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**THE ROLE OF ACCOUNTABILITY IN REDUCING CORRUPTION LEVELS REGIONAL GOVERNMENT IN INDONESIA 2018**

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**ABSTRACT**

This study aims to provide empirical evidence regarding the role of accountability in reducing the level of corruption in district / city governments in Indonesia. Accountability in this study was measured using (1) audit findings that had a positive effect on the level of corruption of district / city governments in Indonesia (2) follow-up of audit results that negatively affected the level of corruption of district / city governments in Indonesia, (3) audit opinion which has a negative effect on the level of corruption of district / city local governments in Indonesia. This study uses a quantitative approach. Data used in the form of secondary data from all Regency / City Regional Governments in Indonesia period 2018. The data analysis technique in this study uses data analysis with multiple linear regression methods. The results of the study show that audit findings have a positive effect on the level of corruption. Follow-up of audit results, audit opinion and locally-generated revenue have a negative effect on the level of corruption, general allocation fund and special allocation funds have no effect on the level of corruption.

**KEYWORDS:** accountability, corruption, audit findings, follow-up of audit results, audit opinion.

**1. INTRODUCTION**

Corruption is still a very complex problem and is an issue that continues to be discussed. Corruption is a multidimensional problem which covers serious economic, political and moral issues. Corruption has become a very significant problem that occurs in many developing countries, including Indonesia (Prabowo, 2016). The practice of corruption in Indonesia is still rampant, despite improvements in regulations, laws and regional autonomy that have been implemented after the post-economic and political crisis reforms in the late 1990s (Henderson and Kuncoro, 2011).

Transparency International Indonesia (TII) states that the Corruption Perception Index (CPI) in Indonesia in 2018 has decreased ranking globally. Indonesia is at position 89 of 180 countries with a value of 38 from a scale of zero to 100, where zero shows the highest level of corruption and the lowest 100 levels of corruption. This value has increased by one point from the previous year, where in 2017 Indonesia was in position 96 of 180 countries with a value of 37 ([www.transparency.org](http://www.transparency.org), 2018).

**Table 1: Corruption Perceptions Index**

Indonesia	Index
2015	36
2016	37
2017	37
2018	38

The Corruption Perception Index (CPI) in Indonesia in 2018 shows that there is still a high level of corruption practices in Indonesia and as a country that still has problems with corrupt practices in the world. Indonesia has suffered losses from the impact of corrupt practices during the period of 2001-2015 which have reached Rp. 205 trillion and only 11 percent or Rp. 22 trillion have been recovered through judicial legal proceedings ([www.news.okezone.com](http://www.news.okezone.com)). Indonesia Corruption Watch (ICW) conducted an investigation and stated that there were 576 corruption cases throughout 2017. This number increased compared to 2016 with a total of 482 corruption cases. State losses in 2017 reached Rp 6.5 trillion, of which the losses experienced an increase in the previous year, which amounted to Rp 1.5 trillion in 2016. During 2017 there was also an increase in the number of corruption suspects totaling 1,298 people which increased from the previous year 1,101 people. In this case, regional heads contributed to the increase in the number of corruption suspects, in 2016 there were 21 suspects and increased to 30 suspects in 2017 (<http://nasional.tempo.co>). The impact of corrupt practices can eventually destroy the country's economy and cause higher levels of poverty in Indonesia (Prabowo, 2016).

Regional autonomy is the right, authority and obligation of autonomous regions to regulate and manage their own government affairs and the interests of the local community in the system of the Unitary State of the Republic of Indonesia (Law of the Republic of Indonesia Number 23 of 2014 concerning Regional Government). Good local governance is part of the objectives of regional autonomy (<https://acch.kpk.go.id>). Maulani (2010) states that good governance is actually considered to be one of the factors in corruption practices in Indonesia. Liu and Lin (2012) state that regional autonomy reform also has the potential to increase corruption activities in most public sectors, such as bribery, embezzlement of money to meet personal goals / interests. This is in line with what was stated by Indonesia Corruption Watch (ICW) that regional autonomy must basically be able to become a bridge for the realization of decentralization in regional development, but in its implementation regional autonomy actually encourages the potential for corruption in the regions. The Corruption Eradication Commission (KPK) presents statistical data for the past fifteen years regarding acts of corruption that have been carried out based on agencies in Indonesia, such as DPR /

DPRD, Ministries / Institutions, BUMN / BUMD, Commissions, Provincial Government and Regency / City Governments.

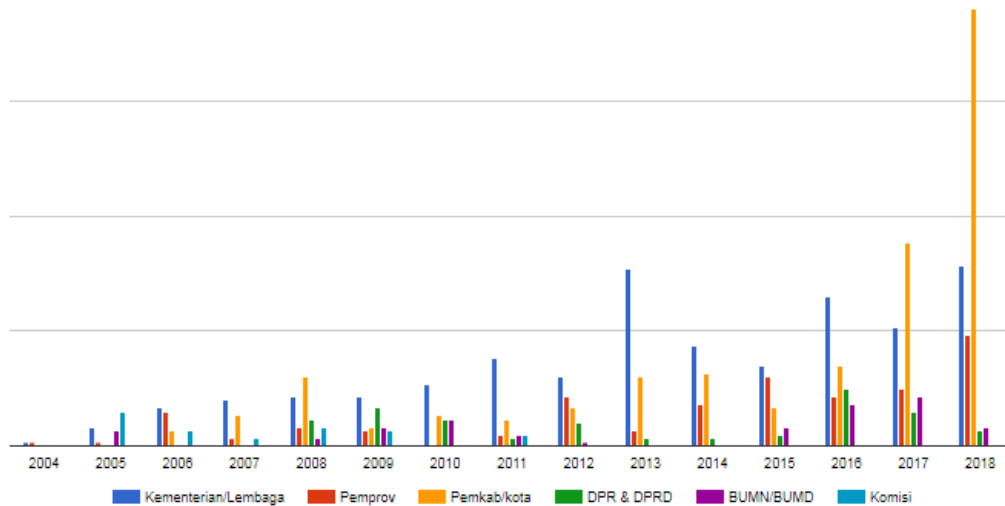


Figure 1: Corruption based on agency

The level of corruption in Indonesia during the period 2004-2018 experienced a fluctuating development. In 2017, there were 121 corruption cases based on agencies that had scored significantly over the past fifteen years. The increase in the level of corruption was largely contributed by the existence of corrupt practices that occurred in ministries / institutions with a total of 321 acts of corruption and district / city government with a total of 295 criminal acts of corruption. The Corruption Eradication Commission stated that during the period of 2004 to June 2017 there were 18 governors who practiced corruption in Indonesia, which meant that more than 50 percent of governors in Indonesia had committed corruption crimes and 343 regents or mayors were dragged into cases corruption, which means that it has reached 63 percent of the total district or city regional governments in Indonesia that have committed corruption.

Corruption tends to occur a lot in the government sector, although corruption can occur in all sectors such as non-governmental organizations (NGOs), private sector, and international organizations (Klitgaard, 1997). Klitgaard (1997) states that corruption crimes occur because of the high monopoly of power, discretion, and weak accountability. Improving the high monopoly of power, discretion, and weak accountability is one of the efforts in combating corruption (Klitgaard, 2001). Kim (2009) states that countries with high levels of government public accountability tend to have better corruption control, and vice versa. Increased accountability is one element of good governance that is considered capable of eradicating corruption cases.

Financial accountability is one form of accountability for financial statements and compliance with regulations and legislation. Accountability includes all the transparency of financial data starting from receipts, storage and expenditures made by government agencies. Accountability is useful for the community as the highest holder of sovereignty in a country to be able to assess the performance of an agency (Labuschagne and Els 2016). The low level of public accountability has an impact on the narrow space of public participation in controlling the performance of government agencies. Therefore, weak public control can lead to smooth practices of corruption.

Accountability requires institutions in an effort to eradicate corruption. Examining institutions have an important role in eradicating corruption, namely, being responsible for giving sanctions to individuals who commit acts of corruption (Lindstedt and Naurin, 2010; Vadlamannati and Cooray, 2017). Olken (2007) states that the audit function can be carried out through an audit process that can provide information and detect fraud. Government audits aim to supervise government financial accountability and improve financial management for national development ([www.bpkp.go.id](http://www.bpkp.go.id)). By monitoring and increasing public accountability, auditors are expected to reduce the abuse of power in government agencies. According to Liu and Lin (2012), the practice of governance in various countries has also shown that a government auditor has a role in controlling corruption. Khan (2016) states that the audit process can increase accountability and help prevent corrupt practices, and can help to show in areas where possible acts of corruption can occur. Audit results can be used as a means of detecting corrupt practices at the local government level (Liu and Lin, 2012).

This research is important to do because of several things, first, corruption problems that occur in Indonesia, especially in local governments are still unresolved problems, which have an impact on the country's economy and can disrupt government operations, so efforts are needed in prevention and eradication corruption in Indonesia. Second, the implementation of regional autonomy is considered to be the role of corruption. Third, the role of government audits that are considered capable of reducing corruption practices with increased accountability has not been widely discussed.

Previous research has been conducted by Liu and Lin (2012), the study analyzed the role of government audits through the findings and recommendations of the audit results in detecting the potential for corruption of local governments in China. The study shows that the irregularities in government revenues and expenditures that have been detected by audit institutions will be significantly related to the level of corruption.

Mogiliansky (2014) in his research looked at the accountability of public officials who contained corruption. The study states that there is often looseness in reporting management of resources for various public service activities to citizens. This allowance results in the reporting of social responsibility that is not in accordance with the actual conditions. This is done for the transfer of personal goals.

Another study was also conducted by Prabowo (2014) by looking at corruption from the perspective of corrupt practices. The study states that there is a need for an understanding of the characteristics of corrupt practices that are useful for determining strategies to be used in combating corruption in Indonesia. Other research was conducted by Isra, Tegnan, and Amsari (2016) by looking at corruption from the perspective of legal process barriers in an effort to reduce corrupt practices in Indonesia. The results of the study show that after the establishment of the Corruption Eradication Commission in Indonesia, efforts to reduce corrupt practices were constrained where there were still irregularities in justice which caused corruptors to escape legal snares. This research is a development of research conducted by Liu and Lin (2012). The difference with previous research is to add audit opinion variables to test the effect of accountability on the level of corruption of local governments in Indonesia.

## 2. MATERIALS AND METHODS

### 2.1 Klitgaard Theory

Klitgaard's theory was developed by Robert Klitgaard in 1997. Klitgaard's theory states that the monopoly of power plus a high degree of power possessed by a person (discretion of official) with no adequate supervision of the institution (minus of accountability) raises the urge to committing corruption. Klitgaard's theory formulates fraud with the following equation:

$$C = M + D - A$$

Information:

C= Corruption

M= Monopoly of Power

D= Discretion of Official

A= Accountability

Monopoly of Power occurs because the policy makers and politicians carry out illegal activities to maintain the status quo of power even though it must be at the expense of the development of their nation Klitgaard (1997). Power monopoly occurs because there is no more open political and economic competition, therefore one party will hold control of power, so corruption often occurs. Monopoly of Power causes the parties holding power to make a policy whereby the policy will give monopoly rights to the holders of power so that it can lead to misappropriation of policies and benefit themselves and their cronies (Klitgaard, Abaroa, and Lindsey 2000).

Klitgaard (1997) states that the practice of corruption follows a person's power. In addition, Klitgaard also stated that corruption practices that occurred in the government were due to the lack of a good system in managing governance. This is also the reason for the high level of corruption in regional government. Changes in the pattern of governance from centralization to decentralization

with the presence of regional autonomy caused the shifting of corrupt practices that were once centralized and are now developing and many occur in local governments (Bardhan, 2002).

Laffan (2003) states that decentralization in the field of administration and the principle of democracy in local government causes demands in increasing accountability to the public. Holders of power are required to increase accountability in order to run accountable governance (Mahmudi, 2007). However, the problem that often occurs is the lack of human resources that can affect accountability (Klitgaard, 1997).

In this study, researchers will focus on accountability factors that influence the level of corruption. This is because accountability relates to corporate governance which shows that there is an obligation for the holders of power to the policies that have been made and their implementation (Gong, 2009). Accountability is one of the important factors that contribute to reducing the level of corruption that occurs in local governments after the decentralization of power (Klitgaard, 1997). Government efforts to eradicate corrupt practices are one of the significant factors in determining the quality of government (Mardiasmo, 2005). The high level of corruption in a country shows the poor governance in the country (Gupta, Davoodi, and Alonso 2002).

## 2.2 Accountability

Accountability is the realization of the obligation of an individual or organizational unit to account for the management of resources and the implementation of policies in order to achieve the objectives set through the media in the form of periodic performance accountability reports (BPKP, 2007). Accountability is one element of good governance. Decentralized and regional autonomy-based systems of government have created demands for accountability in the implementation of government (Gong, 2009). Accountability is believed to reduce corruption practices that occur in local governments. Klitgaard (1997) states that increasing accountability will provide control over the level of corruption. Shah (2006) states that the opportunity for corrupt practices increases if accountability in a company or government is weak. Increased accountability is one element of good governance that has an impact in efforts to eradicate corruption practices (Afriyanti, 2014).

To eradicate corrupt practices in Indonesia, an effective anti-corruption institution is needed (Prabowo, 2016). The role of the examining institution is needed in efforts to eradicate corruption in Indonesia in preventing abuse and inefficiency in the use of organizational resources (Dwiputrianti, 2008). Olken (2007) states that low supervision can lead to misappropriation of public resources and increase corruption practices within the government. Furthermore, Olken (2007) states that the audit function is carried out through an audit process that plays a role in providing information and detecting fraud. The results of the audit process that have been carried out can also be used to detect corruption behavior that occurs at the local government level (Liu and Lin, 2012).

The role of government audits in conducting audits of regional financial reports is expected to be one indicator in increasing transparency and accountability. Khan (2006) explains that the audit process in the public sector can increase transparency and accountability and help prevent corrupt practices, besides the role of auditing can help show areas where the possibility of acts of corruption can occur. To improve the transparency and accountability of the financial statements of regional governments, the financial statements of local governments need to be examined by the Supreme Audit Agency in accordance with the Law of the Republic of Indonesia Number 15 of 2004 concerning Examination of Management and Responsibility of State Finance.

The Supreme Audit Agency has the duty and authority to carry out checks on the management and financial responsibility carried out by the central government, regional government and other state institutions, Bank Indonesia, State-Owned Enterprises, Public Service Bodies, Regional-Owned Enterprises and other institutions or bodies that manage state finances, in accordance with the 1945 Constitution Article 23E, Law Number 15 of 2004 concerning the examination and responsibility of State Finance and Law Number 15 of 2004 concerning the Supreme Audit Agency. This means that the role of the Supreme Audit Agency in eradicating corruption is one of the fundamental roles in combating corruption.

The audit results issued by the Supreme Audit Agency on Regional Government Financial Reports are set forth in the Examination Report which can describe the level of accountability of Local Government Financial Reports which are summarized in the Semester Examination Results issued each semester. The results of the Supreme Audit Agency Republic of Indonesia Semester Financial Examination on regional financial statements are presented in three categories, namely opinion, internal control system, and compliance with statutory provisions (BPK RI, 2009).

## **2.2.1 Audit Findings**

Audit findings are one of the reports on audit results, issued by the Supreme Audit Agency Republic of Indonesia. Audit findings are grouped into two, namely audit findings on the internal control system and audit findings on non-compliance with laws and regulations. The audit findings will show accountability because more and more weaknesses in the control system and non-compliance with regulations will show lower accountability and increase the potential for corruption. Huefrier (2011) states that weak internal controls will be the cause of fraud in the local government. Conversely, compliance with laws and regulations can minimize fraud and corruption (Raman and Wilson, 1994). Liu and Lin (2012) state that more and more violations of regulations carried out by local governments in China cause the level of corruption to increase so that the quality of financial reports becomes low.

The results of examinations conducted by the Supreme Audit Agency are expected to be a reference for measuring performance for the entity concerned to prevent and reduce fraud and corrupt practices. Khan (2006) explains that the audit process in the public sector can increase transparency

and accountability and help prevent acts of corruption, besides the role of auditing can help show areas where possible acts of corruption can occur. Dwiputrianti (2008) states that overall the audit process in the public sector can increase transparency and accountability as well as checks in government institutions also contribute to ensuring compliance with laws and regulations.

### **2.2.2 Follow-Up Audit Results**

Recommendations from auditors that are followed up by local governments increase the effectiveness of financial statements and are able to prevent similar errors that can occur again (Dwiputrianti, 2008). In addition, it is also considered capable of preventing irregularities, fraud and waste of state finances that have the potential to cause state losses. Based on Article 20 of Law Number 15 of 2004 concerning Examination of Management and Responsibility of State Finance, states that all parties examined are obliged to respond to the results of the Supreme Audit Agency report and must be submitted no later than 60 days after the report is received. After conducting the inspection or audit process, the next stage is the monitoring phase of follow-up on the recommendations given by the auditor. This stage is important because the recommendations proposed by the auditor can be implemented properly by the government.

### **2.2.3 Audit Opinion**

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 consists of four opinions, namely:

#### **(a) Unqualified Opinion**

An unqualified opinion states that financial statements present fairly in all material respects, financial positions, results of operations and cash flows of certain entities in accordance with generally accepted accounting principles in Indonesia.

#### **(b) Qualified Opinion**

A qualified opinion states that financial statements present fairly, in all material respects, financial positions, results of operations, and cash flows of certain entities in accordance with accounting principles generally accepted in Indonesia, except for the impact of matters related to excluded.

#### **(c) Adverse Opinion**

An adverse opinion states that the overall financial statements do not fairly present the financial position, results of operations and cash flows of a particular entity in accordance with generally accepted accounting principles in Indonesia.

#### **(d) Disclaimer of Opinion**



A Declaration of Opinion states that the examiner does not express an opinion on the financial statements. This opinion can be issued if the examiner is unsure or doubtful about the fairness of the financial statements because the examiner cannot carry out the audit in accordance with the standards as a result of limiting the scope of the audit, the examiner is not independent of the party being audited and there is extraordinary uncertainty that greatly affects the fairness of the financial statements.

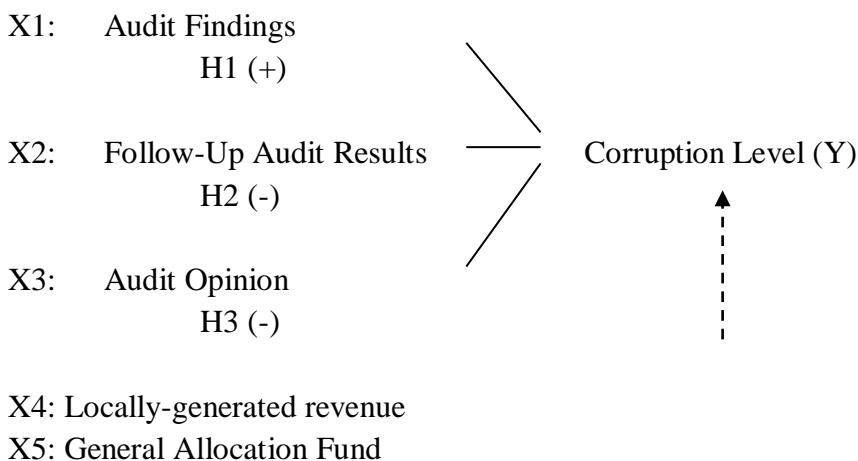
Audit opinion is the result of the audit process and one of the factors that can describe audit quality. Audit opinion is considered capable of describing the principles in good governance, especially the principles of accountability and transparency.

### 2.3 Level of corruption

Transparency International Indonesia (TII) defines corruption as an abuse of authority for personal gain that benefits personal self. According to Klitgaard (1997) the practice of corruption occurs because of the existence of monopolies coupled with policies and low accountability. Corruption practices occur due to abuse of certain authority by the ruling party by making policies to benefit personal interests. According to the Association of Certified Fraud Examiners (ACFE) corruption is described in branches: conflicts of interest, bribery, gifts (illegal gratuities), and economic extortion.

### 2.4 Research model

The level of corruption in the regional government that occurred in Indonesia is one of the effects of the implementation of regional autonomy. Regional autonomy, which should be a way out in efforts to promote development and regional development, is the epicenter of corruption. The existence of regional autonomy makes demands for accountability in the implementation of government. Accountability is related to governance, so accountability is considered capable of reducing the level of corruption that occurs in local governments. Therefore, further research is conducted to test whether accountability has an influence on the level of corruption in the provincial government in Indonesia. The model in this study can be described in the following framework:



X6: Special Allocation Fund

## 2.5 Hypothesis Development

After identifying the variables and determining the relationship between these variables through logical reasons in the theoretical framework, what is done next is to test the theory related to the truth. To test this scientific relationship through appropriate statistical analysis. The results of the statistical analysis will obtain reliable information about the types of relationships that are independent of the variables operating in the situation. The results of this analysis will also provide some clues about what can be changed in the situation to solve the problem. Formulating the testable statement is called hypothesis development (Now and Bougie, 2013).

### 2.5.1 Audit findings

Audit findings are the result of examinations conducted by the Republic of Indonesia Supreme Audit Agency. Audit findings consist of findings on the internal control system and findings on non-compliance with laws and regulations. A strong internal control system can avoid fraud (Huefner, 2011). In addition, Raman and Wilson (1994) suggest that compliance with laws and regulations can minimize fraud and corruption. Audit findings are one indicator of accountability. This is because more and more weaknesses in the control system and non-compliance with regulations will show lower accountability and increase the potential for corruption (BPK, 2012). Ferraz and Finan (2011) state that regulations in government can increase accountability that can provide an important role in reducing corruption. The research related to audit findings and the level of corruption was carried out by Liu and Lin (2012) which stated that the findings had a positive effect on the level of corruption. This shows that through the audit findings obtained that the existence of non-compliance with laws and regulations showed a higher level of corruption. high. The results of Liu and Lin's (2012) study found that more regulations violations carried out by local governments in China caused the level of corruption to increase so that the quality of financial reports was low. Based on the results of the above research, audit findings can be used to detect corrupt practices. Therefore, the hypothesis in this study is formulated as follows:

H1: Audit Findings have a positive effect on the level of corruption

### 2.5.2 Follow-Up Audit Results

According to Liu and Lin (2012) corrections after the audit process are more important than detection of the audit findings themselves because efforts to make audit corrections can improve the effectiveness of the audit process. The key to limiting corruption is accountability. To define accountability it is important to determine the rights and obligations of each government department, the relevant state institutions and public employees individually and enforce sanctions and fines when rights are not carried out in line with legislation and regulations as well as responsibilities not fulfilled. Therefore, detection of findings in government audits is only the first step and the next, more important step is to ask for accountability and make corrections. Recommendations from auditors that are followed up by local governments are considered to be able to increase the

effectiveness of financial statements and are able to prevent similar errors from occurring again. Besides this, it is also considered capable of preventing irregularities, fraud and waste of state finances that have the potential to cause state losses. Liu and Lin's (2012) research states that there is a negative influence of audit follow-up on the level of corruption. The follow up of audit findings is a form of the government's response in increasing accountability and is considered capable of reducing corruption practices. Based on the research, the researchers compiled the hypothesis in this study as follows:

H2: Follow-up audit results negatively affect the level of corruption.

### 2.5.3 Opini Audit

An examination of the financial statements carried out produces opinions issued by the auditor to show the reliability of the information contained in the financial statements. Audit opinion is one manifestation of the level of accountability of financial statements. Audit opinion is considered as a reflection of the fairness of the financial statements presented. Based on the corruption model compiled by Klitgaard (2001) audit opinion shows the fairness of financial statements related to financial report accountability that has an influence on the level of corruption. The more accountable a local government is, the smaller the level of corruption that occurs (Shah, 2006). In the previous study, the audit opinion was not used as one of the variables to analyze the accountability and corruption level of the provincial government. Based on this, the researcher compiled the hypothesis in this study as follows:

H3: Audit opinion has a negative effect on the level of corruption.

## 2.6 Research Methods

### 2.6.1 Population, Samples, and Sampling Techniques

The population in this study is the district or city local government in Indonesia, which number 507 districts / cities. The year used as the basis for data collection is the 2018 financial year. The sampling technique uses purposive sampling method. The following are the sample criteria used in this study, namely:

- (a) District / city governments that obtain opinions from the Republic of Indonesia Supreme Audit Agency, have a number of audit findings and nominal follow-up of audit results.
- (b) Have complete data for all variables in the 2018 budget year.

### 2.6.2 Data and Data Collection Methods

This study uses secondary data taken from the annual report of the 2018 Financial Audit Semester Examination Results of the Republic of Indonesia. Annual report data Summary of Supreme Audit Agency. Audit Results is obtained by downloading through the Supreme Audit Agency official website [www.bpk.go.id](http://www.bpk.go.id) and request data via email. Supporting data used in this study were obtained through books, journals, the internet and other devices related to research.

## 2.7 Operational Definition and Variable Measurement

### 2.7.1 Dependent Variable

The dependent variable in this study is the level of corruption in the district / city government in Indonesia. Corruption is fraud or embezzlement (state or company money) for personal or other people's needs (Klitgaard, 1997). The level of corruption is measured by the amount of state losses on the findings issued by the Republic of Indonesia Supreme Audit Agency in the Semester Examination Results Summary. The findings in this study include findings on the weaknesses of the internal control system and non-compliance with statutory provisions.

***Corruption Rate = Amount of State Loss on the Findings of the Republic of Indonesia BPK***

### 2.7.2 Independent Variable

The independent variables of this study are audit findings, follow-up of audit results, and audit opinions of district / city government financial statements.

#### 2.7.2.1 Audit Findings

Audit findings are one of the results of an examination conducted by the Republic of Indonesia Supreme Audit Agency (BPK, 2011). Audit findings obtained from the results of the audit of the Indonesian Financial Audit Agency are divided into findings on weaknesses in internal controls and findings of non-compliance with legislation. Audit findings are measured by the total number of findings obtained during the examination by the Republic of Indonesia Supreme Audit Agency (Liu and Lin, 2012).

***Audit Findings = Total number of audit findings weaknesses in internal control systems and non-compliance with legislation***

#### 2.7.2.2 Follow-Up Audit Results

Follow-up of audit results is the obligation of the party being examined to respond to the results of the Supreme Audit Agency report based on recommendations provided by the Supreme Audit Agency auditor (BPK, 2011). Follow-up of audit results can be measured using the value of deposit or delivery of assets to the state treasurer, summing up the recommendations of the audit results that have been followed up in accordance with sanctions and fines on those recommendations (Liu and Lin, 2012).

***Follow-up Audit Results = total value submitted to the state treasury***

#### 2.7.2.3 Audit Opinion

Based on Law Number 15 of 2004 concerning Examination of Management and Responsibility of State Finance, Audit Opinion is a professional statement as the conclusion of the examiner regarding

the level of fairness of the information presented in the financial statements. Supreme Audit Agency audit opinions are categorized into four, namely WTP, WDP, TW, and TMP. In this study the measurement of audit opinion variables is carried out by giving the values of each opinion as follows:

**Table 2: Measurement of Variable Audit Opinions**

No.	BPK RI Opinion	Measurement
1	WTP	4
2	WDP	3
3	TW	2
4	TMP	1

**2.7.3 Control Variables**

The control variable in this study is the size of the government. The size of the government shows the size of the district and city governments which can be seen from Regional Original Revenues (PAD), General Allocation Funds (DAU), and Special Allocation Funds (DAK).

**2. DATA ANALYSIS METHOD**

The method of data analysis in this study uses descriptive statistics, multiple regression analysis, coefficient of determination (R2), statistical test F, T statistical test using SPSS Version 20. A test requirement with multiple regression analysis is to test the classic assumption, this used to ensure that the research data is valid, unbiased, consistent and the assessment of the reference coefficient is efficient. Classical assumption testing consists of several tests, namely normality test, multicollinearity test, autocorrelation test, heteroscedasticity test. Multiple regression analysis is used to test the effect of the independent variable Audit Findings, Audit Results Follow-Up, and Audit Opinion on the level of corruption in the district government. Regression models developed to test hypotheses that have been formulated in the study are as follows:

$$CORRUPT_i, t = \alpha_0 + \beta_1 AUIRRI, t + \beta_2 AURECI, t + \beta_3 AUOPI, t + \beta_4 PADI, t + \beta_5 DAU_i, t + \beta_6 DAK_i, t + \epsilon$$

Information:

- CORRUPT<sub>i, t</sub> : The level of corruption in the district / city i t year
- A<sub>0</sub> : Constants
- β<sub>1</sub>, β<sub>2</sub>, β<sub>3</sub>, β<sub>4</sub>, β<sub>5</sub>, β<sub>6</sub> : Regression coefficient
- AUIRRI<sub>i, t</sub> : Audit findings of district / city i t year
- AURECI<sub>i, t</sub> : Follow-up of the district / city audit year i
- AUOPI<sub>i, t</sub> : District / city audit opinion i year t
- PADI<sub>i, t</sub> : District / city Regional Revenue i t
- DAU<sub>i, t</sub> : District / city General Allocation Funds for the third year
- DAK<sub>i, t</sub> : District / municipal Special Allocation Fund for the third year
- ε : Error (interfering error)

**3. RESULTS AND DISCUSSION**

**3.1 Population and Samples**

The population in this study are all district / city regional governments in Indonesia. Determination of the sample using purposive sampling method as researchers have described in the previous chapter. The final number of study samples was 507 samples.

**3.2 Descriptive statistics**

Descriptive statistics provide a general description of the characteristics of the research variables including the lowest value (minimum), the highest value (maximum), the average value (mean) that describes the spread of data. The results of descriptive statistics are presented in the following table.

**Table 3: Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
AUIRR	502	2	71	18,83	8,048
AUREC	431	30285,00	101572459921,15	1359368004,2182	5097796009,77338
AUOPI	508	1	4	1,41	,717
PAD	507	4504257695,00	4090206769387,50	189810919576,0964	358482079515,01590
DAU	505	111881557000,0 0	2096677101000,00	684317474836,8932	293105226130,84454
DAK	505	23634942000,00	645086445696,00	215552500937,7723	97169487125,37895
CORRUPT	487	2311600,00	2534948345174,00	25057019162,3057	148835350121,28110
Valid N (listwise)	426				

Source: Results of SPSS data processing Ver. 20

Based on Table 5.2.1 above, it can be seen that the number of samples (n) of the study is 426. Based on the table, the average number of indications of corruption in the district / city which includes the sample is 25057019162.3057 indications. The standard deviation for indications of corruption is 148835350121.28110 indications.

Table 5.2.1 shows the average value of deposits or delivery of assets to the State / regional / company cash as a form of follow-up recommendations on audit findings, amounting to 1359368004.2182. The standard deviation for the follow-up of audit results is 5097796009,77338 indications. Table 5.2.1 shows the audit opinion has an average value of 1.41, which means that there are quite a number of district / city governments that obtain WTP opinions. The standard deviation for the audit opinion variable is 0.7170. The standard deviation for the PAD variable is 358482079515,01590. The standard deviation for the DAU variable is 293105226130,84454. The standard deviation for the DAK variable is 97169487125,37895.

**3.3 Coefficient of determination test (adjusted R2)**

**Table 4: Coefficient of Determination Test Results (Adjusted R2)**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,283 <sup>a</sup>	,800	,670	152775856033,30080

Source: Results of SPSS data processing Ver. 20

Based on Table 5.3.1 above, it can be seen that the number of the correlation coefficient (R) shows a value of 0.800 (80%). The adjusted R-square value is 0.670 (67%). Based on the tests conducted, it can be concluded that this research model means that 67% of the dependent variable or indication of corruption is influenced by independent variables, namely audit findings, follow-up audit results, audit opinion, PAD, DAU and DAK. The remaining 33% is explained by other variables outside the research model.

**3.4 Test F Statistics**

The F test is conducted to find out whether all the independent variables jointly influence the dependent variable. The significance of the regression model in this study was tested by looking at the significance values (sig) found in Table 5.4.1 as follows:

**Table 5: Test Results for Statistic F**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	850844266143083600000000,000	6	141807377690513930000000,000	6,076	,000 <sup>b</sup>
	Residual	9779653656230593000000000,000	419	23340462186707860000000,000		

Total	10630497922373677000000000,000	425		
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Based on Table 5.4.1 that the calculated F value is 6.076 with a sig value of 0,000. This shows that the regression model can be used to predict indications of corruption. The significance of  $F < 0.05$ , therefore it can be concluded that there is a significant influence between audit findings, follow-up of audit results, and audit opinions, PAD, DAU and DAK simultaneously on indications of corruption.

**3.1 Test Statistics t**

The t statistical test is used to determine the effect of individual independent variables on the dependent variable (Ghozali, 2011). The significance value ( $\alpha$ ) used in this study is 5%. T statistic test can be done by looking at the significance probability value of each variable contained in the output of the regression analysis. The significance of the regression model in this study was tested by looking at the sig value. in Table 5.5.1 as follows:

**Table 6: Statistical Test Results t**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	4,150	2,567		1,617	,107
	AUIRR	,599	,188	,140	3,177	,002
	AUREC	-,445	,052	-,375	-8,612	,000
	AUOPI	-1,123	,222	-,238	-5,066	,000
	PAD	-,214	,101	-,130	-2,108	,036
	DAU	,101	,307	,022	,328	,743
	DAK	,151	,216	,038	,701	,484

Source: Results of SPSS data processing Ver. 20

Based on Table 5.5.1 shows that the audit findings variable (AUIRR) has a regression coefficient of 0.002. A positive regression coefficient indicates that audit findings have a positive effect on indications of corruption in the city district government. The value of t count is 3.177 with a



significance level of 0.002. because the significance level is below 0.05, it can be concluded that audit findings have a positive effect on indications of corruption and the first hypothesis is accepted. The results of the t test for the follow-up variable audit results (AUREC) show the value of t count is -8,612 with a significant level of 0,000. Because the level of significance is below 0.05, it is concluded that the follow-up of audit results negatively affects the indication of corruption and the second hypothesis is accepted. Audit opinion variable (AUOPI) has a value of t count of -5,066 with a significance level of 0,000. This shows a significance level of less than 0.05, so it can be concluded that the audit opinion has a negative effect on the indication of corruption and the third hypothesis accepts.

The results of the t test for the Regional Original Income variable (PAD) have a value of t count of -2.108 with a significance level of 0.036. This shows that the significance level is below 0.05 so it can be concluded that PAD has a negative effect on indications of corruption. The General Allocation Fund (DAU) variable has a t count value of 0.328 with a significance level of 0.743. This shows a significance level of more than 0.05 so it can be concluded that the DAU does not affect the indication of corruption. The Specific Allocation Fund (DAK) variable has a calculated t value of 0.701 with a significance level of 0.484. This shows a significance level of more than 0.05 so it can be concluded that the DAK does not affect the indication of corruption.

#### **4. CONCLUSION**

This study aims to empirically examine the effect of accountability and level of corruption on district / city governments in Indonesia in 2018. Accountability is known through audit findings, follow-up audit results, and audit opinions. The results showed that the prediction model developed in this study was fit (fit) to be used as a research model. The conclusions that can be taken based on the description described in the previous chapter are as follows:

(a) Audit findings have a positive effect on indications of corruption in local governments in Indonesia. So that more and more audit findings of corruption cases are increasing. Audit findings can illustrate the accountability of a regional government, the more weaknesses in the internal control system and the non-compliance with legislation found to show that the area is not accountable. Weak accountability will create potential fraud.

(b) Follow-up audit results have a negative effect on the level of corruption in district / city local governments in Indonesia. So that more audit follow-up in the form of implementation of recommendations carried out shows a decrease in indications of corruption.

(c) Audit opinion has a negative effect on the level of corruption in the district / city government in Indonesia. Audit opinion is a reflection of the accountability and transparency of a region. The more accountable the government will be able to reduce the indication of corruption.

## 4.1 Suggestion

(a) In the results of the study which shows that audit findings have a positive effect on the level of corruption, in the administration of government, the government is expected to be able to improve capabilities, supervision and control to reduce weaknesses in the control system that could potentially lead to corrupt practices.

(b) In the results of research that show that the follow-up of audit results has a negative effect on the level of corruption, it is expected that the implementation of audit recommendations from the Supreme Audit Agency should not only be the government's obligation to follow up on audit results but also be a preventive effort in preventing corruption practices.

(c) In further research, it is expected to do a separation of the audit findings variables in depth, namely, audit findings based on non-compliance with legislation and audit findings on the weaknesses of the internal control system.

(d) In further research, it is expected to be able to use measurements of the level of corruption of the regional government by using the number of corruption cases from the Supreme Court and the number of cases contained in the Republic of Indonesia High Prosecutor's Office Annual Report so as to influence capability in explaining variations in the level of corrupt practices in local governments.

## 4.2 Limitations

The limitation in this study is the measurement of the level of corruption by using the amount of state losses on audit findings, which would be better if using the number of cases that have been proven valid as corruption. However, the number of cases that have been proven valid as corruption in the annual report of the Republic of Indonesia's High Prosecutor's Office only provides reports on the number of provincial government corruption cases and does not reach the district / city government.

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