

## The Root Issues of Not Achieving an Unqualified Opinion: The Case Study in Local Governments XX of Indonesia

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### Abstract

*This study analyzed the root issues of the Local government XX of Indonesia failing to obtain an Unqualified Opinion. The method used in this research was a qualitative method with a case study approach. This study was conducted to map findings and analyze the main issues of the regional government failing to obtain an unqualified opinion. The scope of the study was limited by using Local Government Financial Reports From 2013 to 2019 and Audit Report from 2014 to 2020. This study was conducted on Local Government XX which had never once received an unqualified opinion. The result of the study indicated that the issues obtained from mapping the findings of violations of account problems, internal control systems, and compliance were caused by the weak competence of human resources owned by Local Government XX. The main problem occurred at the financial administration level at the Local Government Work Unit level and the weak supervision at each tiered level.*

### Keywords

audit opinion; local government;  
HR competence



### I. Introduction

Regional financial reports are a form of local government accountability that must be reported. According to Government Regulation Number 71 of 2010 concerning Government Accounting Standards, financial statements are used to determine the value of economic resources, assess financial condition, evaluate effectiveness and efficiency, and help evaluate compliance with laws and regulations of a reporting entity. To assess that the financial statements have been presented fairly, an examination is carried out on the financial statements.

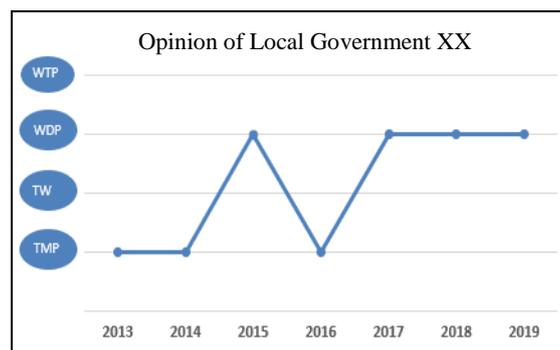
A government financial statement audit can be defined as an objective systematic process to test the accuracy and completeness of the information presented in a government financial report (Muttaqin *et al.*, 2015). The assessment and fairness of the government's financial statements are concluded in the form of an opinion. Based on Law Number 15 of 2004 and Audit Board of the Republic of Indonesia (BPK) Audit Implementation Guidelines 2014, in the examination of government financial statements, four opinions can be given, consist of unqualified opinion (WTP), qualified opinion (WDP), adverse opinion (TW), and disclaimer of opinion (TMP).

Damanik dan Shauki (2019), one indicator of a good and adequate government financial report is obtaining an unqualified opinion from the Audit Board of the Republic of Indonesia on the audited financial report. An unqualified opinion is a benchmark for central and regional financial transparency which is carried out fairly, free from material misstatement, and following financial regulations (Fazlurahman *et al.*, 2020). However, in regions that receive unqualified opinion opinions, it is not a guarantee that there will be no corruption cases (Auliyana, 2017).

The results of the Audit Board's examination of 541 Local Government Financial Reports (LKPD) in 2019. Of the total 542 regional governments in Indonesia, there is 1 regional government that has not submitted financial reports. Of the 541 Financial Reports in 2019, the Audit Board of the Republic of Indonesia gave 485 unqualified opinions (90%), 50 qualified opinions (9%), and 6 disclaimers of opinions (1%). The achievement of unqualified opinion is higher than the target planned in the 2015-2019 Local go government medium-term (5 years) development plan/s, namely for provinces reaching 100% of the 85% target, districts reaching 88% of the 60% target, and cities reaching 95% of the target 65 %.

According to Amyulianthy *et al.*, (2020) obtaining an unqualified opinion is an achievement and pride for the local government, as well as an effort to successfully realize one of the targets of the Local government's medium-term (5 years) development plan/s, namely the achievement of the unqualified opinion. However, there are interesting facts from the results of the BPK audit of 541 LKPD in 2019, there are still local governments that have not obtained. One local government has never even received an unqualified opinion.

The following is Graph 1 for the last 7 years from 2013 to 2019 local government XX of Indonesia. In 2013 and 2014 received a disclaimer of opinion, in 2015 it received a qualified opinion, then in 2016, it returned to being a disclaimer of opinion, and in the 2017 to 2019 period it received a qualified opinion.



Source: Summary of Examination Results term I Year 2018 and 2020

**Figure 1.** Opinion on Financial Reports of Local Government XX from 2013 to 2019

The reasons for giving the opinion are contained in the report of audit findings of the Audit Board. However, what needs to be studied further are the factors that cause these reasons or the root of the problem in the financial reporting of local government XX. Analyzing the root issue of financial reporting problems based on the 2014 to 2020 audit report.

If for local governments that have obtained unqualified opinions for many years there is no guarantee that the government has been free from fraud in financial reports, then even more so for regions that have never received an unqualified opinion. Therefore, the identification of the root cause of the financial reporting problems of local government XX which never received an unqualified opinion is very important.

Human Resources (HR) is the most important component in a company or organization to run the business it does. Organization must have a goal to be achieved by the organizational members (Niati *et al.*, 2021). Development is a change towards improvement. Changes towards improvement require the mobilization of all human resources and reason to realize what is aspired (Shah *et al.*, 2020). The development of human resources is a process of changing the human resources who belong to an

organization, from one situation to another, which is better to prepare a future responsibility in achieving organizational goals (Werdhiastutie et al, 2020).

This study examines the effect of finding account problems, internal control systems, and compliance in aspects of human resources competence by mapping the root issue. So that the local government of XX failed to obtain an unqualified opinion. This research is expected to provide insight related to the root issue faced by local governments regarding the causes of always failing to obtain the best opinion from the point of view of internal government and external government parties. So that it can be an evaluation for other local governments to control the mapping of the findings made.

The difference between this research and previous studies is that the object of the research is a local government that has never received an unqualified opinion. In addition, this research does not only focus on one period of financial statements but also on several periods of financial statements, namely from 2013 to 2019 and the 2014 to 2020 Report of audit findings of the Audit Board. This study focused on the causes of giving the opinion by using the Audit Board's findings as a preliminary study to develop research, while previous research focused more on account issues. The things that are the focus of development are the mapping of findings and human resources that are thought to be the cause of the local government not having received an unqualified opinion

## II. Research Method

This research is qualitative. Qualitative research according to Creswell, (2014) is an inquiry in which the investigator explores a central phenomenon (one key concept), collects detailed views of participants in the form of words or pictures, analyzes, and codifies data for descriptions and themes. This research includes qualitative research because it explores a phenomenon by collecting views from various sources. The phenomenon studied is related to the problem of not achieving an unqualified opinion.

The qualitative approach used in this research is a case study. A case study is an in-depth exploration of a constrained system (eg, activities, events, processes, or individuals) based on extensive data collection (Creswell et al., 2007). To describe an in-depth view of the quality and complexity of a social program or policy as applied in a particular socio-political context (Leavy, 2014). The case study is used because in this study it is limited to the case of the problem of not achieving the unqualified opinion in the local government XX. The place of research is one of the local governments in Indonesia.

Sources of data in this study in the form of primary and secondary data. Primary data is a source of data that is directly given to data collectors and secondary data is a source of data that is not directly given to data collectors, for example through intermediary other people or with documents (Sugiyono, 2013). Primary data is used in reviewing the most dominant findings from aspects of account problems in local government financial reports, internal control systems, and non-compliance with laws and regulations. By exploring the influence of Human resource competence, the opinion of unqualified opinion cannot be achieved. Meanwhile, secondary data is used as a source for the initial study which is then used as an introduction to obtain primary data.

In addition, the findings are mapped by ranking, along with several provisions such as (1) High frequency of occurrence, (2) Priority findings that still occur in the new year, and (3) Findings that are categorized specifically or specifically not general. These criteria will be applied in mapping the findings of account problems, internal control systems, and non-compliance. Primary data sources come from in-depth interviews with internal parties, consisting of the relevant local government XX, and external parties, external auditors

from the Regional Audit Board of Indonesian with branch XX. Meanwhile, secondary data comes from the Audit Report, books, journals, laws, and information *online* that are considered relevant.

The strategy used to increase the validity and reliability of this research is triangulation. Merriam & Tisdell, (2016) describe triangulation as using several data sources or data collection methods to confirm the emergence of findings. Triangulation in this study was carried out based on several sources of data derived from primary data and secondary data. Primary data were taken from four different categories of informant groups, consisting of (1) Regional Secretary, (2) The Officer of Report on Local Government Finances, (3) Inspectorate as an Internal Auditor, and (4) external auditor of regional audit board of the Republic of Indonesia with branch XX as an external party. The data from the interviews were sent back in the form of scripts to the informants for validation. Meanwhile, secondary data comes from the Report of audit findings for 2014 to 2020 which consists of Chapter 1: findings in regional financial reports, Chapter 2: findings of the internal control system, and Chapter 3: non-compliance in regulations, which can be directly accessed on the official website page in <https://e-ppid.bpk.go.id/> to submit a data request.

### III. Results and Discussion

#### 4.1 Results

Based on the audit report, there were 3 of 17 (seventeen) findings that occurred from 2013 to 2019. the findings are mapped by ranking, the criteria consist of (1) High frequency of occurrence, (2) Priority findings that still occur in the new year, and (3) Findings that are categorized specifically or specifically not general.

The results based on opinions show that there are account problems that continue to be found every year. Table 1 presents the types of problems found in the last seven years. Some accounts appear as recurring findings, such as fixed asset accounts that appear 7 (seven) times in the last 7 (seven) years, then followed by trade payable problems that appear 5 (five) times, and followed by goods & services expenditures that occurred 4 (four) times,

**Table 1.** Findings of XX regional government account problems in 2013-2019

Findings	2013	2014	2015	2016	2017	2018	2019	Total	Frequency per year
	*2014	*2015	*2016	*2017	*2018	*2019	*2020		
Fixed Assets	1	1	1	1	1	1	1	7	7
Trade Payable			1	1	1	1	1	5	5
Goods and Services Expenditure			1	1			1	4	4

\* : year of audit

Source: Audit Report of Local government XX of Indonesia in 2014 to 2020 (processed)

Apart from account problems, Audit findings related to Internal Control systems are also high. The number of findings is not always the cause of the failure of obtaining an unqualified opinion because it also considers the level of materiality. However, the number of findings on internal control shows the weakness of control in local government XX. 31 findings have occurred from 2013 to 2019, with an average of 13 findings/year, a minimum number of 10 findings, and a maximum number of 17 findings. Table 2. Presents the mapping of the findings of the most dominant internal control weaknesses top 3 of 31 findings in local government XX for the last seven years.

**Table 2. Findings in the Internal Control System Report**

Findings	2013	2014	2015	2016	2017	2018	2019	Total	Frequency per year
	*2014	*2015	*2016	*2017	*2018	*2019	*2020		
Management of Fixed Assets	1	1	1	1	1	1	1	7	7
Inventaritation of debt	1	1	1	1	1	1	1	7	7
Administration of long-term investment	1	1	1		1	1	1	6	6

\* : year of audit

Source: Audit Report of Local government XX of Indonesia in 2014 to 2020 (processed)

In addition, the number of findings of non-compliance with laws and regulations is also experiencing an increasing trend. There are 38 findings that can be categorized. Table 3 presents the top 3 findings the most dominant non-compliance findings.

**Table 3. Findings in the Non-compliance Report**

Findings	2013	2014	2015	2016	2017	2018	2019	Total	Frequency per year
	*2014	*2015	*2016	*2017	*2018	*2019	*2020		
Direct Expenditure	2				1	1	1	5	4
Lack of work volume	1		1	1		1	1	5	5
Delay in Completion of Work	1		1	1		1	1	5	5

\* : year of audit

Source: Audit Report of Local government XX of Indonesia in 2014 to 2020 (processed)

## 4.2 Discussion

### a. Detail Mapping of Findings in Accounts Problem

#### 1. Fixed Assets

Problems with fixed assets are account problems in the Balance Sheet report that have a material value. One type of problem with fixed assets is recording the useful lives of fixed assets that are not following the provisions. In 2019, the value of the inappropriate useful life reached almost Rp.29 billion and increased from the findings in 2018 to almost Rp.17 billion. Further investigation shows that these problems occurred in 20 Local Government Work units and the majority came from the acquisition year of 2011 to 2019.

The second type of fixed asset problem is the existence of fixed assets that have not been capitalized to parent assets. Fixed assets that have not been capitalized to parent assets in 2019 reached around Rp.13.5 billion. This value is lower than the findings in 2018 which reached around Rp. 14.6 billion. Fixed assets that have not been capitalized to the parent assets include 93 types of goods from 4 (four) Local Government Work Units and occurred from 2010 to 2017.

The third type of fixed asset problem is the recording of fixed assets which is carried out in logs. In 2019, the error in recording the value of fixed assets in logs reached around Rp. 86.6 billion. This finding is a high increase from the findings in 2018 of Rp. 37.4 billion. The increase came from the recording of fixed assets in logs with the acquisition year 2019 of around Rp. 63 billion. This error in recording fixed assets in logs has occurred in the year of acquisition of fixed assets in the period 2007 to 2019.

The fourth type of problem with fixed assets is the recording of fixed assets that are not following the type of asset. The value of finding errors in recording fixed assets that are not by the type of assets in 2019 reached around Rp. 14.9 billion. This value increased from the findings in 2018 of Rp.7.8 billion or an increase of about 53% of the total value of asset type errors. This error occurred in 13 OPDs with a range of asset acquisition years in the period 2004 to 2019.

Three of the four types of fixed asset problems still occurred until 2019. Only one of the four findings that no longer occurred in 2019 was the finding of assets that had not been capitalized to parent assets. However, these findings have not yet been followed up.

## 2. Trade Payable

Payable Expenditures or trade payable is one of the short-term liability accounts in the balance sheet that has a material misstatement. The value of trade payable that was found from 2013 to 2019 reached Rp. 20,205,043,565.21 which consisted of trade payable that did not have details of Rp. 16,505,503,813.21 and special obligations of Rp. 3,699,539,752.10. In the report of audit findings, there is a statement from the Head of Local Government Finance and Asset Office which states that the trade payable occurred in 2009 and 2010, no longer has details of the collection party or the item of work, and no documents related to the trade payable have been found in the Local Government Work Unit. Therefore, it is no longer possible to charge back to third parties.

## 3. Goods and Services Expenditure

In the interview, a resource person from the external auditor explained that the findings of the goods and services expenditure were accounted for with insufficient and appropriate evidence. As a result, the auditor does not have reasonable assurance that the expenditure has been incurred (does not meet the occurrence assertion) and has been recorded in its entirety (does not meet the completeness assertion) as valid expenditures. These problems occur at the implementing and reporting levels in the local government work units.

### **b. Detail Mapping of Findings in Internal Control System Problem**

#### 1. Management of Fixed Assets

Problems with fixed assets are not only found in their recording but also occur in the control over their management. Weaknesses in controlling fixed assets in the Local Government XX include proof of ownership of regional property in the form of land and vehicles that are incomplete and the use of fixed assets of vehicles that have not been orderly.

The problem of securing fixed assets that are property of the region is caused by weak control from previous years and has accumulated. This was revealed by the informant, the regional secretary, and the officer of the Report on local government finances. Documents and evidence of fixed assets obtained in the past are also difficult to obtain. This fixed asset management problem occurs in almost all Local Government Work Units, which occurs in 29 of 44 Work Units. An informant from the Internal Auditor stated that this was due to a lack of commitment to implementing policies and regulations. Meanwhile, the audit board assessed that the problems in the management of fixed assets were caused by several things, consist of:

- a) The low commitment of the Local Government XX, in this case, the District Head who have the power to manage the local government property, to follow up on the recommendations of the Audit Board's findings related to fixed assets issues.
- b) The Head of Assets Division of Local Government Finance and Asset Office has not been optimal in securing proof of land and vehicle ownership.
- c) Lack of coordination related to the use of regional property between the Regional Secretary, the Head of Work Units as the user of the goods, and the Head of the Assets Division of the Local Government Finance and Asset Office; and

- d) Not carrying out the duties of guidance, supervision, and control by the Heads of Work Units as users of goods, on assets that are in their control.

## 2. Inventaritation of debt

Administration in Local Government XX is related to an audit report regarding expenditure debt from 2013 to 2019. An informant from the Internal Auditor and the Officer of Report on Local Government Finances stated that the value of the trade payable was presented without adequate evidence, both documents and forms of work related to the debt. The value of the expenditure payable came from the records of 2009 and 2010. There were no additional findings of control weaknesses related to the trade payable in the following years. However, the findings of controlling were still recorded until 2019 because the Audit Board's follow-up recommendations had not been implemented. An informant from the External Auditor stated that based on an interview with the Head of Local government finance and Asset office of Subdivision, information was obtained that in 2019 there had been no activities carried out related to the follow-up to the trade payable problem, so the condition was still the same as the previous year.

According to sources from the Internal Auditor, this problem occurred because the verification team at the Local Government Work Unit did not work. The same thing was also expressed by an informant from the External Auditor. The verification process should be carried out at the time of recording transactions in the Work Unit, only to be carried out at the reporting entity. Another cause of the problem is the absence of policies and procedures related to trade payable. An informant from the Officer of Report on Local Government Finances stated that the preparers of financial reports and budget users did not understand the management of the inventaritation of debt because there was no written policy.

## 3. Administration of long-term investment

The internal control system's problem with long-term investment occurs in the Permanent Investment account at the Local Regional Water Supply Company. In the basic paragraph for giving the opinion in 2019, this issue has been omitted. However, in the Report of audit findings of the internal control system, this problem is still raised as a finding of control weaknesses in 2019. As mentioned in the report (BPK RI. 2020) and explained above, this problem is related to differences in the recognition of capital participation records between the Local Government XX and the Local Regional Water Supply Company. The complexity of the problem has increased because the company did not compile financial reports for 2014 and 2017. The company only compiled financial reports for 2018 and 2019 in 2020.

These problems have been a finding from 2017 to 2019. In interviews, an informant from External Audit stated that the follow-up actions taken were only in the form of instructions from the District Head to the Office of Local Government Chief Financial Officer, the instructions issued by the local government are not supported by policies to resolve these problems. However, Information from the Officer of Report on Local Government Finances and the Internal Auditor stated that settlement efforts have been carried out and completed in 2020. The company, Local Government XX, and Public Accounting Firm have sat down together to resolve the problem so that The company financial report in 2020 has been audited and obtained a fair opinion.

### **c. Detailed Mapping of Finding in Compliance Problem**

#### **1. Direct Expenditure**

The issue related to direct expenditure occurred in 3 Local Government Work Units consisting of Regional General Hospitals, Leadership Education and Training (2018), and the Public Housing and Land Affairs Office (2017). OPD with non-Regional Public Service Agency status are not allowed to spend their income or levies directly but must go through a budgeting process.

The problem of direct expenditure that still occurs in 2019 is only found in Regional General Hospitals. The Regional Hospital Revenue Treasurer does not deposit all his income into the regional treasury but is used directly by the Work Unit. Based on the results of the audit report, the findings of this issue occurred in Maternity Guarantee claims. The majority of direct use is made for payments for medical and paramedical services, which is around 66%, for medicines as much as 33%, and the rest is for Office Stationery and printers less than 1%.

#### **2. Lack of Work Volume**

The next issue is related to the shortage of work volume. This problem occurred in 14 packages in 5 Work Units in 2019 with a value was Rp.491,731,973.89 and 28 packages in 5 OPDs in 2018 with a value was Rp.762,764,742.99. In general, the lack of work volume is caused by a lack of supervision and lack of commitment from the implementers. An informant from the Officer of Report on Local Government Finances believed that supervisors, implementers, Financial Administration officers, and Technical Implementation Officers have the task of supervising the physical implementation and the cause of the weakness of this physical implementation supervision is due to a lack of integrity. The same thing was also conveyed by resource persons from the Inspectorate and BPK.

The description above shows that non-compliance problems in the form of a lack of work volume are generally caused by the lack of supervision carried out by the work supervisory team and the commitment of the implementers in carrying out the contract. The parties who carry out supervision such as Financial Administration Officer, Technical Implementation Officers, and supervisory consultants are not careful so there is a shortage of work volume. The lack of integrity of the implementers of activities (compliance with contracts) also contributed to the shortage of work volume. In addition, the Head of the Work Unit has not been optimal in supervising and controlling his subordinates. This lack of work volume can be more easily followed up by asking partners to pay back the findings of the lack of work volume to the local government.

#### **3. Delay in Completion of Work**

The next problem of non-compliance is in the form of delays in completing work. The problem of late completion of work is almost the same as non-compliance in the lack of work volume. This problem also occurs in several Local Government Work Units and repeats itself with new findings in the following years. For example, in 2019 there were 6 packages in 3 Work Units that experienced delays in completing work resulting in a late fine was Rp. 87,328,159.35 and in 2018 there were 14 packages in 2 OPD with a late fine was Rp. 2,119,365,951.14. This non-compliance is more administrative. The settlement of delays is followed up by paying a sum of money (fines) for the delay.

#### **d. Competence Problems in Achieving Unqualified Opinions**

The problem of Human Resource competence is not sufficient, this can be seen from 3 aspects including knowledge, experience, and behavior. Knowledge is a theoretical or procedural understanding of the education system, training courses, and cognitive processes (learning, reasoning, and so on). Preparing financial statements is closely related to the background of the accounting profession and understanding of accounting standards. In local government XX control system problems, compliance is the finished product of the problem of misstatements in financial information reports. These problems can be seen, for example, in the findings of fixed assets and long-term investments. The most difficult fixed asset problems above are records that are not by government accounting standards, minimal knowledge of classifying assets by type causes the discovery of fixed assets in logs. The log assets have an impact on the useful life value which cannot be trusted, the normative prerequisite is relevant and related to predictive value. Predictive value is information to predict future value using past information. This is due to the lack of financial administration officials with an accounting background owned by the local government XX. The value of fixed assets that are misrepresented can be followed up by adjustments. However, due to the lack of knowledge related to the adjustment of financial information, this problem was not resolved by the local government XX. Then the problem of long-term investments, there is a difference in recognition between the value of the long-term investment of the local government XX and the capital recorded in the Local Drinking Water Company financial report. In addition, from 2017 to 2019, The company as a regional public service agency did not make financial reports. It was only in 2020 that made financial reports at once for 2019. From these problems, it was found that there were problems with normative prerequisites related to comparability, the information contained in the financial statements would be more useful when compared to the previous period. Comparisons in the financial statements are carried out to determine the same accounting policies from year to year and to determine the performance of Local Drinking Water Company as a public service agency.

Behavior in Human Resource competence relates to individual character, human nature, or the quality of a person to act and react. There are indications of behavioral deviations in the local government XX, this can be seen from the findings of the problem caused by irregularities, for example, the recording of transactions is not based on evidence of transactions, but the budgeted value adopted into the nominal recorded in the financial statements. As a result, after an audit was carried out during the evidentiary process, the Local Government Work Unit had difficulty showing evidence. This violates the reliability aspect in the preparation of financial statements, namely honest presentation and can be verified (verifiability). Another form of behavioral deviation is direct use in hospitals, the regulation is that all forms of revenue/income from Non-Public Service Agency if you want to spend it will go through the budgeting process. However, the Regional General Hospital entity still uses it directly for emergency reasons. Not only that, but behavioral deviations in the Regional General Hospital also occur in the rights of Social Health Insurance patients who should receive a refund of medical expenses but are abused by the Regional General Hospital by making direct expenditures of which accountability cannot be proven. The form of behavioral deviation can also be seen from the findings of a lack of work volume and delays in completing work. There are indications of fraud or lack of competence because weaknesses occur at tiered levels such as budget users not depositing documents, financial administration not recording according to evidence of accountability, and verification officials not checking.

## IV. Conclusion

Mapping of findings that can be mitigated by the other local government in achieving an unqualified opinion from the Audit board include fixed assets and management of fixed assets, trade payable, especially in inventaritation of debt, goods and services Expenditure, Direct Expenditure in Regional General Hospital, administrative violations in Lack of work volume and delay in completion of Work, the last is a permanent or long-term investment in Local Drinking Water Company or other public service agencies.

The problem of Human Resource competence can be seen from 3 aspects including knowledge, experience, and behavior. Preparing financial statements is closely related to the background of the accounting profession and understanding of accounting standards. The problems of fixed assets that are the most difficult to overcome are records that are not by government accounting standards, minimal knowledge of classifying assets by type causes the discovery of fixed assets in batches. The log assets have an impact on the useful life value which cannot be trusted, the normative prerequisite is relevant and related to *predictive value*. Lack of understanding in the preparation of financial statements also occurs in Regional Public Service Agencies. In the Local government financial administration Apparatus, the average age of employees is in the range of 40 years. However, they do not yet have an adequate understanding, especially in providing evidence of transactions, provisions for spending on goods and services, classifying assets, and determining useful lives. Mutations in the apparatus also contributed to the impediment in the preparation of Local Government financial reports. There were indications of behavioral deviations in the local government XX, this can be seen from the findings of the problem caused by irregularities, such as recording transactions not based on evidence of transactions but budgeting values. As a result, after an audit was carried out during the formation process, the Local Government Work Unit had difficulty showing evidence. This violates the reliability aspect in the preparation of financial statements, consisting of honest presentation and can be verified. There are indications of fraud or lack of competence because weaknesses occur at tiered levels such as budget users not depositing documents, financial administration not recording according to evidence of accountability, and verification officials not checking.

As for suggestions that can be given, First supporting documents/proof of accounting in all Local Government Work units must be carried out following applicable standards according to the type of document required. The financial administration officer must ensure that the value is recorded through documents and can be traced to its existence. It also requires commitment and adequate knowledge of the apparatus directly involved.

Second, verification at a tiered level must be carried out such as financial administration officers, Head of Work Unit, Head of Local government finance and Asset office at the time of recording, not at the time of reporting. Gradual control is carried out to minimize control weaknesses in findings that have high risks, such as the suitability of recording fixed assets, supporting documents for third parties both debts and receivables, goods and services expenditure in all Work Units.

Third, for public services that require flexibility in financial management such as Regional General Hospitals, a status change is made to become a regional public service agency. These changes were made to overcome the problem of direct Expenditure for reasons of urgency. This change in this status can also be applied to health centers, recreation areas, or other regionally owned enterprises.

Fourth, for problems that cannot be followed up or past problems such as problems with fixed assets, debts, and receivables, efforts can be made to eliminate them. Previous findings that cannot be followed up can be submitted for status 4 (cannot be followed up with valid reasons) by including studies/considerations and previous efforts that have been made to follow up on the problem.

Fifth, for the problem of knowledge of the apparatus, efforts can be made to recruit employees, especially in the financial administration profession in the work unit from the accounting program, or can also conduct quarterly guidance initiated by the Local government finance & Asset office and the Inspectorate.

For further researchers, mapping the findings can be done by not focusing on one public entity. Instead, do a mapping of all public entities that did not get an unqualified opinion in the last year. So that a more comprehensive mapping of findings is obtained to create a new theory related to finding-based control (risk). The finding-based control is a follow-up step from the risk-based audit theory.

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