



Mrs. Verawaty

Accountability and Internet Financial Reporting of Local Government

An Indonesia Analysis

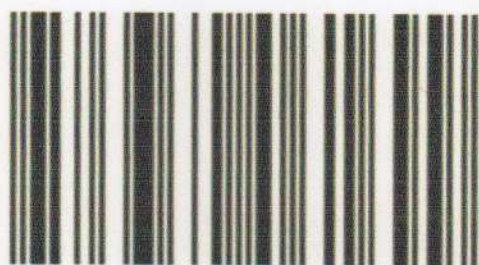


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Verawaty, M.Sc, Ak, CA. She is a lecturer of Private Higher Education Coordinator since 2005. She is currently working in Accounting Department of Bina Darma University. Her interest in research is mostly related to public sector accounting. Most of them won the research grants. She disseminated the results through international conferences in Asia.



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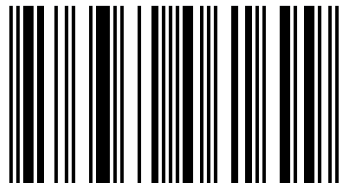
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Accountability and Internet Financial Reporting of Local Government: An Indonesia Analysis

Verawaty

Dedicated to:

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Preface:

Internet technologies in the form of e-government (government website) provide local governments with an opportunity to improve their accountability, promoting a change in the overall philosophy of government activities, and increasing their responsiveness to the needs of citizens for financial information. The financial information through internet is called Internet Financial Reporting (IFR) which is a combination between the internet multimedia capability and capacity to communicate the financial information interactively. This provision of public service instills confidence in the government to be responsive to the community as they are meant to be serving in the form of accountability.

Accountability is often used synonymously with responsibility, blameworthiness, and liability. As an aspect of governance, accountability has been central to discussions related to problems in the public sector. Accountability also encompasses the obligation to report, explain, and answer for resulting consequences. As leaders often make decisions with far-reaching consequences, accountability has a substantial ethical component. Considering that accountability is implicit in all the objectives of government financial reporting, e-government can play a role in the democratization of government information on performance by providing convenient and potentially more accessible financial information to stakeholders.

Referring to the literature on disclosure in the term of IFR and accountability in the public sector, this book consists of three chapters that discuss the certain topics and seven cases and one literature study related. In the first chapter, it explores the object case namely Local Government in Indonesia. The second and the third are respectively Accountability in Government and; Financial Reporting in Government. The eight cases examined those two last chapter topics in Indonesia around 2012-2016, respectively The Accessibility of Public Information of Local Government through E-Government in Indonesia; The Availability of IFR (Internet Financial Reporting) through E-Government as Public Transparency, Participation, and Accountability Means in Indonesia; The Accessibility Determinants of Internet Financial Reporting of Local Government: Further Evidence from Indonesia; The Comparative Analysis of Internet Financial Reporting of Local Government in Indonesia by Using A Disclosure Index; The Accessibility of Internet Financial Reporting of Local Government in Indonesia: A Missing Link in National Development Accountability; The Transparency of Internet Financial Reporting of Local Government in Indonesia: A Further Review of Government Usage of Information Technology; and The Comparative Analysis of Accessibility Index Value of Government Internet Financial Reporting in Indonesia. The last part of the book is a literature study titled E-Government: A Breakthrough in Good Governance as A Means of Public Transparency, Participation and Accountability.

The studies looks at Indonesia local government's use of the internet and whether local government is likely to be more accountable as a result. In fact, there are no statutory requirements concerning the use of the internet in the communication of results and consequently. The choice of the type of information and documents to be inserted in e-

government is not highly mandatory despite there are some regulations. The implication all the studies recommends that the local government develop better knowledge management systems, increase the interactivity of their websites, and enrich the accounting information that they present in the website, with strong commitment of the officials. In order to support the accountability, the government has to publicize the public information in the form of financial reporting as in the context of fulfilling the rights of the public which is the rights to be informed in the border of legal law.

Hopefully, this book will provide high knowledge related to accountability and Internet Financial Reporting in the public sector, especially in term of government aspects.

Verawaty
March, 2017

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CHAPTER 1

LOCAL GOVERNMENT IN INDONESIA

Indonesia is a republic in South East Asia, based on the 1945 constitution providing for a separation of executive, legislative, and judicial power. Substantial restructuring has occurred since President Suharto's resignation in 1998 and the short, transitional B.J. Habibie administration in 1998 and 1999. The Habibie government established political reform legislation significantly that formally set up new rules for the electoral system, the House of Representatives (DPR), the People's Consultative Assembly (MPR), and political parties without changing the 1945 Indonesian constitution. After these reforms established, the constitution now limits the president to two terms in office.

Indonesia has adopted a bicameral legislative system following the establishment of the Regional Representatives Council (DPD), which was first elected in 2004. The DPD is composed of four representatives from each of Indonesia's 34 provinces. Although it can make proposals and submit opinions on legislative matters concerning the regions, it does not have the power to create legislation. The MPR consists of both the DPD and the DPR. The MPR has the authority to inaugurate and to impeach the president (upon the recommendation of the DPR).

The president, elected for a 5-year term, is the top government and political figure. The president and the vice president were elected by public vote for the first time on September 20, 2004. Previously, the MPR selected Indonesia's president. In 1999, the MPR selected Abdurrahman Wahid, also known as Gus Dur, as the fourth president of Indonesia. The MPR removed Gus Dur in July 2001, immediately appointing then-Vice President Megawati Sukarnoputri as the fifth president. In 2004, Susilo Bambang Yudhoyono was directly elected to succeed Megawati. He was re-elected in 2009. Since 2014, Joko Widodo becomes the president of Indonesia for the upcoming five years. The president, assisted by an appointed cabinet, has the authority to conduct the administration of the government.

This book involved the 34 local governments in provincial level in Indonesia. Eight of which have been created since 1999, namely: North Maluku, West Papua, Banten, Bangka-Belitung Islands, Gorontalo, Riau Islands Province, West Sulawesi and (in late 2012) North Kalimantan. The 34 provinces are Special Region of Aceh, Bali, Bangka-Belitung Islands, Banten, Bengkulu, Central Java, Central Kalimantan, Central Sulawesi, East Java, East Kalimantan, East Nusa Tenggara, Gorontalo, Jakarta Special Capital Region, Jambi, Lampung, Maluku, North Kalimantan, North Maluku, North Sulawesi, North Sumatra, Special Region of Papua, Riau, Riau Islands, Southeast Sulawesi, South Kalimantan, South Sulawesi, South Sumatra, West Java, West Kalimantan, West Nusa Tenggara, Special Region of West Papua, West Sulawesi, West Sumatra, and Special Region of Yogyakarta

Five provinces have special status:

1. Aceh (also known as Nanggroe Aceh Darussalam (formerly: Aceh Special Region), has greater role in local government, which includes its own Islamic Sharia law (for Muslim citizens), flag and provincial anthem, local political parties are allowed, and decisions or laws made by the central government which directly affect Aceh's administration must be referred to the local government or legislative body.
2. Yogyakarta Special Region. The Sultan of Yogyakarta is *de facto* and *de jure* governor of Yogyakarta since he is given priority when electing the governor. For centuries, the Sultanate of Yogyakarta has reigned in the region. However, recently the central government proposed a law that required the governor to be popularly elected as in the other provinces, while still giving the sultan significant political power. Since 31 August 2012 The Law of Specialty of Yogyakarta Special Region (Law No. 03/1950 and No. 12/2012) has been approved by Central Government and according to the Law, Yogyakarta refuses to be a province but it is a region at province-level.
3. Papua (formerly: Irian Jaya), since 2001 local government has a greater role, including use of its own flag and anthem of province, and the governor is required to be of Papuan origins.
4. West Papua (formerly: Irian Jaya Barat), has the same status as Papua for granting implementation of sustainable development.
5. Jakarta Special Capital Region, is the capital of Indonesia. The Governor of Jakarta has the power to appoint and dismiss mayors and regent within the Jakarta Special Capital Region. The local government is allowed to co-operate with other cities from other countries.













Provinces of Indonesia












Source: Depdagri.go.id

A province is headed by a governor. Each province has its own legislative body, called the Regional People's Representatives Assembly (DPRD). Governors and representative members are elected by popular vote for five-year terms. Provinces are further divided into regencies and municipalities. Following the implementation of decentralization beginning on 1 January 2001, in 2017, the 514 regencies and municipalities have now become the key administrative units responsible for providing most government services.












Table of Province



Provinces of Indonesia															
Seal	Province	Indonesian acronym	ISO	Capital	Population at 2010 Census	Area (km²)	Population density per km² (2010)	Geographical unit	Number of cities (kota) and regencies (kabupaten)	Number of cities (kota)	Number of regencies (kabupaten)	Number of districts (kecamatan)	Number of villages (desa) and urban communities (kelurahan)	Number of urban communities (kelurahan)	Time zone
	Special Region of Aceh	Aceh	ID-AC	Banda Aceh	4,494,410	57,956	77	Sumatra	23	5	18	289	6,474	0	UTC+7
	Bali	Bali	ID-BA	Denpasar	3,890,757	5,780	621	Lesser Sunda Islands	9	1	8	57	716	80	UTC+8
	Bangka-Belitung Islands	Babel	ID-BB	Pangkal Pinang	1,223,266	16,424	64	Sumatra	7	1	6	47	387	78	UTC+7
	Banten	Banten	ID-BT	Serang	10,632,166	9,662	909	Java	8	4	4	155	1,551	313	UTC+7
	Bengkulu	Bengkulu	ID-BE	Bengkulu	1,715,518	19,919	84	Sumatra	10	1	9	126	1,513	172	UTC+7
	Central Java	Jateng	ID-JT	Semarang	32,382,657	40,800	894	Java	35	6	29	573	8,559	750	UTC+7
	Central Kalimantan	Kalteng	ID-KT	Palangkaraya	2,212,089	153,564	14	Kalimantan	14	1	13	136	1,572	138	UTC+7
	Central Sulawesi	Sulteng	ID-ST	Palu	2,635,009	61,841	41	Sulawesi	13	1	12	174	2,007	168	UTC+8
	East Java	Jatim	ID-JI	Surabaya	37,476,757	47,799	828	Java	38	9	29	664	8,499	776	UTC+7
	East Kalimantan	Kaltim	ID-KI	Samarinda	3,028,060	139,482	22	Kalimantan	10	3	7	103	1,029	198	UTC+8

Provinces of Indonesia

Seal	Province	Indonesian acronym	ISO	Capital	Population at 2010 Census	Area (km ²)	Population density per km ² (2010)	Geographical unit	Number of cities (kota) and regencies (kabupaten)	Number of offices (kota)	Number of regencies (kabupaten)	Number of sub-districts (kecamatan)	Number of villages (desa) and urban communities (kelurahan)	Number of villages (desa)	Number of urban communities (kelurahan)	Time zone
	East Nusa Tenggara	NTT	ID-NT	Kupang	4,683,827	48,718	92	Lesser Sunda Islands	22	1	21	306	3,268	2,950	318	UTC+8
	Gorontalo	Gorontalo	ID-GO	Gorontalo	1,040,164	11,257	94	Sulawesi	6	1	5	77	729	657	72	UTC+8
	Jakarta Special Capital Region	DKI	ID-JK	Central Jakarta	9,607,787	664	12,786	Java	6	5	1	44	267	0	267	UTC+7
	Jambi	Jambi	ID-JA	Jambi	3,092,265	50,058	57	Sumatra	11	2	9	138	1,561	1,398	163	UTC+7
	Lampung	Lampung	ID-LA	Bandar Lampung	7,608,405	34,623	226	Sumatra	15	2	13	225	2,640	2,435	205	UTC+7
	Maluku	Maluku	ID-MA	Ambon	1,533,506	46,914	32	Maluku Islands	11	2	9	118	1,224	1,191	33	UTC+9
	North Kalimantan	Kaltara	ID-KU	Tanjung Sebr	622,350	72,275	10	Kalimantan	5	1	4	50	482	447	35	UTC+8
	North Maluku	Malut	ID-MU	Sofifi	1,038,087	31,982	31	Maluku Islands	10	2	8	113	1,180	1,063	117	UTC+9
	North Sulawesi	Sulut	ID-SA	Manado	2,270,596	13,851	162	Sulawesi	15	4	11	167	1,822	1,490	332	UTC+8
	North Sumatra	Sumut	ID-SU	Medan	12,882,204	72,961	188	Sumatra	33	8	25	436	6,080	5,389	691	UTC+7
	Special Region of Papua	Papua	ID-PA	Jayapura	2,833,381	319,038	8	Western New Guinea	29	1	28	524	5,225	5,118	107	UTC+9

Provinces of Indonesia

Seal	Province	Indonesian acronym	ISO	Capital	Population at 2010 Census	Area (km²)	Population density per km² (2010)	Geographical unit	Number of cities (kota) and regencies (kabupaten)	Number of offices (kota)	Number of regencies (kabupaten)	Number of sub-districts (kecamatan)	Number of villages (desa) and urban communities (kelurahan)	Number of urban communities (kelurahan)	Time zone
	Riau	Riau	ID-RI	Pekanbaru	5,538,367	87,023	52	Sumatra	12	2	10	183	1,835	243	UTC+7
	Riau Islands	Kepri	ID-KR	Tanjung Pinang	1,679,163	8,201	208	Sumatra	7	2	5	66	406	141	UTC+7
	Southeast Sulawesi	Sultra	ID-SG	Kendari	2,232,586	38,067	51	Sulawesi	17	2	15	209	2,197	377	UTC+8
	South Kalimantan	Kalsel	ID-KS	Banjarmasin	3,628,616	38,744	96	Kalimantan	13	2	11	152	2,007	143	UTC+8
	South Sulawesi	Sulsel	ID-SN	Makassar	8,034,776	46,717	151	Sulawesi	24	3	21	306	3,038	785	UTC+8
	South Sumatra	Sumsel	ID-SS	Palembang	7,450,394	91,592	86	Sumatra	17	4	13	231	3,194	377	UTC+7
	West Java	Jabar	ID-JB	Bandung	43,053,732	35,377	1,176	Java	27	9	18	626	5,960	641	UTC+7
	West Kalimantan	Kalbar	ID-KB	Pontianak	4,395,983	147,307	30	Kalimantan	14	2	12	174	1,997	88	UTC+7
	West Nusa Tenggara	NTB	ID-NB	Mataran	4,500,212	18,572	234	Lesser Sunda Islands	10	2	8	116	1,037	142	UTC+8
	Special Region of West Papua	Papua Barat	ID-PB	Manokwari	760,422	97,024	8	Western New Guinea	13	1	12	203	1,705	87	UTC+9
	West Sulawesi	Sulbar	ID-SR	Mamuju	1,168,851	16,787	73	Sulawesi	6	0	6	89	647	71	UTC+8

Provinces of Indonesia											
Seal	Province	Indonesian acronym	ISO	Capital	Population at 2010 Census	Area (km ²)	Population density per km ² (2010)	Geographical unit	Number of cities (kota) and regencies (kabupaten)	Number of cities (kota)	Time zone
	West Sumatra	Sumbar	ID-SB	Padang	5,133,989	42,012	110	Sumatra	19	7	UTC+7
	Special Region of Yogyakarta	DIY	ID-YO	Yogyakarta	3,457,491	3,133	1,158	Java	5	1	UTC+7

Source: Depdagri.go.id

CHAPTER 2

ACCOUNTABILITY IN GOVERNMENT

The notion of accountability is an amorphous concept that is difficult to define in precise terms. However, broadly speaking, accountability exists when there is a relationship where an individual or body, and the performance of tasks or functions by that individual or body, are subject to another's oversight, direction or request that they provide information or justification for their actions.

Accountability is often used synonymously with responsibility, blameworthiness, and liability. As an aspect of governance, accountability has been central to discussions related to problems in the public sector. Therefore, the concept of accountability involves two distinct stages: answerability and enforcement. Answerability refers to the obligation of the government, its agencies and public officials to provide information about their decisions and actions and to justify them to the public and those institutions of accountability tasked with providing oversight. Enforcement suggests that the public or the institution responsible for accountability can sanction the offending party or remedy the contravening behavior. As such, different institutions of accountability might be responsible for either or both of these stages.

Evaluating the ongoing effectiveness of public officials or public bodies ensures that they are performing to their full potential, providing value for money in the provision of public services, instilling confidence in the government and being responsive to the community they are meant to be serving.

Public accountability should be done by the public sector organization consisting of several dimensions. Ellwood (1993) explains there are four dimensions of accountability that must be met by the public sector organizations, namely:

1. Accountability for Probity and Legality

Accountability honesty is related to the avoidance of abuse of power, while the legal accountability is related to guarantee of the compliance with the laws and regulations required in the use of public funds.

2. Accountability Process

Accountability process is related to whether the procedures used in carrying out the task has been quite good in terms of adequacy of accounting information systems, management information systems, and administrative procedures. Accountability process is manifested through the provision of public services that is fast, responsive, and cost charges. Supervision and inspection of the implementation of the accountability process can be done, for example by examining the presence or absence of mark-ups and other undetermined charges, as well as the sources of inefficiency and waste that cause the high cost of public services and inaction in the service. Monitoring and accountability inspection process is also related to the examination of the tender process to carry out public projects. Which must be observed in the tender contract is

whether the tender process has been made fairly through the Compulsory Competitive Tendering (CCT), or made through corruption, collusion and nepotism.

3. Accountability Program

Accountability program related to consideration of whether the set goals can be achieved or not, and whether it has considered the alternative programs that provide optimal results with minimal costs.

4. Accountability Policy

Accountability policy is related to government accountability, both central and regional, over the policies taken by the government of the legislatures (DPR/DPRD) and the wider community.

These are some common obstacles in the implementation of public accountability:

1. The public does not support and care for the rights of the public and provide a high tolerance to the lack of accountability of officials (low literacy percentage). This attitude includes malpractice, nepotism, corruption, graft.
2. Low salary remuneration received by the employees tends to encourage employees to seek income off the job in certain ways that are less good. This condition is referred to as Poor Standard of Living.
3. The low morality of the officials also prevent the implementation of this accountability process. Low morale can be caused by a materialistic attitude to life and consumerism of officials. With this low morality that they become unable to determine which one is good and which is bad. They consider the usual things such as corruption, bribery and favoring the expense of others. Such a condition is referred to the General Decline in moral values.
4. Put personal interest first after the rights of the public
5. Giving priority to the interests of the group
6. There is centralized authority that make state officials become difficult to control
7. Poor accounting systems
8. Lack of desire to strengthen the accountability of all parties, including its own officials, the public or a bad system.

The accountability is a crucial issue to support good governance of a government. In essence, accountability is the provision of information and disclosure on the activities and financial performance for the public stakeholder (Schiavo-Campo and Tomasi, 1999). The government, both central and local levels, should be the subject of the informers in the context of fulfilling the public's rights which are the rights to know, the rights to be informed, and the rights to be heard for the aspirations. Based on the dimensions of public accountability by Solihin (2006), e-government as a public accountability means to fulfill the obligation to provide the accountability or to answer and explain the performance and actions of a person/organization to the party leader who has the rights or authority to hold the accountability or description.

President Instruction No. 7 of 1999 about the Performance Accountability of Government Agencies is a real implementation of accountability in Indonesia. This decree defines the Performance Accountability of Government Agencies (*AKIP/Akuntabilitas Kinerja Instansi*

Pemerintah) as a liability success or failure of the mission and vision of government agencies in achieving the goals and objectives that have been established through a set of performance indicators. In the context of this AKIP, government agencies are expected to provide performance information that can be understood and used as a measurement of success or failure to achieve the goals and objectives. In fact to some officials, this AKIP is still distributed to some certain stakeholders, still not considered as a public material.

Recent public sector reforms have generally emphasized the importance of increasing accountability and widening the scope of measurement and reporting systems, as well as the use of information and communication technologies. Internet technologies provide public sector organizations with an opportunity to improve their accountability, increasing their responsiveness to the needs of citizens and promoting a change in the overall philosophy of government and organization of activities. In this case, Internet Financial Reporting (IFR) will support the government accountability.

CHAPTER 3

INTERNET FINANCIAL REPORTING IN GOVERNMENT

Information can be disseminated by using various media. However, to overcome the problem in 3E (Effectiveness, Efficiency, and Economics), the internet is an appropriate solution. According to Styles and Tennyson (2007), the internet provides benefits to reduce printing and distribution costs. In addition, of course, the internet can reach wider public stakeholders, faster, and time less limit. The other benefits include increased awareness of the documents, increased usage by stakeholders, easier application of analytical tools, avoidance of disclosure redundancy and savings in publication cost.

Internet usage in the government sector is known as e-government. According to the World Bank (Supangkat, 2008), the main role of e-government lies in how information technology can trigger the transformation on the relationships between the government and citizens, governments and business, and among government agencies. These transformations can improve the quality of good governance for the public interest.

The World Bank Group (2009) defines e-government as the use of information technologies (such as WAN/Wide Area Networks, the internet, and mobile computing) by government agencies that have the ability to transform on the relationships between citizens, businesses, and other arms of government. Another definition from Legislative Analyst's Office (2001) is that electronic government, or e-government is the process of transacting business between the public and government in the use of automated systems and the internet network, more commonly known as the World Wide Web.

E-government has allowed government agencies to provide information and deliver services to its internal and external stakeholders through their websites. The large scale communication offered by city websites presents opportunities for a digital democracy and more transparent accountability to residents and other stakeholders. Considering that accountability is implicit in all the objectives of local and central government financial reporting, e-government can play a role in the democratization of government information on performance by providing convenient and potentially more accessible financial information to stakeholders.

Since e-government has been met with acceptance and eagerness from the public, its ultimate goal is to be able to offer an increased portfolio of public services to citizens in an efficient and cost effective manner. It also allows the public to be informed about what the government is working on as well as the policies they are trying to implement. Thus, e-government helps to simplify processes and makes access to government information more easily accessible for public sector agencies and citizens.

Disclosure or reporting of public sector accounting by using a government website (e-government) is a feature commonly called Internet Financial Reporting (IFR). According to Oyelere et al (2003), IFR is a combination of multimedia capacity and capability of the

internet to communicate interactively about financial information. As Wagenhofer (2003) notes that by placing financial information on the website, users can search, filter, retrieve, download, and even reconfigure such information at low cost in a timely fashion. The internet allows for hyperlinks, search engines, multimedia, and interactivity, the internet opens up new disclosure opportunities. Financial reports are usually printed, but by using the internet, they are distributed more quickly (timeliness aspects) and able to exploit the usefulness of this technology to open up further to inform the financial reports (the disclosure aspects). IFR gives opportunity for the government to use the internet as a mechanism to disseminate the reports and disclosures provided to public stakeholders.

In concept, GASB No.34 (1999) which contains significant revisions of the financial reporting model of government and greater emphasis on accountability to the public by the government, states that the government's financial annual report will be useful for the public as a form of stakeholder accountability, including the availability to be accessed. The spread of the report is the responsibility of and controlled by local governments. The theoretical framework sketched that the effective adoption of IFR is a function of both the governance model that demands a specific kind of disclosure (content, reach and speed of delivery) and the requisite infrastructures which support that specific kind of disclosure. Surely as one of the most effective ways in terms of the way, time-efficient, and economical cost to the government agency authorized with the responsibility to disseminate this information, the internet with IFR applications in e-government is the most appropriate alternative.

The amount of IFR studies on local government is still fewer compared with the literatures in private sector or another with the profit motive. Some studies have investigated the IFR in the public sector at local government level. Groff and Pittman (2004) examined the practice of IFR in 100 largest local governments in the USA. Laswad et al (2005) examined voluntary IFR in local government in New Zealand. Styles and Tennyson (2007) examined the accessibility of financial reporting of all U.S. local governments on the internet. Those studies compared the practices and barriers in publishing the financial statements in local government websites.

Based on Oyelere et al (2005), IFR is still a voluntary disclosure in the public sector. In Indonesia, it is backed up by President Instruction No.3/2003 which mandated the implementation of the government organization supported by information technology and Act No. 14/2008 on The Disclosure of Public Information in Paragraph 1 of Article 7. It states that each public agency must provide or publish public information under the authority of the applicant for public information, other than information exempted in accordance with the provisions.

According to Act No. 14/2008 on Article 9, public information must be provided and announced periodically by the public agency which one of the information is the financial statements. The latest development related to e-government regulation is Instruction of the Minister of Home Affairs No.188.52/1797/SC/2012 on Improving Transparency of Local Budget Management (TPAD/*Transparansi Pengelolaan Anggaran Daerah*) is mandating

that every provincial government must provide content TPAD on the government (e-government). Thus, it is interpreted that there is no other reason for local governments to not only provide information to the central government, parliament, local government and the Audit Supreme Board or other external stakeholders, such as investors, creditors, and donors, but also to the society and other public stakeholder. However, in meeting aspects effective, efficient, and economical, IFR in e-government is the relevant means.

Case 1:

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THE ACCESSIBILITY OF PUBLIC INFORMATION OF LOCAL GOVERNMENT THROUGH E-GOVERNMENT IN INDONESIA

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Abstract: This research is aimed to analyze the accessibility of Internet Financial Reporting through e-government by examining size, income per capita, and debt which are assumed to have the positive associations. The results of this study indicate that the accessibility is positively related to size variable at the significance level of 10% and income per capita variable at a significance level of 5%, while the debt variable shows no significance. Through the method of interviewing, the arguments are that the characteristics of the population, documenting culture, and political pressures are considered to improve the accessibility of financial statements in the e-government. Besides the juridical aspect in Indonesia still has not regulated the procedures on how to disseminate public information.

INTRODUCTION

Public information can be conveyed through various media. But to solve the problem in 3E (Effectiveness, Efficiency, and Economics), the internet is the perfect solution. According to Lymer et al (1991), Trites (1999), and the FASB (2000), the internet provides the advantage of reducing printing and distribution costs. In addition of course the internet can reach wider public stakeholders, faster, and without time limit.

One of the internet applications in the government sector is e-government. According to the World Bank in Supangkat (2008), the main role of e-government lies in how information technology can trigger the transformation relations between the government and its citizens, government and businesses, and government agencies among themselves so that transformation can improve the quality of governance for public interests.

In Indonesia, e-government initiatives have been introduced through the President Instruction No. 6 of 2001 on Telematics (Telecommunications, Media, and Information). In the instructions, it was stated that government officials should use telematics technology to support good governance and speed up the democratic process. Recognizing the magnitude of the benefits of e-government, the government of Indonesia has issued a policy on e-government implementation in the form of The President Instruction No. 3 of 2003.

The disclosure or reporting of public sector accounting using the government website media (e-government) is an item commonly called IFR (Internet Financial Reporting). According to Oyelere et al. (2003), IFR is a combination of capacity and capability of multimedia internet to communicate interactively about financial information. The financial statements are usually printed, via the internet, the financial reports can be distributed more quickly (timeliness aspect) and are able to develop the usefulness of this technology to open up further to inform the financial statements (disclosure aspects).

IFR (Internet Financial Reporting) through e-government is the most fulfilling aspects of 3E (Efficiency, Effectiveness, and Economy) to provide and publish information on financial statements to all public stakeholders including central government, other governments, parliaments, audit board, economic analysts, investors, creditors, donors, and society. Based on research by Verawaty and Halim (2009), 87.9% of provincial governments had the e-government in the status online/active. However, only 37.93% did the IFR. It means that the dissemination of information is closely related to the readiness of the public entity to provide it to be accessible to the public. Although financially supported by reliable human resources, not all local governments do it.

A greater information technology budget will give a better information technology function which is able to design and maintain more sophisticated websites with the easiest accessibility. This is clearly associated size with the proxy for population, the larger the city, the larger the population and the greater the budget that can be collected and of course the higher demand for accounting functions is as well as the higher accessibility to information financial statements.

The increased demand for financial statements will require the provision of cost-efficiency to the financial statement data on the government website. This cost efficiency will be greater for provinces with higher percapita income which generally have higher proportion of the population associated with the internet. Provinces with high percapita income are likely to provide the easiest accessibility to financial reporting data.

If associated with the debt level, the pressure given by the owner of the debt (local government) to publish financial statements is more dominant than the costs or regulatory pressures and politics. This is caused by a creditor (debtor) will demand transparency and accountability in the most applicable way, including its accessibility.

Research on the accessibility of financial statement information has not been revealed in Indonesia. By the Law 14 of 2008 on The Disclosure of Public Information requiring the provision of such information as a public information that must be periodically announced and e-government facilities which its content can be applied as a medium of publication of financial statements, the researcher wants to analyze this research by linking the phenomenon to the above variables which is not proven empirically with the same conclusions in several countries.

Previous research form the basis for formulating hypotheses to be tested for each variable that is assumed to have positive associations with the accessibility of financial statements via the Internet. Researches from overseas have discussed much more about the availability of financial statements via the internet or Internet Financial Reporting (IFR) such as the research of Styles and Tennyson (2007), Laswad et al. (2005), Chase and Phillips (2004), Gore (2004), Groff and Pittman (2004), whereas the research of Indonesia is Verawaty and Halim (2009) and Verawaty (2010). But only research of Styles and Tennyson (2007) also discussed its accessibility via the internet. In addition to these researches, there are also some researches on the level of local government accounting disclosure, such research of Gore (2004), Robbins and Austin (1986), Giroux and McLelland (2003) as well as research of Ingram and DeJong (1987) and Copley (1991).

Based on the research of Verawaty and Halim (2009), from 33 provinces, there are 29 provinces that have e-government in an active status/not in the maintenance, but only 11 provinces that provides financial reports through the internet (IFR availability through e-government). However, the accessibility or how many steps it takes to find those statements are not discussed in the research.

By observing at the phenomenon mentioned above, the researcher wants to analyze the accessibility of public information (the Law 14 of 2008 on The Disclosure of Public Information, Article 9; information on the financial statements only) of local government in the provincial level in Indonesia with three variables of the research. The formulation of this study is how the association between size, income per capita of the population, and the debt level and the accessibility of local government financial reports on the internet or Internet Financial Reporting (IFR) through e-government.

The study was conducted to analyze whether there is the positive association between size, income per capita, and debt levels and accessibility of local government financial reports on the internet or Internet Financial Reporting (IFR) through e-government. The research contributions are expected to be useful to all interested parties to public information, particularly information on the financial statements.

RESEARCH DESIGN

Population used in this study are all the provincial governments in Indonesia, amounting to 33 and the sample is determined based on certain criteria or purposive sampling method. These populations are determined based on the observation period up to August 2011. The reason is because the determination of the population proportion of provincial governments that have e-government (compared to the provincial governments which do not have) is more than the local government district/municipality level.

The selection of samples to be used is purposive sampling method, the sample with certain criteria. These criteria, the provincial local government e-government which has the period June 2008 to August 2011 and e-government is not out of service (maintenance). The following hypothesis will be tested by the equation:

$$IFRACCESS_{it} = \alpha_{it} + \beta_1 SIZE_{it} + \beta_2 INCOME_{it} + \beta_3 DEBT_{it} + e_{it}$$

- IFRACCESS_{it}* : the accessibility of financial reports of local governments at the provincial level *i* in the year *t* on its e-government as measured by Calculation of Accessibility Index Value
- *SIZE_{it}* : the size of local governments at the provincial level *i* in the year *t* as measured by the log of its population.
- *INCOME_{it}* : the log of per capita resident income at the provincial level *i* in the year *t*
- *DEBT_{it}* : the capacity of local governments at the provincial level *i* in the year *t* in debt as measured by total debt divided by population *i* in the year *t*
- *e_{it}* : error term

The research instrument is direct observations made by the researcher through the internet media is confirmed by an open questionnaire. Questionnaires are used for the dependent variable, whereas for the independent variables used secondary data. Last to complete its analysis of the data collected, the researcher conducted interviews with several government practitioners.

Data were collected through observations with the availability of internet media e-government in a population of 33 provincial governments and the availability of Internet Financial Reporting (IFR) in the existing samples and assessing accessibility based on Accessibility Index Value used in the research of Styles and Tennyson (2007). Here is the Calculation of Accessibility Index which is the basis for assessing how many steps it takes to find the financial statements in the e-government:

Table 1. Calculation of Accessibility Index Value

<p>The accessibility index was calculated as follows for each city that provided CAFR data on its official website:</p> <p>1 point if official city website appears on first page of results for Google or Yahoo search using city name and state (A).</p> <p>+ 1 point if official city website has link to CAFR data on website homepage (B).</p> <p>+ 1 point if official city website has search engine that finds CAFR using terms CAFR and/or financial statements (C).</p> <p>+ 1 point if 3 or less web pages (or clicks of mouse) to view CAFR data from city website homepage (D).±</p> <p>+ 1 point if CAFR provided on official city website as indexed pdf file(s) or HTML format (E).</p> <p>+ 1 point if city provides CAFR data in more than one file; files for different sections/pages of full CAFR document (F).</p> <p>+ 1 point if individual file(s) providing CAFR data less than 3MB in size (G).±±</p> <p>+ 1 point if official city web site provides CAFR data for prior years (H).</p> <p>+ 1 point if official city web site provides information on obtaining or access to a printed copy of the city's CAFR (I).</p> <p>+ 1 point if official city web site provides contact details (phone and/or email) for individual/department that compiled CAFR (J).</p> <p>= Possible score of 10 points</p> <p>* Groff and Pitman's (2004) survey of the websites of the 100 largest U.S. municipalities report the average number of pages before accessing the full CAFR was 2.42. LaVigne et al. (2001) also suggest users should not have to click more than three times to access the information.</p> <p>** In a pilot study of 100 municipality websites of varying sizes conducted by the authors the average size of the file providing CAFR data was 3MB. ~</p>
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RESULTS AND DISCUSSION

Because the data is the province of West Java, Bangka Belitung, Riau Islands, North Maluku, West Nusa Tenggara, West Sulawesi, Central Sulawesi and West Papua are not complete, so they are not included in the data testing. The following table of data to be processed to test the hypothesis are tested as follows:

Table 2. Data To Be Prepared To Test the Hypothesis

NO	PROVINCIAL GOVERNMENT	Var IFR ACCESS	Var SIZE*	Var INCOME*	Var DEBT*
1	Bali	1	6,53	13,7	1,47
2	Banten	1	6,96	14,09	1,54
3	Bengkulu	1	6,25	13,16	2,1
4	Daerah Istimewa Yogyakarta	1	6,51	13,58	2,61
5	Daerah Khusus Ibukota Jakarta	8	6,96	14,83	1,51
6	Gorontalo	1	5,97	12,77	1,59
7	Jambi	6	6,44	13,6	1,23
8	Jawa Tengah	1	7,53	14,56	0,68
9	Jawa Timur	1	7,56	14,79	1,09
10	Kalimantan Barat	1	6,66	13,68	1,22
11	Kalimantan Selatan	3	6,52	13,66	1,79
12	Kalimantan Tengah	6	6,33	13,51	0,57
13	Kalimantan Timur	1	6,45	14,5	1,85
14	Lampung	1	6,88	13,87	1,12
15	Maluku	1	6,12	12,8	1,84
16	Nanggroe Aceh Darussalam	1	6,66	13,87	2,66
17	Nusa Tenggara Timur	1	6,63	13,33	0,96
18	Papua	1	6,42	13,74	2,72
19	Riau	5	6,76	14,44	0,46
20	Sulawesi Selatan	1	6,95	13,93	2,89
21	Sulawesi Tenggara	1	6,32	13,35	1,53
22	Sulawesi Utara	1	6,34	13,44	1,39
23	Sumatera Barat	6	6,67	13,85	1,22
24	Sumatera Selatan	1	6,89	14,13	1,02
25	Sumatera Utara	5	7,12	14,33	2,13

*: log10

The following table shows the descriptive statistics for all research variables are:

Table 3. The descriptive statistics for all research variables

	N	Minimum	Maximum	Mean	Std. Deviation
IFRACCESS	25	1	8	2.28	2.227
SIZE	25	5.97	7.56	6.6572	.38872
INCOME	25	12.77	14.83	13.8204	.54979
DEBT	25	.46	2.89	1.5676	.66677
Valid (listwise)	N 25				

Association between and local government size, income per capita, debt and financial reports on the accessibility of the Internet or Internet Financial Reporting (IFR) through e-government are tested as follows:

Table 4. The Statistics Result of Internet Financial Reporting (IFR) through E-Government

Model	Unstandardized Coefficients		Unstandardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-15.130	11.120		-1.361	.188
SIZE	-3.591	1.925	-6.27	-1.866	.076
INCOME	3.100	1.352	.765	2.292	.032
DEBT	-.970	.637	-.290	-1.522	.143

Dependent Variable: IFRACCESS

Based on the results of the regression with a significance value of 0.076 ($p < 0.10$), this study shows that there is a positive association between the size of local government by proxy for population and accessibility of financial statements on the internet or IFR through the implementation of e-government. Thus the larger the population, the greater the demand for public sector financial disclosures. That is, through statistical calculation, population can be the deciding factor that can explain the accessibility IFR via e-government.

According to Giroux and Shield, 1993 and Giroux and McLelland, 2003, local governments have to face of rising demand or claim against supervisory information. Program activities and services for large population with expenditure of resources that is sure to lead to requests for large amounts of information on government performance information, including local government, so the greater the budget for those activities that can be collected and of course the higher the demand for the function accounting. The request can be accommodated through the IFR which is an alternative method is a more effective disclosure and its accessibility that theoretically stated, the more points earned based on how many steps it takes to find the financial statements in the e-government, the better. The research was supported by Styles and Tennyson (2007) who proved that a city with a

large number of residents have positive associations to conduct IFR via e-government. The study, the researcher did in Indonesia was also supports the foreign studies.

Based on the results of the regression with a significance value of 0.032 ($p < 0.05$), this study shows that there is a positive association between income per capita local government by proxy for GDP per capita and accessibility of financial statements on the internet or IFR through the implementation of e-government. The easier accessibility of financial statements (IFR) through e-government, the better dissemination of information made to public. Thus through statistical calculation, percapita income can be the deciding factor that can explain the accessibility IFR via e-government

According to previous literature, GASB (1999) and GFOA (2003) stated the regions with per capita incomes greater demand for accountability has a higher financial statements. Provinces with higher income levels would have levels higher political oversight by community groups and more requests for information that can provide measures of performance. Laswad et al. (2005) and Styles and Tennyson (2007) supports these findings by linking reporting of those statements via the internet or through e-government IFR, including its accessibility. However, the results of this study was not supported by research Robbins and Austin (1986) which stated that there was a positive association with per capita income of accounting disclosure in the public sector. This research which is taken in Indonesia also supports Laswad et al. (2005) and Styles and Tennyson (2007).

Based on the results of the regression with a significance value of 0.143 ($p < 0.10$), this study shows that there is no positive association between the proxy for local government debt which are the ratio debt to total population and the accessibility of financial statements on the internet or IFR through the implementation of e-government. Although based on descriptive statistics in Table 4, Riau province with the lowest debt levels, namely 0.46 to IFR via e-government and accessibility points 5 or above the mean, which is 3, but 56% of samples that have debt ratios below the mean, only 20% of accessibility points above 1. Thus through statistical calculation, debt cannot be the deciding factor that can explain the accessibility IFR via e-government.

According to previous literature, according to Zimmerman (1977), the use of debt to finance public activity is a key driver for public sector managers to reduce the cost of debt. This can be achieved with the IFR because of the internet media, distribution of financial statements to be more efficient, effective, and economical. This is also supported by Styles and Tennyson (2007) that stakeholders need to expand the financial statement information without compromising its ability to meet the demand of the population in the next years to public service, then by utilizing the internet media that have been owned or IFR via e-government including easier accessibility is an activity that will not increase the debt. But it turns out that researchers do research in Indonesia has not supported these studies.

According to interviews conducted by researchers of local government practitioners, the population was not a significant reason for the accessibility of IFR, but the characteristics of the population that determines the level of demand pressure for more transparency,

accountability and public participation IFR via e-government, including accessibility. As if it was associated with a percapita income, it also was not a significant reason, however, document the culture, the customs document (anything) with information technology media who became a part of ISO 9000 and also became a standard part of software engineering that should have been competence of government. Then the debt level, if it is a local government debt, either low or high ratio, then perhaps there is/there will be political pressure to publish its financial statements more easily or the number of points of high accessibility.

CONCLUSION

This study aims to test to analyze the accessibility of financial statements on the Internet or Internet Financial Reporting (IFR) through e-government with the variables that are assumed to have a positive association, namely size, debt, income per capita, and debt levels of local government. The results of this study concluded that there is a positive association between size at 10% significance level, income per capita at the 5% significance level. This means that only the total population and per capita income of local residents, has a positive association with the accessibility of financial statements.

Obtained through the method of interviewing is added the argument that the characteristics of the population, documenting culture, and political pressures into consideration to improve the accessibility of financial statements in the e-government. Besides the juridical aspect, especially Law No.14 of 2008 on The Disclosure of Public Information has not set or procedures on how to disseminate public information. Thus dissemination of financial statements via the Internet/Internet Financial Reporting (IFR) through e-government is still not fully utilized.

NOTES

Considering that there are limitations, subsequent research suggested could improve factors such as increase the number of samples, namely local government district/municipal level to the next research can be generalized further, adding other variables to explain the proper use IFR accessibility through e-government, such as political competition, press visibility, and the classification of cities based on population, and data used in time series so that trends can be seen through the provision of IFR e-government media from year to year.

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THE AVAILABILITY OF IFR (INTERNET FINANCIAL REPORTING) THROUGH E-GOVERNMENT AS PUBLIC TRANSPARENCY, PARTICIPATION, AND ACCOUNTABILITY MEANS IN INDONESIA

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Abstract: When linked to transparency, participation, and accountability in financial aspects through Internet Financial Reporting (IFR), the fact is many local governments don't provide the financial information, such as budget and financial statements through their e-government. This research was aimed to determine and analyze the availability of IFR through e-government of local governments in provincial level in Indonesia by examining five variables assumed to have a positive association. The study also tested whether the implications of IFR through e-government which have been done by the local governments have been associated with the optimal development strategy of e-government as public transparency, participation, and accountability means. The results of this study described that there is no a positive association between budget (APBD), size, debt, population, and income percapita of local government and the provision of the financial statements on the internet or the IFR through e-government. Based on research results, from the aspect of the availability of IFR in the e-government, in general, the majority of local governments in provincial level in Indonesia who have e-government have not used this media as public transparency, participation and accountability means in public sector accounting.

Keywords: Good Governance, E-Government, Internet Financial Reporting (IFR), Public Transparency, Participation, Accountability.

1. INTRODUCTION

In the context of governance, delivery of the activity information takes a very vital part. Through the information managed carefully and accurately by the government, the public will understand, even support when a development policy is published and implemented. However, if the information is not understood and less transparent, public will question it and the flush will take effect in the society.

In other contexts, the public have the right to access government information from the organizers (government agent). Law No. 14 of the year 2008 on the Openness of Public Information in Paragraph 1 of Article 7 states, each public agency must provide, give,

and/or publish public information under the authority of the applicant for public information, other than information exempted in accordance with the law.

Public board consists of executive, legislative, judicial, and other body functions and their main tasks related to government administration, that some or all of funding sources are from the government budget or national and international public donations. Public information consists of information that must be provided and announced periodically by the public bodies such as information relating to public bodies, information on activities, and performance of relevant public bodies, information on financial statements, and/or other information which is regulated by the law. Public information applicants are citizens or legal entities who file a request for information to the public body.

The description emphasizes the belief that the information takes an important part in the development process. The government is very aware of this because the government has taken various efforts such as by applying the electronic system of government (e-government) or electronic-based government. With this pattern, the traditional rule (traditional government) which is identical to paper-based administration or manual processing is becoming obsolete.

E-government is aimed to support good governance. The use of technology to facilitate public access to information can reduce corruption by increasing transparency and accountability of public institutions as well as to broaden public participation because people are allowed to be active in government policy decision-making, improving productivity and efficiency of the bureaucracy and increasing economic growth.

In Indonesia, e-government initiatives have been introduced through the President Instruction No. 6 Year 2001 on Telematics (Telecommunications, Media, and Informatics). In the instructions, it was stated that government officials should use telematics technology to support good governance and accelerate the democratic process. Realizing the great benefits of e-government, the government of Indonesia has issued a policy on the implementation of e-government in the form of President Instruction No. 3/2003.

However, it should be recognized that e-government is not merely a publication of the site by the government. Innovation in e-government implementation can be maximized to deliver public information relating to financial accountability such as e-budgeting, e-announcement, e-procurement, e-contracting, e-payment, or e-project monitoring, e-procurement, and other. The most relevant example is budget information and reports on government finances.

When linked to transparency, participation and accountability in local financial aspects of the IFR (Internet Financial Reporting), in practice, many local governments are not providing financial information, such as financial statements and budget report through e-government owned. Whereas the financial statements is the responsibility of local government consisting of Budget Realization Report, Balance Sheet, Cash Flow Report and Notes to the Financial Statements which will be used by various interested parties

external to the local government, either directly or indirectly (Halim, 2007). Besides ideally, e-government is the most effective means of delivering information more widely and rapidly to the stakeholders including parliament, the public, the central government, and also non-governmental organizations (NGOs) that protected his right to public information.

Based on Law of Openness in Public Information No. 14 in 2008, IFR (Internet Financial Reporting) through e-government is the best media which fulfills 3E aspects (efficiency, effectiveness, and economy) for dissemination of financial statements to all the stakeholders including central government, other governments, parliaments, the Government Financial Audit Board, economic analysts, investors, creditors, donors, and society. Moreover, almost all local governments in provincial-level in Indonesia have had e-government.

Although there are many obstacles that exist, both internally and externally in the local government, by linking e-government as part of public sector accounting activities, the researcher wants to discuss the importance of reporting financial information through internet or IFR (Internet Financial Reporting) through e-government and the linking probability of availability with the variables that are assumed to have positive associations, namely the difference in the value of budget, size, debt, population, income per capita and local governments as well as the implications if it is applied as a means of public transparency, participation and accountability.

2. LITERATURE REVIEW AND HYPOTHESES

2.1. LITERATURE REVIEW

A. PUBLIC SECTOR ACCOUNTING

The purpose of accounting in public sector organizations is to provide the necessary information in order to manage the operation and allocation of resources entrusted to the organization appropriately, efficiently, and economically, to provide information to report the implementation of the management accountability and to report the results of the operations and the use of the public funds (American Accounting Association (1970), Mardiasmo (2006). Thus, the public sector accounting is related to the provision of information for management control and accountability which one of them is through e-government as a channel of public accountability through the IFR (Internet Financial Reporting).

B. GOOD GOVERNANCE

Public participation is also an important condition for good governance in order to involve the public and private parties in policy-making process established by the government. Public transparency can create a favorable investment climate and increase business certainty and strengthen social cohesion. Public accountability can provide a space for people to get involved in the development process and governance. This means that e-

government through the IFR (Internet Financial Reporting) can be one of the means in public transparency, accountability, and transparency in order to achieve good governance.

C. E-GOVERNMENT AND IFR (INTERNET FINANCIAL REPORTING)

1. E-GOVERNMENT

Information can be conveyed through various media. However, to overcome the problem in 3E (Effectiveness, Efficiency, and Economics), the internet is an appropriate solution. According to Styles and Tennyson (2007), the internet provides benefits to reduce printing and distribution costs. In addition, of course, the internet can reach wider public stakeholders, faster, and without time limit.

One of the internet applications in the government sector is the e-government. According to the World Bank (Supangkat, 2008), the main role of e-government lies in how information technology can trigger the transformation relations between the government and citizens, governments and world business, and government agencies among themselves so that these transformations can improve the quality of governance for the public interest.

The World Bank Group (2009) defines e-government as:

“e-government refers to the use by government agencies of information technologies (such as WAN/Wide Area Networks, the Internet, and mobile computing) that have the ability to transform relations with citizens, businesses, and other arms of government.”

Another definition from Legislative Analyst's Office, e-government in California: Providing Services to Citizens through the Internet, 24 January 2001. http://www.lao.ca.gov/2001/012401_egovernment.html as:

“Electronic government, or e-government, is the process of transacting business between the public and government through the use of automated systems and the internet network, more commonly known as the World Wide Web.”

The core of e-government is the use of information technology which can improve the relationship between the government and other parties. The use of this information technology and generate new forms of relationships such as G2C (Government to Citizen), G2B (Government to Business Enterprises), and G2G (Inter-Agency Relationship).

2. IFR (INTERNET FINANCIAL REPORTING) IN PUBLIC SECTOR

Like the private sector, public sector has been using the internet. Its adoption in e-government forms a significant role in public administration, particularly in the public sector financial reporting. Through e-government, government officials can provide information and perform services to internal and external stakeholders through the website. The focus

of this research is the local government in provincial-level, certainly no exception to this trend.

Large-scale communication offered in the website provides an opportunity for a digital democracy and a more transparent accountability for residents and other stakeholders (Styles and Tennyson, 2007). Considering that accountability is implicitly expected in each financial reporting purposes and local government, the government website (e-government) plays an important role in the democratization of government performance information with financial information to provide the best and potentially more accessible to the public stakeholders.

Disclosure or reporting of public sector accounting by using the media the government website (e-government) is an item commonly called IFR (Internet Financial Reporting). According to Oyelere et al. (2003), IFR is a combination of multimedia capacity and capabilities of the internet to communicate interactively about financial information. Financial reports are usually printed, but through the internet, they can be distributed more quickly (timeliness aspects) and able to exploit the usefulness of this technology to open up further to inform financial report (aspects of the disclosure).

In concept, GASB No.34 (Styles and Tennyson, 2007) which contains significant revisions of the financial reporting model of government and greater emphasis on accountability to the public by the government, states that the government's financial annual report will be useful to the public as a form of stakeholder accountability, including the availability to be accessed. The spread of the report is the responsibility of and controlled by local governments. Surely one of the most effective ways in terms of the way, time-efficient, and economical cost to the government agency authorized for that responsibility to disseminate this information, the internet with IFR applications through e-government is an appropriate alternative.

The amount of IFR research on local government are still fewer compared with the literature conducted IFR sector company or another with the profit motive. Only three studies have investigated the IFR in the public sector at local government level. Groff and Pittman (2004) examined the practice at IFR 100 largest local government in the USA. Laswad et al. (2005) examined voluntary IFR in local government in New Zealand. The latest research, Styles and Tennyson (2007) examined the accessibility of financial reporting of all U.S. local governments on the internet. The third study compared the practices and barriers to disclosure of financial statements of local government websites.

The previous IFR literatures indicate that the same as the private sector, public sector also uses the internet as a mechanism to disseminate the reports and disclosures provided to stakeholders. It supports the statement Wagen (2003) that the IFR is not possible to escape from the public sector accounting disclosure.

Based on research Oyelere et al. (2005), IFR is still a voluntary disclosure in the public sector. In Indonesia, it's backed up by President Regulation No.3 of 2003 which mandated

the implementation of the government organization supported by IT and Law No. 14 in 2008 on the Openness of Public Information in Paragraph 1 of Article 7 states, each public agency must provide or publish public information under the authority of the applicant for public information, other than information exempted in accordance with the provisions.

According to Law No. 14 of 2008 on Article 9, public information must be provided and announced periodically by the public agency which one of the information is the financial statements. Thus, interpreted that there is no other reason for local governments to not only provide information to the central government, parliament, local government and the Financial Audit Board or other external stakeholders, namely investors, creditors, and donors, but also to society and the means of meeting aspects effective, efficient, and economical is IFR through e-government.

3. IFR (INTERNET FINANCIAL REPORTING) THROUGH E-GOVERNMENT AS GOVERNMENT PROGRAM IN PUBLIC TRANSPARENCY, PARTICIPATION, AND ACCOUNTABILITY

1. IFR (Internet Financial Reporting) through E-government as Public Transparency Means

Making the financial statements is a form of transparency requirements which supports of the accountability requirements in the form of government openness on the activities of public resource management. Transparency of information, especially financial and fiscal information should be done in the relevant and easily understood form (Schiavo-Campo, 1999).

Based on the dimensions of public transparency by Solihin (2006), e-government as public transparency means is namely freedom of access for everyone to obtain information about the implementation of the government and various public policies and processes related to the preparation and implementation, and results achieved.

2. IFR (Internet Financial Reporting) through E-government as Public Participation Means

Public participation is to give a commitment of services improvement to the community through the provision of a public or a portion of a policy initiative to the public or other public information. E-government is one form of improvement of services through electronic media (such as the internet) to stimulate the active involvement of communities in activities related to governance. Through what is conveyed in the e-government including financial statements, the government waited for the participation of the public reaction is to be supported or criticized, so the people can get involved in the public decision-making.

Based on the dimensions of public participation based on Solihin (2006), e-government as public participation means is the active involvement of communities in activities related to the implementation of the government and in decision-making process.

3. IFR (Internet Financial Reporting) through E-government as Public Accountability Means

In essence, accountability is the provision of information and disclosure on the activities and financial performance for the public stakeholder (Schiavo-Campo and Tomasi, 1999). The government, both central and local levels, should be the subject of informers in the context of fulfilling the public's rights namely the right to know, the right to be informed, and the right to be heard aspirations.

Based on the dimensions of public accountability by Solihin (2006), e-government as public accountability means is namely the obligation to provide accountability or to answer and explain the performance and actions of a person/organization to the party leader who has the right or authority to hold accountable or description.

2.2 HYPOTHESES

Summary reports based on e-Government Indonesia (PEGI) in 2007, there were 460 local governments, but only 90% who have a government website or e-government. Especially if associated with the presence or absence of the availability of IFR in these websites, the majority still do not provide it. Because there is no uniformity, this research is aimed to examine the variables that explain the probability of IFR availability through e-government.

The research issue has not been raised in Indonesia, but Styles and Tennyson (2007) ever tested availability and accessibility of local government financial reports on the Internet with 300 samples of various sizes of local government in the USA. Previously there are also other studies such as Laswad et al. (2005) which examined the characteristics that affect local governments voluntarily IFR in New Zealand and research Groff and Pitman (2004) which examined the description for IFR 100 largest local government in the USA. With so many variables that they studied, it is assumed that will affect local governments in implementing IFR through e-government. In addition to these studies, there are also some studies about the level of local government accounting disclosure, such as research of Gore (2004), Robbins and Austin (1986), Giroux and McLelland (2003), and Styles and Tennyson (2007).

In a recent study, the Styles and Tennyson (2007) identified several variables into factors affecting availability and accessibility of IFR through e-government in local government, namely size, governance structure, quality of accounting disclosure, income per capita, debt, and financial condition. The results of this study stated that the only variable size, quality of accounting disclosure and per capita income is positively associated to the availability of IFR and only variable size, per capita income, debt, and financial condition for a positive association to IFR accessibility.

Researcher refers to the research by Styles and Tennyson (2007), but there are some significant differences with the study or previous studies. First, researcher will test only the availability aspect of IFR in the government website, but include all the existing variables with the stipulation that these variables are applied to be tested in Indonesia, and although there are similar variables, but with a different proxy. Second, the addition of new variables is budget, size with a different proxy, the number of local government revenues, and population. Third, another difference is the researcher wants to link the implications of the application of IFR as public transparency, participation, and accountability means. In addition, the main reason is that prior researchers have inconsistent results in previous studies, the variables tested in the study Styles and Tennyson (2007) did not yield the same conclusion as previous studies, the research studies Robbins and Austin (1986) and research Laswad et al. (2005).

a. APBN (BUDGET)

In research Styles and Tennyson (2007), the financial condition of this budget is one factor that determines whether or not IFR through e-government, which was also supported by Chase and Phillips (2004) and Laswad et al. (2005). These studies provide proof of financial condition and the cost of political advantage for the head area. By considering the cost (profit) and political professionals over the results (positive or negative) data presented in the budget, local governments may have an incentive to provide less (more) attention to the available data for e-government visitors. Thus, the hypothesis was formulated as follows:

- H1: There is a positive association between local government budget and the availability of IFR (Internet Financial Reporting) through e-government as public transparency, participation, and accountability means.

b. Size

One indicator of the size of local government is the level of assets or income. This is based on Laswad et al. (2005) which indicate that the region needs to provide more data in the IFR depending on the amount of assets or the amount of income because these variables reflect the size or capability in the finance area of public service activities so that when published in the application IFR through e-government will show the size of local government. According to Chase and Phillips (2004), indicates the ability of government income area in the future, meaning the area of income capability of financing all purchases in the future.

- H2: There is a positive association between size and the availability of IFR (Internet Financial Reporting) through e-government as public transparency, participation, and accountability means.

c. Debt

The study by Gore (2004) found that the incentives provided by debt owners to publish financial reports are more dominant than the costs or pressures and political regulation

associated with the same thing without any disclosure on the internet. This is caused by the debt (the debtor) will demand transparency and accountability in the most applicable, in this case is IFR through e-government. This is formulated in the following hypothesis:

H3: There is a positive association between debt and the availability of IFR (Internet Financial Reporting) through e-government as public transparency, participation, and accountability means.

d. Population

Studies that tested the IFR at the local government indicated that there is a relationship between population and IFR. According to Goff and Pittman (2004), major cities generally have the accounting functions of larger budgets for information technology services. The accounting function is related to the broader needs large areas to provide more data in the financial statements.

Information technology budget greater regional fund would be more financing a function of information technology capable of designing and maintaining a more sophisticated website again. This is clearly associated with population, the bigger the city, the greater the number of residents and the larger the budget that can be collected, and of course the higher the demand for accounting functions. Based on this, then the hypothesis is formulated as follows:

H4: There is a positive association between population and the availability of IFR (Internet Financial Reporting) through e-government as public transparency, participation, and accountability means.

e. Income Per Capita

Demand higher accountability and use of the internet by the wider population with per capita incomes greater indicate a positive relationship between per capita income and the provision of local government financial reports on the website. Research Giroux and McLelland (2003) and Robbins and Austin (1986) and Styles and Tennyson (2007) proved that there is a relationship between the disclosure of accounting and income per capita. But the research Robbins and Austin (1986), this relationship was not significant. Since there are inconsistencies in the results, the researcher wants to test again and formulate hypothesis as follows:

H5: There is a positive association between per capita income residents and the availability of IFR (Internet Financial Reporting) through e-government as public transparency, participation, and accountability means.

3. RESEARCH DESIGN

This research was conducted based on the hypothetic-deductive method. According Sekaran (2006), this research method involves seven stages, namely: observation, preliminary information gathering, theory formulation hypothesis, further scientific data collection, data analysis, and deduction.

3.1 POPULATION AND SAMPEL

Population studies are all local governments at the provincial level in Indonesia. This population is determined based on the observation period from January to October 2009. Reasons for the determination of this population is because the proportion of the provincial local governments that have e-government (compared with the provincial local governments that do not have) more than the local government district level.

The selection of samples will be used is purposive sampling method, the sample with some specific criteria as follows:

1. Local governments at the provincial level that have e-government period June 2008 to October 2009.

Reporting period is intended for IFR availability of financial statements in 2007, but published in e-government that were visited in the year 2008 until October 2009. According to Mussari and Steccolini (2006), IFR study period for the government sector is between April and June. This is because the average of the financial statements will be published after the audit by a government agency authorized to check the fairness of the contents of these financial statements.

2. E-government is not out of service (maintenance).

To see the availability of IFR, e-government should be in active mode. This is to verify whether the concerned local government has prepared a financial report and expect to publish in e-government as a form of accountability for public funds to achieve IFR as a means of public transparency, participation, and accountability. These assumptions would not apply to e-government that is non-active, either by reason of improvements or other reasons.

3.2 DATA COLLECTING TECHNIQUE

The primary data used for the analysis of observations is obtained through the internet media to observe the availability of e-government in 33 provinces in Indonesia and the availability of IFR (Internet Financial Reporting) in a sample. To avoid researcher bias inaccuracies in the observations, the researcher spreads a general questionnaire containing the statement of samples of the provincial government concerned about the IFR for the 2007 financial statements, which are published in the year 2008 until 2009. Questionnaires sent by facsimile to all local governments at the provincial level that were visited. In this questionnaire to be filled only for robustness aspect, which is only reinforce the results of direct observations conducted by researcher with the internet media. Finally to complete the analysis of the data has been collected, the researcher interviews the practitioners of local government authorities related to IFR policy in the region.

Secondary data analysis is obtained through the reports published by local governments through the Central Statistics Agency Special Region of Yogyakarta, the Indonesian Population Projection Data Provincial Per capita GDP 2000-2010 and 2007 and through the Ministry of Finance website (www.djpk.depkeu.go.id) 2007 budget data form. In addition, of course, other secondary data are the various sources such as the review of the

literature in building and testing of hypotheses and, among other text books, scholarly articles or popular, newspapers, and internet.

3.3 DATA PROCESSING AND DATA ANALYSIS TECHNIQUE

Hypotheses in this research will be processed by using the program SPSS (Statistical Product and Service Solutions) of the 15 version with logit models (logistic regression). The selection of this analysis technique is to measure the closeness relationship between two or more variables or to test whether the probability of occurrence of the dependent variable can be predicted by independent variables. The main reason for this logistic regression was used because the variables are the dependent categorical variable (non-metric) and the independent variable is a mixture of continuous variables (metrics) and categorical (non-metric) and do not meet the assumption of multivariate normal distribution. Based Ghozali (2007), logistic regression is generally used if the assumption of multivariate normal distribution are not met.

In this study all the variables tested together in a model. The relationship between research variables will be analyzed based on. Accuracy (the goodness of fit) in the sample regression function estimating the population value is measured with a measuring instrument such as: coefficient of determination (R^2), with 95% confidence level, or alpha of 0.05. If the beta coefficient dependent variables showed significance ($p < 0.10$), then the probability of occurrence of the dependent variable can be predicted by independent variables.

Hypothesis will be tested by the equation:

$$IFR_{it} = \alpha_{it} + \beta_1 APBD_{it} + \beta_2 SIZE_{it} + \beta_3 DEBT_{it} + \beta_4 POPULATION_{it} + \beta_5 INCOME_{it} + e_{it}$$

- IFR_{it} : the availability of financial reports of local governments at the provincial level i in the year t on its e-government as measured in dummy variable represented with a value of 1 indicating the province provided financial reports
- APBD_{it} : APBD (budget report) of local governments at the provincial level i in the year t as measured in dummy variable represented with a value of 1 indicating the province with surplus between revenues and expenses
- SIZE_{it} : the size of local governments at the provincial level i in the year t as measured by the log of its revenue.
- DEBT_{it} : the capacity of local governments at the provincial level i in the year t in debt as measured by DSCR (Debt Service Coverage Ratio/ the ratio of cash available for debt servicing to interest, principal and lease payments)
- POPULATION_{it} : the population of local governments at the provincial level i in the year t as measured by the log of its population
- INCOME_{it} : the log of per capita resident income at the provincial level i in the year t
- e_{it} : error term

4. RESULT AND DISCUSSION

The following table of data to be processed for testing hypotheses as following below:

Table 4.1

NO	PROVINCE	IFR	APBD*	SIZE*	DEBT**	POPULATION*	INCOME PERCAPITA *
1	Bali	N-IFR	defisit	12.09	0.81	6.53	7.09
2	Banten	N-IFR	defisit	12.26	1.55	6.95	7.06
3	Daerah Istimewa Yogyakarta	IFR	defisit	11.96		6.51	6.98
4	Gorontalo	IFR	surplus	11.65	0.60	5.96	6.70
5	Jambi	IFR	defisit	11.98	0.15	6.43	7.07
6	Jawa Barat	IFR	defisit	12.71	1.28	7.59	7.12
7	Jawa Tengah	N-IFR	surplus	12.64	0.47	7.53	6.98
8	Jawa Timur	IFR	defisit	12.70	0.60	7.56	7.16
9	Kalimantan Barat	N-IFR	surplus	12.03	0.64	6.65	7.01
10	Kalimantan Selatan	IFR	surplus	12.10	0.93	6.51	7.06
11	Kalimantan Tengah	IFR	defisit	12.00	1.10	6.32	7.14
12	Kalimantan Timur	IFR	defisit	12.49	1.29	6.44	7.85
13	Kepulauan Bangka Belitung	N-IFR	defisit	11.75	0.39	5.99	7.21
14	Kepulauan Riau	IFR	defisit	12.05	0.40	6.14	7.57
15	Lampung	N-IFR	defisit	12.10	0.49	6.87	6.92
16	Maluku	N-IFR	defisit	11.79	0.37	6.11	6.64
17	Nanggroe Aceh Darussalam	N-IFR	defisit	12.50		6.65	7.24
18	Nusa Tenggara Barat	IFR	defisit	11.92	0.38	6.65	6.89
19	Nusa Tenggara Timur	IFR	defisit	11.89	0.47	6.63	6.63
20	Papua	N-IFR	defisit	12.73	0.90	6.41	7.44
21	Papua Barat	N-IFR	defisit	11.76	0.57	5.85	7.16
22	Riau	N-IFR	defisit	12.56	0.76	6.75	7.62

NO	PROVINCE	IFR	APBD*	SIZE*	DEBT**	POPULATION*	INCOME PERCAPITA *
23	Sulawesi Tengah	N-IFR	surplus	11.84	0.44	6.38	6.96
24	Sulawesi Tenggara	N-IFR	surplus	11.84	0.58	6.32	6.95
25	Sulawesi Utara	N-IFR	defisit	11.87	0.24	6.33	7.05
26	Sumatera Barat	N-IFR	defisit	12.05	0.57	6.67	7.10
27	Sumatera Selatan	N-IFR	defisit	12.34	1.18	6.89	7.19
28	Sumatera Utara	N-IFR	defisit	12.39	1.00	7.12	7.15

IFR : Implementing IFR (Internet Financial Reporting)
N-IFR : Not Implementing IFR (Internet Financial Reporting)
* : In log10 scale
** : In ratio scale

4.1 HYPOTHESIS TESTING RESULTS

The following table shows the descriptive statistics for all study variables are as follows:

Table 4.2a.

IFR

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Non IFR	17	60.7	60.7	60.7
IFR	11	39.3	39.3	100.0
Total	28	100.0	100.0	

Table 4.2b.

APBD

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Defisit	22	78.6	78.6	78.6
Surplus	6	21.4	21.4	100.0
Total	28	100.0	100.0	

Table 4.2c.

Size, Debt, Population, and Income Percapita

	N	Minimum	Maximum	Mean	Std. Deviation
SIZE	28	11.65	12.73	12.1425	.32865
DEBT	28	.15	1.55	.6886	.35069
POPULATION	28	5.85	7.59	6.5979	.45289
INCOMEPERCAPITA	28	6.63	7.85	7.1050	.27045
Valid N (listwise)	28				

The following table shows the result of the research as follows:

Table 4.3

Variables in the Equation

	B	S.E.	Wald	df	Sig.	Exp(B)
APBD	-.350	1.021	.117	1	.732	.705
SIZE	-2.211	3.497	.400	1	.527	.110
DEBT	.066	1.332	.002	1	.960	1.068
POPULATION	1.293	2.071	.390	1	.532	3.644
INCOME PERCAPITA	1.209	2.614	.214	1	.644	3.351
Constant	9.301	21.211	.192	1	.661	10947.582

4.2 DISCUSSION

A. H₁: There is a positive association between local government budget and the availability of IFR (Internet Financial Reporting) through e-government as public transparency, participation, and accountability means.

Based on regression results in Table 4.3 with a significance value of 0.732, this study did not indicate that there is a positive association between local government budgets and the availability of IFR through e-government implementation. This also shows that the value is not a budget of variables that can predict the availability of IFR through e-government.

Based on previous literature, namely research Styles and Tennyson (2007), the financial condition of this budget is one factor that determines whether or not IFR through e-government, which has owned the research was also supported by Chase and Phillips (2004) and Laswad et al. (2005). These studies provide proof of financial condition and the cost of political advantage for the head area. By considering the cost (profit) and political professionals over the results (positive or negative) data presented in the budget, local governments may have an incentive to provide less (more) attention to the available data for visitors e-government website.

Based on interviews conducted research to practitioners of local government, regulatory barriers in areas that became an important reason that IFR is still considered to be voluntary for the present as of October 2009 there had not been the publication of regulations that require financial statements or IFR through e-government. Some of the relevant regulations of this act among Law of Openness of Public Information No. 14 will be active as of January 2010 although the year has passed since 2008 on the punishment of the head of government who hide public information including financial reports.

Furthermore, these results also indicate if the interview was associated with the budget, the central government and local governments need to think about the operating budget and an adequate maintenance budget. Therefore necessary for the local government's emphasis to include e-government budget in the budget and put the e-government programs as the scale of development priorities in the region. Thus, although not the reason the provincial government budget deficit should not even be obstacles in the implementation of IFR through e-government.

B. H₂: There is a positive association between size of local government and the availability of IFR (Internet Financial Reporting) through e-government as public transparency, participation, and accountability means.

Based on regression results in Table 4.3 with a significance value of 0.527, this study did not indicate that there is a positive association between the size of government and provide financial reports on the internet or IFR through e-government implementation. This also shows that the value is not a variable size that can predict the availability of IFR through e-government.

Based on previous literature, namely research Laswad et al. (2005) that the level of income that a proxy of local government size is associated positively with the availability of financial reports or IFR through e-government owned. The results proved that the region needs to provide more data in the IFR depending on the amount of assets or the amount of income because these variables reflect the size or capability in the finance area of public service activities so that if the application was published in the IFR in the e-government will show size the local government. According to Chase and Phillips (2004), indicates the ability of government income area in the future, meaning the income of all regions is able to finance purchases. This research was also supported by Styles and Tennyson (2007) that the financial conditions will be the benchmark for the local government activities. But the researchers do research in Indonesia has not supported these studies.

Based on interviews conducted research to practitioners of local government, revenue is not a significant reason for the availability of IFR, but whether the allocated money from revenue to expenditure of e-government programs and the exploration of e-government applications including education spending and human resource training in the field of technology information. For the case of Papua Province, despite having the highest amount of budget revenues, but the scarcity of qualified human resources that the main obstacle IFR through the application of e-government. Information technology including e-government is a new field. The government generally has less competent human resources in information technology. Human resource is usually reliable in the business environment / industry, yet many in the public sector. Lack of human resources was one of the blocks the implementation of e-government, including IFR applications. According Sosiawan (2008), to overcome the scarcity of qualified human resources is the necessary education and training of human resources in integrated information technology and communications.

C. H₃: There is a positive association between debt of local government and the availability of IFR (Internet Financial Reporting) through e-government as public transparency, participation, and accountability means.

Based on regression results in Table 4.3 with a significance value of 0.960, this study did not indicate that there is a positive association between government debt and provide financial reports on the internet or IFR through e-government implementation. This also shows that the value of debt is not a variable that can predict the availability of IFR through e-government.

Based on previous literature, according to Zimmerman (1977) in Laswad et al. (2005), the use of debt to finance public activities is a driving force for public sector managers to reduce the cost of debt. This can be achieved with the IFR for the internet media, distribution of financial reports become more efficient, effective, and economical. This research was also supported by Styles and Tennyson (2007) that in order to expand the stakeholders who need information without compromising the financial statements the ability to meet the demand of residents who came to public service, so by using internet

media have owned or IFR through e-government an activity will not increase the debt. But the research in Indonesia has not supported these studies.

Based on interviews conducted research to practitioners of local government, the debt is not a significant reason for the availability of IFR, but whether the allocated money from the debt to finance the exploration of e-government applications or not. If you find that a local government owes or has DSCR above 2.5, then there may/will there is political pressure to publish financial reports in a transparent, participatory, and accountable to the debtor or other stakeholders, one with IFR through e-government as a medium which best meets 3E aspects (Efficiency, Effectiveness, and Economy).

D. H₄: There is a positive association between population of local government and the availability of IFR (Internet Financial Reporting) through e-government as public transparency, participation, and accountability means.

Based on regression results in Table 4.3 with a significance value of 0.532, this study did not indicate that there is a positive association between population and the provision of local government financial reports on the internet or IFR through e-government implementation. This also shows that the value of the population does not become a variable that can predict the availability of IFR through e-government.

Based on previous literature, according to Styles and Tennyson, 2007, local governments face increased demands or claims against the supervisory information and greater impetus to the performance. In general, major cities will provide programs and services for residents in large numbers and consume large amounts of resources. Activity resulted in greater demand for information in a large number of government performance information, including local governments. Requests can be accommodated through the IFR which is the method of disclosure is more effective alternative to the larger budget can be collected and of course the higher the demand for accounting functions. This research is supported by Styles and Tennyson (2007) who proved that a city with a large population has a higher probability for doing IFR through e-government. But the researchers do research in Indonesia has not supported these studies.

Based on interviews conducted research to practitioners of local government, population is not a significant reason for the availability of IFR, but if people who inhabit these regions have techno-minded (mind-set that connects the decision with the information obtained through information technology) or not. According to these practitioners, the diffusion of information technology in community activities, both individuals and organizations, as well as the extent of information technology to be disseminated to the public through the education process is one important reason. That is, the characteristic of the population determines the level of public demand pressure on transparency, accountability, and public participation IFR through e-government. Because local government in Indonesia feels that in general people do not understand the function of information technology for public sector accounting reporting. It means what is needed is rather than quantity of the population, but the quality of the population that can have a strong reason to sue the IFR

of local government. According to Sosiawan (2008), to address the prevalence of literacy communities have about the use of e-government.

E. H₅: There is a positive association between income per capita and the availability of IFR (Internet Financial Reporting) through e-government as public transparency, participation, and accountability means.

Based on regression results in Table 4.3 with a significance value of 0.644, this study did not indicate that there is a positive association between per capita income and the provision of local government financial reports on the internet or IFR through e-government implementation. This also shows that the value of income per capita is not a variable that can predict the availability of IFR through e-government.

Based on previous literature, according to GASB (1999) and the GFOA (2003) in the Styles and Tennyson (2007) declared the regions with per capita incomes have greater financial accountability demand higher. Regions with income levels higher level of supervision will have a higher political by community groups and more demand for information that can provide performance measures. Research by Laswad et al. (2005) and Styles and Tennyson (2007) supports research linking with financial reporting through the internet or IFR through e-government. However, these findings are not supported by research Robbins and Austin (1986) which states that no positive association with per capita income accounting disclosure in the public sector. Researchers doing research in Indonesia to support research Robbins and Austin (1986).

Based on interviews conducted research to practitioners of local government, per capita income is not a significant reason for the availability of IFR, but if the culture is common to document or not. One of the major difficulties faced by local governments is the lack of customs documents (anything) with the media information technology. Whereas the ability of this document becomes part of the ISO 9000 and also became part of software engineering standards that should have a government competence. Also e-leadership, the government's priorities and initiatives in the region to anticipate and take advantage of advancement in information technology is also an important reason. So although the level of income per capita in a region already high, but local governments are not doing IFR through e-government, then there will have a positive association between the two. Thus the government should improve the information network, namely the condition of telecommunications infrastructure and access, quality, scope, and cost of access services. If you need help the private sector to increase access and reach of information technology infrastructure for all people from top to bottom. Included in this is a transparent charging and affordable for all walks of life. If you need a little government pressure to provide special rates achieved differentiation to support the implementation of e-government so that the exploration of content information such as the availability of IFR in the e-government can be applied.

CONCLUSION

Based on research results, when viewed from the availability of IFR in the e-government, in general, the majority of provincial governments in Indonesia who have e-government is not using the media as a means of transparency, participation and public accountability in public sector accounting. And if this has been done to reflect the implementation of good governance, namely as a form of government and public administration capable of working efficiently, so as to meet the needs of the people, one of which will need public information.

The expected implications of this research is the study could be the beginning of the research studies in the field of public sector accounting, particularly the financial reporting system based on the information technology today has never studied in Indonesia. The study is expected to provide input and the development of literature and research related to e-government relations and IFR (Internet Financial Reporting). In the practical world, the research results at least can provide input to local government for consideration in an effort to improve e-government implementation in the field of accounting, i.e. (Internet Financial Reporting) that will achieve transparency, participation and public accountability.

In addition to the above findings, this study has limitations such as number of data used in this study was relatively small because the population is only at the provincial level of local government alone. This research is also still a relatively new research that required further studies to better establish the results and conclusions can be drawn. Therefore, the expected results of this research could lead to and encourage subsequent studies.

Considering the limitations that exist, subsequent research suggested could improve the following factors: Increasing the number of samples, namely local government district level so that research results can be generalized more following. Adding the variables other worthy used to describe the probability IFR through e-government as a means of public transparency, participation, and accountability, as follows: variable classification of the island; namely java and java, variable political competition, variables press visibility, variable classification based on city population, and development of research not only focuses on the availability of IFR but also by using accessibility by using calculation of accessibility index value.

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THE ACCESSIBILITY DETERMINANTS OF INTERNET FINANCIAL REPORTING OF LOCAL GOVERNMENT: FURTHER EVIDENCE FROM INDONESIA

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Abstract: Internet technologies in the form of e-government (government website) provide local governments with an opportunity to improve their accountability, to promote a change in the overall philosophy of government activities, and to increase their responsiveness to the needs of citizens for financial information. The financial information through internet is called IFR (Internet Financial Reporting) which is a combination between the internet multimedia capability and capacity to communicate the financial information interactively. Its accessibility concerns with the ease with which users can locate and view financial reporting data provided at the website. Referring to the literatures on disclosure and accountability in the public sector, this research is aimed to examine the association between the accessibility of IFR in e-government by using Accessibility Index Value (Style and Tennyson, 2007) and the determinant variables named as size, income per capita, and debt level, which are assumed to have the positive associations. The associations between the accessibility index value and the determinant variables indicate no significance in the statistical test. The study looks at Indonesia local government's use of the internet and whether local government is likely to be more accountable as a result. There are no statutory requirements concerning the use of the internet in the communication of performance results and consequently, the choice of the type of information and documents to be inserted in the websites is voluntary. The study implication recommends that the local government must develop better knowledge management systems, increase the interactivity of their websites, and enrich the accounting information that they present in the website. In order to support the accountability, the government has to publicize the public information in the context of fulfilling the rights of the public which is the rights to be informed in the border of legal law.

JEL Codes: M41- Accounting (Financial Reporting)

Keywords: e-government, internet financial reporting, accessibility index value, size, income per capita, debt, accountability.

1. Introduction

Information plays a very vital part in governance activities. Production of public information such as annual financial report is only one part of the accountability equation and access to the information is the other necessary condition for accountability to take place. Dissemination of annual financial report is the responsibility of and controlled by the local government. Probably one of the most convenient and cost effective ways for a government agency to disseminate this information in today's society is the internet. This role of the internet in disseminating government's annual report to the citizenry groups and other users has not escaped the attention of local governments. They take various approaches such as by applying the electronic government system or electronic-based government (e-government) to fulfill the public needs of information. To meet the needs of financial information, IFR (Internet Financial Reporting) through e-government is the best solution to support the governance in accountability aspect.

IFR is a fast-growing phenomenon. Many organizations publish their financial information on the internet. It is the reporting and disclosure of public sector accounting by using a government website media (e-government). According to Oyelere et al (2003), IFR is a combination of capacity and capability of multimedia internet to communicate interactively about financial information. The financial statements are usually printed, through the internet, the financial reports can be distributed more quickly (timeliness aspect) and are able to develop the usefulness of this technology to open up further to inform the financial statements (disclosure aspect). Financial information provided on the web includes the comprehensive sets of financial statements, including footnotes; partial sets of financial statements; and/or financial highlights which may include summary financial statements or extracts from such statements.

Actually, the financial statements reporting on the internet has not been regulated for the government. The global accessibility of financial reports on the internet can create possible implications for groups with interests in financial reporting, such as financial information preparers, users, auditors and regulators. Bagshaw (2000) argues that the global accessibility of financial reports and the absence of a global regulator necessitate the cooperation of national and international organization to ensure that financial information is the highest quality.

The enormous development of the internet and an increasing acceptance by its users has an accessibility issue. Major characteristics of the internet are that information can be accessed (almost) any time and everywhere, and generally at a low cost; the information is up-to-date; there are few limits on data availability; information can include dynamic presentations and multimedia; and there is the possibility of interactive information demand and supply. These developments have a significant effect on the dissemination of information and thus on the organizational structures of how these activities are performed. They also open up new and astounding opportunities for financial disclosure that affect all interested parties. These opportunities concern standard setters as well as regulators.

According to Style and Tennyson (2007), the accessibility concerns in how many steps are required to locate the financial report in the website. The need to control over IFR largely depends on the degree to which efficient solutions are currently being found in the community for financial information. The study results the association between the accessibility and the number of residents, resident income per capita, level of debt, and the financial position of the municipalities in USA. But in the Indonesia context, the researcher wants to examine its association with size, income per capita, and debt level.

A greater information technology budget will give a better information technology function that is able to design and maintain more sophisticated websites with the easiest accessibility. Generally, larger cities will provide programs and services to a higher number of residents, consume a greater amount of resources, and exhibit higher levels of accounting disclosures. This is clearly associated size with the proxy for population, the larger the city, the larger the population and the greater the budget that can be collected and of course the higher demand for accounting functions will be as well as the higher accessibility to information financial statements.

The increased demand for financial statements will require the provision of cost-efficiency to the financial statement data on the government website. This cost efficiency will be greater for cities with higher income per capita which generally have higher proportion of the population associated with the internet. Cities with higher levels of income per capita will have a higher level of monitoring by the citizenry and more demand for information that can provide measures of performance. Those cities will be, therefore more likely to provide the easiest accessibility to financial reporting data in e-government.

If associated with the debt level, government use of debt to finance provision of services and programs is relevant to the residents of a city. The pressure given by the owner of the debt (local government) to publish financial statements is more dominant than the costs or regulatory pressures and politics. This is caused by a creditor (debtor) will demand transparency and accountability in the most applicable way, including its accessibility of the financial information provided in e-government.

Research on the accessibility of financial statement information has not been revealed in Indonesia. By the Act No. 14/2008 on The Disclosure of Public Information requiring the provision of such information as a public information that must be periodically announced and e-government facilities which its content can be applied as a medium of publication of financial statements, this paper wants to analyze this research by linking the phenomenon to the above variables which are not proven empirically with the same conclusions in several countries.

Previous studies in the public sector form the basis for formulating hypotheses to be tested for each variable that is assumed to have positive associations with the accessibility of financial statements on the internet. Studies from overseas have discussed much more about the availability of financial statements on the internet or Internet Financial Reporting (IFR) such as Styles and Tennyson (2007), Laswad et al (2005), Chase and Phillips

(2004), Gore (2004), Groff and Pittman (2004), whereas the researches of Indonesia are Verawaty (2010) and Verawaty (2012). But only Styles and Tennyson (2007) also discussed its accessibility on the internet. In addition to these studies, there are also some studies on the level of local government accounting disclosure, such as Gore (2004), Robbins and Austin (1986), Giroux and McLelland and (2003) as well as Ingram and DeJong (1987) and Copley (1991).

Based on Verawaty (2012), from 33 provinces in Indonesia, there are 29 provinces that have e-government in an active status/not under construction, but only 11 provinces that provides financial reports on the internet (IFR availability in e-government). However, the accessibility or how many steps it takes to find those statements is not discussed in the research.

By observing the phenomenon mentioned earlier, this paper wants to analyze the accessibility of public information (the Act No. 14/2008 on The Disclosure of Public Information, Article 9; information on the financial statements only) of local government in the provincial level in Indonesia with three variables of the research. The formulation of this study is how the association between size, income per capita, and the debt level and the accessibility of local government financial reports on the internet (Internet Financial Reporting (IFR) in e-government).

This paper analyses the use of the internet to communicate financial information of local government by using Accessibility Index Value developed by Style and Tennyson (2007) and its association with size, income per capita, and debt level. The researcher explores two aspects of internet financial reporting practices of local governments: first, whether the report is made online; secondly, the researcher examines how many steps are required to locate the report in the term of "accessibility" of the report. Since the internet has a major role to play in improving accountability and responsiveness to citizens, the discussion also extends in the accountability aspect. Further, the paper extends prior IFR studies by developing a wider definition of IFR and more comprehensive model of the determinants of such practices. The research contributions are expected to be useful to all interested parties to public information, particularly information on the financial statements. This paper assesses the extent to which citizenry groups and other users of governments' external financial reports across Indonesia have access financial reports in e-government.

2. Literature Review

2.1. E-Government

Information can be disseminated by using various media. However, to overcome the problem in 3E (Effectiveness, Efficiency, and Economics), the internet is an appropriate solution. According to Styles and Tennyson (2007), the internet provides benefits to reduce printing and distribution costs. In addition, of course, the internet can reach wider public stakeholders, faster, and without time limit. The other benefits include increased

awareness of the documents, increased usage by stakeholders, easier application of analytical tools, avoidance of disclosure redundancy and savings in publication cost.

Internet usage in the government sector is known as e-government. According to the World Bank (Verawaty, 2010), the main role of e-government lies in how information technology can trigger the transformation on the relationships between the government and citizens, governments and business, and among government agencies. These transformations can improve the quality of governance for the public interest.

The World Bank Group (2009) defines e-government as the use of information technologies (such as WAN/Wide Area Networks, the internet, and mobile computing) by government agencies that have the ability to transform on the relationships between citizens, businesses, and other arms of government. Another definition from Legislative Analyst's Office (2001) is that electronic government, or e-government is the process of transacting business between the public and government in the use of automated systems and the internet network, more commonly known as the World Wide Web.

E-government has allowed government agencies to provide information and deliver services to its internal and external stakeholders through their websites. The large scale communication offered by city websites presents opportunities for a digital democracy and more transparent accountability to residents and other stakeholders. Considering that accountability is implicit in all the objectives of local and central government financial reporting, city websites can play a role in the democratization of government information on performance by providing convenient and potentially more accessible financial information to stakeholders.

Since e-government has been met with acceptance and eagerness from the public, its ultimate goal is to be able to offer an increased portfolio of public services to citizens in an efficient and cost effective manner. It also allows the public to be informed about what the government is working on as well as the policies they are trying to implement. Thus, e-government helps to simplify processes and makes access to government information more easily accessible for public sector agencies and citizens.

2.2. IFR (Internet Financial Reporting) In Public Sector

Disclosure or reporting of public sector accounting by using a government website (e-government) is a feature commonly called IFR (Internet Financial Reporting). According to Oyelere et al (2003), IFR is a combination of multimedia capacity and capability of the internet to communicate interactively about financial information. Financial reports are usually printed, but by using the internet, they are distributed more quickly (timeliness aspects) and able to exploit the usefulness of this technology to open up further to inform the financial reports (the disclosure aspects). IFR gives opportunity for the government to use the internet as a mechanism to disseminate the reports and disclosures provided to stakeholders.

In concept, GASB No.34 (1999) which contains significant revisions of the financial reporting model of government and greater emphasis on accountability to the public by the government, states that the government's financial annual report will be useful for the public as a form of stakeholder accountability, including the availability to be accessed. The spread of the report is the responsibility of and controlled by local governments. Surely as one of the most effective ways in terms of the way, time-efficient, and economical cost to the government agency authorized with the responsibility to disseminate this information, the internet with IFR applications in e-government is an appropriate alternative.

The amount of IFR studies on local government is still fewer compared with the studies in private sector or another with the profit motive. Only three studies have investigated the IFR in the public sector at local government level. Groff and Pittman (2004) examined the practice of IFR in 100 largest local governments in the USA. Laswad et al (2005) examined voluntary IFR in local government in New Zealand. The latest one, Styles and Tennyson (2007) examined the accessibility of financial reporting of all U.S. local governments on the internet. The third study compared the practices and barriers in publishing the financial statements in local government websites.

Based on Oyelere et al (2005), IFR is still a voluntary disclosure in the public sector. In Indonesia, it is backed up by President Regulation No.3/2003 which mandated the implementation of the government organization supported by information technology. Besides, the other relevant regulation is Act No. 14/2008 on The Disclosure of Public Information in Paragraph 1 of Article 7. It states that each public agency must provide or publish public information under the authority of the applicant for public information, other than information exempted in accordance with the provisions.

According to Act No. 14/2008 on Article 9, public information must be provided and announced periodically by the public agency which one of the information is the financial statement. Thus, it is interpreted that there is no other reason for local governments not only providing information to the central government, parliament, local government and the audit supreme board or other external stakeholders, such as investors, creditors, and donors, but also to the society and other public stakeholder. However, in meeting aspects effective, efficient, and economical, IFR in e-government is the relevant means.

2.3. Hypotheses

The research issue has not been discussed in Indonesia, but Styles and Tennyson (2007) examined the availability and accessibility of local government financial reports on the internet with 300 samples of various sizes of local government in the USA. Previously there are also other studies such as Laswad et al (2005) which examined the characteristics that affect local governments voluntarily IFR in New Zealand and Groff and Pitman (2004) which examined the description of IFR 100 largest local government in the USA. With so many variables they studied, it is assumed those will affect local governments in implementing IFR in e-government. In addition to these studies, there are

also some studies about the level of local government accounting disclosure, such as Gore (2004), Robbins and Austin (1986), and Giroux and McLelland (2003).

In the latest study, Styles and Tennyson (2007) identified several variables into factors affecting availability and accessibility of IFR in e-government in local government, such as size, governance structure, quality of accounting disclosure, income per capita, debt, and financial condition. The results of this study stated that only size, quality of accounting disclosure, and income per capita are positively associated to the availability of IFR and only variable size, income per capita, debt, and financial condition are positively associated to IFR accessibility.

This study refers to Styles and Tennyson (2007), but there are some significant differences with the study or previous studies. In addition, the main reason is that prior studies have inconsistent results in previous studies because the variables tested in Styles and Tennyson (2007) study did not refer to the same conclusion as the previous studies as Robbins and Austin (1986) and Laswad et al (2005).

The following discussion addresses significant factors that may influence the decision of the local government to provide the financial information on e-government. The researcher draws on a combination of the public sector IFR, private IFR and the public sector accounting disclosure literatures in the development of the hypotheses.

2.3.1. Size

In a growing climate of accountability, the local governments face increased demand for monitoring information and greater incentives to signal performance. Generally, larger cities will provide programs and services to a higher number of residents and consume a greater amount of resources (Giroux and McLelland, 2003).

The findings of the public sector accounting disclosure literature suggests that this higher activity results in a greater demand for information on the performance of the government and the need for more disclosure by larger local governments. The internet provides an alternative disclosure method to the traditional method of distributing printed copies of the information to the selected stakeholders.

Studies investigating IFR for local government present mixed findings on the relationship between size and IFR. But studies examining this relationship in the private sector generally suggest that larger organizations engage in IFR at higher levels (Ashbaugh et al, 1999; Ettredge et al 2002). The higher service level and increased functions provided by larger cities will inevitably in a larger and more sophisticated website.

Groff and Pitman (2004) reported that the sub-group of smaller cities in their study gave more prominence to financial data than the sub-group of larger cities. They posited that the prominence of financial data measured by pages between city website homepage (e-government) and the financial data could be explained by shallower websites for smaller

cities. According to their reasoning, larger cities generally have more pages on their websites that can result in placement of financial data in pages located a number of pages. But larger cities generally have a larger accounting function and a higher budget for information technology (IT) services.

One of the indicators of the size of local government is the population. Studies that tested the IFR at the local government indicated that there is a relationship between population and IFR. According to Goff and Pittman (2004), major cities generally have the accounting functions of larger budgets for information technology services. The accounting function is related to the broader needs large areas to provide more data in the financial statements.

Information technology budget greater regional fund would be more financing a function of information technology being capable of designing and maintaining a more sophisticated website. The larger accounting function is necessary due to the need for larger cities to present more data in the financial data. A larger IT budget will afford the city IT function able to design and maintain a more sophisticated website. A more sophisticated website will incorporate design and presentation of material that can provide a higher level of accessibility to visitors of the website. This is clearly associated with population, the bigger the city, the greater the number of residents and the larger the budget that can be collected, and of course the higher the demand for accounting functions. This discussion leads to the following hypothesis:

H1: There is a positive association between the size of the local government and the accessibility of IFR (Internet Financial Reporting) provided in e-government.

2.3.2. Income Per Capita

GASB (1999) and the GFOA (2003) share the common goal of increasing the citizenry's use of financial reports in its assessment of government's service and financial performance. Cities with higher incomes per capita have a higher demand for accountability (Ingram, 1984; Giroux & McLelland, 2003). Cities with higher levels of income will have a higher level of political monitoring by the citizenry and more demand for information that can provide measures of performance.

In today's internet society, as more of the citizenry look to utilize financial data as part of the information set for accountability of the city, more individuals will expect access to this data in a convenient electronic format. These individuals will demand the same quality of information and access at city websites as they do at other websites. Increased demand for financial reports will provide cost efficiencies for providing financial data at the city website (GFOA, 2003). These cost efficiencies will be greater for cities with higher income per capita that generally have a higher proportion of residents connected to the internet. Cities with higher income per capita will be, therefore more likely to provide financial reporting data at their website.

The political pressure for sophisticated a convenient electronic reporting of financial information will increase as more citizenry gain knowledge on the accessibility and cost efficiencies of IFR (Ho, 2002). Cities with higher incomes per capita generally have more access to and experience using the internet (Styles and Tennyson, 2007). As a result, knowledge of issues such as information access, web design and cost savings of electronic publishing will be higher for cities with higher incomes per capita. The higher demand for accountability and greater use of the internet by residents with higher income per capita suggest a positive relationship between the local government income per capita and the accessibility of the financial information at the website.

Demand higher accountability and use of the internet by the wider population with greater income per capita indicate a positive relationship between income per capita and the provision of local government financial reports on the website. Giroux and McLelland and (2003), Robbins and Austin (1986), and Styles and Tennyson (2007) proved that there is a relationship between the disclosure of accounting and income per capita. But for Robbins and Austin (1986), this relationship was not significant. Since there are inconsistencies in the results, hypothesis is formulated as follows:

H2: There is a positive association between the income per capita of the local government's residents and the accessibility of IFR (Internet Financial Reporting) provided in e-government.

2.3.3. Debt

As discussed earlier, previous studies of public sector disclosure assume that local governments provide accounting information to debt holders to reduce borrowing costs (Gore, 2004). Despite the GASB's recognition reports of a number of key users of government accounting reports, the bond market is considered by many as the primary user of government financial data. Studies in the for-profit IFR literature suggest that companies commonly provide financial information on their websites previously filed with regulators (e.g. SEC) and presented through other media (e.g. mailing of printed copies to stakeholders) to widen the audience for the information. The GFOA has recognized this potential in its Recommended Practice Using a Website for Disclosure (GFOA, 2002). Providing financial data on the city's website provides an avenue for widening the audience of bond market users and other creditors.

Government use of debt to finance provision of services and programs is relevant to the residents of a city. An evaluation of the city's debt is an integral component of the accountability of the local government administrators. Financing current city expenditures with debt impacts the ability of a city to provide future programs and service. Higher levels of debt could impose future interest cost and principal repayments on cities that reduce its ability to meet future resident demand for service or higher tax burdens for future generations of taxpayers (Brecher et al, 2003).

Gore's findings (2004) suggest that the incentives provided by debt holders are dominant over the political and regulatory costs associated with not providing disclosures. This is caused by the debt will demand transparency and accountability in the most applicable, in this case it is IFR in e-government. It follows that we would expect a positive association between a local government's debt level and the accessibility of financial data provided on the internet. This is formulated in the following hypothesis:

H3: There is a positive association between a local government's debt level and the accessibility of IFR (Internet Financial Reporting) provided in e-government.

3. The Methodology and Model

Population used in this study are all the provincial governments in Indonesia, amounting to 33 provinces. This population is determined based on the observation period. The reason is that in Indonesia, the determination of the population proportion of provincial governments that have e-government (compared to the provincial governments which do not have) is more than the local government in district/municipality level.

The sample is determined based on certain criteria or purposive sampling that the provincial local government website (e-government) which in the observation period is in active status/not out of service (under construction) in September of 2013. It means whether the local government has e-government, but if it is not active, it will be not be considered in statistic regression process.

The research instrument is direct observations on the internet media and open questionnaires. These questionnaires are used to support further the explanation of the results. To complete its analysis of the data collected, the interviews with several government practitioners will accomplish the discussions. Of course, to extend the discussion academically, the prior relevant studies will be conducted.

The primary data is collected in observations with the availability of internet media in the e-government of provincial governments in a population of 33 and finding the availability of IFR (Internet Financial Reporting) in the existing samples and assessing the accessibility point based on Accessibility Index Value by Styles and Tennyson (2007). The secondary data of 2013 is obtained through the reports published by authorized government bodies.

Here is the Calculation of Accessibility Index which is the basis for assessing how many steps it takes to find the financial statements in the e-government:

Table 1
Calculation of Accessibility Index Value

The accessibility index was calculated as follows for each local government in the provincial level that provided CAFR* data on its e-government (official website): 1 point if official website appears on first page of result for Google or Yahoo search using province name and state (A). + 1 point if official website has link to CAFR data on website homepage (B).

- + 1 Point if official website has search engine that finds CAFR using terms CAFR and/or financial statements (C).
 - + 1 Point if 3 or less web pages (or clicks of mouse) to view CAFR data from the website homepage (D).±
 - + 1 Point if CAFR provided on official website as indexed pdf file(s) or HTML format (E).
 - + 1 Point if website provides CAFR data in more than one file; files for different sections/pages of full CAFR document (F).
 - + 1 Point if individual file(s) providing CAFR data less than 3MB in size (G). ±±
 - + 1 Point if official website provides CAFR data for prior years (H).
 - + 1 Point if official website provides information on obtaining or access to a printed copy of the province's CAFR (I).
 - + 1 Point if official website provides contact details (phone and/or email) for individual/department that compiled CAFR (J).
- = possible score of 10 points

*CAFR (Comprehensive Annual Financial Report) or equivalent: comprehensive sets of financial statements, including footnotes, partial sets of financial statements and/or financial highlights which include summary financial statements and the core of the financial statements published by the government. In this paper, an e-government classified in practicing IFR when it provides on the web a comprehensive set of financial statements and/or financial highlights extracted from financial statements (including partial and/or summarized financial statements). The full disclosure is when it provides these four components, namely, balance sheet, budget realization statement, statement of cash flows, and notes to the financial statements.

The association between the determinant variables and the accessibility of IFR (Internet Financial Reporting) provided in its e-government in the hypotheses will be tested by the following equation:

$$IFRACCESS_{it} = \alpha_{it} + \beta_1 SIZE_{it} + \beta_2 INCOME_{it} + \beta_3 DEBT_{it} + e_{it}$$

- $IFRACCESS_{it}$: the accessibility of financial reports of local governments at the provincial level i in the year t in its e-government as measured by Calculation of Accessibility Index Value.
- $SIZE_{it}$: the size of local governments at the provincial level i in the year t as measured by the log of its population.
- $INCOME_{it}$: the log of per capita resident income at the provincial level i in the year t .
- $DEBT_{it}$: the capacity of local governments at the provincial level i in the year t in debt as measured by total debt divided by population at the provincial level i in the year t .
- e_{it} : error term.

4. The Findings

1. Univariate Analysis

This following is the calculation result by using The Accessibility Index:

Table 2
The Accessibility Index Value Calculation

NO	PROVINCE NAME	Status*	ACCESSIBILITY POINT										
			A	B	C	D	E	F	G	H	I	J	TOTAL
1	Bali	IFR	1	-	1	-	-	-	-	-	-	-	2
2	Banten	IFR	1	-	1	-	-	-	-	-	-	-	2
3	Bengkulu	Non IFR	-	-	-	-	-	-	-	-	-	-	-
4	Daerah Istimewa Yogyakarta	IFR	1	1	-	-	1	1	1	1	-	1	7
5	DKI Jakarta	IFR	1	1	1	1	1	1	1	1	-	1	9
6	Gorontalo	IFR	1	1	1	1	1	-	1	-	-	-	6
7	Jambi	IFR	1	1	-	1	1	-	-	1	-	-	5
8	Jawa Barat	IFR	1	1	-	1	1	-	1	1	-	-	6
9	Jawa Tengah	Non IFR	-	-	-	-	-	-	-	-	-	-	-
10	Jawa Timur	Non IFR	-	-	-	-	-	-	-	-	-	-	-
11	Kalimantan Barat	Non IFR	-	-	-	-	-	-	-	-	-	-	-
12	Kalimantan Selatan	IFR	1	-	-	1	-	-	1	-	-	-	3
13	Kalimantan Tengah	IFR	1	1	1	-	1	1	1	1	-	-	7
14	Kalimantan Timur	IFR	-	-	1	1	-	-	-	-	-	-	2
15	Kepulauan Bangka Belitung	IFR	1	1	1	1	1	1	1	-	-	1	8
16	Kepulauan Riau	IFR	1	-	1	-	-	-	-	-	-	-	2
17	Lampung	Non IFR	-	-	-	-	-	-	-	-	-	-	-
18	Maluku	Non IFR	-	-	-	-	-	-	-	-	-	-	-
19	Maluku Utara	Non IFR	-	-	-	-	-	-	-	-	-	-	-
20	Nanggroe Aceh Darussalam	Non IFR	-	-	-	-	-	-	-	-	-	-	-
21	Nusa Tenggara Barat	IFR	1	1	-	1	1	1	1	1	-	-	7
22	Nusa Tenggara	IFR	1	1	1	1	1	1	1	-	-	1	8

NO	PROVINCE NAME	Status*	ACCESSIBILITY POINT										
			A	B	C	D	E	F	G	H	I	J	TOTAL
	Timur												
23	Papua	Non IFR	-	-	-	-	-	-	-	-	-	-	-
24	Papua Barat	Non IFR	-	-	-	-	-	-	-	-	-	-	-
25	Riau	IFR	1	1	-	1	-	-	-	-	-	-	3
26	Sulawesi Barat	Non IFR	-	-	-	-	-	-	-	-	-	-	-
27	Sulawesi Selatan	Non IFR	-	-	-	-	-	-	-	-	-	-	-
28	Sulawesi Tengah	Non IFR	-	-	-	-	-	-	-	-	-	-	-
29	Sulawesi Tenggara	Non IFR	-	-	-	-	-	-	-	-	-	-	-
30	Sulawesi Utara	Non IFR	-	-	-	-	-	-	-	-	-	-	-
31	Sumatera Barat	Non IFR	-	-	-	-	-	-	-	-	-	-	-
32	Sumatera Selatan	IFR	1	1	-	1	1	1	1	1	-	-	7
33	Sumatera Utara	IFR	1	1	-	1	1	1	1	-	-	-	6

*status: IFR means the website provides financial information, non IFR means the opposite.

This following is the Descriptive Statistics of the data:

Table 3
Descriptive Statistics of The Accessibility Index Value

	N	Minimum	Maximum	Mean	Std. Deviation
Point	33	0	9	2.73	3.194
Valid N (listwise)	33				

This following is the observed frequencies for the components of the accessibility index. It values highlights how the local government in the provincial level addresses the accessibility of the financial data in its e-government (official website):

Table 4
The Frequency of Accessibility Index Components

Index Components	All provincial governments (n=33)
	Freq. (%)
A. Official website appears on first page of result for Google or Yahoo search using province name and state.	16 (48.5%)
B. Website has link to CAFR data on website homepage.	12 36.4%
C. Website has search engine that finds CAFR using terms CAFR and/or financial statements.	9 27.3%
D. 3 or less web pages (or clicks of mouse) to view CAFR data from website homepage.	12 36.4%
E. CAFR provided on official website as indexed pdf file(s) or HTML format.	11 33.3%
F. Website provides CAFR data in more than one file; files for different sections/pages of full CAFR document.	8 24.2%
G. Individual file(s) providing CAFR data less than 3MB in size (G).	11 33.3%
H. Website provides CAFR data for prior years.	7 21.2%
I. Website provides information on obtaining or access to a printed copy of the province's CAFR.	0 0%
J. Website provides contact details (phone and/or email) for individual/department that compiled CAFR.	4 12.1%

According to Government Regulation No. 71/2010 on The Government Accounting Standard, main financial reports that must be provided by the government are Statement of over Budget Balance Changes, Balance Sheet, Statement of Cash Flows, Statement of Changes in Equity, and Notes to Financial Statements. The calculation of the accessibility index shows that only three provinces which are Yogyakarta, Jakarta, and South Sumatera with the financial reports of 2012. The rest which have financial information, only in footnotes; partial sets of financial statements; and/or financial highlights which may include summary financial statements or extracts from such statements and the time due report is under the year of 2012.

The biggest point is in the hand of Indonesia's capital, Jakarta with 9 points for the excellent point of 10. It might happen because Jakarta has more pressures to publish as the country capital. Based on Table 3, with mean in 2,730 and standard deviation in 3,194, Jakarta has reached the standard outstandingly. Empirically, the frequencies for the components of the accessibility index shows that official website appears on first page of result for Google or Yahoo search using province name and state is only 48.5% and interestingly, website provides information on obtaining or access to a printed copy of the province's CAFR is in 0%. The determinants of why many governments did not provide IFR according to Oyeleret et al (2003) are political competition, size, leverage, municipal wealth, press visibility, and type of local authority and according to Style and Tennyson (2007), they are the number of residents, resident income per capita, level of debt, and the financial position of the municipalities.

IFR in e-government is the most fulfilling aspects of 3E (Efficiency, Effectiveness, and Economy) to provide and publish information on financial statements to all public stakeholders including central government, other governments, parliaments, audit board, economic analysts, investors, creditors, donors, and community. Based on Verawaty (2012), 87.9% of provincial governments had the e-government in the status online/active. However, only 37.93% did the IFR. It means that the dissemination of information is closely related to the readiness of the public entity to provide it to be accessible to the public. Although financially supported by reliable human resources, not all local governments do it voluntarily.

A number of IFR-related issues and challenges have, however, been noted in the literature. There is a potential that the dividing line between current financial information used by government management made available to public users of financial information could be erased by online, real-time reporting (Oyelere et al (2003). Besides, if IFR is installed as the only mode for communicating financial information, there is the likelihood that access to such information will be restricted to only those who possess costly computer equipment and skills. Hence, to ensure equity in financial information dissemination, it will be necessary to ensure that the information being reported in websites are already provided previously or simultaneously in other media of financial information disclosure (McCafferty, 1995). However, this could be viewed as unnecessary duplication and may result in even greater costs in Indonesia, where financial information are commonly disseminated in both Indonesia and English languages.

Perhaps the greatest challenge faced in the IFR environment is ensuring the security and integrity of the financial information published on the websites. Apart from possible errors in the publishing process, materials published on the web are susceptible to all manners of security risks. Financial information could, post-publication, be knowingly or unknowingly altered by parties both external and internal to the organization. There is a real risk that critical decisions could be made by users of financial information based on inaccurate financial information gleaned from the websites. The extent to which these issues are dealt with is likely to determine the long-term usefulness of the internet as a medium of the financial information dissemination.

Because the financial statements on the internet are unregulated so many local government consider it not seriously. The Minister of Indonesia for Internal Issues No. 186.52/1797/DJ of 2012 announced that the instruction titled "Building up The Transparency of Budget Management" since May of 2012. It is an obligation for all governments to have a content name "The Transparency in Local Government Budget" in their e-government. More or less it is an IFR. Like many other rule or law, it must take time to be applied in their government environment, at least maximally in the following two years. Thus for the future, all government will implement the ministry's instruction so the accountability will support the good governance. The researcher also recommends that in every level of the government, they will develop better knowledge management systems, increase the interactivity of their websites, and enrich the accounting information that they present.

2. Multivariate Analysis

Because the data of 17 provinces are not complete or the e-governments are under construction (maintenance), they are not included in the data testing so the final sample is 16. The following table data is to be processed to test the hypothesis is as follows:

Table 5
Data to Be Prepared To Test the Hypothesis

NO	PROVINCIAL GOVERNMENT	Var IFR ACCESS	Var SIZE*	Var INCOME*	Var DEBT*
1	Bali	2	6,53	13,7	1,47
2	Banten	2	6,96	14,09	1,54
3	Daerah Istimewa Yogyakarta	7	6,51	13,58	2,61
4	Daerah Khusus Ibukota Jakarta	9	6,96	14,83	1,51
5	Gorontalo	6	5,97	12,77	1,59
6	Jambi	5	6,44	13,6	1,23
7	Jawa Barat	6	7,59	14,78	0,79
8	Kalimantan Selatan	3	6,52	13,66	1,79
9	Kalimantan Tengah	7	6,33	13,51	0,57
10	Kalimantan Timur	2	6,45	14,5	1,85
11	Kepulauan Bangka Belitung	8	6,00	13,34	1,55
12	Nusa Tenggara Barat	7	6,65	13,55	1,36
13	Nusa Tenggara Timur	8	6,63	13,33	0,96
14	Riau	3	6,76	14,44	0,46
15	Sumatera Selatan	7	6,89	14,13	1,02
16	Sumatera Utara	6	7,12	14,33	2,13

*: log10

The following table shows the descriptive statistics for all research variables are:

Table 6
The Descriptive Statistics for All Research Variables

	N	Minimum	Maximum	Mean	Std. Deviation
IFRACCESS	16	2	9	5.50	2.366
SIZE	16	5.97	7.59	6.6444	.40732
INCOME	16	12.77	14.83	13.8838	.57969
DEBT	16	.46	2.61	1.4019	.56331
Valid N (listwise)	16				

The association between and local government size, income per capita, debt and financial reports on the accessibility of the internet or Internet Financial Reporting (IFR) in e-government are tested as follows:

Table 7
The Statistics Result of Internet Financial Reporting (IFR) in e-Government

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	17.191	16.447		1.045	.316
SIZE	1.566	2.680	.269	.584	.570
INCOME	-1.568	1.868	-.384	-.839	.418
DEBT	-.227	1.194	-.054	-.190	.852

a. Dependent Variable: IFRACCESS

Based on the results of the regression with a significance value of 0.570 ($p < 0.10$), this study shows that there is no positive association between the size of local government by proxy for population and the accessibility of IFR (Internet Financial Reporting) provided in its e-government. That is, in statistical calculation, population cannot be the deciding factor that can explain the accessibility IFR in e-government.

According to Giroux and Shield (1993) and Giroux and McLelland (2003), local governments have to face of rising demand or claim against supervisory information. Program activities and services for large population with expenditure of resources lead to requests for large amounts of information on government performance information, including local government, so the greater the budget for those activities that can be collected and of course the higher the demand for the function accounting. The request can be accommodated in the IFR which is an alternative method is a more effective disclosure and its accessibility that theoretically stated, the more points earned based on how many steps it takes to find the financial statements in the e-government, the better. The research is supported by Styles and Tennyson (2007) which proved that a city with a large number of residents have positive associations to conduct IFR in e-government. The study in Indonesia context does not support the foreign studies.

Based on the results of the regression with a significance value of 0.418 ($p < 0.10$), this study shows that there is no positive association between the income per capita local government by proxy for GDP per capita and the accessibility of IFR (Internet Financial Reporting) provided in its e-government. The easier accessibility of financial statements (IFR) in e-government, the better dissemination of information made to public. But, in statistical calculation, the income per capita cannot be the deciding factor that can explain the accessibility IFR in e-government.

According to previous literature, GASB (1999) and GFOA (2003) stated the regions with greater income per capita demand for accountability have higher financial statements. Provinces with higher income levels would have levels higher political oversight by community groups and more requests for information that can provide measures of performance. Laswad et al (2005) and Styles and Tennyson (2007) support these findings by linking reporting of those statements on the internet, including its accessibility. However, the results of this study is not supported by Robbins and Austin (1986) which stated that there was a positive association with income per capita of accounting disclosure in the public sector. This paper research taken in Indonesia does not support Laswad et al (2005) and Styles and Tennyson (2007).

Based on the results of the regression with a significance value of 0.852 ($p < 0.10$), this study shows that there is no positive association between the proxy for local government debt which are the ratio debt to total population and the accessibility of IFR (Internet Financial Reporting) provided in its e-government. Thus, in statistical calculation, debt cannot be the deciding factor that can explain the accessibility IFR in e-government.

According to previous literature, Zimmerman (1977), the use of debt to finance public activity is a key driver for public sector managers to reduce the cost of debt. This can be achieved with the IFR because of the internet media, distribution of financial statements to be more efficient, effective, and economical. This is also supported by Styles and Tennyson (2007) that stakeholders need to expand the financial statement information without compromising its ability to meet the demand of the population in the following years for public service. Then by utilizing the internet media or IFR in e-government including its easier accessibility is an activity that will not increase the debt. But it turns out that this paper research in Indonesia does not support these studies.

Wagenhofer (2003) indicates that there are some economic consequences of IFR on financial disclosure. The study discusses how financial disclosure "is (still) governed by incentives and cost-benefit tradeoffs". It also considers that changes in information costs such as declining disclosure costs and higher demands of information from users may have led to more disclosure, but IFR has also created additional disclosure costs. Wagenhofer (2003) highlights concerns raised over quality of information by IFR. Flexibility of disclosure facilitated by the internet could raise concerns over misuse of this disclosure format and demand for expanded auditing services and regulation of IFR, thus leading to additional costs for preparers. Perhaps in Indonesia context, those findings are relevant in term of no significance of all the research variables.

According to the interviews results with local government practitioners, the population is not a significant reason for the accessibility of IFR, but the characteristics of the population that determine the level of demand pressure for more public transparency, accountability and participation of IFR in e-government, including its accessibility. Then if it is associated with income per capita, it is not also a significant reason. However, documenting culture or the customs to document (anything) with information technology media which become a part of ISO and also become a standard part of software engineering, should have been a

competence of government. Then the debt level, if it is a local government debt, either low or high ratio, then perhaps there is/there will be political pressure to publish its financial statements more easily or the number of points of high accessibility.

5. Summary and Conclusions

The study is aimed to analyze the accessibility of IFR on the government website by using Accessibility Index Value (Style and Tennyson, 2007). The index shows the ability of some citizens to access the data provided in e-government that the higher point they compile, the better the accessibility is. Specifically, components of the accessibility index highlight concerns that some citizens may experience difficulty locating the data in e-government, downloading large electronic files containing financial reports, conveniently locating specific financial data and obtaining a hardcopy of the financial report. These questions of accessibility maybe either diminished or accentuated by differences in internet access for citizens of individual province, but require the attention of the local government authority choosing to engage in internet financial reporting.

Besides to discuss the accessibility, this research is aimed to examine the association between the accessibility of IFR in e-government and the determinant variables named as size, income per capita, and debt which are assumed to have the positive associations. The results of this study concluded that there is no positive association between those variables. It does not support Giroux and Shield (1993), Giroux and McLelland (2003), and Styles and Tennyson (2007) for size variable, GASB (1999), GFOA (2003), Laswad et al (2005), and Styles and Tennyson (2007) for income per capita variable, and Styles and Tennyson (2007) and other studies for debt variable.

Obtained through the method of interviewing the arguments are the characteristics of the population, documenting culture, and political pressures into consideration to improve the accessibility of financial statements in the e-government. Besides the juridical aspect, especially Act No.14/2008 on The Disclosure of Public Information has not set or procedures on how to disseminate public information. Thus dissemination of financial statements on Internet Financial Reporting (IFR) in e-government is still not fully utilized.

The accountability is a crucial issue to support good governance of a government. In essence, accountability is the provision of information and disclosure on the activities and financial performance for the public stakeholder (Schiaivo-Campo and Tomasi, 1999). The government, both central and local levels, should be the subject of informers in the context of fulfilling the public's rights namely the right to know, the right to be informed, and the right to be heard for the aspirations. Based on the dimensions of public accountability by Verawaty (2010), e-government as a public accountability means is namely the obligation to provide accountability or to answer and explain the performance and actions of a person/organization to the party leader who has the right or authority to hold the accountability or description.

Recent public sector reforms have generally emphasized the importance of increasing accountability and widening the scope of measurement and reporting systems, as well as the use of information and communication technologies. Internet technologies provide public sector organizations with an opportunity to improve their accountability, to increase their responsiveness to the needs of citizens and to promote a change in the overall philosophy of government and organization of activities. In this case, with the easiest steps to access, it will describe the accountability itself. IFR will support the government accountability.

The accountability is implicit in all the objectives of government's IFR whereas government website can play an important role in democratization of government information on performance by providing convenient and potentially more accessible financial information to stakeholders. In order to support the accountability, the government has to publish the public information in the context of fulfilling the rights of the public which is the rights to be informed in the border of legal law. Having The Instruction of The Minister of Indonesia for Internal Issues No. 186.52/1797/DJ/2012 has become a very potential development. In the future, the accessibility of the IFR (Internet Financial Reporting) of local government will be much easier.

End Notes

Considering that there are limitations, subsequent research suggested could improve factors such as increasing the number of samples, not only in the provincial level, but also local government district/municipal level, adding other variables to explain the proper use IFR accessibility in e-government, such as political competition, press visibility, and the classification of cities based on population, and data used in time series so that trends can be seen through the provision of IFR e-government media from year to year.

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Case 4:

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THE COMPARATIVE ANALYSIS OF INTERNET FINANCIAL REPORTING OF LOCAL GOVERNMENT IN INDONESIA BY USING A DISCLOSURE INDEX

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Abstract: The purpose of the study is aimed to compare the quality of financial reporting disclosures or IFR (Internet Financial Reporting) of provincial and municipal (city) governments in Indonesia by using a disclosure index developed by Cheng et al. (2000). The discussion of the study analyzes the optimization of the accounting reporting based on four components; content, timeliness, technology, and user support between the two groups of samples. The provincial government is more highlighted by the public so it is hypothesized that it will disclose information in its e-government with better format and quality than the city government. Based on the testing results with the Mann Whitney Test, all the components are not significant. That is, the results of this study indicate that there is no difference between the quality of financial reporting disclosures or IFR (Internet Financial Reporting) between provincial and city governments in Indonesia by using a disclosure index.

Keywords: e-government, Internet Financial Reporting, accessibility index value, content, timeliness, technology, user support

1. INTRODUCTION

The use of technology to facilitate public access to information may reduce corruption by improving transparency and accountability of public institutions. In addition, it is as well as to broaden public participation for the society to be actively involved in decision-making of government policy as well as to improve productivity, efficiency of the bureaucracy, and economic growth.

The appropriate technology is internet which has a lot of information technology with promises of easiness and facility. Through this medium, it can be obtained the needs of various kinds of information. Its fundamental advantages are timeless and borderless. Besides, compared with other media, this communication medium provides the information with cheaper and faster in global reach.

Trends in the use of the internet as a medium also affect the disclosure of the government sector. The government implements a system of electronic-based government or known as e-government (Presidential Decree No. 6 of 2001 and Presidential Decree No. 3 of 2003). This system is intended to support good governance. With this pattern, the traditional rule (traditional government) that is identical to the manual paper-based administration or workmanship becomes obsolete.

E-government is currently used almost all local governments in Indonesia. Act No. 14 of 2008 on The Openness of Public Information explicitly states that the public (public information applicant) is entitled to access to public information from the government administration (public bodies). Through e-government, public information can be conveyed by a public body with a more economical, effective, and efficient way.

If related to information systems, demand for the availability and accessibility of financial reporting in the public sector will be more optimal if done with strategic information planning as an information technology competencies developed by Government Chief Information Officer (GCIO). The more complete the information component (the content aspect) is, the more adequate the need for public information will be. The more on time the published reports are, the more reliable the information will be used (timeliness aspect). The more varied the use of technology is, the more applicable to stakeholders (technology aspects) will be. The more optimized features that support the use of e-government are, the better means of communication to the public (user support aspects) will be. Of course, all these things will not be done by the finance department of local government without the support of GCIO or its equivalent unit in the local government.

Government as an entity that invests in information technology such as e-government realizes the importance to satisfy the need for public information. It raises a question whether the public stakeholders of e-government has maximized the utilization of its use as well, so not only at the level that the local government must have e-government, but also optimize its utilization for the accounting aspect. The focus of this research is the public sector's financial disclosures through IFR (Internet Financial Reporting).

The research discussion will be focused on the optimization of the accounting reporting by focusing on the benefits of being distributed more quickly (aspects of timeliness) and exploited to open up its financial statements to inform (aspects of the disclosure). In other words, disclosure quality of financial reporting in the public sector would be optimal if the financial reporting is disseminated by using IFR (Internet Financial Reporting).

Based on the above statements, this study is aimed to compare the quality of financial reporting disclosures of provincial and city governments in Indonesia by using a disclosure index developed by Cheng et al. (2000). The reasons for selecting the sample group because the provincial government must be more highlighted by the public so it is hypothesized it will disclose information in its e-government with better format and quality than the city government.

IFR literature indicates the same purpose as the private sector that the public sector also uses the internet as a mechanism to disseminate reports and disclosures provided to the public stakeholders. It supports the statement of Wagenhofer (2003) that the IFR is related to the public sector accounting disclosure.

Previous studies form the basis for formulating research hypotheses. There are some studies which discussed the availability of financial reports with internet media such as Groff and Pittman (2004) which examined practice of 100 largest local governments in the USA, Laswad et al (2005) which examined voluntary IFR at the local government in New Zealand, Styles and Tennyson (2007) examined the accessibility of all local government financial reporting on the internet in USA. The studies of Indonesian are Verawaty (2010) which examined the availability of the IFR in the municipality government level in South Sumatera, Verawaty and Merina (2011) which examined the accessibility of the provincial government IFR in Indonesia by linking it with the application of Act No. 14 of 2008 on The Disclosure of Public Information, Verawaty (2012) which examined the availability of the IFR in the provincial government level in Indonesia, and Verawaty (2013) which examined the accessibility determinants of IFR of local government in Indonesia.

Verawaty (2013) only revealed the accessibility of content, on how many steps it takes to find the financial statements in e-government. But the aspects of timeliness, technology and user support have not been discussed. This research will discuss the quality of the IFR disclosure of the local government by using the index Cheng et al. (2000).

Research issues regarding the disclosure quality of internet financial reporting in the public sector has not been revealed in Indonesia. However, the same study has been done in the private sector, namely Almilila (2009) and Mannan (2009). This occurs because of the use of information technology in the government is considerably new.

The purpose of this study is aimed to compare the quality of financial reporting disclosures of provincial and city governments in Indonesia by using a disclosure index developed by Cheng et al. (2000). The reasons for selecting the sample group because the provincial government must be more highlighted by the public so it is hypothesized it will disclose information in its e-government with better format and quality than the city government.

The contribution of this study is to be a consideration for the local government in an effort to improve the implementation of e-government in the areas of accounting, which IFR (Internet Financial Reporting) is determined to fulfill its obligations as the provider of public information. Meanwhile, for academics and researchers this study is as material input or additional reference if they want to develop an application-related research of IFR (Internet Financial Reporting) through e-government.

2. METHODOLOGY

1. Research Design

This research is based hypothetico-deductive method. Sekaran (2006) concluded that the steps; observation, preliminary information gathering, theory formulation, hypothesis, further scientific data collection, data analysis, and deduction.

2. Population and Sample

The study population is all local governments in Indonesia, while the sample is divided into two. The first group is all provincial level governments in Indonesia. The reason is of course the provincial government is more highlighted by the public so that it is hypothesized that they will disclose information in e-government with better format and quality than the city government.

The second group is determined by certain criteria or purposive sampling method. The specific criterion is that in each province will be chosen a city government as the broadest category of areas, the most populous, and the highest per capita income. It is based on Mussari and Steccolini (2006) that the sample which is not a government with large cities is considered not get high demands on their financial statements disclosure. In addition, the general criteria for each group of samples are to have e-government up to September 2013 and its status is not in under construction/maintenance.

Data is collected through observation of the internet media availability of e-government in the two groups of samples in order to be analyzed comparatively. To complete the analysis of the data, the researchers will use interviews with practitioners of local government authorities related to the IFR policy in the region. This is necessary because this study course will be exploratory because there has never been the same study conducted in Indonesia. The interview results will provide robustness aspect of the research results. In addition, other secondary sources are text books, scientific or popular articles, newspapers, and other sources from internet.

3. Research Variables

Based on Cheng et al. (2000), the variables used to assess the quality of financial reporting or IFR (Internet Financial Reporting) in this hypothesis are the content, timeliness, technology, and user support. Here's an explanation of each variable of the study:

1. Content, which includes the financial information of components such as balance sheet, income statement, cash flows, changes in financial position and sustainability reports such as footnotes, partial sets of financial statements or financial highlights which include summary financial statements and the core of the financial statements published by e-government. Financial information which is disclosed in the form of html has higher scores

compared in pdf format, because the information in the form of html is easier and faster for the users to access financial information.

2. Timeliness, which means that the users can use the information before it loses meaning and capacity in decision-making. When e-government can provide it in time, the higher the index will be.

3. Technology, which means that the component is related to the utilization of technology in e-government which is not provided by printing media. The technology may provide analysis tools (e.g., Excel's Pivot Table), advanced features (such as the implementation of Intelligent agent or XBRL). The more features, the higher the index will be.

4. User Support, which means that the components associated with the facility that allows users to find the financial statements in e-government. E-government index will be higher if local governments implement optimally in all means of media websites such as search and navigation / search and navigation tools (such as FAQs, links to the homepage, site map, site search).

To assess the components, this study refers the accessibility index (Style and Tennyson, 2007). It is calculated as follows for each local government in the provincial level that provided CAFR* data on its e-government (official website):

- 1 point if official website appears on first page of result for Google or Yahoo search using province name and state (A).
 - + 1 point if official website has link to CAFR data on website homepage (B).
 - + 1 Point if official website has search engine that finds CAFR using terms CAFR and/or financial statements (C).
 - + 1 Point if 3 or less web pages (or clicks of mouse) to view CAFR data from the website homepage (D).±
 - + 1 Point if CAFR provided on official website as indexed pdf file(s) or HTML format (E).
 - + 1 Point if website provides CAFR data in more than one file; files for different sections/pages of full CAFR document (F).
 - + 1 Point if individual file(s) providing CAFR data less than 3MB in size (G). ±±
 - + 1 Point if official website provides CAFR data for prior years (H).
 - + 1 Point if official website provides information on obtaining or access to a printed copy of the province's CAFR (I).
 - + 1 Point if official website provides contact details (phone and/or email) for individual/department that compiled CAFR (J).
- = possible score of 10 points

Description:

♣ The total index is 10 points. Content has a maximum of 3 points (AC), timeliness is a maximum of 2 points (DE), technology 2 points (FG), and user support is 3 points (HJ).

3. RESULT AND DISCUSSION

1. RESULT

Table 3.1 The Quality Disclosure of E-Government of Provincial Level Governments

NO	PROVINCE GOVERNMENT	Status	Disclosure Index											Total
			Content			Time		Tech no		User Support				
	Status per 14 Sept 2013		A	B	C	D	E	F	G	H	I	J		
1	Bali	online										1	1	
2	Banten	online										1	1	
3	Bengkulu	offline											0	
4	Daerah Istimewa Yogyakarta	online	1	1		1					1	1	5	
5	Daerah Khusus Ibukota Jakarta	online	1	1	1	1				1	1	1	7	
6	Gorontalo	online		1	1		1				1	1	5	
7	Jambi	online		1		1					1	1	4	
8	Jawa Barat	online		1		1					1	1	4	
9	Jawa Tengah	online										1	1	
10	Jawa Timur	online										1	1	
11	Kalimantan Barat	online										1	1	
12	Kalimantan Selatan	online										1	1	
13	Kalimantan Tengah	online		1		1				1	1	1	5	
14	Kalimantan Timur	online										1	1	
15	Kepulauan Bangka Belitung	online		1		1					1	1	4	
16	Kepulauan Riau	online	1		1						1	1	4	
17	Lampung	online									1	1	2	
18	Maluku	online										1	1	
19	Maluku Utara	offline											0	
20	Nanggroe Aceh Darussalam	online										1	1	
21	Nusa Tenggara Barat	online		1	1	1						1	4	
22	Nusa Tenggara Timur	online									1	1	2	
23	Papua	online										1	1	
24	Papua Barat	online											0	
25	Riau	online					1				1	1	3	
26	Sulawesi Barat	online									1	1	2	
27	Sulawesi Selatan	online										1	1	
28	Sulawesi Tengah	online									1	1	2	
29	Sulawesi	online										1	1	

NO	PROVINCE GOVERNMENT	Status	Disclosure Index											Total
			Content			Time		Tech no		User Support				
	Status per 14 Sept 2013		A	B	C	D	E	F	G	H	I	J		
	Tenggara													
30	Sulawesi Utara	online									1	1	2	
31	Sumatera Barat	online									1	1	2	
32	Sumatera Selatan	offline											0	
33	Sumatera Utara	online										1	1	

Table 3.2 The Quality Disclosure of E-Government of City Level Governments

NO	MUNICIPALITY GOVERNMENT	Status	Disclosure Index											TOTAL
			Content			Time		Tech no		User Support				
	Status per 15 Sept 2013		A	B	C	D	E	F	G	H	I	J		
1	Denpasar	online										1	1	
2	Serang	online										1	1	
3	Bengkulu	online										1	1	
4	Yogyakarta	online		1		1					1	1	4	
5	Jakarta	online	1	1	1	1				1	1	1	7	
6	Gorontalo	online									1	1	2	
7	Jambi	online										1	1	
8	Bandung	online		1		1					1	1	4	
9	Semarang	online									1	1	2	
10	Surabaya	online		1		1				1	1	1	5	
11	Pontianak	online									1	1	2	
12	Banjarmasin	online										1	1	
13	Palangkaraya	offline											0	
14	Samarinda	online										1	1	
15	Pangkal Pinang	offline											0	
16	Tanjung Pinang	offline											0	
17	Bandar Lampung	online										1	1	
18	Ambon	online		1		1	1				1	1	5	
19	Sofifi	offline											0	
20	Banda Aceh	online		1	1	1					1	1	5	
21	Mataram	online									1	1	2	
22	Kupang	online										1	1	
23	Jayapura	online										1	1	
24	Manokwari	online											0	
25	Pekanbaru	offline											0	
26	Mamuju	online										1	1	
27	Makasar	online											0	
28	Palu	online									1	1	2	

NO	MUNICIPALITY GOVERNMENT	Status	Disclosure Index										
			Content			Time		Tech no		User Support			TOTAL
	Status per 15 Sept 2013		A	B	C	D	E	F	G	H	I	J	
29	Kendari	online		1		1					1	1	4
30	Manado	online										1	1
31	Padang	online									1	1	2
32	Palembang	online										1	1
33	Medan	online										1	1

The Mann Whitney Statistical Test is used to compare the content, timeliness, technology and user support between the two groups of samples; the provincial government (0) and the city government (1).

Table 3^a (Ranks)

	KELOMPOK_ PEMERINTAH	N	Mean Rank	Sum of Ranks
CONTENT	0	30	29.13	874.00
	1	26	27.77	722.00
	Total	56		
TIMELINESS	0	30	28.75	862.50
	1	26	28.21	733.50
	Total	56		
TECHNOLOGY	0	30	28.50	855.00
	1	26	28.50	741.00
	Total	56		
USER_SUPPORT	0	30	28.22	846.50
	1	26	28.83	749.50
	Total	56		

Table 3^b Test Statistics^a

	CONTENT	TIMELINESS	TECHNOLOGY	USER_SUPPORT
Mann-Whitney U	371.000	382.500	390.000	381.500
Wilcoxon W	722.000	733.500	741.000	846.500
Z	-.393	-.157	.000	-.155
Asymp. Sig. (2-tailed)	.694	.875	1.000	.877

2. Discussion

This study compared two groups of samples from the same population, so the number must be the same. The general criteria for each group of samples are to have e-74

government until September 2013 and e-government is not in construction/maintenance. The final sample is exceptional for the province of Bengkulu, North Maluku, and South Sumatra, while the city government except Palangkaraya, Louth, Tanjung Pinang, Sofifi, Manokwari, Pekanbaru and Makassar.

Rank of output (Table 3a) shows that the mean values for the provincial government is greater than the value of city government ($29.13 > 27.77$). From the test Mann Whitney Test, which is the output "Statistical Test", the statistic Z value test is -0.393 and small sig.2-tailed value is $0.694 > 0.05$. This means that the test results are not statistically significant. Thus there is no difference in the disclosure of its e-government between the provincial government and the city government in the format and quality for the content component.

Rank of output (Table 3a) shows that the mean values for the provincial government slightly larger than the value of municipal government ($28.75 > 28.21$). From the test Mann Whitney Test, which is the output "Statistical Test", the statistic Z value test is -0.157 and small sig.2-tailed value is $0.875 > 0.05$. This means that the test results are not statistically significant. Thus there is no difference in the disclosure of its e-government between the provincial government and the city government in the format and quality for its timeliness component.

Rank of output (Table 3a), we can see that the mean value for the city government slightly larger than the value of the provincial government ($28.83 > 28.22$). From the test Mann Whitney Test, which is the output "Statistical Test", the statistic Z value test is -0.155 and small sig.2-tailed value is $0.877 > 0.05$. This means that the test results are not statistically significant. Thus there is no difference in the disclosure of its e-government between the provincial government and the city government in the format and quality to support the user component.

As for technology component testing cannot be tested because, both provincial and municipal governments do not optimize it at all. So the value is zero or the significance level is 1.

Based on Table 3b, all the components are not significant. That is, the results of this study indicate that there is no difference between the quality of financial reporting disclosures or IFR (Internet Financial Reporting) provincial and city governments in Indonesia by using a disclosure index developed by Cheng et al. (2000).

The phenomena cannot be explained empirically because this study is an exploratory study. But normally, based on the regulatory side, e-government has been introduced in the Presidential Instruction No. 6 of 2001 and Presidential Decree No. 3 of 2003 which is followed by subsequent regulations which is relevant to the use of information technology in government. However, standardization of content is still not mandatory.

Based on the interviews with several government practitioners, regarding to timeliness components, whether e-government provides IFR for the previous year as a comparison and IFR for the current years, it is still considered not necessary. Supreme Audit Agency (SAA) as the agency which assesses the government's financial statements is considerably more competent to publish it to public. SAA website is considered to be the most appropriate authority for the government transparency. Although the instruction of the Minister of Home Affairs No. 188.52/1797/DJ of 2013 on Increasing the Transparency of Budget Management which one of its content is "Transparency of Budget Management" in the provincial government's official website has been socialized, the results of this study indicate that most of the provincial governments have not been able to implement it.

When it comes to technology and user support, according Verawaty (2012), e-government is a new field. Generally, the government generally has rare reliable human resources in the field of information technology. HR is usually reliable in the business environment /industry, but not many in the public sector. The lack of human resources becomes a constraint in implementation of e-government, especially on Analysis Tools and advanced features. According Sosiawan (2008), to overcome the scarcity of reliable human resources barriers, it is necessary to give education and training of human resources in information technology and communication. Pragmatically, the training should be an in-house training in order to obtain understanding and literacy among local government officials. House training can involve the experts in the government as well as with the university. While at the national level, it needs to be organized in a centralized (by the Ministry of Communications) through integrated education and training and decentralized by creating training centers in educational institutions belonging to Ministry of Home Affairs or private educational institutions in cooperation with the Ministry of Communications or universities. Besides, this training can be carried out by the respective of local governments who know better their own needs related to the implementation of e-government.

The increasing of personnels for e-government implementation needs a serious treatment. Moreover, it also needs to be conducted jointly by governments, universities, and private parties. The most important and a key to be delivered in the training lie not in the technology but rely on the human ability to manage it. On the managerial side, it needs to be a management model of e-government, for the central government and local government. At the organizational structures in departments, ministries and non-departmental government institution, they need to be part of an organization that handle e-government integrated to the duties and functions of the organizational structure in order to avoid confusion in the management and implementation of e-government in local government.

4. CONCLUSION AND NOTES

1. Conclusion

This study is aimed to compare the quality of financial reporting disclosures (Internet Financial Reporting) at provincial and city governments in Indonesia by using a disclosure index developed by Cheng et al. (2000). The reasons for selecting the sample group because the provincial government must be highlighted by the public so that it is hypothesized that it will disclose information with better format and quality than the city government.

Based on the results of testing with the Mann Whitney Test, all the components are not significant. That is, the results of this study indicates that there is no difference between the quality of financial reporting disclosures or IFR (Internet Financial Reporting) of provincial and city governments in Indonesia by using a disclosure index developed by Cheng et al (2000).

Based on the results of the interview, the lack of problems in optimizing the use of e-government in the field of public sector accounting (financial area), needs the relevant regulations on the use of information technology in government, which is about how the standardization of financial accounting related content areas which is still not mandatory. Delegation of dissemination to local government financial performance reports for the timeliness component is referred to the Supreme Audit Agency's (SAA) authority. This at least can be accommodated through a hyperlink optimization of e-government to SAA website if the government does not want to disseminate to its e-government.

When it comes to technology and user support, to overcome the scarcity problem of reliable human resources, it is necessary to give education and training to human resources in the field of information and communication technologies which are integrated for successful implementation of e-government. It lies not in the technology but relies on the human ability to manage it.

2. Notes

The implication of this study is the importance of an institution to regulate and assess the quality of the disclosures made by the local government through its e-government. Of course this will also have implications on the need for regulation on the disclosure of optimizing the utilization of e-government, not only for the province, but also for city and municipalities government.

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THE ACCESSIBILITY OF INTERNET FINANCIAL REPORTING OF LOCAL GOVERNMENT IN INDONESIA: A MISSING LINK IN NATIONAL DEVELOPMENT ACCOUNTABILITY

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Abstract: The financial information through internet is called IFR (Internet Financial Reporting) which is a combination between the internet multimedia capability and capacity to communicate the financial information interactively. The study is aimed to analyze the accessibility of IFR (Internet Financial Reporting) on the government website by using Accessibility Index Value. The study looks at Indonesia local government's use of the internet both in provincial and municipal level government. The index shows the ability of some citizens to access the data provided in e-government. The value shows insignificant result. The majority has not emphasized the importance of increasing accountability and widening the scope of measurement and reporting systems, as well as the use of information and communication technologies. It becomes a missing link in national development accountability.

Keywords: internet financial reporting, accessibility index value

INTRODUCTION

Information takes a very vital role in governance activities. Production of public information such as annual financial report is only one part of the accountability equation and access to the information is the other necessary condition for accountability to take place. Dissemination of annual financial report is the responsibility of and controlled by the local government. Probably one of the most convenient and cost effective ways for a government agency to disseminate this information in today's society is the internet. This role of the internet in disseminating government's annual report to the citizenry groups and other users has not escaped the attention of local governments. They take various approaches such as by applying the electronic government system or electronic-based government (e-government) to fulfill the public needs of information. To meet the needs of financial information, IFR (Internet Financial Reporting) through e-government is the best solution to support the governance in accountability aspect.

IFR (Internet Financial Reporting) is a fast-growing phenomenon. Many organizations publish their financial information on the internet. It is the reporting and disclosure of public

sector accounting by using a government website media (e-government). According to Oyelere et al (2003), IFR (Internet Financial Reporting) is a combination of capacity and capability of multimedia internet to communicate interactively about financial information. The financial statements are usually printed, through the internet, the financial reports can be distributed more quickly (timeliness aspect) and are able to develop the usefulness of this technology to open up further to inform the financial statements (disclosure aspect). Financial information provided on the web includes the comprehensive sets of financial statements such as footnotes; partial sets of financial statements; and/or financial highlights which may include summary financial statements or extracts from such statements.

Actually, the financial statements reporting on the internet has not been regulated for the government. The global accessibility of financial reports on the internet can create possible implications for groups with interests in financial reporting, such as financial information preparers, users, auditors and regulators. Bagshaw (2000) argues that the global accessibility of financial reports and the absence of a global regulator necessitate the cooperation of national and international organization to ensure that financial information is the highest quality.

The enormous development of the internet and an increasing acceptance by its users has an accessibility issue. Major characteristics of the internet are that information can be accessed (almost) any time and everywhere, and generally at a low cost; the information is up-to-date; there are few limits on data availability; information can include dynamic presentations and multimedia; and there is the possibility of interactive information demand and supply. These developments have a significant effect on the dissemination of information and thus on the organizational structures of how these activities are performed. They also open up new and astounding opportunities for financial disclosure that affect all interested parties. These opportunities concern standard setters as well as regulators.

To be accessible, IFR (Internet Financial Reporting) must give the easiest way so the stakeholder can accept it properly. According to Style and Tennyson (2007), the accessibility concerns in how many steps are required to locate the financial report in the website. The need for control over IFR (Internet Financial Reporting) largely depends on the degree to which efficient solutions are currently being found in the community for financial information. Style and Tennyson (2007) discussed the association between the accessibility and the number of residents, resident income per capita, level of debt, and the financial position of the municipalities in USA.

With the easiest steps to access, it will describe the accountability itself. Recent public sector reforms have generally emphasized the importance of increasing accountability and widening the scope of measurement and reporting systems, as well as the use of information and communication technologies. Internet technologies provide public sector organizations with an opportunity to improve their accountability, increasing their responsiveness to the needs of citizens and promoting a change in the overall philosophy

of government and organization of activities. In this case, IFR (Internet Financial Reporting) will support the government accountability.

The accountability is a crucial issue to support good governance of a government. In essence, accountability is the provision of information and disclosure on the activities and financial performance for the public stakeholder (Schiavo-Campo and Tomasi, 1999). The government, both central and local levels, should be the subject of the informers in the context of fulfilling the public's rights which are the rights to know, the rights to be informed, and the rights to be heard for the aspirations. Based on the dimensions of public accountability by Solihin (2006), e-government as a public accountability means to fulfill the obligation to provide the accountability or to answer and explain the performance and actions of a person/organization to the party leader who has the rights or authority to hold the accountability or description.

This paper analyses the use of the internet to communicate financial information of local government by using Accessibility Index Value developed by Style and Tennyson (2007). Since the internet has a major role to play in improving accountability and responsiveness to citizens, the discussion also extends in the accountability aspect to assess the link in national development accountability.

METHODOLOGY

The research population is 33 provincial governments and 33 municipal governments in Indonesia. Sample is determined based on purposive sampling method which has e-government until June 2014 and is not in under construction (maintenance). The municipal government is selected by determining in each province which will be chosen a city government as the broadest category of areas, the most populous, and the highest per capita income. Data is collected through observation of the internet media for the availability of e-government on the population of 66 local government (provincial and municipal) and the availability of IFR (Internet Financial Reporting) on the existing sample and assess its accessibility based Accessibility Index Value (Styles and Tennyson, 2007). Here is the Calculation of Accessibility Index which is the basis for assessing how many steps it takes to find the financial statements in the e-government:

Table 1. Calculation of Accessibility Index Value

The accessibility index was calculated as follows for each city that provided CAFR* data on its official website: 1 point if official city website appears on first page of result for Google or Yahoo search using city name and state (A). + 1 point if official city website has link to CAFR data on website homepage (B). + 1 Point if official city website has search engine that finds CAFR using terms CAFR and/or financial statements (C). + 1 Point if 3 or less web pages (or clicks of mouse) to view CAFR data from city website homepage (D).± + 1 Point if CAFR provided on official city website as indexed pdf file(s) or HTML format (E).
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- + 1 Point if city provides CAFR data in more than one file; files for different sections/pages of full CAFR document (F).
 - + 1 Point if individual file(s) providing CAFR data less than 3MB in size (G). $\pm\pm$
 - + 1 Point if official city website provides CAFR data for prior years (H).
 - + 1 Point if official city website provides information on obtaining or access to a printed copy of the city's CAFR (I).
 - + 1 Point if official city website provides contact details (phone and/or email) for individual/department that compiled CAFR (J).
- = possible score of 10 points

In this paper, an e-government classified in practicing IFR (Internet Financial Reporting) when it provides on the web a comprehensive set of financial statements and/or financial highlights extracted from financial statements (including partial and/or summarized financial statements). The full disclosure is when it provides these four components, namely, balance sheet, budget realization statement, statement of cash flows, and notes to the financial statements.

RESULTS AND DISCUSSION

This following is the observation result of e-government of provincial government:

Table 2.

No.	Province Profile	E-Government Status	IFR Feature
1	Bali	Online	Available
2	Banten	Online	Available
3	Bengkulu	Error	Not Available
4	Daerah Istimewa Yogyakarta	Online	Available
5	Daerah Khusus Ibukota Jakarta	Online	Available
6	Gorontalo	Online	Available
7	Jambi	Online	Available
8	Jawa Barat	Online	Available
9	Jawa Tengah	Online	Not Available
10	Jawa Timur	Online	Available
11	Kalimantan Barat	Online	Available
12	Kalimantan Selatan	Online	Available
13	Kalimantan Tengah	Online	Available
14	Kalimantan Timur	Online	Available
15	Kepulauan Bangka Belitung	Online	Available
16	Kepulauan Riau	Online	Available
17	Lampung	Online	Not Available
18	Maluku	Online	Not Available
19	Maluku Utara	Error	Not Available
20	Nanggroe Aceh Darussalam	Online	Available
21	Nusa Tenggara Barat	Online	Available
22	Nusa Tenggara Timur	Online	Available

No.	Province Profile	E-Government Status	IFR Feature
23	Papua	Online	Not Available
24	Papua Barat	Online	Not Available
25	Riau	Online	Available
26	Sulawesi Barat	Online	Not Available
27	Sulawesi Selatan	Error	Not Available
28	Sulawesi Tengah	Online	Not Available
29	Sulawesi Tenggara	Online	Available
30	Sulawesi Utara	Error	Not Available
31	Sumatera Barat	Online	Available
32	Sumatera Selatan	Error	Not Available
33	Sumatera Utara	Error	Not Available

This following is the observation result of e-government of municipal government:

Table 3.

No.	Municipal Profile	E-Government Status	IFR Feature
1	Kota Denpasar	Online	Available
2	Kota Tangerang	Online	Available
3	Bengkulu	Online	Not Available
4	Kota Yogya	Online	Available
5	Jakarta Pusat	Online	Not Available
6	Kota Gorontalo	Online	Available
7	Kabupaten Sungai Penuh	Online	Available
8	Kota Bandung	Online	Available
9	Kota Semarang	Online	Not Available
10	Kota Surabaya	Online	Available
11	Kota Pontianak	Error	Not Available
12	Kota Banjarmasin	Online	Available
13	Kota Palangkaraya	Online	Available
14	Kota Bontang	Online	Available
15	Kabupaten Bangka	Online	Available
16	Kota Batam	Online	Available
17	Lampung	Online	Not Available
18	Kota Ambon	Online	Available
19	Kota Sofifi	in the process to have e-government	Not Available
20	Kota Banda Aceh	Error	Not Available
21	Kota Mataram	Online	Available
22	Kota Kupang	Online	Available
23	Kota Jayapura	Online	Not Available
24	Kota Manokwari	in the process to have e-government	Not Available
25	Kota Dumai	Online	Available
26	Kota Mamuju	Online	Not Available
27	Kota Makasar	Online	Not Available
28	Kota Palu	Error	Not Available

No.	Municipal Profile	E-Government Status	IFR Feature
29	Kota Kendari	Online	Not Available
30	Kota Manado	Online	Not Available
31	Kota Bukit Tinggi	Online	Available
32	Kota Palembang	Online	Not Available
33	Kota Medan	Online	Not Available

The results of the survey conducted in the study period related to the website implemented by the study population which is 66 local governments in Indonesia (33 provinces and 33 municipals selected based on purposive sampling) indicate that 81.82% of e-government in the provincial government in online status or only 27 e-governments. It also shows that only 84.85% of e-government in the municipal government in online status or only 28 e-governments, the remaining 9.09% of e-government is in error status (possibilities in under maintenance status) or only 3 e-governments and the other of 6.06% has not even had e-government yet.

The results also indicate a disparity of financial information disclosure practice through e-government and the majority of local government has not maximized the use of internet technology. 81.82% of the total of active e-government of provincial government, only 25.93% is doing IFR (Internet Financial Reporting). The results also show that 84.85% of the total of active e-government of municipal government, only 39.29% is doing IFR (Internet Financial Reporting).

Based on Table 2 and 3, the sample criteria results 37 samples which has active e-government until June 2014 and is not in under construction (maintenance) so it can be assessed in the term of the accessibility IFR (Internet Financial Reporting). From a population of 33 provinces, only 20 samples that meet the sample criteria. From a population of 33 municipalities, there are only 17 samples that meet the sample criteria. Because this study did not classify the samples, so that the number of samples from different levels of government must be equal, then it is determined that in each region if the provincial government does not meet the sample criteria, although the municipal meets the criteria, it will still not be included and vice versa. Thus, only the remaining 28 samples comprising 14 provincial and 14 municipal governments to be analyzed for the use of the internet to communicate financial information of local government by using Accessibility Index Value.

This following is the calculation result by using The Accessibility Index:

Table 4.

No.	Government Profile	Accessibility Point										Total
		A	B	C	D	E	F	G	H	I	J	
1	Bali	1	1	1	-	-	-	-	-	-	-	3
2	Banten	1	1	1	1	1	-	1	1	-	-	7
3	Daerah Istimewa Yogyakarta	1	1	-	-	1	1	1	1	-	1	7
4	Gorontalo	1	1	1	-	1	1	-	1	-	1	7
5	Jawa Barat	1	1	-	1	1	-	1	1	-	-	6
6	Jawa Timur	1	-	1	-	1	-	-	-	-	-	3
7	Kalimantan Selatan	1	1	-	1	1	1	1	-	-	1	7
8	Kalimantan Tengah	1	1	1	-	1	-	1	-	-	-	5
9	Kepulauan Bangka Belitung	1	1	-	1	1	1	-	-	-	-	5
10	Kepulauan Riau	1	-	1	-	-	1	1	1	-	-	5
11	Nusa Tenggara Barat	1	1	-	1	1	1	1	1	-	-	7
12	Nusa Tenggara Timur	1	1	1	1	1	1	-	-	-	-	6
13	Riau	1	1	-	1	-	-	-	-	-	-	3
14	Sumatera Barat	1	1	-	1	1	-	-	-	-	-	4
15	Kota Denpasar	1	-	1	-	-	-	-	-	-	-	2
16	Kota Tangerang	1	-	1	1	1	1	1	1	-	-	7
17	Kota Yogya	1	1	1	1	1	1	1	1			8
18	Kota Gorontalo	1	1		1	1	1	-	1			6
19	Kota Bandung	1	1	1	1	1	1	1	1	-	-	8
20	Kota Surabaya	1	1	-	1	1	1	-	1	-	-	6
21	Kota Banjarmasin	1	1	-	1	1	1	1	1	-	-	7
22	Kota Palangkaraya	1	1	-	1	-	-	-	-	-	-	3
23	Kabupaten Bangka	1	1	-	1	-	-	1	-	-	-	4
24	Kota Batam	1	1	1	1	1	1	1				7
25	Kota Mataram	1	1	-	-	-	-	1	-	-	-	3
26	Kota Kupang	1	1	-	1	-	-	1	-	-	-	4
27	Kota Dumai	1	1	1	1	1	1	1				7
28	Kota Bukit Tinggi	1	1	-	1	-	1	-	-	-	-	4

This following is the Descriptive Statistics of the data:

Table 5.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
IFRACCESS	28	2	8	5.39	1.792
Valid N (listwise)	28				

The biggest point is in the hand of Jogya and Bandung and with 8 points for the excellent point of 10. Based on Table 5, with mean in 5,39 and standard deviation in 1,792. The

determinants of why many governments did not provide IFR (Internet Financial Reporting) according to Oyelere et al (2003) are political competition, size, leverage, municipal wealth, press visibility, and type of local authority and according to Style and Tennyson (2007) they are the number of residents, resident income per capita, level of debt, and the financial position of the municipalities.

IFR (Internet Financial Reporting) through e-government is the most fulfilling aspects of 3E (Efficiency, Effectiveness, and Economy) to provide and publish information on financial statements to all public stakeholders including central government, other governments, parliaments, audit board, economic analysts, investors, creditors, donors, and community. Based on Verawaty (2012), 87.9% of provincial governments had the e-government in the status online/active. However, only 37.93% did the IFR (Internet Financial Reporting). It means that the dissemination of information is closely related to the readiness of the public entity to provide it to be accessible to the public. This paper result also supports Verawaty (2012) that although financially supported by reliable human resources, not all local governments do it.

A number of IFR (Internet Financial Reporting)-related issues and challenges have, however, been noted in the literature. There is a potential that the dividing line between current financial information used by government management made available to public users of financial information could be erased by online, real-time reporting (Oyelere et al, 2003). Besides, if IFR (Internet Financial Reporting) is installed as the only mode for communicating financial information, there is the likelihood that access to such information will be restricted to only those who possess costly computer equipment and skills. Hence, to ensure equity in financial information dissemination, it will be necessary to ensure that the information being reported through websites are already provided previously or simultaneously through other media of financial information disclosure (McCafferty, 1995). This could however be viewed as unnecessary duplication and may result in even greater costs in Indonesia, where financial information are commonly disseminated in both Indonesia and English languages.

Perhaps the greatest challenge faced in the IFR (Internet Financial Reporting) environment is that of ensuring the security and integrity of the financial information published on the websites. Apart from possible errors in the publishing process, materials published on the web are susceptible to all manners of security risks. Financial information could, post-publication, be knowingly or unknowingly altered by parties both external and internal to the organization. There is a real risk that critical decisions could be made by users of financial information based on inaccurate financial information gleaned from the websites. The extent to which these issues are dealt with is likely to determine the long-term usefulness of the internet as a medium of the financial information dissemination.

Technology in the form of IFR (Internet Financial Reporting) through e-government can be aimed to link the accountability because the main role of e-government lies in how information technology can trigger the transformation on the relationships between the government and citizens, governments and business, and among government agencies.

These transformations can improve the quality of governance for the public interest, especially for the accountability aspect.

E-government has allowed government agencies to provide information and deliver services to its internal and external stakeholders through their websites including financial information or initially as IFR (Internet Financial Reporting). The large scale communication offered by city websites presents opportunities for a digital democracy and more transparent accountability to residents and other stakeholders. Considering that accountability is implicit in all the objectives of local and central government financial reporting, city websites can play a role in the democratization of government information on performance by providing convenient and potentially more accessible financial information to stakeholders.

Since e-government has been met with acceptance and eagerness from the public, its ultimate goal is to be able to offer an increased portfolio of public services to citizens in an efficient and cost effective manner. It also allows the public to be informed about what the government is working on as well as the policies they are trying to implement. Thus, e-government helps to simplify the processes and makes access to government information more easily accessible for public sector agencies and citizens.

Recent public sector reforms have generally emphasized the importance of increasing accountability and widening the scope of measurement and reporting systems, as well as the use of information and communication technologies. Internet technologies provide public sector organizations with an opportunity to improve their accountability, to increase their responsiveness to the needs of citizens and to promote a change in the overall philosophy of government and organization of activities. In this case, with the easiest steps to access, it will describe the accountability itself. IFR (Internet Financial Reporting) will support the government accountability.

Because the financial statements on the internet are unregulated so many local government consider it not seriously. The Minister of Indonesia for Internal Issues No. 186.52/1797/DJ of 2012 announced that the instruction titled "Building up The Transparency of Budget Management" since May of 2012. It is an obligation for all governments to have a content name "The Transparency of Local Government Budget" in their e-government. More or less it is an IFR (Internet Financial Reporting). Like many other rule or law, it must take time to be applied in their government environment, at least maximally in the following two years. Thus for the future, all government will implement the ministry's instruction so the accountability will support the good governance so there will not be a missing link in national development accountability. The author also recommend that the in every level of the government will develop better knowledge management systems, increase the interactivity of their websites, and enrich the accounting information that they present.

CONCLUSION

The study is aimed to analyze the accessibility of IFR (Internet Financial Reporting) in the government website by using Accessibility Index Value (Style and Tennyson, 2007). The index shows that the higher point they compiled, the better the accessibility was. It also indicates that the accountability is implicit in all the objectives of government's IFR (Internet Financial Reporting) because government website can play an important role in democratization of government information on performance by providing convenient and potentially more accessible financial information to stakeholders. The result shows that with the highest point of ten, only two governments provide the full disclosure of financial information. In order to support the accountability, the government has to publicize the public information in the context of fulfilling the rights of the public which is the rights to be informed in the border of legal law. Having The Instruction of The Minister of Indonesia for Internal Issues No. 186.52/1797/DJ of 2012 is a very potential development. In the future, the accessibility of the IFR (Internet Financial Reporting) of local government will be much easier. Thus, all government will implement the ministry's instruction so the accountability will support the good governance so there will not be a missing link in national development accountability.

NOTES

The implication of this study is the importance of an institution to regulate and assess the quality of the disclosures made by the local government through its e-government. Of course this will also have implications on the need for regulation on the disclosure of optimizing the utilization of e-government, not only for the provincial government, but also for municipal government.

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THE TRANSPARENCY OF INTERNET FINANCIAL REPORTING OF LOCAL GOVERNMENT IN INDONESIA: A FURTHER REVIEW OF GOVERNMENT USAGE OF INFORMATION TECHNOLOGY

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Abstract: Dissemination of financial information is closely related to the readiness of the government agencies to provide it to be easily accessible to the public. This study is aimed to analyze the government usage of information technology to provide public information. The study discusses the availability and accessibility of financial statements by using the disclosure index based on four components; content, timeliness, technology, and user support. The results indicate that the quality of financial reporting disclosure of the local government in the provincial level is still not fully optimized. This research emphasizes the importance of increasing accountability and widening the scope of measurement and reporting systems, as well as the use of information and communication technologies to provide public need of government financial performances.

Keywords: Internet Financial Reporting, content, timeliness, technology, user support, public information, accountability

1. INTRODUCTION

IFR (Internet Financial Reporting) is a fast-growing phenomenon. To meet the needs of financial information, IFR through e-government is the best solution to support the governance in accountability aspect. It is the disclosure or reporting of public sector accounting by using the government website media (e-government). According to Oyeler *et al* (2003), IFR is a combination of capacity and capability of multimedia internet to communicate interactively about financial information. The financial statements are usually printed, through the internet, the financial reports can be distributed more quickly (timeliness aspect) and are able to develop the usefulness of this technology to open up further to inform the financial statements (disclosure aspects).

Currently, the financial statements reporting on the internet has not been regulated for the government. Verawaty (2014,b) describes that there are no statutory requirements concerning the use of the internet in the communication of performance results and consequently, the choice of the type of information and documents to be inserted in the

websites is voluntary. In fact, the global accessibility of financial reports on the internet and the absence of a global regulator have possible implications for groups with interests in financial reporting, such as financial information preparers, users, auditors and regulators. Bagshaw (2000) argues that the global accessibility of financial reports and the absence of a global regulator necessitate the cooperation of national and international organization to ensure that financial information is of the highest quality.

The accessibility and quality of financial reporting issue are the enormous development of the internet and an increasing acceptance by its user. To be accessible, IFR must give the easiest way so the stakeholders can accept it properly. According to Style and Tennyson (2007), the accessibility concerns in how many steps are required to locate the financial report in the website. Cheng *et al.* discussed the quality of financial reporting on four components; content, timeliness, technology, and user support.

The need for control over IFR largely depends on the degree to which efficient solutions are currently being found in the community for financial information. With the easiest steps to access and best disclosure quality, it will describe the accountability itself (Verawaty, 2014,c). Recent public sector reforms have generally emphasized the importance of increasing accountability and widening the scope of measurement and reporting systems, as well as the use of information and communication technologies. Internet technologies provide public sector organizations with an opportunity to improve their accountability, to increase their responsiveness to the needs of citizens and to promote a change in the overall philosophy of government and organization of activities. In this case, IFR will support the government accountability.

To support good governance of a government, accountability is a crucial issue. In essence, accountability is the provision of information and disclosure on the activities and financial performance for the public stakeholder (Schiavo-Campo and Tomasi, 1999). Based on Verawaty (2012,a), when viewed from the availability of IFR in the e-government, in general, the majority of provincial governments in Indonesia who have e-government is not using the media as a means of transparency, participation and public accountability in public sector accounting.

This paper analyses the government usage of information technology to provide public information. Since the internet has a major role to play in improving accountability and responsiveness to citizens, the discussion also extends in the accountability aspect. The contribution of this study is to be a consideration for the local government in an effort to improve the implementation of e-government in the areas of accounting, which is IFR, is determined to fulfill its obligations as a provider of public information, specifically the government financial performances.

2. RESEARCH METHODOLOGY

Population used in this study are all the provincial governments in Indonesia. The sample is determined based on the observation period up to June of 2014. Data is collected

through observations with the availability of internet media in the e-government of provincial governments in a population of 34 and finding the availability of IFR (Internet Financial Reporting) in the existing samples and assessing the accessibility point based on Cheng *et al* (2000). Based on it, the variables used to assess the quality of financial reporting, are content, timeliness, technology, and user support.

1. Content, which includes the financial information of components such as balance sheet, income statement, cash flows, changes in financial position and sustainability reports such as footnotes, partial sets of financial statements or financial highlights which include summary financial statements and the core of the financial statements published by e-government. Financial information which is disclosed in the form of html has higher scores compared in pdf format, because the information in the form of html is easier and faster for the users to access financial information.

2. Timeliness, which means that the users can use the information before it loses its meaning and capacity in decision-making. When e-government can provide it in time, the higher the index will be.

3. Technology, which means that the component is related to the utilization of technology in e-government which is not provided by printing media. The technology may provide analysis tools (e.g., Excel's Pivot Table), advanced features (such as the implementation of Intelligent agent or XBRL). The more features, the higher the index will be.

4. User Support, which means that the components associated with the facility that allows users to find the financial statements in e-government. E-government index will be higher if local governments implement optimally in all means of media websites such as search and navigation/search and navigation tools (such as FAQs, links to the homepage, site map, site search).

3. RESULTS AND DISCUSSION

Table 1.

No.	Province Profile	E-Government Status	IFR Feature
1	Bali	Online	Available
2	Banten	Online	Available
3	Bengkulu	Error	Not Available
4	Daerah Istimewa Yogyakarta	Online	Available
5	Daerah Khusus Ibukota Jakarta	Online	Available
6	Gorontalo	Online	Available
7	Jambi	Online	Available
8	Jawa Barat	Online	Available
9	Jawa Tengah	Online	Online
10	Jawa Timur	Online	Available
11	Kalimantan Barat	Online	Available
12	Kalimantan Selatan	Online	Available
13	Kalimantan Tengah	Online	Available
14	Kalimantan Timur	Online	Available

No.	Province Profile	E-Government Status	IFR Feature
15	Kalimantan Utara	Online	Online
16	Kepulauan Bangka Belitung	Online	Available
17	Kepulauan Riau	Online	Available
18	Lampung	Online	Not Available
19	Maluku	Online	Not Available
20	Maluku Utara	Error	Not Available
21	Nanggroe Aceh Darussalam	Online	Available
22	Nusa Tenggara Barat	Online	Available
23	Nusa Tenggara Timur	Online	Available
24	Papua	Online	Not Available
25	Papua Barat	Online	Not Available
26	Riau	Online	Available
27	Sulawesi Barat	Online	Not Available
28	Sulawesi Selatan	Error	Not Available
29	Sulawesi Tengah	Online	Not Available
30	Sulawesi Tenggara	Online	Available
31	Sulawesi Utara	Error	Not Available
32	Sumatera Barat	Online	Available
33	Sumatera Selatan	Error	Not Available
34	Sumatera Utara	Error	Not Available

The results of the survey conducted in the study period related to the website implemented by the study population which is 34 provinces indicate that 76.47% of e-government in the provincial government in online status or only 26 e-governments. The results also indicate a disparity of financial information disclosure practice through e-government and the majority of local government has not optimized the use of internet technology. The total of active e-government of provincial government shows that only 76.92% which provided IFR (Internet Financial Reporting). In the term of IFR from a population of 34 provinces, only 20 samples that meet the sample criteria that provide IFR feature in their e-governments.

Table 2.

No	Govern- ment Profile	Accessibility Point										Disclosure Quality	
		A	B	C	D	E	F	G	H	I	J	Content (3), timeliness (2), technology (2), user support (3)	
1	Bali	1	1	1	-	-	-	-	-	-	-	Content (3 from 3), timeliness (2 from 2), technology (1 from 2), user support (1 from 3)	
2	Banten	1	1	1	1	1	-	1	1	-	-	Content (2 from 3), timeliness (1 from 2), technology (2 from 2), user support (2 from 3)	
3	DIY	1	1	-	-	1	1	1	1	-	1	Content (3 from 3), timeliness (2 from 2), technology (2 from 2), user support (2 from 3)	
4	DKI Jakarta	1	1	1	1	1	1	1	1	-	1	Content (3 from 3), timeliness (1 from 2), technology (1 from 2), user support (2 from 3)	

No	Government Profile	Accessibility Point										Disclosure Quality	
		A	B	C	D	E	F	G	H	I	J	Content (3), timeliness (2), technology (2), user support (3)	
5	Gorontalo	1	1	1	-	1	1	-	1	-	1	Content (2 from 3), timeliness (2 from 2), technology (1 from 2), user support (1 from 3)	
6	Jawa Barat	1	1	-	1	1	-	1	1	-	-	Content (1 from 3), timeliness (0 from 2), technology (0 from 2), user support (0 from 3)	
7	Jawa Tengah	1	-	-	-	-	-	-	-	-	-	Content (2 from 3), timeliness (1 from 2), technology (0 from 2), user support (0 from 3)	
8	Jawa Timur	1	-	1	-	1	-	-	-	-	-	Content (2 from 3), timeliness (1 from 2), technology (1 from 2), user support (0 from 3)	
9	Kalimantan Barat	1	1	-	1	1	-	-	-	-	-	Content (2 from 3), timeliness (2 from 2), technology (2 from 2), user support (1 from 3)	
10	Kalimantan Selatan	1	1	-	1	1	1	1	-	-	1	Content (3 from 3), timeliness (1 from 2), technology (1 from 2), user support (0 from 3)	
11	Kalimantan Tengah	1	1	1	-	1	-	1	-	-	-	Content (2 from 3), timeliness (1 from 2), technology (1 from 2), user support (0 from 3)	
12	Kalimantan Timur	1	1	-	1	-	-	1	-	-	-	Content (2 from 3), timeliness (1 from 2), technology (2 from 2), user support (0 from 3)	
13	Kep. Babel	1	1	-	1	1	1	-	-	-	-	Content (2 from 3), timeliness (0 from 2), technology (2 from 2), user support (1 from 3)	
14	Kep. Riau	1	-	1	-	-	1	1	1	-	-	Content (1 from 3), timeliness (0 from 2), technology (0 from 2), user support (0 from 3)	
15	Lampung	1	-	-	-	-	-	-	-	-	-	Content (1 from 3), timeliness (0 from 2), technology (0 from 2), user support (0 from 3)	
16	Maluku	1	-	-	-	-	-	-	-	-	-	Content (2 from 3), timeliness (2 from 2), technology (1 from 2), user support (1 from 3)	
17	NAD (Aceh)	1	1	-	1	1	-	1	-	-	1	Content (2 from 3), timeliness (2 from 2), technology (2 from 2), user support (1 from 3)	
18	NTB	1	1	-	1	1	1	1	1	-	-	Content (3 from 3), timeliness (2 from 2), technology (1 from 2), user support (0 from 3)	
19	NTT	1	1	1	1	1	1	-	-	-	-	Content (1 from 3), timeliness (0 from 2), technology (0 from 2), user support (0 from 3)	
20	Papua	1	-	-	-	-	-	-	-	-	-	Content (1 from 3), timeliness (0 from 2), technology (0 from 2), user support	

No	Government Profile	Accessibility Point										Disclosure Quality	
		A	B	C	D	E	F	G	H	I	J	Content (3), timeliness (2), technology (2), user support (3)	
												(0 from 3)	
21	Papua Barat	1	-	-	-	-	-	-	-	-	-	Content (2 from 3), timeliness (1 from 2), technology (0 from 2), user support (0 from 3)	
22	Riau	1	1	-	1	-	-	-	-	-	-	Content (1 from 3), timeliness (0 from 2), technology (0 from 2), user support (0 from 3)	
23	Sulawesi Barat	1	-	-	-	-	-	-	-	-	-	Content (1 from 3), timeliness (0 from 2), technology (0 from 2), user support (0 from 3)	
24	Sulawesi Tengah	1	-	-	-	-	-	-	-	-	-	Content (2 from 3), timeliness (1 from 2), technology (2 from 2), user support (0 from 3)	
25	Sulawesi Tenggara	1	1	-	-	1	1	1	-	-	-	Content (2 from 3), timeliness (2 from 2), technology (0 from 2), user support (0 from 3)	
26	Sumatera Barat	1	1	-	1	1	-	-	-	-	-	Content (3 from 3), timeliness (0 from 2), technology (0 from 2), user support (0 from 3)	

The biggest point is in the hand of Indonesia's capital, Jakarta with 9 points for the excellent point of 10. It might happen because Jakarta has more pressures to publish as the country capital. The average point is 4 which results only 13 provinces above the standard. The disclosure index shows that only 65.38% provinces focusing on content, only 51.92 provinces focusing on timeliness, 38.46% provinces focusing on technology and 15.38% provinces focusing on user support.

The results indicate that the quality of financial reporting disclosures of the local government in the provincial level is still not fully optimized with none of the provinces reached the ideal point of 10. Most of them only focused on content component more than timeliness, technology, and user support component. This performance indicates that their accountability as the objectives of government's IFR because government website has not played an important role in democratization of government information on performance by providing convenient and potentially more accessible financial information to stakeholders. In order to support the accountability, the government has to publicize the public information in the context of fulfilling the rights of the public which is the rights to be informed in the border of legal law. One of the ways is by publishing IFR in the official government website.

The phenomena cannot be explained empirically because this study can be considered as an exploratory study. But normally, based on the regulatory side, e-government has been introduced in Presidential Instruction No. 6 of 2001 and Presidential Decree No. 3 of 2003 which is followed by subsequent regulations which is relevant to the use of information technology in government. However, standardization of content is still not mandatory.

Based on the interviews with several government practitioners, regarding to timeliness components, whether e-government provides IFR for the previous years as the comparison and IFR for the current years, it is still considered not necessary. Supreme Audit Agency (SAA) as the agency which assesses the government's financial statements is considerably more competent to publish it to public. SAA website is considered to be the most appropriate authority for the government transparency. Although the instruction of the Minister of Home Affairs No. 188.52/1797/DJ of 2013 on Increasing the Transparency of Budget Management which one of its content is "Transparency of Budget Management" in the provincial government's official website has been socialized, the results of this study indicate that most of the provincial governments have not been able to implement it.

When it comes to technology and user support, according to Verawaty (2012,b), government generally have rare reliable human resources in the field of information technology. HR is usually reliable in the business environment/industry, but not many in the public sector. The lack of human resources becomes a constraint in implementation of e-government, especially on analysis tools and advanced features. According to Verawaty (2014,a), to overcome the scarcity of reliable human resources barriers, it is necessary to give education and training of human resources in information technology and communication. Pragmatically, the training should be an in-house training in order to obtain understanding and literacy among local government officials. House training can involve the experts in the government as well as with the university. While at the national level, it needs to be organized in a centralized (by the Ministry of Communications) through integrated education and training and decentralized by creating training centers in educational institutions belonging to Ministry of Home Affairs or private educational institutions in cooperation with the Ministry of Communications or universities. Besides, this training can be carried out by the respective of local governments who know better their own needs related to the implementation of e-government.

The latest development subsequent regulations which is relevant to the use of information technology in government is The Minister of Indonesia for Internal Issues No. 186.52/1797/DJ. It is an obligation for all governments to have a content name "The Transparency if Local Government Budget" in their e-government. More or less it is an IFR. Like many other rule or law, it must take time to be applied in their government environment. Thus for the future, all government will implement the ministry's instruction so the accountability will support the good governance. The author also recommend that the in every level of the government will develop better knowledge management systems, increase the interactivity of their websites, and enrich the accounting information that they present. The implication of this study is the importance of an institution to regulate and assess the quality of the disclosures made by the local government through its e-government. Of course this will also have implications on the need for regulation on the disclosure of optimizing the utilization of e-government, not only for the provincial government, but also for municipal government.

4. CONCLUSION

This study is aimed to analyze the government usage of information technology to provide public information. The study discusses the availability and accessibility of financial statements by using the disclosure index based on four components; content, timeliness, technology, and user support. The results indicate that the quality of financial reporting disclosures of the local government in the provincial level is still not fully optimized with none of the province reached the ideal point of 10. Most of them only focused on content component more than timeliness, technology, and user support. This performance indicates that their accountability as the objectives of government's IFR because government website has not played an important role in democratization of government information on performance by providing convenient and potentially more accessible financial information to stakeholders. This research emphasizes the importance of increasing accountability and widening the scope of measurement and reporting systems, as well as the use of information and communication technologies to provide public need of information as government financial performances.

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THE COMPARATIVE ANALYSIS OF ACCESSIBILITY INDEX VALUE OF GOVERNMENT INTERNET FINANCIAL REPORTING IN INDONESIA

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Abstract: The financial information through internet is called IFR (Internet Financial Reporting) which is a combination between the internet multimedia capability and capacity to communicate the financial information interactively. This study is aimed to compare the quality of financial reporting disclosures based on the accessibility of IFR on government website (e-government) by using Accessibility Index Value between two groups of samples. The study looks at Indonesia local government's use of the internet both in provincial and municipal government. The provincial government must be more highlighted by the public so it is hypothesized it will disclose information in its e-government with better format and quality than the municipal government measured by the index which shows the ability of some citizens to access the data provided in e-government. Based on the testing results with Mann Whitney Test, the results are not significant. The majority has not emphasized the importance of increasing accountability and widening the scope of measurement and reporting systems.

Keywords: e-government, Internet Financial Reporting, accessibility index value

1. INTRODUCTION

Government as an entity that invests in information technology in the form of e-government realizes the importance to satisfy the need for public information. It raises a question whether the public stakeholder of e-government has maximized the utilization of its use as well, so not only at the level that the local government must have e-government, but also optimize its utilization for the accounting aspect. The focus of this research is the public sector's financial disclosures through IFR (Internet Financial Reporting).

IFR is a fast-growing phenomenon. Many organizations publish their financial information on the internet. It is the reporting and disclosure of public sector accounting by using a government website media (e-government). IFR literature indicates the same purpose as the private sector that the public sector also uses the internet as a mechanism to disseminate reports and disclosures provided to the public stakeholders. It supports the statement of Wagenhofer (2003) that the IFR is related to the public sector accounting disclosure.

According to Oyelere *et al* (2003), IFR is a combination of capacity and capability of multimedia internet to communicate interactively about financial information. The financial statements are usually printed, but through the internet, the financial reports can be distributed more quickly as in the term of timeliness aspect and are able to develop the usefulness of this technology to open up further to inform the financial statements as in the term of disclosure aspect. Financial information provided on the web includes the comprehensive sets of financial statements such as footnotes; partial sets of financial statements; and/or financial highlights which may include summary financial statements or extracts from such statements.

Actually, the financial statements reporting on the internet has not been regulated for the government in Indonesia. The global accessibility of financial reports on the internet can create possible implications for groups with interests in financial reporting, such as financial information preparers, users, auditors and regulators. Bagshaw (2000) argues that the global accessibility of financial reports and the absence of a global regulator necessitate the cooperation of national and international organization to ensure that financial information is the highest quality.

The enormous development of the internet and an increasing acceptance by its users has an accessibility issue. Major characteristics of the internet are that information can be accessed (almost) any time and everywhere, and generally at a low cost; the information is up-to-date; there are few limits on data availability; information can include dynamic presentations and multimedia; and there is the possibility of interactive information demand and supply. These developments have a significant effect on the dissemination of information and thus on the organizational structures of how these activities are performed. They also open up new and astounding opportunities for financial disclosure that affect all interested parties. These opportunities concern standard setters as well as regulators.

To be accessible, IFR must give the easiest way so the stakeholder can accept it properly. According to Style and Tennyson (2007), the accessibility concerns in how many steps are required to locate the financial report in the website. The need for control over IFR largely depends on the degree to which efficient solutions are currently being found in the community for financial information. Style and Tennyson (2007) discussed the association between the accessibility and the number of residents, resident income per capita, level of debt, and the financial position of the municipalities in USA.

With the easiest steps to access, it will describe the accountability itself. Recent public sector reforms have generally emphasized the importance of increasing accountability and widening the scope of measurement and reporting systems, as well as the use of information and communication technologies. Internet technologies provide public sector organizations with an opportunity to improve their accountability, to increase their responsiveness to the needs of citizens and to promote a change in the overall philosophy of government and organization of activities.

Based on the above statements, this study is aimed to compare the quality of financial reporting disclosures of provincial and municipal governments in Indonesia by using Accessibility Index Value developed by Styles and Tennyson (2000). The reasons for selecting the sample groups because the provincial government must be more highlighted by the public so it is hypothesized it will disclose information in its e-government with better format and quality in the term of accessibility matters than the municipal government.

Previous studies form the basis for formulating research hypotheses. There are some studies which discussed the availability of financial reports with internet media such as Groff and Pittman (2004) which examined the practice of 100 largest local governments in the USA, Laswad *et al* (2005) which examined the voluntary IFR at the local government in New Zealand, Styles and Tennyson (2007) examined the accessibility determinants of all local government financial reporting on the internet in USA. The studies of Indonesian are Verawaty (2010) which examined the availability of the IFR in the municipality government level in South Sumatera, Verawaty and Merina (2011) which examined the accessibility of the provincial government IFR in Indonesia by linking it with the implementation of Act No. 14 of 2008 on The Disclosure of Public Information, Verawaty (2012) which examined the availability of the IFR in the provincial government level in Indonesia, Verawaty (2014a) which examined the disclosure quality of local government in Indonesia by using a disclosure index developed by Cheng *et al* (2000), Verawaty (2014b) which examined the accessibility determinants of IFR of local government in Indonesia, Verawaty (2014c) which examined a missing link in national development accountability by assessing the accessibility of IFR of local government in Indonesia, and Jaya and Verawaty (2015) which examined the importance of increasing accountability and widening the scope of measurement and reporting systems, as well as the use of information and communication technologies to provide public need of government financial performances in Indonesia.

Jaya and Verawaty (2015) only revealed the accessibility on how many steps it takes to find the financial statements in e-government. But it did not compare the accessibility quality between provincial and municipal government. This research will discuss the quality of the IFR disclosure of the local government by using Mann Whitney Test with hypothesis that the provincial government will disclose information in its e-government with better format and quality than the municipal government.

The contribution of this study is to be a consideration for the local government in an effort to improve the implementation of e-government in the areas of accounting, which IFR is determined to fulfill its obligations as the provider of public information. Besides, for academics and researchers, this study is as a material input or additional reference if they want to develop an application-related research of IFR through e-government.

2. METHODOLOGY

The study population is all local governments in Indonesia, while the sample is divided into two. The first group is all provincial level governments in Indonesia. The reason is of that

the provincial government is more highlighted by the public so that it is hypothesized that it disclose information in e-government with better format and quality than the municipal government in the term of accessibility matters.

The second group is determined by certain criteria or purposive sampling method. The specific criterion is that in each province will be chosen a municipal government as the broadest category of areas, the most populous, and the highest per capita income. It is based on Mussari and Steccolini (2006) that the sample which is not a government with large cities is considered not get high demands on their financial statements disclosure. In addition, the general criteria for each group of samples are to have e-government up to June 2015 and its status is not in under construction or maintenance status.

Data is collected through observation of the availability of e-government in the two groups of samples in order to be analyzed comparatively by assessing its accessibility based on Accessibility Index Value (Styles and Tennyson, 2007). To complete the analysis of the data, the researcher will use interviews with practitioners of local government authorities related to the IFR (Internet Financial Reporting) policy in the region. This is necessary because this study course will be exploratory because there has never been the same study conducted in Indonesia. The interview results will provide robustness aspect of the research results. In addition, other secondary sources are text books, scientific or popular articles, newspapers, and other sources from internet.

Here is the Calculation of Accessibility Index which is the basis for assessing how many steps it takes to find the financial statements in the e-government:

Table 1. Calculation of Accessibility Index Value

The accessibility index was calculated as follows for each government that provided CAFR* data on its official website:
1 point if official government website appears on first page of result for Google or Yahoo search using government name and state (A).
+ 1 point if official government website has link to CAFR data on website homepage (B).
+ 1 Point if official government website has search engine that finds CAFR using terms CAFR and/or financial statements (C).
+ 1 Point if 3 or less web pages (or clicks of mouse) to view CAFR data from government website homepage (D).±
+ 1 Point if CAFR provided on official government website as indexed pdf file(s) or HTML format (E).
+ 1 Point if government provides CAFR data in more than one file; files for different sections/pages of full CAFR document (F).
+ 1 Point if individual file(s) providing CAFR data less than 3MB in size (G). ±±
+ 1 Point if official government website provides CAFR data for prior years (H).
+ 1 Point if official government website provides information on obtaining or access to a printed copy of the government's CAFR (I).
+ 1 Point if official government website provides contact details (phone and/or email) for individual/department that compiled CAFR (J).
= possible score of 10 points

In this paper, an e-government classified in practicing IFR (Internet Financial Reporting when it provides on the web a comprehensive set of financial statements and/or financial highlights extracted from financial statements (including partial and/or summarized financial statements). The full disclosure is when it provides these four components, namely, balance sheet, budget realization statement, statement of cash flows, and notes to the financial statements.

3. RESULT

Table 3.1 The Quality Disclosure of E-Government of Provincial Governments

No	Provincial Government	Status	Accessibility Index Value										
	Status per June 2015		A	B	C	D	E	F	G	H	I	J	Total
1	Bali	online	1	1					1			1	4
2	Banten	online	1	1	1	1	1	1		1		1	8
3	Bengkulu	online	1										1
4	Daerah Istimewa Yogyakarta	online	1	1		1					1	1	5
5	Daerah Khusus Ibukota Jakarta	online	1	1	1	1				1	1	1	7
6	Gorontalo	online		1	1		1				1	1	5
7	Jambi	online		1		1					1	1	4
8	Jawa Barat	online		1		1					1	1	4
9	Jawa Tengah	online	1										1
10	Jawa Timur	online	1	1	1				1			1	5
11	Kalimantan Barat	online	1	1	1	1	1	1		1		1	8
12	Kalimantan Selatan	online	1	1								1	3
13	Kalimantan Tengah	online		1		1				1	1	1	5
14	Kalimantan Timur	online	1	1		1	1					1	5
15	Kepulauan Bangka Belitung	online		1		1					1	1	4
16	Kepulauan Riau	online	1		1						1	1	4
17	Lampung	online									1	1	2
18	Maluku	online	1										1
19	Maluku Utara	offline											0
20	Nanggroe Aceh Darussalam	online	1	1	1	1			1			1	6
21	Nusa Tenggara Barat	online		1	1	1						1	4
22	Nusa Tenggara Timur	online	1	1									2
23	Papua	offline											0
24	Papua Barat	online	1										1
25	Riau	online					1				1	1	3
26	Sulawesi Barat	online									1	1	2
27	Sulawesi Selatan	online	1	1								1	3

No	Provincial Government	Status	Accessibility Index Value											Total
Status per June 2015			A	B	C	D	E	F	G	H	I	J		
28	Sulawesi Tengah	online	1	1										2
29	Sulawesi Tenggara	online	1											1
30	Sulawesi Utara	online	1	1										2
31	Sumatera Barat	online	1	1										2
32	Sumatera Selatan	online	1											1
33	Sumatera Utara	online	1	1		1			1					1
34	Kalimantan Utara	online	1											1

Results of the survey conducted in the study period related to the official website owned by the 34 provincial governments based on purposive sampling, showed that 94.12% of e-government in the provincial government is in online status or only 32 e-governments. The remaining 5.88% or 2 e-governments are in error status (probably in status of under maintenance). The biggest point is in the hand of Banten and Kalimantan Barat with 8 points for the excellent point of 10.

Table 3.2 The Quality Disclosure of E-Government of Municipal Governments

No	Municipal Government	Status	Accessibility Index Value											Total
Status per June 2015			A	B	C	D	E	F	G	H	I	J		
1	Denpasar	online										1		1
2	Serang	online	1	1			1					1		4
3	Bengkulu	online	1	1								1		3
4	Yogyakarta	online		1		1					1	1		4
5	Jakarta	online	1	1	1	1				1	1	1		7
6	Gorontalo	offline												0
7	Jambi	online	1	1				1				1		4
8	Bandung	online		1		1					1	1		4
9	Semarang	online	1											1
10	Surabaya	online		1		1				1	1	1		5
11	Pontianak	online									1	1		2
12	Banjarmasin	online	1	1	1	1	1				1	1		7
13	Palangkaraya	online	1											1
14	Samarinda	online	1	1	1			1				1		5
15	Pangkal Pinang	offline												0
16	Tanjung Pinang	offline												0
17	Bandar Lampung	online	1	1	1				1			1		5
18	Ambon	online		1		1	1				1	1		5
19	Sofifi	offline												0
20	Banda Aceh	online		1	1	1					1	1		5

No	Municipal Government	Status	Accessibility Index Value										
	Status per June 2015		A	B	C	D	E	F	G	H	I	J	Total
21	Mataram	online	1	1	1	1			1			1	6
22	Kupang	online	1	1		1						1	4
23	Jayapura	online	1										1
24	Manokwari	online										1	1
25	Pekanbaru	online										1	1
26	Mamuju	online	1										1
27	Makasar	online										1	1
28	Palu	online	1	1									2
29	Kendari	online		1		1					1	1	4
30	Manado	online	1										1
31	Padang	offline											0
32	Palembang	online	1	1	1						1	1	5
33	Medan	online	1	1	1	1		1				1	6
34	Tarakan	online	1										1

Results of the survey conducted in the study period related to the official website owned by the 34 municipal governments based on purposive sampling, showed that only 85.29% of e-government in the municipal government is in online status or only 29 e-governments. The remaining 14.71% or 5 e-governments are in error status (probably in status of under maintenance). The biggest point is in the hand of Jakarta and Banjarmasin with 7 points for the excellent point of 10.

The Mann Whitney Statistical Test is used to compare the quality of financial reporting disclosures based on the accessibility of IFR on government website (e-government) by using Accessibility Index Value between two groups of samples. The index has 10 components (A to J).

Table 3^a (Ranks)

	GOVERNMENT GROUP	N	Mean Rank	Sum of Ranks
A	MUNICIPALITY GROUP	29	29.43	853.50
	PROVINCE GROUP	32	32.42	1037.50
	Total	61		
B	MUNICIPALITY GROUP	29	30.43	882.50
	PROVINCE GROUP	32	31.52	1008.50
	Total	61		
C	MUNICIPALITY GROUP	29	31.41	911.00
	PROVINCE GROUP	32	30.63	980.00
	Total	61		

Table 3^a (Ranks)

	GOVERNMENT GROUP	N	Mean Rank	Sum of Ranks
D	MUNICIPALITY GROUP	29	31.07	901.00
	PROVINCE GROUP	32	30.94	990.00
	Total	61		
E	MUNICIPALITY GROUP	29	30.16	874.50
	PROVINCE GROUP	32	31.77	1016.50
	Total	61		
F	MUNICIPALITY GROUP	29	31.66	918.00
	PROVINCE GROUP	32	30.41	973.00
	Total	61		
G	MUNICIPALITY GROUP	29	30.10	873.00
	PROVINCE GROUP	32	31.81	1018.00
	Total	61		
H	MUNICIPALITY GROUP	29	30.10	873.00
	PROVINCE GROUP	32	31.81	1018.00
	Total	61		
I	MUNICIPALITY GROUP	29	31.02	899.50
	PROVINCE GROUP	32	30.98	991.50
	Total	61		
J	MUNICIPALITY GROUP	29	33.14	961.00
	PROVINCE GROUP	32	29.06	930.00
	Total	61		

Table 3^b Test Statistics^a

	A	B	C	D	E	F	G	H	I	J
Mann-Whitney U	418.500	447.500	452.000	462.000	439.500	445.000	438.000	438.000	463.500	402.000
Wilcoxon W	853.500	882.500	980.000	990.000	874.500	973.000	873.000	873.000	991.500	930.000
Z	-.808	-.286	-.227	-.034	-.605	-.577	-.728	-.728	-.009	-1.116
Asymp. Sig. (2-tailed)	.419	.775	.820	.973	.545	.564	.467	.467	.993	.264

a. Grouping Variable: GOVERNMENT_GROUP

4. DISCUSSION

Rank of output (Table 3a) shows that the mean value for the provincial government is greater than the value of municipal government is (32.42>29.43). From the Mann Whitney Test of statistical test output (Table 3b), the statistic Z value test is -.808 and small sig.2-tailed value is 0.419>0.05. This means that the test result is not statistically significant. Thus there is no difference in the disclosure of its e-government between the provincial government and the municipal government in the format and quality for the accessibility in the term of if official government website appears on first page of result for Google or Yahoo search using government name and state (A).

Rank of output (Table 3a) shows that the mean values for the provincial government is slightly larger than the value of municipal government is (31.52> 30.43). From the Mann Whitney Test of statistical test output (Table 3b), the statistic Z value test is -.286 and small sig.2-tailed value is 0.775>0.05. This means that the test result is not statistically significant. Thus there is no difference in the disclosure of its e-government between the provincial government and the municipal government in the format and quality for the accessibility in the term of if official government website has link to CAFR data on website homepage (B).

Based on rank of output (Table 3a), we can see that the mean value for the municipal government is slightly larger than the value of the provincial government (31.41>30.63). From the Mann Whitney Test of statistical test output (Table 3b), the statistic Z value test is -.227 and small sig.2-tailed value is 0.820>0.05. This means that the test result is not statistically significant. Thus there is no difference in the disclosure of its e-government between the provincial government and the municipal government in the format and quality for the accessibility in the term of if official government website has search engine that finds CAFR using terms CAFR and/or financial statements (C).

Based on rank of output (Table 3a), we can see that the mean value for the municipal government slightly larger than the value of the provincial government (31.07>30.94). From the Mann Whitney Test of statistical test output (Table 3b), the statistic Z value test is -.034 and small sig.2-tailed value is 0.973>0.05. This means that the test result is not statistically significant. Thus there is no difference in the disclosure of its e-government between the provincial government and the municipal government in the format and quality for the accessibility in the term of if 3 or less web pages (or clicks of mouse) to view CAFR data from government website homepage (D).

Rank of output (Table 3a) shows that the mean value for the provincial government is greater than the value of municipal government is (31.77>30.16). From the Mann Whitney Test of statistical test output (Table 3b), the statistic Z value test is -.605 and small sig.2-tailed value is 0.545>0.05. This means that the test result is not statistically significant. Thus there is no difference in the disclosure of its e-government between the provincial government and the municipal government in the format and quality for the accessibility in

the term of if CAFR provided on official government website as indexed pdf file(s) or HTML format (E).

Based on rank of output (Table 3a), we can see that the mean value for the municipal government slightly larger than the value of the provincial government ($31.66 > 30.41$). From the Mann Whitney Test of statistical test output (Table 3b), the statistic Z value test is -0.577 and small sig.2-tailed value is $0.564 > 0.05$. This means that the test result is not statistically significant. Thus there is no difference in the disclosure of its e-government between the provincial government and the municipal government in the format and quality for the accessibility in the term of if the government provides CAFR data in more than one file; files for different sections/pages of full CAFR document (F).

Rank of output (Table 3a) shows that the mean value for the provincial government is greater than the value of municipal government is ($31.81 > 30.10$). From the Mann Whitney Test of statistical test output (Table 3b), the statistic Z value test is -0.728 and small sig.2-tailed value is $0.467 > 0.05$. This means that the test result is not statistically significant. Thus there is no difference in the disclosure of its e-government between the provincial government and the municipal government in the format and quality for the accessibility in the term of if individual file(s) providing CAFR data less than 3MB in size (G).

Rank of output (Table 3a) shows that the mean value for the provincial government is greater than the value of municipal government is ($31.81 > 30.10$). From the Mann Whitney Test of statistical test output (Table 3b), the statistic Z value test is -0.728 and small sig.2-tailed value is $0.467 > 0.05$. This means that the test result is not statistically significant. Thus there is no difference in the disclosure of its e-government between the provincial government and the municipal government in the format and quality for the accessibility in the term of if official government website provides CAFR data for prior years (H).

Based on rank of output (Table 3a), we can see that the mean value for the municipal government slightly larger than the value of the provincial government ($31.02 > 30.98$). From the Mann Whitney Test of statistical test output (Table 3b), the statistic Z value test is -0.009 and small sig.2-tailed value is $0.993 > 0.05$. This means that the test result is not statistically significant. Thus there is no difference in the disclosure of its e-government between the provincial government and the municipal government in the format and quality for the accessibility in the term of if official government website provides information on obtaining or access to a printed copy of the government's CAFR (I).

Based on rank of output (Table 3a), we can see that the mean value for the municipal government slightly larger than the value of the provincial government ($33.14 > 29.06$). From the Mann Whitney Test of statistical test output (Table 3b), the statistic Z value test is -1.116 and small sig.2-tailed value is $0.264 > 0.05$. This means that the test result is not statistically significant. Thus there is no difference in the disclosure of its e-government between the provincial government and the municipal government in the format and quality for the accessibility in the term of if official government website provides contact details (phone and/or email) for individual/department that compiled CAFR (J).

Based on Table 3b, all the components are not significant. That is, the results of this study indicate that there is no difference between the quality of financial reporting disclosures or IFR (Internet Financial Reporting) of provincial and municipal governments in Indonesia by using Accessibility Index Value developed by Styles and Tennyson (2000) between two groups of sample.

The phenomena cannot be explained empirically because this study is an exploratory study. But normally, based on the regulatory side, e-government has been introduced in the Presidential Instruction No. 6 of 2001 and Presidential Decree No. 3 of 2003 which is followed by subsequent regulations which is relevant to the use of information technology in government. Based on Verawaty (2012), 87.9% of provincial governments had the e-government in the status online/active. However, only 37.93% did the IFR (Internet Financial Reporting). It means that the dissemination of information is closely related to the readiness of the public entity to provide it to be accessible to the public. This paper result also supports Verawaty (2012) that although financially supported by reliable human resources, not all local governments do it.

A number of IFR (Internet Financial Reporting)-related issues and challenges have, however, been noted in the literature. There is a potential that the dividing line between current financial information used by government management made available to public users of financial information could be erased by online, real-time reporting (Oyelere *et al*, 2003). Besides, if IFR is installed as the only mode for communicating financial information, there is the likelihood that access to such information will be restricted to only those who possess costly computer equipment and skills. Hence, to ensure equity in financial information dissemination, it will be necessary to ensure that the information being reported through websites are already provided previously or simultaneously through other media of financial information disclosure (McCafferty, 1995). This could however be viewed as unnecessary duplication and may result in even greater costs in Indonesia, where financial information are commonly disseminated in both Indonesia and English languages.

Perhaps the greatest challenge faced in the IFR (Internet Financial Reporting) environment is that of ensuring the security and integrity of the financial information published on the websites. Apart from possible errors in the publishing process, materials published on the web are susceptible to all manners of security risks. Financial information could, post-publication, be knowingly or unknowingly altered by parties both external and internal to the organization. There is a real risk that critical decisions could be made by users of financial information based on inaccurate financial information gleaned from the websites. The extent to which these issues are dealt with is likely to determine the long-term usefulness of the internet as a medium of the financial information dissemination.

E-government has allowed government agencies to provide information and deliver services to its internal and external stakeholders through their websites including financial information or initially as IFR (Internet Financial Reporting). The large scale

communication offered by government websites presents opportunities for a digital democracy and more transparent accountability to residents and other stakeholders. Considering that accountability is implicit in all the objectives of local and central government financial reporting, government websites can play a role in the democratization of government information on performance by providing convenient and potentially more accessible financial information to stakeholders.

Because the financial statements on the internet are unregulated so many local government consider it not seriously. The Minister of Indonesia for Internal Issues No. 186.52/1797/DJ of 2012 announced that the instruction titled "Building up The Transparency of Budget Management" since May of 2012. It is an obligation for all governments to have a content name "The Transparency of Local Government Budget" in their e-government. More or less it is an IFR (Internet Financial Reporting). Like many other rule or law, it must take time to be applied in their government environment, at least maximally in the following two years. Thus for the future, all government will implement the ministry's instruction so the accountability will support the good governance so there will not be a missing link in national development accountability. The author also recommend that the in every level of the government will develop better knowledge management systems, increase the interactivity of their websites, and enrich the accounting information that they present.

The increasing of personnel for e-government implementation needs a serious treatment. Moreover, it also needs to be conducted jointly by governments, universities, and private parties. The most important and a key to be delivered in the training lie not in the technology but rely on the human ability to manage it. On the managerial side, it needs to be a management model of e-government, for the central government and local government. At the organizational structures in departments, ministries and non-departmental government institution, they need to be part of an organization that handles e-government integrated to the duties and functions of the organizational structure in order to avoid confusion in the management and implementation of e-government in local government.

5. CONCLUSION

This study is aimed to compare the quality of financial reporting disclosures (Internet Financial Reporting) at provincial and municipal governments in Indonesia by using Accessibility Index Value developed by Styles and Tennyson (2000). The reasons for selecting the sample group because the provincial government must be highlighted by the public so that it is hypothesized that it will disclose information with better format and quality than the municipal government.

Based on the results of testing with the Mann Whitney Test, all the components are not significant. That is, the results of this study indicate that there is no difference between the quality of financial reporting disclosures or IFR (Internet Financial Reporting) of provincial and municipal governments in Indonesia.

Based on the results of the interview, the lack of problems in optimizing the use of e-government in the field of public sector accounting (financial area), needs the relevant regulations on the use of information technology in government, which is about how the standardization of financial accounting related content areas which is still not mandatory. Delegation of dissemination to local government financial performance reports for the timeliness component is referred to the Supreme Audit Agency's (SAA) authority. This at least can be accommodated through a hyperlink optimization of e-government to SAA website if the government does not want to disseminate to its e-government.

6. NOTES

The implication of this study is the importance of an institution to regulate and assess the quality of the disclosures made by the local government through its e-government. Of course this will also have implications on the need for regulation on the disclosure of optimizing the utilization of e-government, not only for the province, but also for municipal and municipalities government.

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Literature Study:

E-GOVERNMENT: A BREAKTHROUGH IN GOOD GOVERNANCE AS A MEANS OF PUBLIC TRANSPARENCY, PARTICIPATION AND ACCOUNTABILITY

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Abstract: One of the internet applications in the government sector is e-government. Its main role lies in how information technology can trigger the transformation of relations between the government and its citizens, government and business, and inter-agency government itself so that the transformation can improve the quality of good governance in the public interest. The public transparency, participation, and accountability of public needs of information are a means for the government to support good governance. By accessing the information from the government through e-government, public may monitor the performance of government agencies and its partners. This paper is a further review to extend the function of e-government in disseminating information more widely and quickly to the stakeholders, especially to those whose rights are protected to public information. As a means of public transparency, e-government becomes a means of publicizing the financial performance that reflects the governance itself. This is highly related in the context of fulfilling the public's right is a right to know. As a means of participation, e-government provides a place for active participation from all levels of society in public policy such as the allocation of public resources which public may give initiatives or other relevant information for better budgetary program objectives. This is highly related in the context of fulfilling the rights of the public is right to be heard in decision-making aspirations. As a means of public accountability, e-government to be the most effective media to prove or publicize the government accountability through the disclosure of the success or failure of the mission of the organization in achieving goals and targets that previously carried out periodically. This is highly related in the context of fulfilling the rights of the public is right to be informed of accountability. Thus e-government is a breakthrough as a means of public transparency, participation and accountability.

Keywords: e-government, good governance, public transparency, participation, accountability

INTRODUCTION

Information takes an important role in the development process. The government has realized this and taken many approaches such as by applying the electronic government (e-government) or electronic-based government. With this pattern, the traditional governance which is identical to the manual paper-based administration or workmanship becomes obsolete.

The implementation of e-government is aimed to create a public service based on line or computerized. It provides the services without the intervention of public institutions officials and cuts long queues system just to get a simple service. In addition, e-government is also intended to support good governance. The use of technology which facilitates the public access to information can reduce corruption by improving transparency and accountability of public institutions as well as broadening public participation because people can be actively involved in both decision and policies making, improving productivity, building efficiency of bureaucracy and increasing economic growth.

In Indonesia, the e-government initiatives have been introduced through the President Instruction No. 6 of 2001 on Telematics (Telecommunications, Media and Information). In the instructions, it is stated that government officials should use telematics technology to support good governance and accelerate the process of democracy. Recognizing the magnitude of the benefits of e-government, the government of Indonesia has issued a policy on the implementation of e-government in the form of President Instruction No. 3 of 2003.

E-government shall be introduced for different purposes at government offices. In public administration aspect, the internet can be used to provide access for all communities in the form of basic services and to simplify the relationship between citizens and government. In addition, the financial accounting area also is another aspect, which the internet is used to deliver public information related to financial accountability, such as e-budget, e-announcement, e-procurement, e-contracting, e-payment, or e-project monitoring and the other functions. The most relevant example in public sector accounting is the budget information and the progress of community development.

When associated with transparency, participation and accountability in the financial aspects, there are still many local governments which do not provide financial information, such as budget in their e-government. In fact, e-government is the most effective way in delivering information more widely and faster for the stakeholders, especially to the people whose their rights to public information is set in the Act No. 14 of 2008.

According Solihin (2006), good governance implies good public administration of the government. Application of the principles of transparency, participation and accountability are recognized as the initial basis for the realization of good governance in general. The ideas and values are to set the pattern for the relationship the three sectors, namely government, private business, and community.

Three sectors of good governance have a distribution of rights and responsibilities which can also be arranged in different types of social contracts, such as regulations and laws. These contracts are the product of a joint arrangement involving the three sectors. Government's role is as regulator and securing regulatory outcomes by mutual agreement with the other sectors.

From another perspective, good governance according Kurniawan (2006) can be seen from the understanding held by both the IMF and the World Bank who see good governance as a way of strengthening "the institutional framework of government. This according to them is how to strengthen the rule of law, the predictability, and the impartiality of enforcement. It also means to root out corruption and rent seeking activities, which can be done through transparency and flow of information and ensure that the information on the policies and performance of the government institutions are collected and given to the community adequately so that people can monitor and oversee the management of public funds.

Based on the above understanding, according Kurniawan (2006), good governance has a number of characteristics as follows:

- Accountable, which means that the policy making and implementation should be accompanied by responsibility.
- Transparent, which means that it must provide adequate information to the public on the process of policy making and implementation.
- Responsive, which means that in the process of policy making and implementation should be able to serve all stakeholders.
- Equal and inclusive, which means that all members of society without exception should have opportunities in the policy making and implementation.
- Effective and efficient, which means that policy is made and implemented using available resources in the best way.
- Following the rule of law, which means that in the process of policy making and implementation requires a fair legal framework and enforcement.
- Participatory, which meaning that policy making and implementation should open up space for the involvement of many parties.
- Oriented consensus (agreement), which means that policy making and implementation should be a mutual agreement between the parties involved.

The commitment of good governance as a form of government and public administration is to work efficiently in order to meet the needs of the people which is the needs for public information. People have rights to access information from the government. One of the best ways is through e-government in order to monitor the performance of government agencies and their partners which is guaranteed by the formal-legal system. The system can provide legal implications to organizations that neglect to realize the function of information transparency and public accountability. Furthermore, public participation even for direct community involvement in overseeing the implementation of the government's performance is a requirement of good governance.

Besides, public participation is also an important requirement for good governance so that the public and the private sector can contribute in the decision-making process set by the government. Public transparency could create a favorable investment climate and increase business certainty and strengthen social cohesion, while public accountability can provide a space for people to engage in the process of development and governance. This means

that e-government by IFR (Internet Financial Reporting) may be a means of public transparency, accountability and transparency to achieve good governance.

4. E-government is a government breakthrough as a means of public transparency

Preparation of financial statements is a form of transparency requirement which is a condition of supporting any form of accountability, openness government over the activities of the management of public resources. Transparency of information, especially financial and fiscal information should be in the form of relevant and easy to understand (Schiavo-Campo and Tomasi, 1999).

Transparency can be done if there are clear duties and powers, the availability of information to the public, open budgeting process, and guarantee the integrity of the independent fiscal forecasts, information and its exposure (IMF, 1998 in Schiavo-Campo and Tomasi, 1999). At this time, the government already has the Government Accounting Standards which is the accounting principles applied in preparing and presenting financial statements (PP. 71 of 2010).

Public transparency provides a place for active participation from all levels of society in the management of public resources. Every policy issued by the state should be publicly accessible by providing enough space for people to participate widely in it, especially with regard to the government's financial budget that is the source of the people.

There are several important benefits to the budget, which is to prevent corruption. It is easier to identify weaknesses and to strength policies and social cohesion because public confidence in the government will be formed, and create a favorable investment climate and increase business certainty. In other words, the transparency of the budget will affect the success of the government's good governance.

When associated with e-government, especially for public sector accounting aspects, the concept of transparency is very important. Public right is to know the allocation of public funds, even starting from the planning, implementation and progress, reporting, and auditing results by CPC. Media e-government can be a means of publications that reflect the financial performance of the organization of government mismanagement of public resources.

5. E-government is a government breakthrough as a means of public participation

Public participation is a commitment to improve the community through the provision of services to the public or a portion of a public policy initiatives or other public information. E-government is one form of improved services through electronic media (e.g. internet) to stimulate the active involvement of the community in activities related to the operations of government.

One example of information that is most commonly encountered in an e-government is to collect and publish information about the ability (potential) local area. The information

provided may include general information such as the government (who governors, mayors, government office address, and so on), information commerce (any commodity that is, how to open a business requirement, education, taxation, information for foreign investors, local business statistics), educational information (list of colleges, schools, training and courses), or information about culture (the language used in everyday life, traditional art, things that are taboo in local life) is as simple as information on recreation areas (where the fishing, snorkeling).

The need for public financial information is the most significant, but still rarely found in an e-government. Indeed, in practice it requires the presence or absence of a willingness to organize this information online on other obstacles to re-examine its needs and priorities. Through what is delivered in e-government, the government awaits the reaction in the form of participation whether it will be supported or criticized.

Public participation through e-government provides facilities feedback for people to ask questions and send feedback, as local governments publish financial information that is relevant to the allocation of road improvement program in their e-government. The public can report damaged roads in place particular. It can also be addressed by other groups to share information or experiences about road repairs. Thus government empowers the community.

E-government is also not just the responsibility of government alone. The general public can assist the government in collecting the data and organize it (or even participate in it to online). Reliable technical agent may assist local governments in the setup of the server and access points at various places.

As has been described above that the use of the concept of e-government should be accompanied by a formal legal system that assures the protection of the privacy of the parties concerned, including those who participate because the community as a legitimate authority mandate gives need to be given the rights of a real set the products of public policy (Wijaya, 2006).

When associated with e-government, especially for public sector accounting aspects, the concept of participation is very important because direct community involvement in monitoring the government's performance is a requirement as well as the implementation of good governance is possible to be actively involved in both decision-making and policies by the government, improved productivity, and bureaucratic efficiency and economic growth.

3. E-government is a government breakthrough as a means of public accountability

Public accountability according to the United Nations is a norm in the relationship between decision-makers and stakeholders, and decision makers were responsible for the consequences of their decisions in all sectors and levels. Accountability in good governance involves empowering communities. Balancing continuity between economic

goals with social and environmental goals to the vision-mission recommended in the national document and international (21-UN Agenda). To strengthen the vision and mission of the social and environmental, it needs the empowerment community rights. Community (individual and group) is given the right to participate, especially in monitoring and evaluating the performance of public institutions (Wijaya, 2007).

Concepts Statement No. 1 on the Objectives of Financial Reporting in the Governmental Accounting Standards Board (1999) states that accountability is the basis of financial reporting in the government that is based on the public's right to know and accept the explanation of the collection and use of resources. The statement suggests that allows the public to assess the accountability of the government accountable for all activities undertaken.

Additionally, Concepts Statement No. 1 also stressed that the government's financial statements should assist users in making economic decisions, social, political and financial performance by comparing actual to budgeted, assessing the financial condition and results of operations, helps determine the level of compliance with laws and regulations related to financial issues and other provisions, as well as assist in evaluating the efficiency and effectiveness.

According to Wijaya (2007), the characteristics of accountability governance are as follows:

1. Able to present information in an open governance, rapid, and precise to the public.
2. Being able to provide satisfactory service to the public
3. Being able to provide a space for people to be involved in the development process and governance
4. There is a means for the public to assess the performance of government. With public accountability, the public can assess the degree of achievement of the implementation of the programs or activities of the government

Phenomena that occur in the development of the public sector in Indonesia today is a strong demand for accountability for public institutions, both at central and local levels. Accountability can be defined as a form of obligation to account for the success or failure of the mission of the organization in achieving goals and objectives that have been established earlier, through a media accountability periodically (Stanbury, 2003).

The dimensions of public accountability and legal accountability include honesty, managerial accountability, program accountability, accountability policies, and financial accountability. Managerial accountability is an important part of creating local government management credibility. Non-compliance with the principle of accountability can lead to far-reaching implications. If the judge is not accountable local government, the public can demand change of government, the replacement of officials, and so on. Low levels of accountability also increase the risks of investing and reduce the ability to compete and perform efficiency.

Management is responsible to the public for funds used in the provision of services from the public either directly (obtained by utilizing the region's own financial potential), or indirectly (through the mechanism of financial balance). The pattern of local government accountability is now more horizontal in which the local government is responsible both to Parliament and to the public (dual horizontal accountability). However, the fact that most local governments focus are more accountable to Parliament rather than the general public (Mardiasmo, 2003).

Basically, accountability is the provision of information and disclosure (disclosure) on the activities and financial performance to the parties concerned (Schiavo-Campo and Tomasi, 1999). Governments, both national and local, should be the subject of whistle-blowers in order to fulfill the rights of the public right to know, right to be informed, and the right to be heard aspirations.

When associated with e-government, especially for public sector accounting aspects, the concept of public accountability is very important. Public has rights to know the accountability of public funds. Media e-government can be a means of disclosure media of the most effective because it can be accessed more quickly and widely.

CONCLUSION

The concept of e-government can become a means that can be implemented by the government, whether central or local. E-government when executed properly, can provide benefits in terms of community development and other parties as the government's partner in the public policy making process to be equitable and democratic.

As a means of public transparency, e-government becomes a means of publications that reflect the financial performance of the organization of government mismanagement of public resources to fulfill the duties and authority of the aspects of clarity, the availability of information to the public, open budgeting process, and guarantees the integrity of the independent forecasts fiscal, information, and its exposure. It is closely related in order to fulfill the public's right to know is right.

As a means of participation, e-government provides a place for active participation from all levels of society in the management of public resources through the provision of a public or a portion of a public policy initiatives or other public information. In fact, e-government as a means of participation is an extension or the impact of e-government as a means of transparency. In addition, the government itself may provide an opportunity to find sources of new revenue through its interaction with the parties concerned. It is closely related in order to fulfill public rights, namely the right to be heard in decision-making aspirations.

As a means of public accountability, e-government to be the most effective medium to publish government accountability through the disclosure of the success or failure of the mission of the organization in achieving goals and objectives that have been set previously conducted periodically. The information disclosed among other events and financial

performance. It is closely related in order to fulfill the rights of the public right to be informed of accountability.

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