

**THE INFLUENCE OF BPK-RI'S AUDIT FINDINGS IN ORDER TO DETERMINE THE
AUDIT OPINION ON THE FINANCIAL STATEMENTS OF THE MINISTRY /
INSTITUTION AND THE GENERAL TREASURER OF THE STATE OF THE
REPUBLIC OF INDONESIA**

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Abstract: This study aims to obtain empirical evidence regarding the considerations that determine (Financial Audit Agency of Indonesia) BPK RI's audit opinion on the financial statements of ministries/agencies and the state general treasury. The study was conducted on 84 ministries/agencies and the State General Treasurer whose financial reports have been audited by BPK RI in the 2015 to 2020 financial year, with a research sample of 504 financial statements of ministries/agencies and the State General Treasurer in Indonesia. The analytical method used is ordinal logistic regression. The results showed that the weaknesses of the internal control system were proxied by the number of findings of weaknesses in accounting and reporting controls (SP1) and non-compliance with statutory provisions which were proxied by the number of findings of non-compliance with statutory provisions that resulted in state losses (KP1) had a negative effect on opinion. Audit, while the other criteria for forming an audit opinion have no effect on the audit opinion.

Keywords: *Auditing; non-compliance; internal control system; material value; audit opinion*

1. Introduction

The current government has transformed through regulation and implementation in order to achieve transparency and accountability. One of the products of Indonesia's economic reforms after the economic crisis is reforms in the field of state finances (Zai, 2021). The financial reforms carried out cover four areas, namely laws and regulations, institutions, systems and improving the quality of human resources (Suyanto, 2010). Financial reform in the field of laws and regulations gave birth to three packages of laws and regulations (UU) of the State Finance of the Republic of Indonesia.

Nasution (2009) explained that the existence of PP No.71 of 2010 concerning Accounting Standards of the Government of the Republic of Indonesia aims to improve the structure of financial reporting and accountability. For this reason, the role of the Financial Audit Agency (BPK-RI) is needed in order to oversee the implementation of the regulation. In the period from 2015 to 2020, the number of LKKL/BUN who obtained unqualified opinions increased from 65% in 2015 to 98% in 2020. The increase in WTP unqualified opinion was accompanied by a decrease in qualified opinion, from 30% to 2% in 2020, and for disclaimer of opinion from 5% in 2015 to only 0% in 2020. There are improvements achieved from year to year on opinions issued by the financial audit agency (BPK-RI), which are shown in the government's financial statements in accordance with applicable principles. Although there was an increase in the percentage of disclaimer opinion (TMP) in IHPS I Year 2017, this did not continue in the following year period and further decreased in the 2020 period.

The achievement of an unqualified opinion of 98% in the 2020 LKKL/BUN T.A. examination has exceeded the target of priority activities for reforming the performance accountability system

of central government agencies (K/L) as stipulated in the 2020-2024 RPJMN by 91% in 2020. This achievement is the result of the government's efforts and the contribution of the financial audit agency (BPK-RI) in encouraging the realization of effective, accountable, and transparent state financial governance and responsibility in accordance with the sustainable development goals (SDGs), regarding the empowerment of institutions in improving effectiveness, transparency and accountability.

The report on the results of the examination of the Financial Audit Agency (BPK-RI) contains the findings of the examination. Based on the findings of previous research, there are problems that need to be corrected, namely the problem of lack of efficiency and effectiveness. the problem concerns internal control weaknesses, non-compliance, and indiscipline that impact potential losses and lack of state revenue.

The financial audit agency (BPK-RI) found that most of the determination of audit opinions was indicated by the existence of a weak internal control system (W & Probohudono, 2015), (Nalurita, 2015), (Fransiska et al., 2012), (Fatimah et al., 2014), dan (Atyanta, 2010). The results of the study generally concluded that the findings of weaknesses in the internal control system negatively affected the determination of the examination opinion. If there is an increase in the number of findings of internal weakness examination, there is a tendency to decrease the examination opinion.

Research conducted by (W & Probohudono, 2015), (Fransiska et al., 2012), dan (Fatimah et al., 2014) proxied the variable weaknesses of the internal control system in three classification groups of findings, there are many weaknesses in the control of accounting reporting, the implementation of budgets and expenditures, as well as the structure of internal control. In general, the results of the study concluded that the findings of non-compliance with laws and regulations negatively affect the determination of examination opinions, or it can be said that the greater the number of findings of non-compliance, the more likely there is a decrease in examination opinions (W & Probohudono, 2015), (Nalurita, 2015), (Fatimah et al., 2014), (Safitri & Darsono, 2015), dan (Atyanta, 2010).

(Julianto, 2010) mentioned that in determining opinions, other factors must also be considered, including materiality. (W & Probohudono, 2015) indicates the value of losses, potential losses, lack of receipts and the value of inefficiencies, inefficiency, ineffectiveness as independent variables that negatively affect the receipt of the opinion of the Financial Audit Agency (BPK-RI) on the fairness of the financial statements.

Talking about the phenomenon of the results of the BPK-RI examination, currently there is a lot of criticism from the public to the BPK-RI, which considers the opinion on the fairness of the financial statements provided by the BPK-RI does not reflect the actual condition of government entities (Djalil, 2014). In addition, there were questions from the public about the decision of the BPK's to give a unqualified opinion to a government entity, but in the next two periods actually changed the opinion to disclaimer (Tuanakotta, 2013).

This research empirically tests regarding to the influence of findings of weaknesses in the internal control system (SPI), findings of non-compliance with statutory provisions, and the material value of state losses on the determination of BPK's opinions. Previous studies can be used as a comparison of inconsistencies and the tendency to fluctuate in the determination of the BPK's opinion on the examination of the financial statements of the Ministry/Institution and the general treasurer of the state in the Republic of Indonesia.

2. Literature review

Compliance

Kessler & Harcourt (2013), compliance refers to the merging between the three types of power used. It divides the type of organization by creating a cross-diagram between the type of power and the type of involvement of the individual in the organization. Power types are grouped into normative, remuneration and coercive. While the types of involvement are divided into calculative, alienative, and moral. Compliance theory can make a person more compliant with applicable regulations, just like a company that tries to be punctual in submitting its financial statements because apart from being an obligation, it is also useful for users of financial statements (Sulistyo & Syafruddin, 2010).

Regulation

Chariri & Ghazali (2007), explaining that some of the theorists argue that if regulation arises as a result of a crisis that is no longer identified, then regulatory policy arises because it is driven by a crisis in setting standards. Where on the part of the standard specifier here provides a policy to respond to the demands of a request for a policy. the role of audit in governance is very important to ensure that the performance of government works according to the expectations of the people and must be regulated in the laws of the country. (Pearson, 2014).

Central Government Financial Statements

Government Regulation of the Republic of Indonesia (PP) Number 71 of 2010 regarding government accounting standards (SAP) explains the structure of financial statements and transactions carried out by government entities. In the context of accountability for state financial management, ministers/heads of institutions as users of budgets and goods are responsible for the implementation of policies stipulated in the law on the State Budget, from the aspect of utility (outcome). then, state ministries/agencies are responsible for the implementation of activities. To achieve good governance, state financial management must be carried out in a transparent, responsible and professional manner guided by the main rules that have been established in the Basic Law.

Financial Examination Reporting Standards

The Financial Audit Agency (BPK) has established state financial examination standards (SPKN) with BPK regulation Number 1 of 2017 concerning State Financial Examination Standards. the existence of such regulations, CPC examiners, public accountants or other parties who conduct examinations on the management and responsibility of state finances for and on behalf of the CPC, public accountants who conduct state financial examinations based on the regulation.

Auditor opinion

The auditor's opinion is the scope of the audit statement on the client's (government)'s responsibility regarding financial reporting and the implementation of applicable regulations. (Pamungkas et al., 2018). The following is the provision of an opinion by the BPK-RI's in accordance with the Guidelines for the Implementation of Financial Examinations: 1) Unqualified opinion, is an opinion stating that the financial statements have been presented and disclosed in proportion in all respects material and the financial information in such financial statements may be used by the users of the financial statements. 2) Qualified opinion, the opinion states disclosure of financial statements is carried out in proportion to all material ones, but there are exceptions about undisclosed impacts. 3) Adverse opinion, opinion stating that the financial statements are

not presented and disclosed proportionately in all material respects. 4) Disclaimer of opinion is no conformity of the report to applicable standards (Pamungkas et al., 2018).

Internal Control System

Internal control is created to ensure the reliability of reporting, effectiveness and efficiency of the implementation of the organization. COSO 2013 is an evaluation model to assess the effectiveness, efficiency, constraints of financial statements and compliance with applicable laws.

Material Value of State Losses

Based on the Materiality Limit Determination Guidelines issued by the BPK RI in 2013, the definition of Materiality, namely the amount of value that is abolished/eliminated or misstated accounting information, which is seen from the conditions of the circumstances that surround it, may affect or result in changes in the consideration of the party who puts trust in the information.

Hypothesis

- H1 : The weakness of the accounting and reporting control system (SP1) negatively affects the determination of the audit opinion of the BPK-RI.
- H2 : The weakness of the control system for the implementation of the revenue and expenditure budget (SP2) negatively affects the determination of the audit opinion of the BPK-RI.
- H3 : Weaknesses in the internal control structure (SP3) negatively affect the determination of the audit opinion of the BPK-RI.
- H4 : The number of findings of state losses (KP1) negatively affects the determination of the audit opinion of the BPK-RI.
- H5 : The number of findings of potential state losses (KP2) negatively affects the determination of the audit opinion of the BPK-RI.
- H6 : The number of findings of lack of revenue (KP3) negatively affects the determination of the audit opinion of the BPK-RI.
- H7: The number of findings of administrative irregularities (KP4) negatively affects the determination of the audit opinion of the BPK-RI.
- H8: The material value of state losses (NM1) negatively affects the determination of the audit opinion of the BPK-RI.
- H9: The material value of potential state losses (NM2) negatively affects the determination of the audit opinion of the BPK-RI.
- H10: The material value of the lack of receipts (NM3) negatively affects the determination of the audit opinion of the BPK-RI.

3. Methodology

The study is quantitative research. Sugiyono (2013), descriptive and inferential statistical analysis using SPSS software (Ghozali 2018). In this study, the data used was obtained from the results of publications on the BPK RI website www.bpk.go.id in the form of an Overview of the First Semester Examination Results (IHPS I) and the Information and Communication Center (PIK) of the BPK RI with the <https://e-ppid.bpk.go.id> website. The reason for taking data from these two sources is that the validity of the data from the financial statement examination is more reliable and access is easier. sampling in this study with non-probability sampling techniques.

The population is a results of the audit examination from BPK RI from 2016 to 2021 on the financial statements of K / L & BUN from 2015 to 2020 which are presented on time and have received BPK audit opinions with a total of 518 opinions in accordance with the Overview of the

First Semester Examination Results from 2016 to 2021. Of the 518 populations, 504 were selected to be sampled for this study taking into account the criteria that had been submitted.

Statistical analysis using ordinal logistic regression with SPSS 26 software. Before running the hypothesis test, a signification test is carried out to test the feasibility of the model which includes testing the Model Fitting Information, Goodness of Fit, Psedo R-Square, and Test of Parallel Lines, and then data analysis using ordinal logistic regression.

4. Results and Discussion

4.1. Results

Descriptive Statistics

This table is the result of descriptive statistics carried out in the study.

Table 1 Descriptive Statistics

| Variables | N | Min | Max | Means | Standard Deviations |
|-----------------------|-----|-----|------|-------|---------------------|
| SP1 | 504 | 0 | 27 | 4.04 | 4.274 |
| SP2 | 504 | 0 | 25 | 4.66 | 4.246 |
| SP3 | 504 | 0 | 25 | 2.42 | 2.856 |
| KP1 | 504 | 0 | 40 | 5.66 | 4.915 |
| KP2 | 504 | 0 | 7 | .55 | 1.037 |
| KP3 | 504 | 0 | 17 | 1.93 | 2.380 |
| KP4 | 504 | 0 | 29 | 4.51 | 4.266 |
| NM1 | 504 | 0 | 1.53 | .2205 | .24602 |
| NM2 | 504 | 0 | 1.06 | .0435 | .15148 |
| NM3 | 504 | 0 | 2.70 | .2212 | .39721 |
| OP | 504 | 1 | 4 | 3.85 | .483 |
| Valid N (listwise) | 504 | | | | |

Source: Data Processed on 2022

Table 1 show that the research sample amounted to 504. The highest cases/findings of 27 findings for variable weaknesses in the accounting and reporting control system (SP1) were found in the 2015 financial statements of the State General Treasurer (BUN). Weaknesses in the system of controlling the implementation of the revenue and expenditure budget (SP2) with a total of 25 findings in the financial statements of the Ministry of Research, Technology and Higher Education in 2015. Weaknesses in the internal control structure (SP3) are 25 findings found in the Ministry of Finance's 2019 financial statements with a mean value of 2.42 and a standard deviation value of 2.856. the variable state loss (KP1) was found in the financial report of the Ministry of Research, Technology and Higher Education in 2015, which was a total of 40 findings.

Findings The highest potential state losses (KP2) were found in the 2019 financial statements of the Ministry of Public Works and Public Housing, namely a total of 7 findings. The variable lack of revenue (KP3) was found in the financial report of the Ministry of Research, Technology and Higher Education in 2016, which was a total of 17 findings. The variable administrative deviation (KP4) was found in the financial statements of the Ministry of Research, Technology and Higher Education in 2015, namely a total of 29 findings. the highest value of the variable material value of state losses (NM1) was 1.53 found in the 2018 financial statements of the

National Nuclear Power Agency. The material value of potential state losses (NM2) was 1.06 found in the Ombudsman's 2017 financial statements. The material value of the revenue shortfall (NM3) was 2.70 found in the 2018 financial statements of the Constitutional Court.

Model Feasibility Test

Signification tests are carried out to test the feasibility of the model which includes testing of Model Fitting Information, Goodness of Fit, Psedo R-Square, and Test of Parallel Lines.

Table 2
Result test of Fitting Information Model

| Model | -2 Log Likelihood | Chi-Square | Sig. | Decision |
|----------------|-------------------|------------|------|-------------|
| Intercept Only | 400.998 | | | |
| Final | 356.319 | 44.679 | .000 | Significant |

Source: Data Processed on 2022

Table 2 shows the value of -2log by inserting an independent variable into the model (final) there was a decrease in the value to 356,319. has a chi-square value of 44,679 and is significant at a real level of 5% (sig. 0.00<0.050).

Table 3
Goodness of fit

| | Chi-Square | Sig. | Decision |
|----------|------------|-------|----------|
| Pearson | 785.658 | 1.000 | Feasible |
| Deviance | 356.319 | 1.000 | |

Source: Data Processed on 2022

Table 3 shows Pearson values of 785,658, significance of 1,000 and Deviance of 356,319. with a significance of 1,000 which means that Pearson's value is greater than Deviance. and a significance of more than 0.05. so that data and variables can be used.

Table 4
Pseudo R-Square

| | value |
|---------------|-------|
| Cox and Snell | .085 |
| Negelkerke | .155 |
| McFadden | .111 |

Source: Data Processed on 2022

The results of the Pseudo R-Square test based on the Negelkerke value of 15.5% mean that the dependent variable (Opinion) is able to explain the independent variable or the dependent variable is influenced by an independent variable of 15.5%, the remaining 84.5% is explained by other factors or variables that are not included in the model test.

Table 5
Test of Parallel Lines

| Model | -2 Log Likelihood | Chi-Square | Sig. | Decision |
|-----------------|----------------------|---------------------|------|------------|
| Null Hypothesis | 356.319 | | | |
| General | 338.543 ^b | 17.776 ^c | .059 | consistent |

Source: Data Processed on 2022

The test of parallel lines results in Table 5 show the Sig value. is 0.059 which means that the resulting model has consistent parameters for each category of response variables so that the selection of the link function is appropriate.

Ordinal Logistic Regression

Below are the results of ordinal logistic regressions carried out in this study.

Table 6
Parameter Estimates

| Variabel | | Estimate | Wald | Sig. | Decision |
|-----------------|---|-----------------|-------------|-------------|---------------------|
| SP1 | Weaknesses of the Accounting and Reporting Control System | -.069 | 9.583 | .002 | Negative influences |
| SP2 | Weaknesses of the Budget Implementation Control System. | .044 | 2.438 | .118 | insignificant |
| SP3 | Weaknesses of the Internal Control Structure | .017 | .271 | .602 | insignificant |
| KP1 | Compliance with the provisions of laws and regulations resulting in State Losses | -.044 | 5.112 | .024 | Negative influences |
| KP2 | Compliance with the provisions of laws and regulations that result in Potential State Losses | .051 | .473 | .492 | insignificant |
| KP3 | Compliance with the provisions of laws and regulations resulting in a lack of acceptance. | .000 | .000 | .995 | insignificant |
| KP4 | Compliance with the provisions of laws and regulations resulting in Administrative Irregularities | -.043 | 2.776 | .096 | insignificant |
| NM1 | Material Value of State Losses | .470 | 1.168 | .280 | insignificant |
| NM2 | Material Value of Potential State Losses | 1.398 | 1.981 | .159 | insignificant |
| NM3 | Material Value Lack of Acceptance | -.053 | .055 | .814 | insignificant |

Dependent variable: determination of the audit opinion of the BPK-RI

Source: Data Processed on 2022

Hypothesis testing of this study using Parameter Estimates (Sig.<0.05). Hypothesis H1 shows that the weakness of the accounting and reporting control system (SP1) negatively affects the determination of the BPK-RI's audit opinion. Then on the H4 hypothesis, state losses (KP1) negatively affect the determination of the BPK-RI's audit opinion.

4.2. Discussion

Control System

The results of the hypothesis (H1) show that the weakness of the Accounting and Reporting Control System (SP1) negatively affects the determination of the BPK-RI's audit opinion (H1) or hypothesis received. The results explain that the better the presentation of the agency's financial reporting, or the less the number of findings weak control of accounting reporting and fragility in the control of accounting reporting, the better the determination of the BPK-RI's audit opinion, which means that the greater the weakness of the accounting and reporting control system (SP1) found, the lower the level of fairness of the ministry/institution's financial statements. This research has confirmed Atmaja W & Probohudono (2015), Fatimah et al. (2014), Handayani (2015), Defera (2013), which states that accounting and reporting cases negatively affect the receipt of BPK-RI's audit opinions on the fairness of financial statements due to weaknesses in the accounting and reporting control system.

Variable weak system of controlling the implementation of budgets for revenues and expenditures (SP2) has no significant effect on the determination of the BPK-RI audit opinion. The results identified that the H2 hypothesis, namely the weakness of the revenue and expenditure budget implementation control system (SP2), negatively affects the determination of the BPK-RI's audit opinion not being met or rejected, so that an increase or decrease in the number of findings will not affect the determination of the BPK's audit opinion. The reason for the rejection of the hypothesis is that the determination of income and expenditure reporting in recent periods is not the main focus and concentration of BPK-RI examinations. BPK-RI has prepared an examination program based on literacy, phenomena and issues that occur. So that in some of these periods the focus and concentration of BPK-RI examinations led to the quality of accounting control and reporting as a whole. The provision of BPK-RI audit opinion focuses on the weaknesses of the accounting control system and reporting on conformity to government accounting standards (SAP). This research has confirmed Hasnowo & Haryanto (2016), Pamungkas et al. (2018) dan Fatimah et al. (2014) stated that the weakness of the revenue and expenditure budget implementation control system (SP2) was not significant to the provision of the BPK-RI's audit opinion.

In this study, the weakness of the internal control structure (SP3) did not have a significant effect on determining the BPK-RI's audit opinion. The rejection of this hypothesis is due to the fact that the internal control structure that existed in government agencies in recent periods had an adequate internal control structure. This is indicated by the existence of a supervisory/inspectorate function in each agency, the standardization of an adequate internal control structure in accordance with APIP and SPIP regulations, the preparation of SOPs (although not yet optimal) and the qualifications of competent officials/officials in the field of internal control. Thus, auditors assess that the overall internal control structure in each agency is of good quality. In the end, the audit opinion is not affected by the weakness of the internal control structure. This research has confirmed Hasnowo & Haryanto (2016), Pamungkas et al. (2018) dan Fatimah et al. (2014) which shows the Internal control structure (SP3) has no significant effect on the determination of the BPK-RI's audit opinion.

Compliance

The results showed that the number of findings of state losses (KP1) negatively affected the determination of the BPK-RI's audit opinion (H4). These results meet the initial hypothesis or the hypothesis is accepted, which means that the greater the number of findings of non-compliance with statutory provisions that result in state losses (KP1), the lower the determination of the BPK-

RI's audit opinion because the level of fairness of the Ministry/Institution's financial statements will also mean that it will be lower.

This was identified by findings related to budgeting/allocation errors in goods expenditures and capital expenditures (for example, double official travel expenses, double honorarium payments and/or exceeding standards, payments for operational activities that are not in accordance with the provisions), as well as problems in the implementation of contracts with third parties (for example, lack of construction work volume and overpayments other than lack of volume, specifications of goods/services are not in accordance with the provisions with a contract). this problem occurs due to the negligence of officials, lack of compliance with regulations, and not being optimal in carrying out their duties and functions. in addition, officials are weak in conducting oversight, in addition to improper policy making and partners not implementing agreements according to the contract. As a result, the realization of spending does not describe the substance of the real activity, there is a burden on spending that the state should not bear, and the realization of expenditure cannot be believed to be reasonable. This research has confirmed by Atmaja W & Probohudono (2015), Fatimah et al. (2014), dan Handayani (2015) which says that local losses have an effect on the provision of audit opinions.

In this study, the number of findings of potential state losses (KP2) did not have a significant effect on determining of the BPK-RI's audit opinion. These results show that the H5 hypothesis, namely the number of findings of potential state losses (KP2) has a negative effect on the determination of the BPK-RI's audit opinion is not met or rejected, so that even if there is a decrease or increase in the number of findings, it will not affect the determination of the BPK-RI's audit opinion. The reason why non-compliance with statutory provisions that result in potential state losses does not have an effect on audit opinions, is because the number of findings and the distribution of findings in the K / L / BUN (ministries, institutions, and general treasurers of the state) is uneven, and only a few K / L / BUN have findings of non-compliance, so the research data becomes abnormal and the results of the study show that there is no influence of non-compliance with statutory provisions which results in potential losses state in determining of the BPK-RI's audit opinion.

The number of findings of lack of revenue (KP3) did not have a significant effect on the determination of the audit opinion of the BPK-RI. These results show that the H6 hypothesis, namely the number of findings of lack of acceptance (KP3) negatively affects the determination of the BPK audit opinion is not met or rejected, so that even if there is a decrease or increase in the number of findings, it will not affect the determination of the BPK-RI audit opinion. The reason why non-compliance with statutory provisions that result in lack of acceptance does not have an effect on audit opinions, because the number of findings and the distribution of findings in the K / L / BUN is uneven, and only a few K / L / BUN have findings of non-compliance, so the research data becomes abnormal and the results of the study show that there is no influence of non-compliance with statutory provisions which results in a lack of acceptance in determining the audit opinion of the BPK-RI.

The number of findings of administrative irregularities (KP4) negatively affects the determination of the BPK-RI's audit opinion not being fulfilled or rejected, so that even if there is a decrease or increase in the number of findings, it will not affect the determination of the BPK-RI's audit opinion. The reason why non-compliance with statutory provisions that result in administrative irregularities does not have an effect on the audit opinion is due to the commitment of officials in K / L and BUN to complete administrative deficiencies and correct deviations that occur, it can also be described that administrative deviations can be immediately followed up with

administrative improvements that are adjusted to applicable regulations, so that it is expected to improve the quality of presentation of financial statements in the future.

Material Value

The material value of state losses (NM1) has no significant effect on the determination of the BPK-RI's audit opinion. The results show that the H8 hypothesis, namely the material value of state losses (NM1) has a negative effect on the determination of the BPK-RI's audit opinion is not met or rejected, so that even if there is a decrease or increase in the findings of the amount of material value, it will not affect the determination of the BPK-RI's audit opinion. because material value is not the main instrument in determining the quality of financial statements or the overall representation of the presentation of financial statements.

The material value of potential state losses (NM2) has no significant effect on the determination of the BPK-RI's audit opinion. The reason why the material value of potential state losses does not have an influence on the audit opinion, is because the value of the findings and the distribution of the value of the findings in the K/ L /BUN are uneven, and only a few K/L/BUN have found the material value, so that the research data becomes abnormal and the results of the study show that there is no influence of material value in determining of the BPK-RI's audit opinion.

The H10 results showed that the material value of the lack of revenue (NM3) negatively affected the determination of the BPK-RI's audit opinion not being met or rejected. This is because the value of the findings and the distribution of the value of the findings in the K/L /BUN are uneven, and only a few K/ L/BUN have found material values, so the research data becomes abnormal and the results of the study show that there is no influence of material values in determining of the BPK-RI's audit opinion.

5. Conclusion

The weakness of the accounting and reporting control system (SP1) negatively affects the determination of the BPK-RI's audit opinion. Weaknesses in the system of controlling the implementation of the revenue and expenditure budget (SP2) did not have a significant effect on the determination of the BPK-RI's audit opinion. Weaknesses The internal control structure has no significant effect on the determination of the BPK-RI's audit opinion. Then, State Losses (KP1) negatively affect the determination of BPK-RI's audit opinion. This shows that the higher the findings of indications of state losses, the higher the perception of audits to assess the ugliness of reporting. Potential state losses (KP2), Lack of revenue (KP3), Administrative Irregularities (KP4), Material Value of State Losses (NM1), Material Value of Potential State Losses (NM2) and Material Value of Lack of Revenue (NM3) have no effect on the determination of the BPK-RI's audit opinion.

Based on the overall results, only two variables negatively affect the audit opinion, namely the Internal Control System which is proxied with weaknesses in the accounting and reporting control system (SP1) and the variable of non-compliance with laws and regulations that cause state losses (KP1), while other independent variables forming audit opinions have no effect on audit opinions

This research is expected to provide input and consideration in improving state financial management, so that the government can formulate appropriate regulations in determining policies that can improve good public services and meet public accountability which are parameters and indicators in the context of better governance. For further research, it is expected to be able to use other variables that are suspected to have an influence on the determination of BPK-RI's audit

opinion, such as discrepancies with SAP, auditor demographics, longer time series, and so on. Ability of independent variables to explain dependent variables becomes greater.

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