Canada, Germany,

England, and Indonesia (Eggers, Fowler, Hainmueller, Hall, & Snyder, 2015; Freier, 2015; Hainmueller & Kern, 2008; Rekkas & Kendall, 2012; Shair-Rosenfield, 2012).

Efforts to eradicate corruption, especially in Indonesia, cannot be separated from the role of the examining institution whose duty is to prevent abuse and inefficiency in the use of organizational resources (Dwiputrianti, 2011). The audit function is carried out through an audit process that plays a role in providing information and detecting fraud (Liu & Lin, 2012; Olken, 2005). In addition, the audit results in the form of audit reports can also be used to detect corruption behavior at the level of local government (Lewis & Hendrawan, 2018; Liu & Lin, 2012).

This oversight role is carried out by the BPK. BPK has the authority to audit local government financial reports (LKPD). The results of the audit are in the form of BPK opinion on the LKPD and the report is presented in the form of BPK IHPS. BPK Opinion on LKPD in 2018 CPC IHPS shows an increase indicated by an increase in WTP opinion by 6% from 2016 or as many as 76% of regional governments that have WTP Opinion in 2017. Based on this evidence, the assumption with an increase in WTP BPK opinion can decrease the level of incompliance of the local government with laws and regulations that could cause state losses. Thus, when audit institutions are very independent and audit work is very technical and impartial, deviations or violation cases reported by audit institutions can be used as a good measure to reduce the occurrence of indications of government corruption (Ferraz & Finan, 2010).

Empirical research related to the influence of BPK audit opinion on corruption was carried out by Masyitoh, Wardhani, & Setyaningrum, (2010) which showed a negative influence of BPK audit opinion and corruption. Empirical research related to the influence of Indonesian Supreme Audit Institution (BPK) Opinion on corruption was carried out by Masyitoh, Wardhani, & Setyaningrum, (2010) which showed a negative influence between BPK Opinion and corruption. The better the audit opinion obtained shows the lower the potential for corruption within the local government. Similar results are also stated in the research of Rini & Sarah, (2014) and Dwiputrianti, (2011) which stated that there is a connection between the opinions given by BPK and corruption. Furthermore, the relationship between BPK Opinion and local government performance has been empirically proven by Ismunawan (2016) in which BPK Opinion has an influence on regional government corruption.

This research is important because of several reasons, firstly to find out the effect of the Corruption Indications of the control role of Affiliate Political Parties on local government in terms of providing political campaign funds. Second, to investigate the use of APBD (Regional Government Budget) which is categorized as legitimate or invalid by the Head of the Regional Government (incumbent) for the costs of political campaigns in order to avoid misuse of APBD. Third, the role of the Government audit has not been widely discussed in relation to the improvement of BPK Opinion on the LKPD to reduce corruption so that it will become one of the efforts in eradicating corruption.

This research was carried out in the simultaneous Pemilukada (Regional Election) in 2015 because the level of corruption that occurred in Indonesia tended to increase and was dominated by an increase in corruption cases up to 2017 that occurred in the Regional Government in Indonesia in that time (www.antikorupsi.org, 2017).

As the formulation of the problem from this study explains some findings of irregularities in the management of State finances, with several research questions: (1) Is the impulse to pay services to Political Party Affiliates for the use of Regional budgets by the elected Regional Head as the trigger of the Corruption Indication? (2) Is Head of Regional Government's Incumbent Status as the background indication of corruption on the regional budget? (3) Why is there increase in corruption while the WTP opinion has increased?

The purpose of this study related to the background of the above problems is to find out and describe the affiliation of regional head political parties to the increase of corruption indications in Indonesia, to find out and describe the Incumbent Status of Head of Regional Government to increase Indications of Corruption in Indonesia, and to find and describe BPK Opinions to reduce Indications of Corruption in Indonesia.

LITERATURE REVIEW

The theory that can be used to uncover corruption - indicated actions in this study is Klitgaard's theory. This theory is formulated in three major components, namely, monopoly of power, discretionary of official, and accountability. In this case the incumbent status of the head of the regional government supported by the affiliation of political parties will enable the occurrence of indications of corruption. However, this can be minimized by the existence of adequate supervision from the independent supervisory apparatus carried out by the BPK through BPK Audit Opinion on the LKPD. This statement is reinforced by Liu & Lin, (2012) that one of the steps to eradicate corruption is by strengthening government accountability.

Based on Law Number 8 of 2015, Article 1 Paragraph (4) concerning Election of Governors, Regents and Mayors states that participants in the election of Head and Vice of Regional Government consist of pairs of candidates proposed by political parties or a combination of political parties and individual pairs supported by a number of people. The affiliation of political parties resulting from a multi-party democratic system enables Head of Regional Government to play an important role in using public budgets for the interests of their supporters (Arifin et.al, 2013). Political affiliation is a form of support from the party as a bearer of someone to advance to become a candidate for Regional Head in the general election of Head of Regional Government.

Arifin et al. (2013) stated that the multi-party system turned out to increase corruption cases in which local political leaders declare themselves as superiors who have the political power to play a dominant role in implementing their government and also create a culture of corruption. Budget

allocation still reflects the political interests of public officials and their supporters (Ritonga & Alam, 2010). Fitriyah, (2011) stated that political parties have a role in corruption committed by the Head of Regional Government where the Regional Head affiliated with political parties must provide a budget for their political activities in the General Election by financing their supporting parties. Lewis & Hendrawan, (2018) also stated that the existence of coalitions with political parties shows the existence of fraud and misuse of money. The more parties supporting the Head of Regional Government, the higher the indications for corruption. Hypothesis can be drawn from those arguments is as follows:

H1: Political Parties Affiliation of Heads of Regional Government increases Indications of Corruption in Indonesia.

Incumbent status is a state that still holds power or is in a certain position (Prasetyo, 2014). The Head of Regional Government who ends his term of office and advances again to become a Head of Regional Government candidate will tend to use policy funds (discretionary funds) to increase his popularity so that he will be re-elected in the next period (Sjahrir et al., 2013). Prasetyo's research (2014) showed that the term of office of Head of Regional Government is getting longer making the Head of Regional Government behaves opportunistically and tends to prioritize personal and group interests when compared to achieving good performance. A longer term of office, Head of Regional Government understands the system gaps that can be utilized for his personal interests (Prasetyo, 2014). Moreover, Kalulu (2014) and Masyitoh et al. (2010) stated that incumbent regional head is positively related to corruption. Ferraz & Finan (2008; 2010) have also proven that the Incumbent Status of Head of Regional Government tends to be more corrupt compared to Head of Regional Government who has incentives for re-election or non-incumbent.

There is an impact from the incumbent status of Head of Regional Government that enables legislators to enjoy the real benefits of the re-election of Head of Regional Government (Butler, 2009; Cattaneo & Frandsen, 2015; Gelman & Huang, 2008; Lee, 2008). But on the other hand, research conducted by Classes & Titunik, (2017); Linden, (2004); Macdonald, (2014); Moral et al. (2015); Uppal, (2008) stated that the Head of Regional Government does not enjoy the benefits of incumbent status. Based on those arguments a hypothesis is drawn as follows.

H2: Incumbent Status of Heads of Regional Government Increases Indications of Corruption in Indonesia.

Audit opinion refers to Law Number 15 of 2004 Article 1 number 11 concerning Examination of Management and Responsibility of State Finance is a professional statement as the conclusion of the examiner regarding the level of fairness of information presented in financial statements. Audit opinion is based on criteria namely, conformity with government accounting standards, adequacy of

disclosure, compliance with laws and regulations and also the effectiveness of internal control systems.

The audit opinion issued by the BPK consisted of four opinions, namely: Unqualified Opinion (Opini Wajar Tanpa Pengecualian / WTP), Qualified Opinion (Opini Wajar Dengan Pengecualian /WDP), Adverse Opinion (Opini Tidak Wajar/TW), and Disclaimer of Opinion (Pernyataan Menolak Memberikan Opini/Pendapat/TMP). Audit opinion is considered capable of describing the principles in good governance, especially the principles of accountability and transparency.

An examination of the financial statements produces opinions issued by the auditor to show the reliability of the information contained in the financial statements. The results of the audit can be utilized as a mean of detecting corruption behavior at the local government level (Liu & Lin, 2012). Moreover, the research conducted by (Lewis & Hendrawan, 2018) proves that the worse the audit results indicate the existence of fraud and misuse of the budget which will then indicate corruption. The difference in audit opinion in the government's financial statements with audit opinions on other organizations' financial statements is that the former audit opinion also describes compliance with regulations and legislation and the effectiveness of the internal control system. Zawitri (2009) quoted from the statement of the Governor of National Defense Institute (Lemhanas) that the audit opinion illustrates the application of the principles of governance, especially the principles of accountability and transparency so that it is able to influence public confidence in the administration of government. Masyitoh et al., (2010) showed a negative influence between BPK Audit Opinion and corruption. The better the audit opinion obtained shows the lower the potential for corruption within the local government. Similar result is also stated in Rini & Sarah's (2014) study which stated that there is a connection between the opinions given by the BPK and corruption. Furthermore, the relationship between BPK Audit Opinion and local government performance has been empirically proven by Ismunawan (2016) in which BPK Audit Opinion has an influence on regional government corruption. Based on the above arguments, hypothesis is drawn as follows:

H3: BPK Audit Opinion is able to reduce Indications of Corruption in Indonesia

RESEARCH METHODS

The population in this study was 508 districts / municipal governments in Indonesia in 2017, divided into 415 regencies and 93 cities (otda.kemendagri.go.id). The sample of the research consisted of 302 local governments consisting of 256 districts and 46 cities, the sample was selected using a purposive sampling method with local governments holding regional head elections in 2015, assuming the elected head of regional government carried out their duties in 2017; there were findings of state losses, potential regional losses and lack of state / regional revenues in the Report on Audit Results for Non-compliance with Legislation which was part of the Report of the Audit Report of BPK on LKPD; and also had complete data for the 2017 BPK Audit Opinion variable and data about the characteristics of the head of regional government used as a variable in this study. The sample

selection excluded the regions that carried out the head of regional government election and the data was incomplete.

The indication of corruption as the dependent variable was obtained from the amount of the rupiah value on the findings of non-compliance with the Laws and Regulations which are an integral part of Audit Report of BPK on the LKPD. Data sources of political parties affiliate were obtained from the website of the General Election Commission. BPK Opinion on LKPD was taken from BPK Semester 1 of 2018. Incumbent Status of Head of Regional Government Data sources were obtained from the Directorate General of Regional Autonomy of the Ministry of Home Affairs, and control variables (Geographical Location, Regional Size, Grant Expenditures, Social Aid Expenditures, Legislative Council Size) data sources were obtained from the Directorate General of Fiscal Balance for the 2017 APBD Report.

The multiple regression models used to test hypotheses is as follows:

$$CORRUPT = \alpha + \beta_1 APOL + \beta_2 INCB + \beta_3 OPI + \beta_4 GEO + \beta_5 SIZE + \beta_6 BH + \beta_7 LEG + \varepsilon$$

Information:

CORRUPT = Corruption Indications, APOL = Political Party Affiliation, INCB = Incumbent Status, OPI = Audit Opinion, GEO = Geographical Location, SIZE = Local Government Size, BH = Grant Expenditures, BBS = Social Aid Expenditures, LEG = Legislative Board Size, α = Constant, $\beta_1 \dots \beta_7$ = Regression Coefficient, ε = Standard Error.

Table 2. Description of Variables and Measurement of Variables

| Variable | Definition and Measurement |
|---------------------------------|--|
| Dependent Variable | |
| Corruption Indication (CORRUPT) | Corruption indication is things which indicates corruption and the domain has not been recorded and set in court. CORRUPT is measured by LN from the amount of rupiah value found in non-compliance with legislation. |
| Independent Variable | |
| APOL | Measurement of political affiliation based on head of regional government who has affiliation with government coalition political parties is rated 1, regional head who has affiliations with government non-coalition political parties is rated 2, head of regional government who has affiliation with a combination of political parties and non-government coalitions is rated 3, head of regional government through individual channel is rated 4, head of regional government who has political affiliation with local political parties is rated 5. |
| INCB | The incumbent status of the regional head is measured by using a dummy measured by number 1 for the incumbent head and 0 for the non-incumbent regional head. |

| | |
|-------------------------|--|
| OPI | The measurement of BPK audit opinion uses an ordinal scale of 1 to 5 when BPK gives opinion then WTP opinion is rated 5, if the WTP DPP is rated 4, if the WDP is rated 3, if TW is rated 2, and TMP is rated 1. |
| Control Variable | |
| GEO | Geographical location is measured by dummy, 1 for Regency / City outside Java and 2 for Java region. |
| SIZE | Proportion of the value of regional income realization in the 2017 Regional Government Budget (APBD) |
| BH | The proportion of the value of regional expenditure in the 2017 Regional Government Budget (APBD) |
| BBS | Proportion of the value of realization of regional social assistance expenditure in the 2017 Regional Government Budget (APBD) |
| LEG | Number of seats allocated by the Regional House of Representative (DPRD). |

RESULTS AND DISCUSSION

Descriptive statistics

Table 3 shows the descriptive statistics for all variables used in the study which include the amount of data, minimum values, maximum values, mean and standard deviation of all variables used. Based on the table, the average CORRUPT value for the local government sample is 21.4836 with a standard deviation of 1.044. Solok city has the lowest Corruption Indication with a value of 18.3702, while the Batubara District has the highest indication of Corruption of 26.0737.

Table 3. Descriptive statistics

| Variable | N | Min. | Max. | Sum | Mean | Std. Dev. |
|----------|-----|---------|---------|-----------|-----------|-----------|
| CORRUPT | 302 | 18.3702 | 26.0737 | 6488.0610 | 21.483646 | 1.0443953 |
| APOL | 302 | 1 | 5 | 788 | 2.61 | .819 |
| INCB | 302 | 0 | 1 | 135 | .45 | .498 |
| OPI | 302 | 1 | 4 | 1116 | 3.70 | .610 |
| GEO | 302 | 1 | 2 | 366 | 1.21 | .409 |
| SIZE | 302 | 26.9629 | 29.2566 | 8424.0775 | 27.894296 | .4611529 |
| BH | 302 | 20.6085 | 26.9388 | 7222.5101 | 23.915596 | .9926385 |
| BBS | 302 | 16.4827 | 26.0512 | 6620.9989 | 21.923837 | 1.8487569 |
| LEG | 302 | 20 | 50 | 10360 | 34.30 | 9.976 |
| Valid N | 302 | | | | | |

Information:

CORRUPT = Corruption indication, APOL = Political affiliation, INCB = Incumbent status, OPI = Audit opinion, GEO = Geographical location, SIZE = Local government size, BH = Grant expenditures, BBS =

Social aid expenditures, LEG = Legislative board size

Based on Table 3, it is known that the Affiliation value of Political Parties has a minimum value of 1, a maximum value of 4, and mean 2.61. This means that the affiliation of a regional head with a bearer political party in the regional election on average is a political party not a government coalition. The APOL standard variable deviation of 0.799 indicates that the distribution of political party support to a regional head in regional election is a government coalition party, a party not a government coalition, and a joint coalition government party with not a government coalition.

INCB variable is dummy variable with a minimum value of 0, a maximum value of 1 with a mean of 0.45. There are 135 regions whose regional heads have served 2 times (non-incumbent), while the remaining 167 regions still have one more period of time (incumbent). This shows that on average, the heads of regional governments have non-incumbent status.

In the Table 3, the OPI variable has a maximum value of 4 and has a minimum value of 1, with an average value of 3.70, so it can be seen that on average, the most OPIs are WTP obtained by 226 regional governments with a proportion of 78.871%, the opinion of the second most is the WDP of 68 regional governments with a proportion of 23.129%. While the TW and TMP opinions were not owned by the local government so that they have the lowest proportion of 0%.

SIZE variable is a control variable that is measured by the proportion of the value of regional income realization in the 2017 Local Government Budget (APBD), where the greater the number indicates the size of the government that is getting bigger. On average the proportion of income in the sample regions is 27.894296. The area that has the highest proportion is Bandung Regency at 29.2566, while the area that has the smallest proportion is PakPak Bharat Regency at 26.9629.

BH variable is a control variable measured by the proportion of the value of grant expenditure in the 2017 Local Government Budget (APBD). BH has an average value of 23,915596, with a maximum value of 26,9388 owned by Badung Regency. Furthermore, region that has a minimum proportion of 20.6085 is Majene Regency.

BBS variable is a control variable that is measured using the realization of social expenditure in the 2017 Local Government Budget (APBD). BBS has a maximum value of 26.0512 owned by Bengkayang Regency. Furthermore, it is obtained a minimum value of 16.4827 owned by the area of West Sumba Regency.

The LEG variable as a control variable is measured using the number of seat allocations for the Regional People's Representative Council (DPRD). Based on the table obtained a maximum value of

50 and a minimum value of 20 with a standard deviation of 9,976. Value range is the difference between the maximum value and the minimum value that is equal to 34.30.

Analysis of Regression Results

The results of the F statistic test show that the significance value of 0.000 is smaller than 0.05, which means that the regression model built is feasible to be used as a test model for the research hypotheses. The Adjusted R Square value of 0.105 indicates that the influence of Political Party Affiliation, Incumbent Status, Audit Board (BPK) Opinion, Local Government Size, Grant Expenditures, Social Aid Expenditures, and Legislative Council Size affect the Indications of Corruption by 10.5%, while the rest of 89.5 % are influenced by other factors outside this research, such as dynastic politics which since 2015 involved 61 regional heads or around 11% of the total area. Dynasty politics began to take root, where there were several regions that had a poor track record (Junaidi, 2016).

Table 4. Results of Linear Multiples Regression Analysis

| Variable | Prediction | Regression Coefficient (β) | t-statistic | Sig. |
|---|------------|------------------------------------|-------------|-------|
| Konstanta | | 17.133 | 2.703 | .007 |
| APOL | + | .020 | .287 | .774 |
| INCB | + | -.079 | -.677 | .499 |
| OPI | - | -.619 | -6.411 | .000* |
| GEO | + | -.047 | -.261 | .794 |
| SIZE | + | .223 | .852 | .395 |
| BH | + | .016 | .211 | .833 |
| BBS | + | .006 | .183 | .855 |
| LEG | + | -.001 | -.098 | .922 |
| F-statistic = 5.408 Sig. 0.000* | | | | |
| R = 0.359 | | | | |
| R ² = 0.129 | | | | |
| Adjusted R Square = 0.105 | | | | |
| Information: | | | | |
| CORRUPT = Corruption indication, APOL = Political affiliation, INCB = Incumbent status, OPI = Audit opinion, GEO = Geographical location, SIZE = Local government size, BH = Grant expenditures, BBS = Social aid expenditures, LEG = Legislative board size. Significant at level * 5% | | | | |

The results of the statistical test of t-statistic shows how far the influence of each independent variable individually explaining the variation of the dependent variable. This result will also answer the hypotheses that have been formulated previously with the results as in Table 4.

Based on Table 4, it can be shown that each independent variable has an influence on the Corruption Indication. APOL variable has coefficient of 0.20 with p-values of 0.774 over the values of 5% significance. This result shows that a regional government head APOL has a positive but not significant effect on the Indications of Regional Government Corruption. So that it can be said that Hypothesis 1 is rejected.

The results of APOL variables testing are in line with the research conducted by Kalulu (2014) that corruption does not affect the chances of elected ruling parties in developing countries. However, the results of this study are different from those conducted by Fitriyah (2011) and Lewis & Hendrawan, (2018) who stated that the heads of regional governments affiliated with political parties will misuse the budget for their political activities in regional elections by financing their supporting parties. The results of different studies are possible because of differences in data collection techniques that use the Fitriyah's literature study (2011).

The INCB variable has a coefficient of -0.79 with a p-value of 0.499 above a significance value of 5%. These results indicate that the incumbent status of the head of the regional government has a negative effect on local government corruption indications. So that it can be stated that Hypothesis 2 is rejected.

The results of the INCB Variable test support the research conducted by (Klasnja & Titunik, 2017; Linden, 2004; Macdonald, 2014; Moral et al., 2015; Uppal, 2008) which showed that elections in industrial democracies are related to personal characteristics of potential candidates for head of government and incumbents rarely happen. But on the contrary, this test showed different results than what was done by Prasetyo, 2014; Kalulu, 2014; Masyitoh et al., 2010; Ferraz & Finan, 2008; 2010. In this study the measurement of proxy uses a dummy variable, so that this result is possibly different from previous studies because the measurement of the Incumbent Status variable uses the time of the regional head in occupying his position (Prasetyo, 2014) and the measurement of Incumbent Status variables against Corruption Indications uses the Index Perception of Corruption (Masyitoh et al., 2010).

The OPI variable has a coefficient of -6.19 with a p-value of 0,000 below the 5% significance value. These results indicate that the Audit Board (BPK) Opinion has a negative and significant effect on the Indications of Corruption in the Regional Government. So that it can be stated that Hypothesis 3 is accepted.

The results of the OPI variable test show a negative sign on the coefficients produced according to predictions where the greater the score of the audit opinion, the lower the indication of corruption. A good audit opinion shows that the information in the financial statements is fairly presented. In addition, fair opinions are given because financial statements are presented in accordance with government accounting standards, adequate disclosure, compliance with regulations and legislation, and effective control systems. Based on the results of testing the OPI variable is consistent with the research conducted by Dwiputrianti, (2011); Masyitoh et al., (2010); Ismunawan, (2016); Rini & Sarah, (2014) who stated that Audit Opinion had an effect on the Indications of Corruption by Regional Governments.

Based on data on Table 3, that the GEO Variable shows a negative value so that it can be interpreted that the Geographical location does not affect the Indications of Corruption. SIZE variables that are measured using the proportion of total revenue realization in the Local Government Budget (APBD) have an influence on the Corruption Indications. Based on Table 3, it shows that the coefficient value of 0.223, and the value of Sig. amounting to 0.395 which means that SIZE does not affect the Indications of Corruption.

The results of this study are consistent with the research of Masyitoh et al., (2010) which states that there is a negative influence between the size of the government and the level of corruption. However, the results of this study show different results than those conducted by Liu & Lin, (2012) which states that there is a positive influence between governmental rules and the level of corruption. The greater the size of the government will increase the corruption. This is due to the increasing size of the regional government, the more expenditures made which have an impact on the greater potential for irregularities and fraud which results in increased indications of corruption.

The BH variables proportion is measured by the proportion of grants spending in the Local Government Budget (APBD) does not influence the Indication Corruption for Local Government. This is shown in Table 4, that the coefficient value is 0.016, with the value of Sig. amounting to 0.833.

The proportion of BBS variable is measured by the proportion of Social Assistance spending in the Local Government Budget (APBD) does not affect the Indication Corruption of Local Government. This is shown in Table 3, that the coefficient value is 0.006, with the Sig. amounting to 0.855.

The characteristic of LEG variable which is measured by the number of Regional People's Representative Council (DPRD) seat allocations have no influence on the Regional Government Corruption Indicators. This is shown in Table 3 that the coefficient value is -0.001, with the value of Sig. amounting to 0.922. The LEG variable means that the supervision of the board influences the proportion of support to the head of the regional government to indicate an indication of corruption. As stipulated in Law (Undang-Undang) Number 23 of 2014 concerning Regional Government, the functions of the legislative council members are budgeting and supervision. These functions have been implemented well so that it is able to control the potential for Indications of Corruption within the local government.

CONCLUSION

This study examines the effect of Political Party Affiliation, Incumbent Status, and Audit Opinion on the Indications of Corruption of Regional Governments in Districts/Cities in the period of 2017. This research is important to be conducted because of the problem in the control role of Affiliated Political Parties in local governments so that it is needed for further research to find out the effect on the Indications of Corruption. Second, the phenomenon of the use of the Regional Budget to finance the political campaign of the incumbent head needs to be investigated more deeply to avoid misuse

of the Regional Budget. Third, the role of the government audit has not been widely discussed in relation to the improvement of Audit Board (BPK) Opinion on the LKPD in order to reduce corruption, so that it will become one of the efforts to eradicate corruption.

The result of multiple regression testing indicates that the Political Party Affiliation variable from a head of government has positive but not significant effect against Corruption Indication of Local Government. The incumbent status of the head of the regional government has a negative effect on the Indications of Corruption in the Regional Government. In addition, Audit Opinion has a negative and significant effect on the Local Government Corruption Indications, where the better the audit opinion obtained, the lower the indication of corruption in the local government.

The multiple regression results show that a value of 10.5% is still not showing the strongest factor that indicates an indication of corruption, of which 89.5% is influenced by other factors outside of this study, such as dynastic politics which involved 61 regional heads or around 11% of the total area which exists since 2015. Dynasty politics began to take root, where there were several regions that had a poor track record (Junaidi, 2016).

This study has several limitations. First, this research is limited to the year the implementation of regional head elections that took place in the 2015 period. Secondly, this research is limited to the use of the characteristics of regional heads with Affiliation of Political Parties and Incumbent Status that has links with indications of corruption in local governments, variables such as educational background, profession of regional heads and dynastic politics that have not been discussed in this study. Third, this study is limited to the factor of reliability which is used the Audit opinion issued by the Republic of Indonesia Audit Board (BPK). Still there are some other factors related to the accountability that can be used in research to reduce indications of corruption as a follow-up on the results of the examination, the findings of the audit, and internal control systems. Fourth, this study is limited to the characteristics of the local government used which were only Geographical Position, Local Government Size, Grant Expenditure Proportion, Social Aid Expenditure Proportion, and Size of the Legislative Council. Then it still allows many other variables to be used in the research model. Considering the limitations of this research, suggestions that can be used in subsequent research are, first, using data from the Republic of Indonesia Audit Board (BPK) LHP in the previous years or in the first period of office for regional heads with incumbent status and regional elections each period so that testing is possible in a longer period of time and more detail. Second, using other variables presented in the limitations of the study which directly or indirectly related to indications of corruption in the regional government. Third, separating samples into groups of district and city governments that have different characteristics that allow clearer samples to be obtained.

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