

DETERMINANTS OF FINANCIAL REPORT PUBLICATION ON REGIONAL GOVERNMENT WEBSITES IN CENTRAL SULAWESI

Ayu Kumala Dewi^{1*}, Muhammad Din², Nina Yusnita Yamin³, Masruddin⁴
ayukd7@gmail.com*

Universitas Tadulako, Indonesia^{1,2,3,4}

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Abstract

The goal of this study is to examine how the posting of financial data on regional government websites in Central Sulawesi Province is impacted by political competitiveness, government spending, local government size, audit opinions, and local wealth. This study uses a quantitative methodology and includes all of Central Sulawesi Province's regencies and cities for the years 2022–2024. The study population consists of 12 regencies and 1 city, for a total of 39 observations. The Central Sulawesi Province's regencies and cities' websites, local revenue and spending budget documents, and yearly financial reports were the sources of the data. In this instance, the data was analyzed using WarpPLS 8.0 software and the Partial Least Squares with Structural Equation Modelling (PLS-SEM) approach. The study's findings indicate that the publication of financial reports on regional government websites is positively and significantly impacted by government spending, local government size, and audit views, but not by political competitiveness or local wealth. This study demonstrates that regional governance quality and financial management skills have a greater impact on the release of financial reports online than do regional fiscal capacity and political considerations.

Keywords: Financial Statement Publication, Political Competition, Audit Opinion, Local Wealth, Local Government

*Correspondence Author



By Authors

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1. Introduction

The cornerstones of Indonesian local governance are accountability and transparency. As managers of public finances, local governments are accountable to the public for their budget management. This obligation is in line with Law No. 14 of 2008 on Public Information Disclosure, which requires every

government agency to make information accessible to the public. Posting financial statistics on the websites of local governments is one way to accomplish this transparency.

Advances in information technology provide local governments with the opportunity to disseminate financial information more quickly, efficiently, and accessibly. By publishing financial reports on their websites, companies make this information accessible to the public anytime, anywhere. Using websites is not only more cost-effective than print media but also strengthens public oversight of local budget management (Kurniati & Siddi, 2020).

Although the disclosure of financial reports is crucial, practices among local governments vary widely. Not all local governments provide comprehensive, up-to-date, and easily accessible financial reports on their websites. Initial observations from a review of regency and city government websites in Central Sulawesi Province indicate that the availability of financial reports is inconsistent. While some local governments have created dedicated sections for routine transparency, others limit what they offer or have not adequately displayed financial report documents. This situation indicates that the commitment to financial transparency is not yet consistent across all local governments. This phenomenon is in line with the progress in information transparency in Central Sulawesi Province, as reflected in the Public Information Transparency Index (IKIP) scores over the past few years. In 2021, Central Sulawesi's IKIP was in the poor category; it then improved to 25th place nationally in 2022, rose significantly to the top 11 in 2023, and reached 4th place nationally in 2024 with a score of 82,16. Although there has been a fairly substantial improvement, these results do not necessarily reflect a uniform level of information transparency across all regency and city governments. Therefore, In Central Sulawesi Province, there can still be variations in the degree of financial report disclosure across local government.

In theory, this phenomenon can be explained using agency theory and signaling theory. According to agency theory, local governments administer public resources as principals, or agents, trusted by the people. This relationship has the potential to create information asymmetry, making control mechanisms such as the publication of annual financial reports a necessary means of ensuring accountability to the public (Jensen & Meckling, 1976; Mariasari, 2023). On the other hand, signaling theory explains that parties with more information send signals to external parties to reduce uncertainty and strengthen trust (Spence,

1973). In the context of local governments, the publication of annual financial reports on websites serves as a signal of the local government's commitment to transparent and accountable public financial management.

Prior studies have looked at a number of factors that affect local governments' financial reports being published online, but the findings are still mixed. Hadiananto & Murtin (2020) discovered that while political competitiveness, regional wealth, and the auditor's judgement had no discernible impact on the online disclosure of financial data, the size of a local government has a beneficial influence. Conversely, Putri & Setiawan (2022) discovered that while local government assets had no effect on the online disclosure of financial statements, local government expenditures have a negative effect. A study by Nurhunah et al. (2023) demonstrated that online financial statement disclosure is positively impacted by political rivalry. Furthermore, Hardiningsih et al. (2021) discovered that the online disclosure of financial statements is positively impacted by the size of the local government and audit reports. However, Iszardani & Hardiningsih (2021) discovered that the release of local government yearly financial accounts on their websites is negatively impacted by regional prosperity.

The results of this study imply that more research is necessary since the factors impacting the release of local government financial reports on websites are not yet entirely consistent. Furthermore, most of the studies conducted so far have tended to focus on local governments in regions with relatively high financial capacity and advanced information technology adoption, such as regions on the island of Java. In contrast, there is still little research that specifically addresses financial report publication practices in regencies and cities in Central Sulawesi Province. In fact, differences in financial policy characteristics, institutional capacity, and levels of information technology advancement across regions are believed to influence how effectively local governments publish their financial reports. Therefore, to obtain a more thorough knowledge of the factors influencing the posting of financial reports on regional government websites, an empirical research of local governments in Central Sulawesi Province is essential.

The goal of the study is to improve the body of knowledge on the online release of regional government budget reports. The main contribution of this study is to expand the empirical evidence by focusing on the context of regency and city governments in Central Sulawesi Province, which to date have rarely

been the subject of research. In addition, in order to explain the impact of political competition, regional government spending, local government size, audit opinions, and local wealth on the rate of financial report publication via regional government websites, this study integrates agency theory and signalling theory as a conceptual framework. From a practical perspective, the study's findings are intended to provide regional governments with a basis for maximising the use of websites for financial report publication, thereby supporting the creation of transparency and accountable regional government.

Given these gaps in the research described above, “these studies aim to examine the effects of political competition, local government spending, local government size, auditor opinion, and local wealth on the degree of financial report publication on the websites of regencies and cities in Central Sulawesi Province.”

Agency Theory

The contractual agreement between a principle and an agent, in which a principal gives an agent the power to manage resources on the principal's behalf, is explained by agency theory. Because agents typically have more access to information than principals, potential conflicts of interest and information asymmetry frequently occur in this relationship (Jensen & Meckling, 1976; Mariasari, 2023). When applied to the public sector, the public can be regarded as the principal who entrusts local governments acting as agents to manage local finances. The information gap between local governments and the public has the potential to create accountability issues in this management process. Therefore, local governments are required to implement transparency mechanisms to demonstrate accountability to the public. This includes, releasing financial reports on regional government websites, which are essential for reducing information asymmetry, among other factors. In other words, the greater the oversight pressure from the public and other stakeholders, the greater the motivation for local governments to enhance openness by disclosing financial data online.

Signaling Theory

Signaling theory states that the party with more information sends signals to the party with more limited information in order to reduce the information gap between them (Spence, 1973). When applied to the public sector, local

governments can use information sharing to show the public how well they manage their finances. In this context, the publication of financial reports on local government websites can be viewed as a positive signal reflecting both the performance and the local government's commitment to transparency. Local governments with sound financial conditions, adequate financial capacity, and positive audit results generally have a stronger incentive to publish their financial information (Kurniati & Siddi, 2020). Thus, signaling theory provides a basis for the idea that certain characteristics inherent in local governments can influence the extent to which annual financial reports are published on their websites.

Publication of financial reports on regional government websites

One method of online financial reporting that facilitates public access to this crucial information is the publication of financial reports on regional government websites. The degree to which these financial reports are accessible and available demonstrates the local government's dedication to open and responsible resource management (Saraswati et al., 2019). In other words, the more comprehensive and accessible the published financial reports are, the greater is the level of transparency demonstrated by the respective local government.

From a legal perspective, "Act No. 14 of 2008 on the Disclosure of Public Information stipulates the obligation of every public institution, including local governments, to periodically provide and publish public information – including financial reports – that is accessible to the general public." This provision is further reinforced by "Instruction No. 188.52/1797/SJ issued by the Ministry of Internal Affairs in 2012 regarding the enhancement of transparency in local budget management, which encourages regional governments to disseminate public financial information through media that are easily accessible to the public, including through official regional government websites." Thus, the public disclosure of financial reports on websites is not merely a matter of fulfilling administrative obligations but also serves as a strategic tool for building public trust in local government performance, while simultaneously supporting the realization of good governance (Harahap & Prabowo, 2023).

The impact of political competition on the publication of financial reports on regional government websites

Political competition refers to the level of competition that occurs in the political process within a region. As competition among candidates for leadership positions at the local level intensifies, local governments tend to showcase their best performance in order to win and maintain public support. This situation, in turn, increases public attention and leads to stricter oversight of local government performance, which encourages them to be more transparent in managing their finances by publishing financial reports on their websites as an attempt to strengthen accountability and maintain public trust (Azzani et al., 2024).

According to agency theory, the relationship between regional governments as agencies and the public as principals has the potential to create information asymmetry. Thus, as political competition intensifies, so does public pressure and scrutiny, which encourages local governments to reduce this information asymmetry by increasing transparency, one example is publishing financial reports on regional government websites. This is consistent with the findings of Nurhunah et al. (2023), which shows that political competition benefits the online release of financial data.

H1: Political competition positively impacts the publication of financial reports on regional government websites.

The impact of local government spending on the publication of financial reports on local government websites

Local government expenditures refer to all obligations of local governments that are recorded as deductions from net assets and used to finance local government operations, whether in the form of public services or development projects (Masra & Sari, 2020). The magnitude of local government expenditures indicates the high level of government activity in delivering these services and implementing these development projects. This situation, encourages local governments to disclose information regarding the use of funds to the public (Mutiha, 2020; W. Putri & Setiawan, 2022).

From a signaling theory perspective, one way to look at actual local government spending is as data that shows how well local governments manage their budgets. Thus, the higher the actual local government expenditures, the

stronger the incentive to increase transparency by publishing financial reports on their websites as a form of public accountability. This is supported by the findings of Priyastiwi & Nunung (2019), Masra & Sari (2020) and Alhajjriana et al. (2017), which show that the online release of financial reports is impacted by local government spending.

H2: Local government spending positively impacts the publication of financial reports on regional government websites.

The impact of local government size on the publication of financial reports on regional government websites

The size of a local government reflects its scale, which is typically measured based on its total assets (Susiyah et al., 2017). The larger the assets managed by a local government, the greater the public's interest in how those resources are managed. This situation ultimately encourages local governments to increase transparency by publishing financial reports on their websites as one channel for conveying information to the public.

Agency theory states that in order to lessen information asymmetry between the two parties, local governments, which are seen as agents, have a duty to reveal information to the public, which serves as the principal. The complexity of a local government's financial management increases with its size, necessitating increased public monitoring and transparency. Consequently, larger local governments tend to be more motivated to publish their financial reports on their websites to fulfill their accountability obligations to the public. This is in line with study by Hardiningsih et al. (2021) which demonstrates that a local government's size affects how financial reports are published online.

H3: Local government size positively impacts the publication of financial reports on local government websites.

The impact of audit opinions on the publication of financial statements on regional government websites

"Under Act No. 15 of 2004, an audit opinion is defined as a public accountant's professional statement on the accuracy of the information presented in annual financial statements." This audit opinion essentially reflects the quality of regional government financial management; the better the audit opinion, the more likely it is that the financial reports are appropriately presented in

compliance with relevant rules. From a signaling theory perspective, a positive audit opinion can be construed as a positive signal indicating that the regional government has managed its finances well and is accountable for its actions.

Local governments that receive a positive audit opinion are generally motivated to reinforce that signal by publishing their financial reports on websites as a form of transparency toward the public. In other words, the likelihood that a local government will post its yearly financial accounts on its internet increases with the quality of the audit opinion it receives. In line, Hardiningsih et al. (2021) and Kurniati & Siddi (2021) discovered that the online sharing of financial information is positively impacted by audit views.

H4: Audit opinions positively impact the publication of financial reports on regional government websites.

The impact of local wealth on the publication of financial reports on regional government websites

The capacity of local governments to produce local revenue is known as local wealth (Nosihana & Yaya, 2016). Local revenue itself is a source of income derived from the region; thus, the higher the local revenue generated, the better the local government's ability to manage its resources and economic potential. Agency theory states that local governments are accountable to the public as principals and have an obligation to manage these resources as agents. Thus, the greater the regional wealth they manage, the higher the public's demands for transparency and accountability in its management.

Consequently, local governments with greater regional wealth tend to have stronger incentives to improve information transparency by publishing financial reports on their official websites. This result is in line with the findings of a study by Sofyani & Dwirama (2019), which demonstrated that financial report disclosure online is positively impacted by regional prosperity.

H5: Local wealth positively impacts the publication of financial reports on regional government websites.

2. Research Methodology

In order to investigate the impact of political competitiveness, local government spending, local government size, audit opinions, and local wealth

on the release of financial reports on local government websites, this study uses a quantitative technique in the form of explanatory research. With an observation period of 2022–2024, the study population consists of all 12 regencies and one city in Central Sulawesi Province. Given the relatively limited population size, this study employs a saturation sampling method, in which all regencies and cities are included as samples, resulting in a total of 39 observation units.

The State Audit Agency's audited local government financial statements, local revenue and expenditure budget plans, the General Election Commission's local election results, and each local government's official website are the sources of secondary data used in this study. Data collection was conducted using content analysis techniques, specifically through the search, identification, classification, and interpretation of documents relevant to the research variables. Specifically, for variables related to the publication of financial reports on local government websites, assessments were conducted by examining the Transparency, Public Information, and Local Finance sections, as well as other relevant sections on the official websites of local governments, to determine the availability of financial information in accordance with the indicators established in this study.

Table 1. Measurement Variables

No	Variable	Measurement	Source
1	Publication of Financial Reports on Regional Government Websites	$\text{Publication Index} = \frac{\text{Total number of published items}}{12 \text{ indicators}}$ A score of 1 is assigned if the information item is available and accessible on the local government's website, and a score of 0 is assigned if the information item is not available or inaccessible. The indicators are based on the Minister of Home Affairs' Instruction No. 188.52/1797/SJ of 2012 and include: 1) Summary of RKA SKPD, (2) Summary of RKA PPKD, (3) Draft Regional Regulation APBD, (4) Draft Regional Regulation APBD Amendment, (5) Local Regulation APBD, (6) Regional Regulation APBD Amendment, (7) Summary of DPA SKPD, (8) Summary of DPA PPKD, (9) SKPD Budget Realization Report, (10) PPKD Budget Realization Report, (11) Audited Regional Government Financial Statement, and (12) BPK Audit Opinion.	Rosita & Setyawan, (2024)
2	Political Competition	The number of candidates for regional head in the regional head elections	Yunita (2021)
3	Local Government Spending	Total regional expenditures	Masra & Sari (2020)

No	Variable	Measurement	Source
4	Local Government Size	Total assets	Hardiningsih et al. (2021)
5	Audit Opinion	A score of 1 for regional governments that received a WTP audit opinion and a score of 0 for regional governments that received a non-WTP audit opinion	Nosihana & Yaya (2016)
6	Local Wealth	Total local revenue	Sofyani & Dwirama (2019)

Source: Secondary Data, 2026

With the use of WarpPLS 8.0 software, the partial least squares method in structural equation modelling (PLS-SEM) was used to analyse the data in this study. This method was chosen because it focuses on testing predictive relationships among variables and is suitable for studies with a relatively limited number of observations specifically, 39 observations. In addition, WarpPLS provides various measures for model evaluation, such as fit indices and model quality, which allow for a more comprehensive assessment of the research model (Hair et al., 2022). The data analysis process began with descriptive statistics to obtain a general overview of the characteristics of the research data. Next, the structural model is evaluated by examining the R-squared (R^2) value, the Q-squared (Q^2) value, as well as the model fit and quality indices. Hypothesis testing is conducted by analyzing path coefficients and p-values to determine the direction and level of significance of the relationships among variables in the research model.

3. Result and Discussion

Table 2. Descriptive Statistics

Variable	N	Min	Max	Mean	Std. Deviation
Publication of Financial Reports on Regional Government Websites	39	0.000	1.000	0.553	0.362
Political Competition	39	2.000	5.000	3.385	0.847
Local Government Spending	39	27.144	28.754	27.887	0.352
Local Government Size	39	27.852	29.132	28.535	0.285
Audit Opinion	39	0.000	1.000	0.795	0.409
Local Wealth	39	23.951	27.680	25.469	0.800
Valid N	39				

Source: WarpPLS 8.0 Output, 2026

Based on the descriptive statistics presented in Table 2, with a minimum of 0.000 and a maximum of 1.000, the variable pertaining to the release of financial data on local government websites has an average value of 0.553. This figure indicates that, during the observation period, regency and city governments in Central Sulawesi Province published, on average, approximately 55.3% of all financial information indicators evaluated in this study. Thus, despite the fact that local government websites have been used to provide budget reports, the level of implementation is not yet fully optimal because not all financial information indicators are consistently published by all local governments. This is also evident from the minimum value of 0.000, this shows that several local governments have yet to release financial data in line with the study's findings.

In addition, the political competition variable had a mean value of 3.385, with a data dispersion that tended to be higher than that of the other variables in this study. In contrast, the factors influencing local government expenditures, local government size, and regional wealth each exhibited a standard deviation smaller than their mean values, indicating that the data dispersion for these three variables was relatively low or homogeneous. The audit opinion variable recorded a mean value of 0.795, indicating that the majority of local governments in this study's sample received an unqualified audit opinion during the observation period.

Table 3. Coefficient of Determination

Variable	R-Square	R-Square adjusted
"Publication of Financial Reports on Regional Government Websites"	0.506	0.431

Source: WarpPLS 8.0 Output, 2026

Table 4 reveals that the R-squared value is 0.506, indicating that the variables of political competition, local government spending, local government size, audit opinion, and local wealth account for 50.6% of the variation in the publication of financial reports on local government websites, while other factors outside the purview of this study account for the remaining 49.4%. Additionally, even after accounting for the number of variables in the model, the adjusted R-squared value of 0.431 shows that the model's capacity to explain the dependent variable is still comparatively good. Therefore, it can be said that this study model can adequately account for the diversity in financial report release on local government websites.

Table 4. Q-Square

Variable	Q-Square
"Publication of Financial Reports on Regional Government Websites"	0.305

Source: WarpPLS 8.0 Output, 2026

Table 5 demonstrates that this research model has strong predictive power with a Q-squared value of 0.305. For the financial report publication variable, a value larger than zero indicates that the model's predictive potential is moderate. Based on these findings, it can be said that this research model is appropriate for additional examination since it has strong predictive potential in addition to sufficient explanatory power.

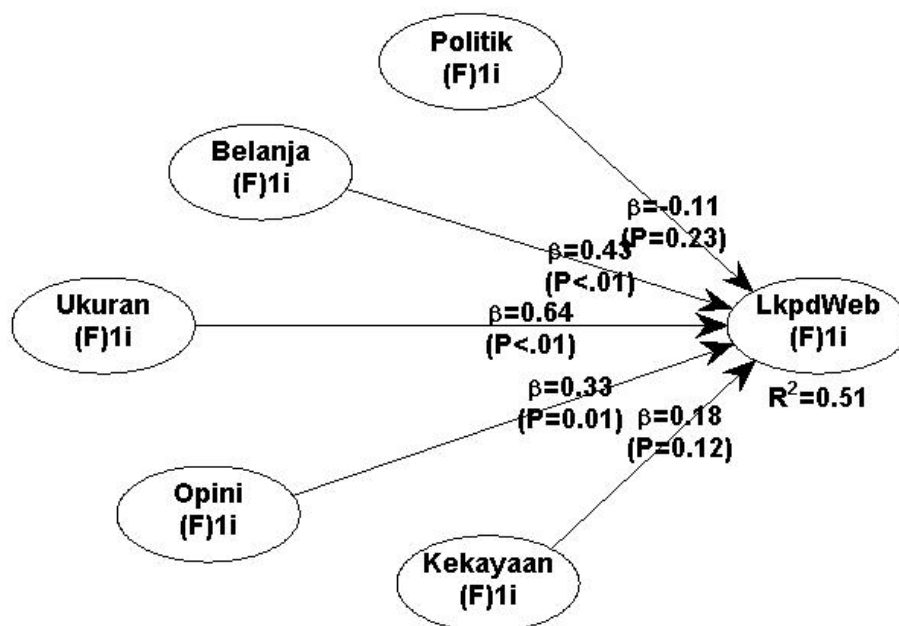
Table 5. Results of Model Fit Analysis and Quality Indices

Model fit and quality indices	Value	Description
Average path coefficient (APC)	0.337, P=0.005	Accepted
Average R-squared (ARS)	0.506, P<0.001	Accepted
Average block VIF (AVIF)	3.127, acceptable if ≤ 5 , ideally ≤ 3.3	No multicollinearity
Average full collinearity VIF (AFVIF)	3.363, acceptable if ≤ 5 , ideally ≤ 3.3	No multicollinearity
Tenenhaus GoF (GoF)	0.711, small ≥ 0.1 , medium ≥ 0.25 , large ≥ 0.36	Large

Source: WarpPLS 8.0 Output, 2026

The model employed in this study satisfies the required validity requirements, according to the model fit and quality index results. The model shows a statistically significant structural link, as shown by the APC of 0.337 with a p-value of 0.005 and the ARS of 0.506 with a p-value < 0.001 . Additionally, since the average variance inflation factor under full multicollinearity (AVIF) of 3.127 and the average variance inflation factor under full multicollinearity (AFVIF) of 3.363 are both below the predetermined maximum threshold of 5, it can be said that the model used in this study does not have multicollinearity problems. Additionally, the Tennenhaus Goodness-of-Fit (GoF) value of 0.711, which surpasses the 0.36 requirement, is classified as strong. Overall, these findings show that the study model has a reasonable fit quality, making it appropriate for additional hypothesis testing.

Figure 1. Structural Model Results



Source: WarpPLS 8.0 Output, 2026

Table 6. Hypothesis Test Results

Variable Relationship	Path Coefficients	P-value	Description
Political Competition → Publication	-0.113	0.231	Not Significant
Local Government Spending → Publication	0.429	0.001	Significant
Local Government Size → Publication	0.636	<0.001	Significant
Audit Opinion → Publication	0.329	0.011	Significant
Local Wealth → Publication	0.178	0.118	Not Significant

Source: WarpPLS 8.0 Output, 2026

Positive path coefficients with p-values below 0.05 indicate that the variables local government spending, size of local government, and audit opinion were found to have a positive and significant influence on the publication of financial reports on local government websites, according to the results of the hypothesis testing shown in Table 5. Conversely, since their p-values were higher than 0.05, the variables political competition and local income did not significantly affect the posting of financial reports on local government websites.

The influence of political competition on the publication of financial reports on local government websites

The first hypothesis test's findings show that the release of financial information on local government websites is not significantly impacted by political competition. H1 is rejected as a result of a coefficient of -0.113 and a p-value of 0.231 (> 0.05). This result implies that the release of financial statistics on local government websites has not yet increased as a result of fierce competition in local elections. In the context of regency and city governments in Central Sulawesi Province, it is assumed that this situation is due to the fact that public preferences in selecting candidates in local elections are more influenced by other factors such as the incumbency advantage, the popularity of candidates, and aid and development programs that the public can directly benefit from rather than information from financial reports published on websites (Komala et al., 2025). As a result, to date, local governments have not been sufficiently pressured by political competition to publish more financial information on their websites as a means of winning over the public.

According to Agency Theory, in order to reduce information asymmetry for the public, political rivalry should serve as a control mechanism that motivates local governments to enhance the disclosure of financial reports in the interest of openness. However, the study's findings show that Central Sulawesi Province's regency and city governments have yet to successfully implement this method. In other words, Agency Theory, which postulates that political rivalry can motivate local governments to publish more financial data on their websites, is not entirely supported by the study's findings.

These results are consistent with the findings of studies by Rosita & Setyawan (2024) and Yunita (2021), studies also show that the release of financial reports on local government websites is unaffected by political rivalry. However, these results differ from the findings of Nurhunah et al. (2023), who was successful in proving that political rivalry encourages financial report disclosure on websites. These differences in results are believed to be due to regional characteristics and varying levels of use of local government websites as a means of ensuring financial transparency, which may not be consistent across all regions. Therefore, regardless of the degree of political rivalry, local governments must make sure that financial reports are consistently published on their websites as part of their commitment to accountability and openness.

The impact of local government spending on the publication of financial reports on regional government websites

With a coefficient of 0.429 and a p-value of 0.001 (< 0.05), the second hypothesis test results demonstrate that local government expenditures have a positive and substantial impact on the posting of financial reports on local government websites. H2 is therefore approved. This result suggests that the inclination of Central Sulawesi Province's regency and municipal governments to post their financial reports online increases with the amount of local spending they oversee. Local governments in Central Sulawesi Province oversee a comparatively large amount of local expenditures annually, according to statistics from the Regional Revenue and Expenditure Budget supplied by the Directorate General of Regional Finance (DJPK). The size of this budget reflects the heavy burden of administration, the provision of public services, and regional development activities, which indirectly reinforce public demands for accountability in the use of public funds. In this context, the publication of financial reports via websites serves as a form of accountability for local governments and a means to strengthen the transparency of information provided to the public.

These findings reinforce signaling theory, which posits that local governments as entities with more complete information regarding financial management send signals to the public to reduce information asymmetry. In the context of this study, the principle states that the public's need for accountability and openness about the use of funds increases with the amount of expenditures supervised by local governments. Therefore, the publication of financial reports on websites can be interpreted as a signal that local governments have managed their finances openly and responsibly. Local governments use websites to lessen information asymmetry while also boosting public trust, as seen by the favourable impact of their spending on the release of these financial reports.

The results of this study are consistent with the findings of Saraswati et al. (2019) and Masri & Sari (2020), who also found that local government spending has a positive impact on the publication of financial reports on the internet. However, these results differ from the findings of Putri & Setiawan (2022), who actually found a negative effect, as well as the findings of Winangsih & Fathah (2023) He claimed that the publishing of financial records on the inte

net is unaffected by local government spending. These disparate outcomes are probably caused by differences in the traits of local governments and the degree of dedication shown by each area in establishing websites as a means of financial information disclosure. Therefore, the management of local government expenditures should ideally be accompanied by the consistent publication of financial reports via websites to promote transparency and accountability while strengthening public oversight of local financial management.

The impact local government size on the publication of financial reports on regional government websites

The results of the third hypothesis test demonstrate that local government size has a positive and substantial influence on the posting of financial reports on local government websites, as evidenced by a coefficient of 0.636 with a p-value of < 0.001 (< 0.05), consequently, H3 is accepted. This research demonstrates that the larger the size of a local government as assessed by total assets the greater its likelihood to post its financial reports on its website.

In Central Sulawesi Province alone, there are significant differences in the total assets of each local government. One of the local governments with the highest total assets is Morowali Regency, with assets of approximately 4,48 trillion rupiah in 2024. The size of these assets reflects the increasing amount of resources that local governments must manage, which makes financial management more complex. This situation has also heightened public attention and oversight regarding asset management and the use of local funds, as the size of these assets has the potential to pose a risk of financial irregularities. Therefore, in order to maintain public accountability and openness, local governments are typically encouraged to post their financial reports on their websites. In addition, local governments with larger assets typically have more adequate organizational capacity, human resources, and information technology, making them better able to present financial information through their websites.

This finding aligns with agency theory, this declares that local governments must answer to the public for how they manage public resources. The greater the resources managed, the greater the public's need for information regarding local financial management, thereby increasing the potential for information asymmetry. To reduce this information asymmetry, local governments publish financial reports on their websites as a mechanism for

accountability. Thus, the results of this study support agency theory, as they demonstrate that the larger a local government is, the more financial reports are published on its website, the more transparent financial information is required.

The results of this study are consistent with the findings of Hadi & Setiawan (2020) and Hardiningsih et al. (2021), who also discovered that online financial reporting is positively impacted by local government size. However, these results differ from the findings of Anggara & Cheisviyanny (2020) and Rosita & Setyawan (2024), who discovered that the release of financial records online is unaffected by the size of municipal governments. These differing results are likely due to variations in local government characteristics, organizational capacity, and the level of website utilization in each region. Therefore, larger local governments must constantly promote the release of financial reports via their websites by making the best use of the resources at their disposal.

The impact of audit opinions on the publication of financial reports on regional government websites

The results of the fourth hypothesis test demonstrate that audit opinions have a positive and significant influence on the release of yearly financial reports on local government websites, as evidenced by a coefficient of 0.329 at a p-value of 0.011 (< 0.05), consequently H4 is accepted. This result suggests that a local government's propensity to post annual financial accounts on its website increases with the quality of the audit opinion it receives.

Among local governments in Central Sulawesi Province, it was found that the majority of regencies and cities received an unqualified opinion, namely 11 local governments in 2022 and 10 local governments each in 2023 and 2024. This indicates that most local governments have prepared annual financial statements that, based on the audit results by the Supreme Audit Agency, meet the criteria for fairness. This achievement has subsequently served as one of the foundations for publishing annual financial reports on local government websites to strengthen their credibility in the eyes of the public.

These results support signaling theory, which states that entities with more complete information send signals to external parties to reduce information asymmetry. The results of this study show that local governments typically post their financial statements on their websites to notify the public when they receive audit reports with unqualified comments. Such publication can be viewed as

sending a positive signal regarding the quality of local government financial reporting, thereby reducing information asymmetry, increasing transparency, and strengthening public trust in local financial management. Thus, the study's findings corroborate the signalling theory, which holds that local governments are encouraged to post their financial reports online when they receive a positive audit opinion.

The results of this study are consistent with the findings of Hardiningsih et al. (2021) and Kurniati & Siddi (2020), who also discovered that financial statement disclosure on local government websites is positively impacted by audit views. These findings, however, contradict those of Putri et al. (2020) and Yunita (2021), who discovered that the disclosure of financial information on websites is unaffected by audit opinions. These differing research results are likely due to variations in the characteristics of local governments and the extent to which websites are used as a medium for public information disclosure. Therefore, ideally, following a favourable audit opinion, financial reports should be regularly posted on the website to encourage accountability and transparency while also boosting public confidence in local financial management.

The impact of local wealth on the publication of financial reports on regional government websites

With a coefficient value of 0.178 and a p-value of 0.118 (> 0.05), the fifth hypothesis test findings demonstrate that local affluence has no discernible impact on the release of financial reports on local government websites. H5 is therefore disregarded. This result suggests that the release of financial reports on local government websites is not correlated with regional wealth as determined by local revenue. Therefore, a region's high local revenue does not automatically translate into more financial reports being published online.

According to the study's findings, there are still notable disparities in the financial reports that Central Sulawesi Province's regency and municipal administrations publish on their official websites. Although there are several local governments with relatively high local revenue, their financial reports have not been published in full or updated regularly. From the perspective of agency theory, the more resources managed by local governments as agents, the public's requests for financial reports to be published as a transparency measure to lessen information asymmetry are growing. However, the study's findings show that Central Sulawesi Province's regency and city governments have fallen short of

these expectations. Therefore, the findings of this study do not fully support agency theory, which assumes that the incentive to reduce information asymmetry by providing financial information to the public will increase as the amount of resources managed by local governments grows.

The findings of this investigation are in line with those of Hadiananto & Murtin (2020) and Rosita & Setyawan (2024), who also discovered that the release of financial statistics on local government websites is unaffected by regional wealth. Nevertheless, these outcomes deviate from the conclusions of Indaryani & Rahayu (2023), and Aggatha et al. (2023), who discovered that the disclosure of financial information on websites is positively impacted by regional wealth. These differing results are likely due to variations in the characteristics of local governments, the observation periods used, and the extent to which websites are utilized as a medium for public information disclosure. Therefore, In order to further enhance openness, accountability, and public trust in local financial management, it is ideal for developing local financial capacity to be supported by strong information management through the regular posting of financial reports on websites.

4. Conclusion

The study's findings show that while political competition and regional wealth have no discernible impact on the release of financial reports by regency and city governments in Central Sulawesi Province between 2022 and 2024, local government spending, local government size, and audit opinions have a positive impact on the publication of financial reports on regional government websites. These findings suggest that financial management ability and governance quality have a greater impact on the practice of issuing local government financial reports in Central Sulawesi than do local fiscal capability or political considerations alone. Theoretically, The results of this study add to the body of knowledge on accountability and transparency in the public sector by showing that organisational capacity and the calibre of financial management are more important in encouraging the publication of financial reports online than local fiscal capacity or political considerations. In practical terms, these results indicate that in order to increase accountability and transparency in local financial management, local governments must simultaneously continue to enhance the

quality of their financial management and maximise the use of their websites as a means of publishing thorough, timely, and easily accessible financial reports.

On the other hand, this study has several limitations. First, the scope of the study is limited to regency and city governments in Central Sulawesi Province. Therefore, the results cannot yet be generalized to describe the situation of all local governments in Indonesia. Second, the availability of documents on local government websites in compliance with the parameters outlined in the Minister of Home Affairs' Circular Letter No. 188.52/1797/SJ of 2012 serves as the basis for measuring financial report publication in this study. Consequently, the measurement method used places greater emphasis on the quantitative aspects of these publications and does not fully reflect the quality of the information presented, such as the completeness of content, accessibility, or the timeliness of the information. Third, this study involves only five independent variables; thus, other elements that have not been incorporated into this research model may nevertheless have an impact on the release of financial reports by local governments. Given these limitations, it is recommended that future studies expand their geographic scope and observation period, develop indicators for financial report disclosure that take into account the quality of the information disclosed, and examine additional elements that could affect how local government financial data are disclosed on websites.

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