

THE IMPACT OF LOCAL GOVERNMENT CHARACTERISTICS AND AUDIT FINDINGS OF BPK TO LOCAL GOVERNMENT PERFORMANCE (STUDY ON DISTRICTS AND CITIES IN SOUTH SULAWESI PROVINCE DURING 2012-2015)

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Abstract

The purpose of this research is to investigate the influence of Local Government Characteristics and Audit Findings of BPK that will impact on Local Government Performance in 2012 until 2015. By using the application Eviews 10, this study uses panel data regression where data are cross sectional and time series are combined. In the previous study, the results of hypothesis testing simultaneously the same with the final test results are the characteristics of local government in which there are three variables namely the level of regional wealth, the level of dependence on the central government, the size of local government and one variable outside the characteristics of local government is Audit Finding BPK has influence on Local Government Performance. By using the calculation of contribution of Original Revenue, contribution of General Allocation Fund, Natural logarithm of Total Asset of Local Government, and Audit Finding of BPK (in rupiah) divided by Total Budget of Local Government in each Regency and City. The result shows the difference with the previous hypothesis that is partially the variable of the Regional Wealth Level, the size of Local Government and Audit Findings of BPK has no effect on Local Government Performance, while the variable Level of Dependency on the Central Government has a negative effect on the Performance of South Sulawesi Provincial Government in 2012-2015.

Key Words: characteristics of local government, regional wealth level, level of dependency on the central government, the size of local government, audit findings BPK

JEL Classification:

1. INTRODUCTION

South Sulawesi Province is a province established in 1960 with the name of the first level region of South-Southeast Sulawesi Province where the capital center was originally located in the city of Makassar. Currently, South Sulawesi Province has 3 Cities and 21 Districts covering: Makassar City, Pare-Pare City, Palopo City, Bantaeng District, Barru District, Bone District, Bulukumba District, Enrekang

District, Gowa District, Jeneponto District, Selayar Islands District, Luwu Utara District, Luwu Utara District, Luwu Utara District, Maros District, Pangkajene and Islands District, Pinrang District, Sidenreng Rappang District, Sinjai District, Soppeng District, Takalar District, Tana Toraja District, North Toraja District and Wajo District UU no. 47 of 1960 on the Formation of the First Level Region of South-East Sulawesi and North-Central Sulawesi. And currently has a population of 8,432,200 from the latest statistical data obtained from the Central Bureau of Statistics of South Sulawesi Province in 2014, which, when measured by the total population in Indonesia, the total population living in South Sulawesi Province is approximately 3.34% of the total population of Indonesia.

South Sulawesi province also in 2014 became the center of economy and trade in Eastern Indonesia, where it can be seen that the province also has a strategic location that connects the Asian and Australian continents as the entrance gateway to Eastern Indonesia, as well as adequate infrastructure such as ports and airport that will help the distribution of goods to the eastern region of Indonesia. Judging from the ranking and performance status performed by the Ministry of Home Affairs of the Republic of Indonesia in 2015, the highest ranking is still owned by the Province domiciled in Java, but South Sulawesi Province is still ranked and the highest performance of each Province in Sulawesi Island ranked seventh for the whole of Indonesia.

Table 1.1

Establishment of Ranking and Performance Status of Local Government Implementation on National by 2015

No.	Province	Rank		Status
		Number	Skor	
1	East Java	1	3,1802	Highest
2	West Java	2	3,1760	Highest
3	East Kalimantan	3	3,1469	Highest
4	DKI Jakarta	4	3,0560	Highest
5	Central Java	5	3,0539	Highest
6	West Nusa Tenggara	6	2,9079	High
7	South Sulawesi	7	2,8971	High
8	DI Yogyakarta	8	2,8707	High
9	Gorontalo	9	2,8438	High
10	Riau Island	10	2,8263	High

Source: <http://www.otda.kemendagri.go.id/> (2017)

Based on the data obtained, it can be seen, in 2012 South Sulawesi Province has a higher performance score of 2.7260 compared to the year 2013 of 2.6905 where there is a difference of 0.0355, but the audit findings are more high compared to the value of findings in 2012 amounting to Rp310,148,500,000,000,- compared to the year 2013 amounting to Rp229,632,020,000,000,- of which there is a difference of Rp80,516,480,000,000, which is a sign that the value of the findings is higher, but the performance for the Local Government is also higher. This is different from that described by Utomo (2015) which states that the higher BPK audit findings the lower the Performance of Regional Government due to the higher level of loss that must be accepted by a local agency and follow the previous research conducted by Mustikarini (2012).

Table 1.2

Value of Audit Findings and Performance Scores of Regency and City Government of South Sulawesi Province in 2012 and 2013

Fiscal Year	Information	Status
2012	Value of Findings	Rp310.148.500.000.000,-
	Performance/Score	High (2,7260)
2013	Value of Findings	Rp229.632.020.000.000,-
	Performance/Score	High (2,6905)

Source: <http://bpk.go.id> and <http://otda.kemendagri.go.id> (Data processed 2017)

2. LITERATURE REVIEW

Regional Autonomy

According to Law no. 23 of 2014 reveals that regional autonomy is the right, authority and obligation of autonomous regions to regulate and manage their own Government Affairs and the interests of local communities in the system of the Unitary State of the Republic of Indonesia. In a book made by Sujarweni (2015: 230) reveals that regional autonomy is a freedom possessed by the Regional Government allowing it to make its own initiatives, manage and optimize local resources. With the freedom to take initiative is a basis for the provision of regional autonomy is able to do according to local needs.

Public sector accounting

According to Abdul Halim, et al (2014: 3) states that public sector accounting is a process of identifying, measuring, recording and reporting economic transactions (financial) of an organization or public entity such as government, Non-Governmental Organization and others that serve as information in order to take economic decisions by the parties in need. Another opinion according to Sujarweni (2015: 1) reveals that public sector accounting is a service activity consisting of recording, classifying and reporting events or economic transactions that will ultimately produce a financial information that will be needed by certain parties for decision making, which applied to the management of public funds in the state high institutions and departments under it.

Local Government Performance

Performance is a description of the level of achievement of the implementation of an activity, program, or policy in realizing the goals, objectives, mission and vision of the organization contained in strategic planning of an organization (Mahsun et al, 2011: 141).

The performance of Regional Government can be interpreted as a description of the level of achievement of the results of the implementation of an activity or program of the Regional Government in realizing the objectives, objectives, mission and vision of the Region as contained in the Regional Planning Document used as accountability to the public and should be informed to the community and stakeholders the level of achievement of results, which is associated with the mission and vision of the organization and the positive and negative impacts of operational policies that have been taken (Suripto, 2011: 1).

Performance Evaluation of Local Government Implementation

Minister of Home Affairs Regulation no. 73 of 2009 states that one of the performance evaluations undertaken by the government against Local Government is done by using the Evaluation of Local Government Implementation Performance (ELGIP) using Local Government Implementation Report (LGIR) as the main source of information. ELGIP is a systematic process of data collection and analysis systematically and continuously on the performance of local government by using performance measurement system (Utomo, 2015). The purpose of the evaluation of governance by Gamawan Fauzi quoted by Sedyaningsih (2014) is to know the success of local government in managing the region and the results achieved. Implementation of ELGIP includes measuring the performance of provincial governance, ranking, and determining the performance status of existing governance in provinces, districts and cities nationally. Then the results of these assessments are used for performance improvement capacity building programs and fostering the implementation of local government (Sedyaningsih, 2014).

Characteristics of Regional Government

According to the Great Indonesian Dictionary (KBBI) reveals that the notion of characteristic is something that has a characteristic in accordance with certain *perwatakan*. According to research made by Utomo (2015) revealed that the characteristics of Regional Government is a special feature inherent in the Regional Government that marks and distinguishes it from other regions. According to some previous studies, it was revealed that the characteristics of the Regional Government consisted of the level of local government wealth measured by the ratio of the Local Revenue and divided by total regional revenues, capital expenditure using the ratio of capital expenditure divided by total spending, the level of dependence on the Central Government measured using the General Allocation Fund divided by total revenue, the size of Local Government by calculating the natural logarithm of the total assets of Local Government, then the findings of BPK audit with audit findings ratio (rupiah unit) divided by total performance budget (Utomo, 2015).

Regional Wealth Level

The level of regional wealth represents income derived from the region itself proxied based on the acquired PAD (Sedyaningsih, 2014). In other journals it also mentions the same thing as in the journal according to (Sudarsana and Rahardjo, 2013) which reveals that the Original Income is compared to the total income as a measurement proxy and to find the amount of the contribution of the Original Regional Revenue to the level of regional wealth, this is also in line with research made by (Mustikarini and Fitriasari, 2012) and also in the opinion of Retnowati (2016) which reveals that the level of regional wealth is a representation of the level of prosperity of a region. Accordingly (Sedyaningsih, 2014) the formula used to calculate the level of regional wealth is as follows:

$$\text{Regional Wealth Level} = \frac{\text{Local Original Revenue}}{\text{Total Revenue Area}}$$

Level of Dependency on Central Government

The level of dependence on the Central Government is proxied by using the General Allocation Fund which is a transfer fund from the Central Government to assist the Local Government in managing its financing and expenditures (Sedyaningsih, 2014). According to Law no. 33/2004 cited from Raviyanti's (2016) study on Financial Balance states that the General Allocation Fund, is a fund derived from the

revenues of the State Budget allocated to the Province and Regency/City for the purpose of even distribution inter-regional financial capability to fund regional needs for decentralization. According to the formula used by (Utomo, 2015) to measure the degree of dependence on the Central Government are:

$$\text{Level of Dependency on Central Government} = \frac{\text{General Allocation Fund}}{\text{Total Revenue Area}}$$

Size of Local Government

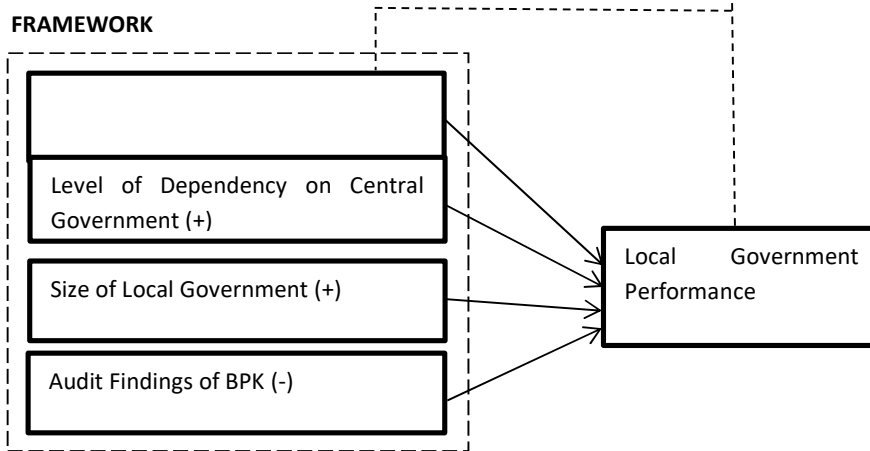
The size of the Local Government or known as the size of the Regional Government describes how large the area is by looking at the total economic resources owned by the region or through its total assets (Sedyaningsih, 2014). According to Home Regulation no. 17 of 2007 revealed that the assets of the region is one element in the framework of government administration and service to the community. Therefore, it must be managed properly and properly so that it will manifest the management of local goods that are transparent, efficient, accountable, and the certainty of value that can function in accordance with the main tasks and functions of local government. The formula according to (Harumiati and Payamta, 2014) to calculate the size of Local Government is:

$$\text{Size of Local Government} = \text{Natural Logarithm (Total Assets)}$$

Audit Findings of BPK

According to SPKN (2017) cited from a study by Husna (2017) states that examination findings containing initial indications of fraud are presented in the LHP without explaining in detail the alleged fraud. However, the examiner focuses more on the explanation of the impact of the findings on the subject matter / information subject to the purpose of the examination. The examiner discloses his findings with elements that can be adapted to the purpose of the examination. For example PDDT (inspection with a specific purpose) in the form of compliance checks then the elements of the findings that must exist are conditions, criteria and consequences. The element of the cause is optional depending on the depth of the examiner's test to determine the underlying cause of non-compliance. In this case, the audit findings variables are measured using the percentage of the division between Audit Findings (in Rupiah) divided by the total local budget (Sudarsana and Rahardjo, 2013). Thus, the formula for BPK audit findings is:

$$\text{Audit Findings of BPK} = \frac{\text{Audit Findings (in Rupiah)}}{\text{Total Shopping Budget}}$$



3. METHODOLOGY

3.1 PARTICIPANTS

This type of research uses descriptive verification research with a causal nature. Causal in this study aims to obtain information about the current state and provide an overview of the influence of local government characteristics and BPK audit findings analyzed objectively against the performance of local government, both simultaneously and partially. This research uses quantitative data type with scale ratio. Quantitative data is data that is numerical or numerical or can be measured with certainty.

Population in this research is Regency/City that exist in South Sulawesi Province year 2012-2015. Sampling technique in this research is done by taking non-probability sampling with purposive sampling method. According Sugiyono (2014: 120) non-probability sampling is a sampling technique that does not provide equal opportunities / opportunity for each element or member of the population to be selected into a sample and purposive sampling is a sampling technique based on the characteristics or characteristics (goals) set by previous researchers (Dantes, 2012: 46).

Table 3.1 List of Sample Research

No	District Name	No	District Name	No	Cities Name
1.	Bantaeng	11.	Maros	20.	Makassar
2.	Bone	12.	Pangakajene dan Kepulauan	21.	Palopo
3.	Bulukumba	13.	Pinrang	22.	Pare-Pare
4.	Enrekang	14.	Sidenreng Rappang		
5.	Gowa	15.	Sinjai		
6.	Jeneponto	16.	Soppeng		
7.	Kepulauan Selayar	17.	Takalar		
8.	Luwu	18.	Tana Toraja		
9.	Luwu Timur	19.	Wajo		
10.	Luwu Utara				

Source: <https://sulselprov.go.id> (2018)

3.2 MEASUREMENTS

Descriptive Statistics Analysis

According to Rasyad (2014: 7) descriptive statistics is a science that is a collection of rules about the collection, processing, assessment, and the conclusion of statistical data to describe a problem. Descriptive statistics according to Sugiyono (2012: 148) have the presentation of data such as graphs, tables, diagrams, pictograms, median calculations, modes, mean, decile calculations, presentations, data deployment calculations using average calculations and standard deviations and percentage calculations. This research uses descriptive analysis in the form of graph, calculation mode, median, mean, and calculation of data dissemination by using standard deviation.

Panel Data Regression Analysis

In regression analysis, there are three forms of time series, cross section, and panel data. According to Ansofino (2016: 141) panel data regression is a combination of time series and cross section with the aim to avoid or overcome the problem of omission of variables. If each cross section unit has the same time series data, then the model is called a balanced panel panel regression model (balance panel), if the number of time series observations and cross section units is not the same, it is called an unbalanced data panel regression. To model the data panel regression using software eviews version 10. The regression model for panel data is as follows:

$$Y_{it} = \alpha + X_{1it}\beta_1 + X_{2it}\beta_2 + u_{it}$$

Where:

Y_{it} = Local Government Performance

α = Interception coefficient (serves as a scale)

β_1 - β_2 = Slope coefficient

X_{1it} = Characteristics of Local Government

X_{2it} = Audit Findings CPC

u_{it} = Another disturbance factor

For panel data regression, there are three methods generally applied in this method:

Pooling Method or Fixed Coefficient Between Time and Individual (Common Effect)

This technique is not the same as making regression with cross section data or time series. However, for panel data, before creating a regression we must combine cross-section data with data. This combined data is then treated as an observational entity to estimate the model by the OLS method. This method is known as the Common Effect estimation. However, by combining data, we can not see the difference between individuals and between time. Or in other words, in this approach does not pay attention to the dimensions of individuals and time. It is assumed that the behavior of data between firms is the same in various periods.

Fixed Effect Model

In the previous discussion we assume that intercepts and slopes are the same between time and between firms. However, this assumption is clearly very far from reality. The existence of variables that are not

all entering in the model equation allows for the existence of an intercept that is not constant. Or in other words, this intercept may change for each individual and time. Thought is the basis for the idea of forming the model.

Random Effects Model

If in the Fixed Effect Model, the differences between individuals and or time are reflected by interception, then in the Random Effects Model, the difference is accommodated by error. This technique also takes into account that errors may be correlated along time series and cross section.

3.3 DATA ANALYSIS

Table 3.2

Descriptive Testing Results

	Local Government Performance	Wealth Level	Level of Dependency	Local Government Size	Audit Findings of BPK
Mean	2,75	8,50%	61,03%	24,75	1.11%
Maximum	3,46	28,07%	72,36%	29,95	10.12%
Minimum	0,67	0,57%	40,60%	14,05	0.00%
Std. Dev.	0,58	5,14%	7,60%	5,97	1.98%
Observation	88	88	88	88	88

Source: Processed Data (2018)

From these data it can be seen that there are data that have deviation standard which is bigger than the mean value that is Local Government Performance, Local Government Property Level, Dependency Level to Central Government, and Audit Finding of CPC so that operational variable contained in the above table is included in group or not varied and vice versa.

In all samples produced by Regency and City in South Sulawesi Province 2012-2015 have mean value of Regional Wealth Level of 8.50%, maximum value of Regional Wealth Level of 28.07% achieved by Makassar City in 2015, value minimum of 0.57% recorded is Jeneponto District in 2014, the standard deviation value recorded at 5.14% which is smaller than the mean or average of 8.50%, therefore it can be concluded that the data Wealth Level The regions in the data group do not vary.

In all samples produced by regencies and municipalities in South Sulawesi Province from 2012 to 2015 has an average of the dependency variable on central government is 61.03%. Data from the sample has a maximum value of 72.36% and recorded in Sinjai District in 2013. Then the minimum value of Dependency on the Central Government of Makassar City in 2015 is 40.60%. Standard deviation for Dependency on Central Government is 7.60% smaller than the average value of 61.03% so it can be

concluded that the dependent variable data rate on the Central Government in the data group does not vary.

In all samples produced by regencies and municipalities in South Sulawesi Province from 2012 to 2015 has an average of the variable size of Local Government is 24.75. From this sample that has a maximum value of 29.95 obtained by the city of Makassar in 2014 and the minimum value of 14.05 obtained by Wajo Regency in 2013. Then the standard deviation of variables of local government size of 5.97 which is smaller from the average that is in the data that is equal to 24.75. So it can be concluded that the data variable size of the Regional Government data are grouped and the data does not vary.

In all samples produced by regencies and cities in South Sulawesi Province from 2012 to 2015 has an average of BPK Audit Finding variable is 1.11%. From the data that has been presented the maximum value for this variable is 10.12% and the minimum value is 0.00%. Standard deviation of which is greater than the average of 1.98% and it can be concluded that the data of the Audit Findings BPK data is not clustered and varied.

In all samples produced by regencies and municipalities in South Sulawesi Province from 2012 to 2015 has averages from Local Government Performance 2.75. From this sample has a maximum value of 3.46 recorded in Pinrang District in 2015 and a minimum value of 0.67 recorded recorded in Soppeng District in 2012. Standard deviation of 0.58 which is smaller than the average recorded average of 2.75, so the sample data is clustered and the data does not vary.

Selection of Panel Data Regression

A. Chow Test

Chow test is a test used to choose between common-constant model and fixed effect model. Decision making uses the following criteria:

H0: Common Constant Model (PLS)

H1: Fixed Effect Model (FEM)

With a significance level of 5%, if the probability value for cross-section chi square < 0.05 , then H0 is received or panel data regression using the common-constant model. The following is Table 4.9 which is testing chow test.

Table 3.3

Chow Test Result

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	2.772972	(21,61)	0.0010
Cross-section Chi-square	58.307467	21	0.0000

Source: EViews 10 (2018)

Based on chow test result proved that p-value cross-section of chi square is 0,0000 <0,05 and p-value F test 0,0010 <0,05 so this research model use Fixed Effect Model (FEM). The Fixed Effect Model (FEM) was chosen because the value of p-value cross-section chi square and p-value F test has a value smaller than the significance level of 5%.

B. Hausman test

Hausman test is a statistical test used to be the basis of consideration in choosing whether to use the fixed effect model or random effect model. This test is performed using the following hypothesis:

H0: Random Effect Model (REM)

H1: Fixed Effect Model (FEM)

To find out if fixed effect model is better than random effect model then use hausman test. This hausman test statistic follows the statistical distribution of chi square with degrees of freedom by the number of independent variables. The null hypothesis is rejected if the statistical value of the hausman test is greater than the critical value for the chi-square statistic. This means that the proper model for panel data regression is the Fixed Effect Model (FEM). Here is a table 3.4 testing of the test hausman.

Table 3.4 Hausman Test Result

Correlated Random Effects - Hausman Test
 Equation: Untitled
 Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	4.444234	4	0.3492

Source: EViews 10 (2018)

Based on the above table, hausman test results can be seen from the existing criteria, can be determined Random Effect Model (REM) is the best model in this test with a hausman statistic value of 0.3492 greater than the significance value of 0.05 or 5%.

Regression Equation of Panel Data

Based on the test that has been done, in this research using Random Effect Model (FEM) for panel data regression. The following test results were tested using the Random Effect Model (REM) in Table 3.5.

Table 3.5 Random Effect Model Test Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	5.305549	0.872667	6.079698	0.0000
TKD	3.776117	2.710647	1.393069	0.1687
TKT	-4.181947	1.147789	-3.643480	0.0006
UP	-0.010081	0.008462	-1.191253	0.2382
TA	-6.393283	3.285400	-1.945968	0.0563

Source: EViews 10 (2018)

Based on the test data listed above can be seen that the panel data regression equation is as follows:

1. Intercept coefficient of 5.305549 which means if the variable of Regional Wealth Level, Level of Dependency on Central Government, Local Government Size, and Constant Audit Findings of BPK is the level of Performance of Local Government owned by District/City in South Sulawesi Province and its component has increased at 5.305549.
2. The Coefficient of Regional Wealth Level (X1) is 3,776,117 which means also that if there is a change in the increase of Regional Wealth Level of 1 (assuming other variable is constant) then the performance level of Local Government owned by District/City in South Sulawesi Province has increased amounted to 3.776117.
3. Coefficient of Dependency on Central Government (X2) equal to - 4,181947 which also means that if there is a change of increase of Dependency Level on Central Government equal to 1 (assuming other variable constant) hence level of Local Government Performance equal to 1 (assuming other variable constant), the level of Performance of Regional Government owned by District/City in South Sulawesi Province decreased by 4.181947.
4. Coefficient of Local Government size (X3) is -0,010081 which means also that if there is a change of Local Government size increase of 1 (assuming another variable is constant) then the level of Local Government Performance is 1 (assuming other variable is constant) Local Government owned by District/City in South Sulawesi Province decreased by 0,010081.
5. The Coefficient of Audit Findings of BPK (X4) is -6.393282 which means also that if there is a change in the increase of Audit Findings of CPC of 1 (assuming other variables are constant) then the level of Local Government Performance is 1 (assuming other variables are constant) The performance of Local Government owned by Regency / City in South Sulawesi Province decreased by -6.393282.

Regression Coefficient Testing

F Test (Simultaneous)

Test F or often referred to as a simultaneous test is a test conducted to test whether the independent variables simultaneously or together have a significance influence on the dependent variable. With the provision of decision if the probability value (F statistic) < 0.05 (5% significance level) then H_0 rejected which means independent variables have a significant influence on the dependent variable together. However, if the probability (F statistic) > 0.05 (5% significance level) then H_0 is accepted which means the independent variables simultaneously or together have no significant effect on the dependent variable.

Table 3.6 Simultaneous Effects Specification Test Results

Cross-section fixed (dummy variables)			
R-squared	0.608808	Mean dependent var	2.746495
Adjusted R-squared	0.448484	S.D. dependent var	0.578076
S.E. of regression	0.429303	Akaike info criterion	1.389361
Sum squared resid	11.24238	Schwarz criterion	2.126299
Log likelihood	-34.43718	Hannan-Quinn criter.	1.686103
F-statistic	3.797351	Durbin-Watson stat	1.867848
Prob(F-statistic)	0.000011		

Source: EViews 10 (2018)

Based on Table 3.6, it can be found that the probability value (F statistic) is 0.000011 <0.05 so that H0 is rejected which means that the Regional Wealth Level, the Dependence on the Central Government, the Local Government Measures and the BPK Audit Findings simultaneously or jointly, have a significant influence on Local Government Performance in Regency / City in South Sulawesi Province in 2012-2015.

Test t (Partial)

Test t is a test conducted to determine the value of regression coefficient on each variable individually to variable (Y) whether significant or not. If the probability (t statistic) > 0.05 (5% significance level) then H0 is rejected which means that the independent variable has a significant influence on the dependent variable partially. The following Table 3.7 describes the partial test results.

Table 3.7 Test Result t (Partial)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	5.305549	0.872667	6.079698	0.0000
TKD	3.776117	2.710647	1.393069	0.1687
TKT	-4.181947	1.147789	-3.643480	0.0006
UP	-0.010081	0.008462	-1.191253	0.2382
TA	-6.393283	3.285400	-1.945968	0.0563

Source: Output Eviews 10 (2018)

Based on table 3.7 it can be concluded that:

1. Variable Level of Regional Wealth has a probability value of 0.1687 > 0.05, in accordance with the provision that H0 is accepted means the level of Regional Wealth partially has no significant effect on the performance of Local Government at the Regency / City in South Sulawesi Province and its components on year 2012-2015.
2. Dependency Variables on the Central Government has a probability value 0.0006 <0.05, in accordance with the provisions of the decision that H0 rejected, which means Dependency on the Central Government partially have a significant influence on the performance of local governments in districts / cities in the Province South Sulawesi and its components in 2012-2015. On the result of t test coefficient, it can be seen that the direction of this variable is negative ie -4.181947.

3. Size Variables Local Government has a probability value of $0.2382 > 0.05$, in accordance with the provision of decision that H_0

is accepted which means that the size of Local Government partially has no significant influence on the performance of Local Government at Regency / City in South Sulawesi Province and its components in 2012-2015.

4. Variable Audit Findings The CPC has a probability value of $0.0563 > 0.05$, in accordance with the decision provision that H_0 is accepted which means BPK Audit Findings partially has no significant effect on the performance of Local Government at the Regency / City in South Sulawesi Province and its components in 2012-2015.

Determination Coefficient Test

Test coefficient of determination is a test conducted to measure how far the ability of the test model in explaining the dependent variable. The value of the coefficient of determination close to one means that the independent variables almost provide all the information needed to predict the dependent variable.

Table 3.8 Coefficient of Determination Results

Cross-section fixed (dummy variables)			
R-squared	0.608808	Mean dependent var	2.746495
Adjusted R-squared	0.448484	S.D. dependent var	0.578076
S.E. of regression	0.429303	Akaike info criterion	1.389361
Sum squared resid	11.24238	Schwarz criterion	2.126299
Log likelihood	-34.43718	Hannan-Quinn criter.	1.686103
F-statistic	3.797351	Durbin-Watson stat	1.867848
Prob(F-statistic)	0.000011		

Source: Eviews 10 (2018)

Based on table 3.8 can be seen that the value of R^2 (R square) of 0.448484 or for Adjusted R-squared of 44.84%. This indicates that the independent variables consisting of the Regional Wealth Level, the Dependence on Central Government, the size of Local Government, and BPK Audit Findings are able to explain the dependent variable that is the Performance of Regional Government in the Regency / City in South Sulawesi Province and its components in 2012-2015 amounted to 44.84% while the rest of 55.16% is explained by other variables outside of the study.

4. RESULTS AND DISCUSSION

Effect of Regional Wealth Level, Level of Dependency on Central Government, Local Government Size, and Audit Findings of BPK on Local Government Performance

Based on simultaneous testing, Regional Wealth Level, Dependency on Central Government, Local Government Measures and BPK Audit Findings on Local Government Performance has a probability value of $0,000011 < 0.05$ so that H_0 is rejected which means that the Regional Wealth Level, Dependence on Central Government, Local Government Measures, and BPK Audit Findings simultaneously or together have a significant influence on Local Government Performance in Regency/City in South Sulawesi Province in 2012-2015.

This is in line with the research made by Susilowati (2016) and Mustikarini (2012) which revealed that the variables of Regional Wealth Level, Level of Dependency on Central Government, Local Government Measures and BPK Audit Findings simultaneously have a significant influence with Local Government Performance.

Effect of Regional Wealth Level on Local Government Performance

Based on the partial test that has been done, the Regional Wealth Level has a probability value of $0.1687 > 0.05$, then in accordance with the provision then H_0 accepted which can be interpreted that the Regional Wealth Level has no significant effect on the Performance of Local Government. The level of Regional Wealth does not affect the performance of local government, so even though the value of the level of local wealth is higher does not have any effect to the performance of local government.

This is in line with the research made by Maiyora (2015) and the research made by Khasanah (2014), each of which revealed that in the study made no significant influence between the Level of Regional Wealth on Local Government Performance for the District and the City that exist in the Province of North Sumatra and the Level of Regional Wealth does not affect the performance of local governments in the regencies and cities in Central Java province, this happens because the low level of public awareness in terms of payment of taxes and levies paid and tend to only carry out its obligations in paying taxes and levies without claiming further rights to the relevant Regional Government.

Effect of Dependency on Central Government on Local Government Performance

Based on the partial test, the level of dependency on the central government has a probability value of $0.0006 < 0.05$, then in accordance with the provision then H_0 rejected which can be interpreted that the Dependency on Central Government has an influence on Local Government Performance, with a negative direction $-4,181947$. Which is contrary to the results of the researcher's hypothesis is a positive effect. This is caused by the high level of dependence on the Central Government is a form of waste on General Allocation Funds that are not followed by the realization of Local Revenue. A good performance of the Local Government is how to use the General Allocation Fund efficiently in order to generate greater Original Regional Revenue (Susilowati, 2016).

This is in line with the research made by Adinafa (2015) which reveals that no effect on the level of dependence on the center of performance scores, possibly because in the evaluation of Performance Evaluation of Local Government Government of the Ministry of Home Affairs Republic of Indonesia not only consider the financial performance side, the relationship between the size of the DAU to the performance scores of the district / municipal governments and obtaining insignificant results. In determining the performance score, which is the result of the Evaluation of Performance of Local Government Implementation, not only the financial performance aspect but also the nonfinancial performance of local government so that the assumption is not significant. This can be seen from the descriptive statistics, the level of dependency with the government as measured by the amount of General Allocation Funds, has almost the same average value in each category.

Effect of Size of Local Government on Local Government Performance

Based on the partial test that has been done, the size of Local Government has a probability value of $0.2382 > 0.05$, then in accordance with the provision then H_0 accepted which can be interpreted that the size of Local Government has no significant effect on the Performance of Local Government. The size of Local Government has no effect on Local Government Performance.

This is in line with research made by Artha (2015) and Marfiana (2013) which reveals that the size of Local Government has no significant effect on Local Government Performance. This happens because the role of Total Assets that serves to improve the performance of local government has not been able to function properly (Kurniasih, 2013).

The Effect of BPK Audit Findings on Local Government Performance

Based on partial test that has been done, BPK Audit Findings have probability value $0.0563 > 0.05$, then in accordance with the provision then H_0 accepted which can be interpreted that BPK Audit Finding does not have significant influence to Local Government Performance. BPK Audit findings have no effect on Local Government Performance, so even though BPK Audit Finding value does not have an effect on Local Government Performance.

This is in line with a study by Nurdin (2014) and Artha (2015) which revealed that BPK Audit Findings do not have a significant effect on Local Government Performance. This occurs because of the justification that can be given is the Audit Findings BPK is a finding obtained at the time of LKPD audit and does not pay attention to whether the activities reported in LKPD have been in accordance with the expectations to be achieved or not and only pay attention to non-conformity with these activities with legislation including disclosure of administrative irregularities, violations of civil engagement or irregularities containing criminal elements (Nurdin, 2014).

5. CONCLUSIONS AND RECOMMENDATIONS

The results simultaneously show that the Level of Regional Wealth, Level of Dependency on Central Government, Local Government Size, and Audit Findings of BPK have significant effect on Local Government Performance in 2012-2015 in Regency / City in 2012-2015, with coefficient of determination or Adjusted R -quared by 0.448484. This indicates that the independent variables consisting of the Regional Wealth Level, the Dependency on the Central Government, the Local Government Measures, and BPK Audit Findings are able to explain the dependent variable: Local Government Performance in Regency / City in South Sulawesi Province is 44.84% while the rest of 55.16% is explained by other variables outside this study.

Partial test results on each variable on Local Government Performance can be described as follows:

- a. The level of local wealth partially does not affect the performance of local governments in each regency and city in the province of South Sulawesi in 2012-2015.
- b. Dependence on Central Government has a negative effect on Local Government Performance in every Regency and City in South Sulawesi Province in 2012-2015.
- c. The size of Local Government partially does not affect the performance of local governments in each regency and city in the province of South Sulawesi in 2012-2015.
- d. BPK Audit Findings partially have no effect on Local Government Performance in every Regency or City in South Sulawesi Province in 2012-2015.

Suggestion

Theoretical Aspects

Based on the result of the research, the writer tries to give input of further research development by adding other variables such as Regional Expenditure, Legislative Size, and Leverage, and other related variables so that it can get much better research result, and can add years of research.

Practical Aspects

For the District and City Government in South Sulawesi Province, the results of the research that the authors do can help the District and City Government in South Sulawesi Province in terms of knowing the variables that affect the improvement of Local Government Performance, so that the variables that exist in this study can be maximized as well as possible.

Then the suggestion for Provincial Government and Central Government to improve Local Government Performance, must be supported by the increase of Original Regional Revenue is by finding source of finance what can be produced by Regency and City in South Sulawesi Province, as in the case of tourism if there is new area which is likely it can be disseminated as well as other sources such as agriculture and industries to increase revenue for the Original Revenue which ultimately aims to increase the Regional Wealth Level.

Equally important, the Government can also conduct better supervision on Local Government Financial Reports so that audit findings that will trigger losses for the Central Government can be minimized.

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