



WEB ICT-BASED MODEL IN DESIGNING THE RESPONSIBILITY AND DISCLOSURE OF FINANCIAL STATEMENTS WITH FULL DISCLOSURE INDEX METHOD FOR GOOD GOVERNANCE GOVERNMENT IN INDONESIA

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ABSTRACT

This study purposes are to prove empirically the financial statements disclosure in Indonesia; to prove empirically internet web site conditions local government; to prove empirically pattern of Web ICT-based financial statement disclosure with full disclosure index method to realize the performance and good governance of local governments in Indonesia. The problem of this research is the below average disclosure of financial statements of each local government in Indonesia as first rank (50%) In addition, use of internet to search information is at second rank (78.49%) and to search information on goods and services is at third rank (77.81%), while information retrieval government institutions are forth rank (65.07%).It uses descriptive method. The objects are all of local government in Indonesia. The samples are selected by purposive sampling techniques. The results show that financial statements disclosure across the province can be explained as follows: Balance (47%); Realization Report and Budget (60%); Cash Flow Statement (50%); Notes to Financial Statements (17%)Financial statement disclosure all cities in Indonesia are: Balance (28%); Realization Report and Budget (39%); Cash Flow Statement (23%); Notes to Financial Statements (10%)The financial statements disclosure of all districts in Indonesia are: Balance (18%); Realization Report and Budget (29%); Cash Flow Statement (13%); Notes to Financial Statements (7%) Supreme Audit Agency (BPK) in 2013 discovered 1,871 cases of alleged rules violations of Local Government Finance

Report (LKPD) and Regional Owned Enterprises in second half year 2012. The value reached IDR 1.17 trillion.

Key words: Financial Statements, Web-ICT, Disclosure. Local Governments.

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1. INTRODUCTION

Common phenomenon of Act No. 22 year 1999 on local government to organize local autonomy has changed the governmental process in Indonesia. The local governments get the full power from central government to organize and administer their region through their initiative. As a consequence, local governments should be able to plan a budget and be accountable for budget management in each period. The mechanism of local government financial management accountability is only limited to submit financial statements have been audited by BPK to Parliament. After the issuance of Law No. 14 year 2008 on Public Information, the public officials should be more transparent, accountable and more oriented to community service. Financial transparency need to be done by local government. One form of the transparency is to disclose voluntarily the financial reports on Internet to make all stakeholders have an opportunity to obtain information from local governments (Afryansyah, 2013) this is supported by rapid development of Internet technology in Indonesia today. It is evidenced by larger internet users in Indonesia each year.

Data released by BPS (Central Bureau of Statistics), in collaboration with Association of Indonesian Internet Service Provision (APJII), shows a growth rate of Internet users in Indonesia by end year 2013 are 71.19 million people. The phenomenon reflects that Internet usage as an information medium has become a necessity that cannot be separated in social life. It is because the cost is relatively cheap and also ease access to information is a strong reason why the Indonesian people use the Internet.

Special phenomenon shows that after seven years issuance the law on public information openness the problem of financial management transparency is still a difficult to be realized by local government. In fact, rapid development of Internet usage among the public at this time can make the Internet as one of main communication media to disclose the financial statements by local governments. Initial observations show that average disclosure of financial statements by local governance in Indonesia is still below 50%. These results indicate the low level of financial statements disclosure by local government and not transparent financial management processes. Therefore, financial statement disclosure issues still become problems that must be addressed and improved by local government in Indonesia.

This is contrast with private sector to report the business operations to stakeholders. Private sectors make the Internet as top priority as seen from the efficiency and effectiveness of highly profitable internet. It proves that Indonesian more frequently seek information on private sector than their local governance. This is consistent with a results of CBS, that internet usage to search information stays at second rank (78.49%), to search information on goods and services at third rank (77.81%), while information retrieval from government agencies at forth rank (65.07%)

Local government should maximize the role of Internet in an effort to make government more transparent and accountable, so that public more interest to seek information about their local government. Therefore, it is necessary to investigate what factors affecting the local government motivation to disclose the financial statements to public. The problem formulations of are follows. First is how the Financial Statements condition of locals government in Indonesia. Second is how good the Internet web site condition of Local Government. Third is what design pattern of ICT Web-based financial statement disclosure with full disclosure index method to achieve good governance of Local governments in Indonesia. This study purpose is to prove empirically: financial statements of all local governments in Indonesia, to prove empirically internet web site conditions of local government; to prove empirically financial statement disclosure pattern in web-ICT based design with full disclosure index method to realize the performance and good governance of local governments in Indonesia.

2. LITERATURE REVIEW

2.1. Financial Statements Disclosure

Disclosure is an integral part of financial reporting and is final step in accounting process to present information in form of a full set of financial reports. Evans in Suwardjono in Rahman, et.al (2013) classifies three levels of disclosure below.

- Adequate disclosure is the minimum level that must be met in order overall financial statement not misleading for decisionmaking interests.
- Fair or ethical disclosure is level that must be achieved in order all parties are treated or having informational services equally. It means there is no one party less informed so that they in less advantaged position.
- Full disclosure is overall information presentation that interlock with decision

Disclosure can be divided into two, namely the mandatory disclosure and voluntary disclosure. Mandatory disclosure is the information disclosure based on applicable legislation. The party who has the authority to establish regulations is Capital Market Supervisory Agency (Bapepam) Voluntary disclosure is a disclosure is made voluntarily by company without guided by regulations or disclosure above requirement. Suwardjono in Rahman et.al, (2013) said that general purpose of disclosure is to present necessary information to achieve the objectives of financial reporting and to serve the various parties who have different interests. The capital market is the main vehicle to fulfill funds need from the public. Therefore, disclosure may be required for purpose of protecting the public rights. The disclosure is intended to protect from management behavior that sometimes unjust and not transparent. Information that should be disclosed to public is limited to what is deemed beneficial for intended user, while for monitoring purposes, certain information must be submitted to watchdog agency based on regulation through the forms that demand detailed disclosure Rahman et.al, (2013)

Local government financial reporting shows useful information for users to assess the accountability report and make a good decision-making for economic, social and political. Government financial reporting purposes are follows: a) providing information on whether receipt at standing period is enough to cover all the expenses, b) provide information on whether the obtained economic resources and the allocations in accordance with a set budget and legislation, c) providing information on amount of economic resources that are used in activities of local governments and the achieved outcome, d) providing information on how the local governments to fund its operations and meet its cash needs, e) providing information

about the financial position and condition of local governments with regard to revenues sources, both short term and long term, including from taxation and borrowing, and f) providing information about financial position changes of local government, as a result of activities undertaken during the reporting period

2.2. Local Government Finance Report

Statement of Government Accounting Standard No. 1 on presentation of financial statements explains that financial statements are structured report on financial position and transactions undertaken by a reporting entity. The general objective of financial statements is to provide information regarding the financial position, realization of budget, cash flow, and the financial performance of a reporting entity that useful to users in making and evaluating decisions about the resources allocation. According Sinaga (2011), specific objectives of government financial reporting is to present useful information for decision-making and to demonstrate accountability of reporting entity for resources entrusted to him through following way:

- Providing information on economic resources, liabilities, and equity of government funds.
- Providing information about changes in position of economic resources, liabilities, and equity of government funds.
- Providing information about the source, allocation and the usage of economic resources.
- Providing information on adherence to budget realization.
- Providing information on how the reporting entity fund its activities and meet its cash needs.
- Providing information on governments potential to finance implementation of government activities.
- Providing useful information to evaluate the reporting entity's ability to fund its activities.

General purpose financial statements also have a predictive and prospective role to provide useful information to predict the amount of resources needed for sustainable operations, resources generated from continuing operations, and related risks and uncertainties. Financial reporting also provides information to users about:

- Indication on whether resources are obtained and used in accordance with budget.
- An indication on whether resources are obtained and used in accordance with provisions, including the budget limit set by DPR/DPRD.
- A financial statement should have component of complete composition. The components that must be present in a set of basic financial statements are listed below.
- Budget Realization Report. It present an overview of sources, allocation and use of economic resources managed by local government to illustrates a comparison between the budget and its realization in a reporting period.
- Balance sheet. It contains financial position of local governments on assets, liabilities, and equity funds on a specific date.
- Cash flow statement. It presents information about the source, use, changes in cash and cash equivalents during the accounting period, and balance of cash and cash equivalents on reporting date.
- Notes to Financial Statements. It is some narrative explanation or details of numbers listed in budget realization reports, balance sheets and cash flow statements.

2.3. E-Government

E-government or electronic government is a process of government systems by utilizing ICT (Information, Communication, Technology) as a tool to facilitate communication processes and transactions to public, business organizations and between government agencies along with his staff in order to achieve efficiency, effectiveness, transparency and government accountable to people (Hartono in Medina, 2012) The development of e-government is a government attempt to improve the quality of public services through electronic media. E-government implementation is directed to reach the four main objectives below (Instruction No. 3, 2003).

- Establishment of information networks and public services transactions that have quality and scope to satisfy the wider community and accessible by all parts of Indonesia at any time without limited by barriers of time and affordable by community.
- Establishment an interactive relationship with business community to improve the development of national economy and strengthen the ability to face changes and international trade competition.
- Establishment of mechanisms and channeling the communication with state institutions and provision of public facilities for community dialogue in order to participate in formulation of state policy.
- Establishment of management systems and processes to work transparently and efficiently and facilitating the transactions and services among government agencies and government of autonomous region.

E-government implementation requires thoughtful preparations to achieve the objective. Heeks in Hartono in Medina (2012) said that things need to be prepared by local governments in implementation of e-government efforts are follows:

a. Legal infrastructure

It needs legal tools to deny digital crime and to protect privacy, security of data/information and digital transactions of individuals, businesses, and government agencies.

b. Institutional infrastructure

It needs special agencies to handle e-government to provide information services to community including digital services.

c. HR infrastructure

Personnel system should be developed to attract qualified human resources in field of telemetric to participate in development of e-government government property.

d. Technology infrastructure

The required technology is relatively expensive, but the business opportunities cooperation with private sector should be developed to build the technology infrastructure to support e-government.

e. Support, capacity, Value

f. Political environment, Leadership, Planning, Stakeholder, Transparency, Budget, Technology and Innovation.

The advantage of e-government to support the effectiveness and efficiency of public services can be seen from the three dimensions of economic, social, and governance (Misuraca in Anissa, 2011).

a. Economic dimension

In terms of economic benefits, e-government reduces transaction costs for a better capacity to service target, increasing coverage and quality of service delivery, boost the response capacity in addressing the issue of poverty issues and increasing revenue.

b. Social dimension

In terms of benefits social, e-government can create job in third sector, improving the education system and health, better targeting on government services, increasing capacity in provision of safety and security. In many cases these benefits can be evaluated in terms of politics and can be quantified in financial terms.

c. Government dimensions

In terms of governance benefits, e-government can improve the achievement of good governance in terms of higher openness, transparency, accountability or democracy than conventional government. E-government can also increase community participation to strengthen the existing democratic system.

2.4. Good Government Governance

Good Government Governance is a form of good governance principles implementation in government circles, both national and local. In addition to good government governance (GGG), Good Government, also divided on Good Corporate Governance (GCG) and Good University Governance (GUG). GUG is the application of good governance principles in a university or college. GCG is the application of good governance principles at company. In essence, good governance is a process to emphasize on how an organization can improve its performance and creation of good civil society. Some researchers disclose the definition of good governance in different ways. LAN in Garnita (2008) revealed that good governance is the process of state power in implementing the public provision of goods and service. Good governance is good governance of an organization based on professional ethics in business/working. Understanding of good governance is a form of acceptance the importance of a set of rules or good governance to regulate relations, functions and interests of various parties in business or public service. Trisnaningsih (2007) also explains that good governance is also intended as a managerial capabilities to manage resources and a country affairs by means of an open, transparent, accountable, equitable and responsive to community needs (Widyananda in Wati et al., 2010)

Implementation of good governance in an organization, both private and public organizations, has many benefits. One of them is to improve company performance through the creation of better decision making process, increase operational efficiency and further improve service to stakeholders (FCGI in Trisnaningsih, 2007) Good government governance contains several principles. Some researchers revealed the principles of good government governance in different ways. Dedi in Sari (2013) revealed that conceptual understanding of governance contains two understandings, ie the value that upholds the desire or the will of people, and values that can improve the ability of people in achieving the goal of independence, sustainable development and social justice. The quality of local government current and future is determined by quality of good governance. Good governance contains some principles. Badjuri and Trihapsari in Wati et al. (2010) revealed that good governance is characterized by three main pillars interrelated. They are participation, transparency and accountability. Sari (2013) reveals that good governance principles such as transparency, openness, accountability, participation, fairness, and independence should exist. Rahadian (2008) says that values as efficiency, equity, transparency, participation, and accountability

can be measured easily in public service practice. Garnita (2008) outlines the principles of good governance below.

a) Transparency

Transparency requires the existence of an open information systems, timely and comparable concerning the financial condition, corporate management and company ownership.

b) Justice

Justice is used to guarantee the rights of shareholders, including the rights of minority shareholders and foreign shareholders, and ensure the commitments implementation of investors.

c) Responsibility

Accountability is intended to ensure compliance with rules and regulations as a reflection of social values.

d) Accountability

Accountability is intended to clarify the roles and responsibilities and to support efforts to ensure balance interests of management and shareholders, as supervised by commissioner.

e) Independence

Self-reliance is intended as a situation where a company is managed professionally without conflicts of interest or pressure from any party that is not in accordance with applicable legislation of healthy cooperatives principles.

2.5. Website

Website is a collection of pages to display information about text, image or film, animation data, voice, video or a combination of these, whether they are static or dynamic in a series of interconnected buildings where each are connected through a network page (hyperlink). Website itself is a collection of web pages in a server/hosting, and identified through a name referred as a domain or sub-domain (<http://id.wikipedia.org/wiki/Situsweb>). The website is divided into two kinds, namely static and dynamic websites. The website is static if the information in it is fixed, rarely updated, does not have the features or do not have a programming system to allows visitors to interact directly with website owner or other person who also allowed to access the website. Static websites do not have a page where the page's administrator can do the updating process the website content such as writing new articles, create new pages or upload the image file. The example is a company profile website.

Dynamic website contains changeable information, and has a programming system or features to allow web visitors to interact directly with owner of web or other people who are also accessing the web through the features provided. Dynamic website also has a page administrator where the owner or user can perform editing the website content, add articles, links between pages, upload images or videos etc, all be done from the admin page. The examples are Facebook, Twitter, like detik.com, okezone.com and others.

2.6. Previous Researches



Sinaga (2011) examines the voluntary financial reporting by local government on internet. The results show that leverage and type of government has a significant negative effect on voluntary financial reporting on net. In addition, three other variables such as political competition, size and wealth have no significant effect on voluntary financial reporting by local government on internet. Subsequent research conducted by Medina (2012) shows that local government size, ratio of local government autonomy and complexity has positive effect

on availability of financial information on official website of local government, while the per capita income of people and leverage has negative effect on availability of financial information on official website of local government. Subsequent research conducted by Rahman et al (2013) examines the factors effecting the local government financial reporting on internet. The results show that leverage, local government wealth and political competition affect on reporting of financial information on Internet, while the size and type of government does not affect the financial information reporting on Internet.

Afryansyah (2013) shows the results that only variable press visibility has significant effect on disclosure level of accounting information on internet, while size, level of investment, regional wealth and political competition does not significantly affect on the level of disclosure of accounting information in internet. Subsequent research by Hudoyo and Amir (2014) shows that leverage and regional assets does not affect on financial reporting on Internet by local governments in Indonesia, while the per capita income affect on Internet financial reporting by local governments in Indonesia. Laswad, Fisher & Oyelere (2005) shows that some local governments in New Zealand have opted to provide disclosure of financial reporting on internet. It will provide development activities transparency and accountability to financial reporting in New Zealand. Xiao, Yang & Chow (2004) examine companies in China that using the internet as a medium to deliver financial information (internet based corporate disclosure). The results show that internet based corporate disclosure can lead to higher profits in economic field, especially in capital markets to be able to provide direct information to stakeholders about the ownership of shares. In addition Laswad, Fisher, & Oyelere (2005) show that submission of financial statements can be done with internet media (internet financial reporting)

3. RESEARCH METHODS

Research object	⇔	The entire local government in Indonesia
Data types	⇔	Secondary data
Population		All local governments in Indonesia, both district and city. Total local governments in Indonesia are 34 provinces, 93 cities and 403 districts.
Sampling technique	⇔	<p>Purposive sampling</p> <p>The sample criteria can be described below:</p> <p>The local governments had financial statements audited by Financial Audit Agency (BPK) for year 2012 and financial statements can be obtained at BPK.</p> <p>The local governments have official websites on internet and can be accessed.</p> <p>Financial statements of local government have been audited, getting the opinion of WTP, WTP, DPP, or WDP in 2012</p> <p>The samples are calculated by Slovin formula with value e2 = 10%:</p> $n = \frac{N}{[1 + (N \cdot e)^2]}$ <p>Description:</p> <p>n: number of samples</p> <p>N: number of population</p> <p>e2: error value of inaccuracy</p> $n = \frac{348}{1 + (348 \times 10\%^2)}$ <p>n = 77,68</p> <p>n = 78</p>

		The samples obtained are 78 local governments Researchers will observe the 78th District and entire City government in Indonesia from 348 local governments.																																												
Index scoring		<table border="1"> <thead> <tr> <th>Category</th> <th>Description</th> <th>Score</th> </tr> </thead> <tbody> <tr> <td rowspan="13">Listed information</td> <td>Budget number</td> <td>1</td> </tr> <tr> <td>Balance sheet</td> <td>1</td> </tr> <tr> <td>LRA</td> <td>1</td> </tr> <tr> <td>LAK</td> <td>1</td> </tr> <tr> <td>Audit opinion</td> <td>1</td> </tr> <tr> <td>Performance</td> <td>1</td> </tr> <tr> <td>Strategic planning</td> <td>1</td> </tr> <tr> <td>CaLK</td> <td>1</td> </tr> <tr> <td>Previous year data</td> <td>0,75</td> </tr> <tr> <td><i>Segment Reporting</i></td> <td>0,75</td> </tr> <tr> <td rowspan="7">Format</td> <td>PDF</td> <td>1</td> </tr> <tr> <td>HTML</td> <td>0,75</td> </tr> <tr> <td>Flash</td> <td>0,75</td> </tr> <tr> <td>Excel</td> <td>0,5</td> </tr> <tr> <td>PPT</td> <td>0,5</td> </tr> <tr> <td>Word</td> <td>0,5</td> </tr> <tr> <td rowspan="3">Interaction with users</td> <td>Email</td> <td>1</td> </tr> <tr> <td>Forum</td> <td>1</td> </tr> <tr> <td><i>Mailing List</i></td> <td>1</td> </tr> </tbody> </table>	Category	Description	Score	Listed information	Budget number	1	Balance sheet	1	LRA	1	LAK	1	Audit opinion	1	Performance	1	Strategic planning	1	CaLK	1	Previous year data	0,75	<i>Segment Reporting</i>	0,75	Format	PDF	1	HTML	0,75	Flash	0,75	Excel	0,5	PPT	0,5	Word	0,5	Interaction with users	Email	1	Forum	1	<i>Mailing List</i>	1
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4. DISCUSSION

4.1. Financial Statements Disclosure of all Provinces in Indonesia

Almost all local governments in Indonesia have an official website, but the level of disclosure from one region to another is different. As a result, there is heterogeneity of financial statements disclosure at Internet ranging from the least to most complete. The statement was confirmed by observations of researchers at all official websites of local government in Indonesia, as shown in table 1 below.

Table 1 Financial statements of all provinces in Indonesia with accessible website

Name	Score	District Quantity	Result	Result in Percent
Balance sheet	14	30	0,466666667	47%
LRA	18	30	0,6	60%
LAK	15	30	0,5	50%
CALK	5	30	0,166666667	17%

Source: The official website of local governments

Table 1 shows the result of financial statement disclosures in provincial government website in Indonesia. From 34 provinces in Indonesia, only 30 provinces website can be accessed by researchers and an average 43.5% in Indonesian province reveal financial statements on its website. Budget realization reports into components that are most often expressed (60%). Lowest component disclosed are the notes to financial statements (17%). CaLK is a narrative explanation of details of figures within financial statements and important to convey.

Table 2 Citywide Financial Statements in Indonesia with accessible website

Name	Score	District Quantity	Result	Result in Percent
Balance sheet	23	83	0,277108434	28%
LRA	32	83	0,385542169	39%
LAK	19	83	0,228915663	23%
CALK	8	83	0,096385542	10%

Source: The official website of local governments

Table 2 the observations result of entire city government website in Indonesia. They show an average only 25% of city government's website revealed the financial reports in official site. The remaining 75% still does not reveal the financial report. Budget realization report become component most often expressed in amount of 39%. Notes of financial statements into components disclosed are lowest at 10%. The results showed that there are still many municipalities in Indonesia that have not made the transparency of financial management to public.

Table 3 Financial Statements of all districts in Indonesia with accessible Website

Name	Score	District Quantity	Result	Result in Percent
Balance sheet	54	307	0,175895765	18%
LRA	88	307	0,286644951	29%
LAK	50	307	0,16286645	16%
CALK	21	307	0,068403909	7%

Source: The official website of local governments

Table 3 shows the observations results at district governments website that can be accessed (307), and average level of financial statements disclosure by district governments in Indonesia around 17.5%. It means that there are still about 82.5% have not made the disclosure. The data shows the budget realization reports back into a component that is often expressed in amount of 29%, while the notes to financial statements be'

According to Hadi (2013), the Financial Audit Agency (BPK) found 1,871 cases of alleged rules violations of Local Government Finance Report (LKPD) and Regional Owned Enterprises (enterprises) in second half year 2012. The value reached IDR 1.17 trillion. Chairman of Supreme Audit Agency (BPK) Hadi Purnomo said that the findings on thousands cases mostly occur in as many as 1,793 cases LKPD checks with a value of 1.15 trillion. "The rest occur in examination of enterprises," Hadi said in Jakarta, Tuesday (04/02/2014) Hadi said that in second half year 2012 CPC tested about 94 LKPD provincial/district/city in 2011. Thus, in 2012, CPC has completed examination report (LHP) on 520 LKPD year 2011 budget of 524 local governments are required to formulate LKPD. "Still there are four local governments are late to handle LKPD to CPC. In addition, we also

have examined two LKPD 2010 and nine financial statements PDAM 2011, Hadi added, against 94 LKPD 2011, CPC provides opinions are reasonable with exception of (WDP) on 33 LKPD, opinions unnatural (TW) given to three LKPD and not give an opinion (TMP) on 58 LKPD. The LKPD results indicate that provincial and municipal governments gain a better opinion than the government district. In conclusion district governments should be encouraged to improve the management and financial reporting.

4.2. Local Government Internet Web Site in Indonesia

The survey results through media technology show that local government internet websites are located on Internet that contains all the information about the condition of local government. The information includes profiles of local government, regional potential, regional development and so on. According to Soepriyanto and Aristiani (2011), government web sites are the development of e-Government by government. It is based on progress of development of information technology to support the development of local government. According Goechi.com (2010) that government has been promoting the use of information technology (internet) in supporting the activities of government activities, both central and local governments towards the realization of e-Government. It is a concept to create new interaction and communication between local government with other, between local government and central government, between the government and society, and between the government and business world. Local Government website development objective is to support the promotion of regional development for its functions to progress and prosperity of a local community. Moreover, in terms technological developments and current information, website is a medium to deliver information, especially public information. According to Law No. 14 year 2008 Section 1 on Public Information, public information is generated, stored, managed, delivered and/or received by a public with regard to organizers and implementation of state and/or organizers and organizing body of other public in accordance with this Act and other information relating to public interest. Thus, it can be concluded that public information is all information needed by public related to respective interests of public and also regulated by law. In this case the focus is the public activities information carried out by local governments, for delivery and presentation of local financial statements. Law No. 14 year 2008 states that one objective of public disclosure are to realize good governance, namely transparent, effective, efficient and accountable.

4.3. Web ICT-based model in designing the responsibility and disclosure of financial statements with full disclosure index method to achieve good governance government of districts and cities in Indonesia

The consequences of disclosure of financial statements for the government to the public / stakeholders that exist greatly affect the existence of government. The consequence of financial statement disclosure can be in the form of budget absorption effectively and efficiently. The advantages of disclosure include: the presentation of financial performance, transparency and accountability in public service information.

Disclosure in the world of public services can play a role as Public Relation for Governance related to the community at any time so that through disclosure the public can understand the existence of a Good Government. Disclosure can also reduce risks for the Government and can improve liquidity. Voluntary disclosure will reduce information asymmetry among informed and uninformed society, so for governments with high disclosure levels will increase public confidence. Financial statement disclosure can reduce information of mistrust in the society. Disclosure can also reduce the investment risk for outside investors,

so there is a sense of security in investing. Disadvantages with disclosure include implementation of disclosure can reveal the strategy to the competitiveness of government. Usually the local government is very sensitive in disclosing information that might reduce the competitiveness of the government, the cost to create disclosure, while the beneficiaries of the disclosure do not want to pay because they assumes that the financial statements of the Local Government is a Good Public Government, and it increases the price of competitiveness to Local government.

The website of Local Government is a site located on the Internet and could be accessed electronically by computer or Smartphone. This website contains all information about Local Government including Financial Statement Disclosure. It means, all advantage and disadvantage are carried out by this media technology.

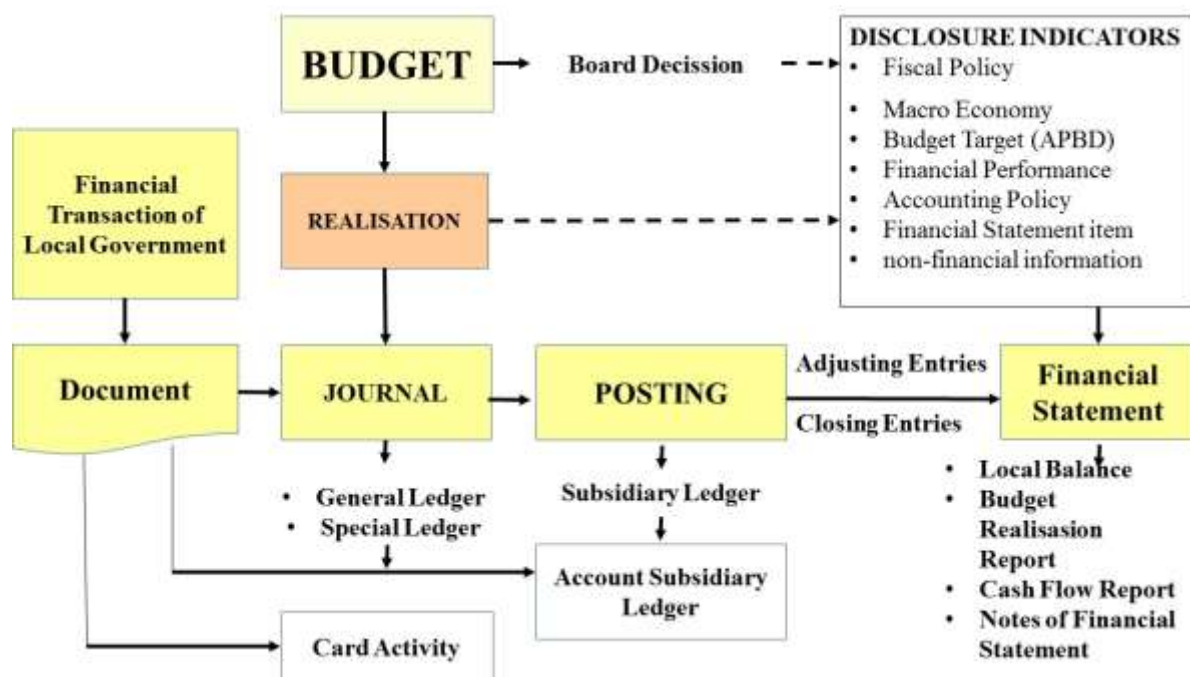


Figure 1 Model design of financial statements disclosure

5. CONCLUSIONS

Average disclosure of financial statements of each local government in Indonesia is first rank (still below 50%) In addition, use of internet to search information into rank place is 78.49% and to search information on goods and services is at third rank (77.81%), while information retrieval government institutions are forth rank (65.07%). It uses descriptive method. The objects are all of local government in Indonesia. The results are shown below.

- Financial statements disclosure across the province can be explained as follows: Balance (47%); Realization Report and Budget (60%); Cash Flow Statement (50%); Notes to Financial Statements (17%)
- Financial statement disclosure all cities in Indonesia are: Balance (28%); Realization Report and Budget (39%); Cash Flow Statement (23%); Notes to Financial Statements (10%)
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6. SUGGESTIONS

Future researchers can do the implementation and integration of financial statements at districts and cities across Indonesia in associated with financial statements and related to village. It would obtain a comprehensive research.

7. RESEARCH IMPLICATIONS

There are three implication of this study:

- Economic Impact, this research results are expected to boost revenue budget of state expenditure due to transparent and accountable disclosure. Local revenue of districts and cities will increase to realize the equal development
- Environmental impact, this research are expected to realize internal and external environmental conditions that conducive and affect on welfare of employees and leadership and all people
- Social impact, financial statements of Goodgovernment Governance was expected to improve health, education for poor, places of worship, social for homes and underprivileged societies.

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