Research Journal of Finance and Accounting
ISSN 2222-1697 (Paper) ISSN 2222-2847 (Online)
Vol.9, No.20, 2018

The Effect of Performance Accountability, Audit Opinion and Autonomy Toward Audit Delay of District / City Governments in Indonesia

Dewi Sarifah Tullah[1] Lia Septia Dewi[2*]
1.Lecturer of Study Program of Accounting, STIE Pandu Madania, Bogor 16630, West Java, Indonesia
2.Undergraduate Students of Study Program of Accounting, STIE Pandu Madania, Bogor 16630, West Java, Indonesia

Abstract
The study aim to analyze the factors that affect audit delay at the district / city in Indonesia, these factors include the performance accountability, audit opinion, and autonomy. The audit delay is measured by total lag. It is interval of days between the last of the accounting period until the date of audit report issued by the BPK. The study population is all of district / city in Indonesia period 2014 – 2015. The data used is secondary data. Data analysis method used is descriptive statistical analysis and multiple regression analysis. The result showed that performance accountability, audit opinion and autonomy have significant negative effect on audit delay at district / city in Indonesia.
Keywords: Performance Accountability, Audit Opinion, Autonomy, and Audit Delay.

1. Introduction

Financial statements are a form of accountability for the management of economic resources owned by an entity. Government financial reporting should provide useful information for users in assessing accountability and making decisions on economic, social and political decisions. This is supported in Government Regulation Number 71 of 2010 that the information presented in the financial statements aims to meet the information needs of all user groups. According to the SAP of 2010, the information must meet the qualitative characteristics of the financial statements in order to meet the desired quality. These qualitative characteristics include (a) relevant, (b) reliable, (c) comparable and (d) understandable.

Mardiasmo (2000) states that one of the qualitative characteristics is that the financial statements are beneficial for the users, which is relevant. As stated in SAP in 2010 that financial statements can be said to be relevant if the information contained in them can influence the user's decision by helping them evaluate past or present events, and predict the future, and confirm or correct the results of their evaluation in the past. Thus, relevant financial statement information can be linked to the intended use.

One element of relevant information is information that is presented on time, so that it can influence and be useful in decision making. In Indonesia, the time limit for the submission of regional financial reporting has been regulated in the Law of the Republic of Indonesia Number 17 of 2003 concerning State Financial Accountability and Management article 31 paragraph 1 states that the regional government financial statements that have been examined by the BPK must be submitted to the DPRD no later than 6 (six) months after the fiscal year ends.

According to the PSAK Number 1 Paragraph 38 (2007), it is stated that the benefits of a financial report will be reduced if the report is not available on time. The timeliness of the issuance of financial statements is important in increasing the benefits of the information contained in the financial statements, but the timeliness is greatly influenced by the existence of the audit process before the financial statements are published so that users gain adequate confidence in the information received. This raises a problem called audit delay, namely the interval of the number of days between the financial reporting until the date of receipt of a report published by the BPK in the form of LHP. Hardini and Sukirman (2016) mention audit delay as the time span between the last of the accounting period to the date of issuance of the auditor's report independent. Subekti and Widyanti (2004) also mentioned that audit delay is the difference between the date of the financial statement and the date of the audit opinion in the financial statements.

Based on the IHPS in 2012-2016 and several online sites, it is known that there are still regional governments that are late reporting LKPD to the BPK. In accordance with SAP in 2010, regional governments should be able to deliver LKPD in a timely manner in order to obtain relevant information. The sooner the regions submit their financial statements to be audited, the audit delay will be even shorter. Based on this, research on audit delay is important to do.

The advancement of science and technology encourages people to continue to know the development of ideas or the latest management concepts that can bring humanity to a better life order. One of them is the concept of good governance or good governance. One characteristic of good governance according to the United Nation Development Program (UNDP) in Mardiasmo (2009) is accountability which means accountability to the public for every activity carried out. Indonesia's desire to have good governance or good governance encouraged the government to realize the concept by issuing Presidential Instruction Number 7 of 1999 concerning Accountability of Government Institution Performance. This Presidential Instruction requires every government agency to account for the success / failure of the implementation of the organization's mission in achieving organizational goals that have been set.

Minister of PANRB, Abnur said that the results of the SAKIP on 2016 district / city evaluation had increased 2.95 points, from 46.92 to 49.87. Although there was an increase, the average district / city in 2016 was still under 50, meaning that it was still in category C. A total of 425 districts / cities or 83% of the total of all districts / cities still received scores below B (www.menpan.go.id).

LKPD must be examined by the BPK before being submitted to the DPRD. This was stated in Law No. 15 of 2004 that in order to realize the management of state finances it is necessary to conduct an examination based on the audit standards by a free and independent BPK. Financial checks will generate opinions. Audit opinion is the opinion of an auditor regarding the fairness of a financial report.

IHPS 1 of 2015 revealed the 2014 audit results of 504 (LKPD) of 539 Local Governments who were required to submit LKPD in 2014. The development of opinions in 504 LKPD 2014 compared to the previous year experienced an increase quite significant. This was indicated by an increase in opinion on 130 LKPD or 25.79%. A total of 104 LKPD experienced an increase from qualified opinion to unqualified opinion, and as many as 26 LKPD experienced an increase in opinion from adverse opinion or disclaimer of opinion to qualified opinion or unqualified opinion. Although there was an increase in LKPD opinion by 25.79%, there were 20 LKPD (3.97% of the total LKPD examined) got a decrease in opinion.

At the same time, based on IHPS 1 of 2015 the percentage of qualified opinion decreased from 59.35% to 45.64%. The decline also occurred in the number of LKPD who obtained the opinion of adverse opinion and disclaimer of opinion. The decline in LKPD opinions that occurred among others from unqualified opinion to qualified opinion at 12 LKPD. Meanwhile, there were 5 LKPD that experienced a decrease in opinion from qualified opinion to disclaimer of opinion.

The autonomy of the local government shows the readiness of the region in exploring the sources of local potential funds contained in it, expressed in percent (Rizkiano, 2011). The measurement of the autonomy of the local government uses the autonomy ratio, namely the total local revenue divided by the total income. Regions that have low autonomy will tend to have limited regional financial capacity. This will have an impact on limited regional financial management capabilities as well. In the end it will have an impact on the ability of the region to prepare financial statements in a timely manner.

Based on the LHP on the LKPD for the 2014 and 2015 fiscal years issued by the BPK, there are still many local governments that get an autonomy ratio below 20%, which means they are still lacking. This proves that the performance of local governments in the context of maximizing their own regional income derived from regional taxes and levies has not been fully achieved. The higher the autonomy ratio means that the level of regional dependence on central and provincial government assistance is lower, and so should be.

Based on this background, the formulation of the problem in this study was (1) Does performance accountability affect audit delay in district / city governments in Indonesia; (2) Does the audit opinion affect audit delay in the district / city government in Indonesia?; and (3) Does the autonomy affect audit delay in the district / city government in Indonesia?. While the purpose of this study are (1) to determine the effect of performance accountability on audit delay in district / city governments in Indonesia; (2) to determine the effect of audit opinion on audit delay in district / city governments in Indonesia; and (3) to determine the effect of autonomy on audit delay in district / city governments in Indonesia.

2. Review of Literature

2.1 Performance Accountability

Mardiasmo (2009) argued that public accountability is the obligation of the parties to the agent to provide accountability, present, report, and disclose all activities and activities that are the responsibility of the trustee (principal) who has the right and authority to ask for such accountability. Whereas according to the Presidential Instruction No. 7 of 1999 concerning Accountability of Government Institution Performance, is the realization of the obligation of a government institution to account for the success / failure of the implementation of the organization's mission in achieving the goals and targets set through periodic accountability tools in the form of performance accountability reports of government agencies.

Based on this definition, performance accountability is considered to affect audit delay. Good performance accountability reflects the local government can account for its obligations well. One form of accountability is to make good financial statements based on Government Accounting Standards (SAP). According to Hardini and Sukirman (2016) regions that have good performance accountability will certainly prepare their financial statements well so that they can suppress audit delay.

2.2 Audit Opinion

According to Agoes (2004), "auditor opinion is the responsibility of public accountants, where public accountants give their opinions on the fairness of financial statements prepared by management and is the responsibility of management". Audit opinion according to the accounting standard dictionary (Ardiyos, 2007) is a report given by a registered public accountant as a result of its assessment of the fairness of the financial statements presented by the company. Whereas according to the dictionary of accounting terms (Tobing, 2004) audit opinion is a report given by a registered auditor stating that the examination has been carried out in accordance with the accounting norms or rules accompanied by opinions regarding the fairness of the audited financial statements. Based on the above understanding it can be concluded that the audit opinion is the opinion of an auditor regarding the fairness of a financial report.

According to Law No. 15 of 2004 concerning Financial Examination Article 16 Paragraph 1 states that opinion is a professional statement of the examiner regarding the fairness of financial information presented in the financial statements. Financial reports are examined by an auditor. There are 5 (five) types of opinions that can be provided by the examiner, including WTP, WTP DPP, WDP, TW, and TMP.

Good opinions obtained by the region from the auditor indicate that there are not many misstatements found by the auditor. This shows that the area has compiled its financial statements well. The preparation of a good financial report can shorten the audit delay that occurs. The sooner the financial report is submitted to the BPK for review, then the audit delay will also be shorter.

2.3 Autonomy

According to the Republic of Indonesia Law Number 32 of 2004 concerning Regional Government, "Regional financial autonomy means that the government can carry out its own financing and financial accountability, implement itself, within the framework of decentralization." Dwirandra (2008) suggested regional financial autonomy means that regions must have financial to explore financial resources, manage and use their own finances which are sufficient to finance the administration of their government.

Based on this definition, the autonomy is considered to affect audit delay. Fachrurozi (2014) stated that regional financial autonomy as an indicator to determine the ability of the region in managing and managing their own household. According to Puji (2016) local governments that have high regional financial autonomy to finance their regional needs affect the ability of good regional financial management. When the local government has good financial management skills, the preparation of the financial statements of the local government will be timely and the auditor will quickly examine the financial statements of local governments.

2.4 Audit Delay

According to the PSAK Number 1 Paragraph 38 (2007), it is stated that the benefits of a financial report will be reduced if the report is not available on time. The timeliness of the issuance of financial statements is important in increasing the benefits of the information contained in the financial statements, but the timeliness is greatly influenced by the existence of the audit process before the financial statements are published so that users gain adequate confidence in the information received. This raises a problem called audit delay.

Dyer & McHugh (1975), using three criteria for late reporting, are as follows:

1.) "Audit lag of interval of days between the balance sheet closing date and the signed date of the auditor's report stated in the corporate annual report". "Audit lag is the time interval between the closing date of the balance sheet and the date of entry of the auditor's report listed in the company's annual report". In the context of the public sector means from the date of the financial statements to the date of submission of financial statements to the BPK.

2.) "Preliminary lag is the interval between the balance sheet closing date and the date of notice of the Annual General Meeting (AGM) when companies are required to submit their audited accounts to the Stock Exchange." "Preliminary lag is the time interval between the closing date of the balance sheet and the date of the AGMS notification when the company is required to submit its audited account to the Stock Exchange". In the context of the public sector means from the date of the financial statements to the date the auditor's financial statements are signed.

3.) "Total Lag is interval of days between the balance sheet closing date and the date of the AGM". "Total lag is the time interval between the closing date of the balance sheet and the date of the AGMS". In the context of the public sector means from the date of the financial statements to the date of receipt of reports published by the BPK.

Based on the three criteria for delays in reporting Dyer and McHugh (1975), this study measures audit delay with total lag which in the context of the public sector is measured based on the interval of the number of days between the date of the financial statement to the receipt of reports was published by the BPK in the form of LHP. The time span between the date of the LKPD and the date when the financial information was announced to the public greatly influenced the quality of the reported financial report information. The existence of regulations in the Republic of Indonesia Law Number 17 of 2003 concerning State Financial Accountability and Management article 31 paragraph (1) states that the regional government financial reports that have been examined by the BPK must be submitted to the DPRD no later than 6 (six) months after the end of the relevant fiscal year, with the aim that users of financial statements can obtain information on the financial statements in a timely manner.

3. Theoretical Framework

3.1 Performance Accountability

According to the Presidential Instruction Number 7 of 1999 concerning Accountability of Government Institution Performance, performance accountability is the realization of the obligation of a government institution to account for the success / failure of the implementation of the organization's mission in achieving the objectives and targets set through periodic accountability tools. The tool for carrying out the performance accountability of government agencies is the performance accountability report of government agencies. The purpose of the government agency's performance accountability system is to encourage the creation of performance accountability of government agencies as one of the prerequisites for the creation of a good and trusted government.

Good performance accountability is seen as more responsible in carrying out its performance, including in making good financial reports in accordance with SAP, which will be faster so that there will be no delay in the delivery of regional financial reports. The better the accountability of the performance of an area, the more the delay will occur. This is consistent with research conducted by Fachrurozi (2014) and Hardini and Sukirman (2016). Based on the description, the first hypothesis proposed in this study is:

H_1: Performance accountability has a negative effect on audit delay in district / city governments in Indonesia

3.2 Audit Opinion

According to Law Number 15 of 2004 concerning Financial Examination Article 16 Paragraph 1 states that Opinion is a professional statement of exa miners regarding the fairness of financial information presented in financial statements based on four criteria, namely compliance with government accounting standards, adequacy of disclosure (adequate disclosures), compliance with laws and regulations, and effectiveness of the internal control system. There are 5 (five) types of opinions that can be provided by the examiner, namely: (1) unqualified opinion, (2) unqualified opinion with explanatory paragraphs, (3) qualified opinion, (4) adverse opinion and (5) disclaimer of opinion.

A good audit opinion show that the financial statements have been audited in accordance with the provisions of the General Applicable Accounting Principles (GAAP) and are free from material irregularities. This shows that the LKPD has a material misstatement that tends to be small and can be an illustration that the area has good governance. Areas that have good governance will certainly be able to compile their financial statements more quickly so that the regions will be faster in submitting their financial reports to the BPK to be audited. The sooner the financial statements are prepared and reported to the BPK and balanced by good quality will shorten audit delay. This research is supported by the research of Muladi (2014), Sigit and Fitriyani (2015), and Hardini and Sukirman (2016). Based on the description, the second hypothesis proposed in this study is:

H_2: Audit opinion negatively affects audit delay in district / city governments in Indonesia

3.3 Autonomy

According to Law No. 32 of 2004 concerning Regional Government that, "Regional financial autonomy means that the government can carry out its own financing and financial accountability, carry out by itself, within the framework of decentralization." Dwirandra (2008) also stated that regional financial autonomy means that regions must have financial and the ability to explore resources financial resources, managing and using their own finances which are sufficient to finance the administration of their government. The ratio of regional financial autonomy uses a comparison between local revenue and total regional income.

Regions that have high regional financial autonomy to finance their regional needs affect the ability of good regional financial management. When local governments have good financial management capabilities, the preparation of LKPD will be faster. This will affect the speed of the audit process so that audit delay can be reduced. The sooner the financial statements are prepared and reported, and balanced with good quality will shorten audit delay. This research is supported by Fachrurozi (2014). Based on the description, the third hypothesis proposed in this study is

H_3: Autonomy negatively affects audit delay in district / city governments in Indonesia

4. Methods

The research method is descriptive statistical analysis and multiple regression analysis. The population in this study were all district / city governments in Indonesia in 2014 and 2015 totaling 508 local governments. The sampling technique was carried out by census method, which is the entire population was included in the study. The data used in this study were secondary data taken through documentation techniques consisting of Evaluation Report of Performance Accountability of District / City Governments in Indonesia in 2014 and 2015 issued by KemenPAN-RB, a list of opinions of the LKPD attached to the Summary of Examination Results for 2015 and 2016, as well as LKPD issued by the BPK in the form of LHP of LKPD for the 2014 and 2015 fiscal years.

5. Results and Discussion

Multiple linier regression was used to test the hypotheses of this study. In the model, the total lag has been used as the dependent variable as in equation below:

AD = 182,999 – 0,243 AK – 6,605 OA – 0,353 TK + ε

The result were:

1.) Constant (a) = 182.999. This shows that if each independent variable is performance accountability (AK), audit opinion (OA) and autonomy (TK) equals zero, then the value of the audit delay variable (AD) is 182.999. That is, if there are no other variables that affect the audit delay, the amount reaches 183 days.

2.) Performance accountability regression coefficient (AK) of -0.243 shows that the relationship between AK variables and audit delay is negative, meaning that an AK increase of 1 point causes a decrease in audit delay in district / city governments in Indonesia of 0.243. So, if the audit delay will be reduced by 1 day then the AK must be increased by 4 points.

3.) Audit opinion regression coefficient (OA) of -6,605 shows that the relationship between OA variables and audit delay is negative, meaning that an increase in 1-level OA causes a decrease in audit delay in district / city governments in Indonesia of 6,605. So, if the audit delay will be reduced by 7 days, OA must be increased by 1 level.

4.) Regression coefficient of autonomy (TK) of -0.353 indicates that the relationship of the variable TK with audit delay is negative, meaning that the increase in TK 1 percent causes a decrease in audit delay in the district / city government in Indonesia of 0.353. So, if the audit delay will be reduced by 1 day, the TK must be increased by 3 percent.

5.1 Simultaneous Regression Coefficient Tests

Based on the results of the study in Table F, it is known if simultaneously tested that all independent variables (performance accountability, audit opinion and autonomy) affect the dependent variable (audit delay). This can be proven by a significant value of 0,000. Because of the sig value. (0,000) <α (0.05), the regression model can be used to predict or explain the amount of audit delay or it can be said that performance accountability, audit opinion and autonomy simultaneously have a significant effect on audit delay.

5.2 Partial Regression Coefficient Tests

Based on the results of the study in Table t, it is known if partially tested that all independent variables (performance accountability, audit opinion and autonomy) affect the dependent variable (audit delay). This can be proven from the performance accountability coefficient value of -0.223 with the sig value. 0,000, audit opinion coefficient value of -6,605 with sig value. 0,000 and the coefficient autonomy is -0.353 with sig value. 0.002. If the value is sig. <α (0.05), the independent variable affects the dependent variable. Thus, it is said that performance accountability, audit opinion and autonomy partially negatively affect audit delay.

5.3 Participative Performance Accountability, Audit Opinion and Autonomy on Audit Delay

From the calculation results, the results of the influence of the independent variable on the dependent variable can be explained by this equation model of 11.3%. This shows that the magnitude of the effect of performance accountability, audit opinion and autonomy of audit delay in district / city governments in Indonesia can be explained by this equation model is 11.3%. The remaining 88.7% is influenced by other factors not included in the regression model, such as regional size, audit findings, level of dependence, auditor quality, information systems and other factors.

6. Conclusions

Referring to hypothesis testing, analysis results, and discussion and findings of research, it can be argued some research conclusions as follows:

1.) Performance accountability has a negative effect on audit delay in district / city governments in Indonesia. This means that the better the performance accountability of the local government, the audit delay will be shorter.

2.) Audit opinion negatively affects audit delay in district / city governments in Indonesia. This means that the better the audit opinion obtained by the local government, the audit delay will be shorter.

3.) The autonomy has a negative effect on audit delay in district / city governments in Indonesia. This means that the higher the autonomy of an area, the audit delay will be shorter.

References

Agoes, Sukrisno. (2004). Auditing (Accountant Examination) by a Public Accountant Office. Volume 2, Issue 3, Institute of Publishers of the Faculty of Economics, University of Indonesia, Jakarta.

Ardiyos. 2007. Dictionary of Accounting Standards. Citra Harta Prima: Jakarta

Audit Board of the Republic of Indonesia. 2012. Overview of Examination Result of Second Semester on 2011. Jakarta.

_______. 2013. Overview of Examination Result of Second Semester on 2012. Jakarta.

_______. 2014. Overview of Examination Result of Second Semester on 2013. Jakarta.

_______. 2015. Overview of Examination Result of Second Semester on 2014. Jakarta.

_______. 2016. Overview of Examination Result of Second Semester on 2015. Jakarta.

Dwirandra. 2008. "Effectiveness and Financial Independence of Autonomous Regions in Regencies / Cities in Bali Province in 2002 - 2006", Scientific Journal. Accounting Department, Udayana Faculty of Economics, Denpasar.

Dyer, J. C. I. V., and A. J. McHugh. 1975. The Timeliness of Australian Annual Report. Journal of Accounting Research. Autumn. Vol. 13. No.2. Hal: 204- 219.

Fachrurozi, L. 2014. Analysis of Factors Affecting Audit Delays in the Local Government of Indonesia.

Hardini, Ziza Gita and Sukirman. "Determinant Analysis of Audit Delay in City / Regency Governments in Indonesia", Journal Accounting Analysis, AAJ 5 (1) (2016).

Kartiko, Sigit Wahyu and Sylvia Veronica N.P. Siregar. "Effect of Audit Opinion, Auditor Quality, and Accounting Information System on Delay in Issuance of Regional Government Financial Statement Reports". National Accounting Symposium 18. University of North Sumatra, Medan. September 16-19, 2015.

Law of the Republic of Indonesia Number 17 of 2003 concerning Accountability and Management of State Finance.

Law of the Republic of Indonesia Number 15 of 2004 concerning Examination of State Financial Management and Responsibility.

Law of the Republic of Indonesia Number 32 of 2004 concerning Regional Government.

Mardiasmo. 2000. Reform of regional financial management: implementation of value for money audits in anticipation of demands for public accountability. Indonesian accounting and auditing journal (JAAI): Vol 4 No. 1.

Mardiasmo. 2009. Public Sector Accounting. Yogyakarta: Andi.

Muladi, A. 2014. Factors that influence Audit delay in district / city governments in Indonesia.

Regulation of the Government of the Republic of Indonesia Number 71 of 2010 concerning the Government Accounting Standards.

Republic of Indonesia. Presidential Instruction Number 7 of 1999 concerning Performance Accountability of Government Agencies.

Statement of Financial Accounting Standards (SFAS). 2007.

Subekti, Imam and Widiyanti. 2004. Factors Affecting Audit Delay in Indonesia. National Accounting Symposium VII. Bali: 991-1002.

Sujarweni, V. Wiratna. 2016. Completed Completion of Accounting Research with SPSS. Yogyakarta: New Library Publisher Press.

Tobing, Rinduan and Nirvana. 2004. Dictionary of Accounting Terms. Jakarta: Atalya Rileni Sucedo.

www.menpan.go.id. Downloaded on February 18, 2017.