

ANALYSIS OF FACTORS INFLUENCING THE LEVEL OF ASSET DISCLOSURE IN LOCAL GOVERNMENT FINANCIAL REPORTS IN CENTRAL SULAWESI 2020-2024

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Abstract

Study This aim for analyze factors that influence level disclosure asset in Report Finance the Regional Government (LKPD) related to Central Sulawesi Province covers the period from 2020 to 2024. The issue being explored arises from the demand for precise information and the inconsistencies identified in earlier studies. A quantitative method has been utilized, drawing on secondary data sourced from the LKPD and the Audit Report (LHP) compiled by the Supreme Audit Agency (BPK). The study analyzed 65 cases chosen from 12 districts and one city over a span of five years, employing WarpPLS for the analysis. Findings indicate that factors such as the size of the regional government, the region's wealth, fiscal autonomy, auditor assessments, and the intricacy of regional governance have a significant and positive influence on the degree of asset disclosure, whereas the results of audits have a negative and negligible effect. This research suggests that the internal factors within the regional government are more vital for improving asset disclosure transparency than external corrective measures.

Keywords: Asset Disclosure, LKPD, Audit Opinion

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1. Introduction

Transparency and accountability in management finance public is principle important in realizing governance good governance. Government area

as entity public own obligation for compile Report Finance Regional Government (LKPD) as form accountability on use source Power public. Obligations the confirmed in Law (UU) Number 17 of 2003 concerning State Finance , Law (UU) Number 23 of 2014 concerning Regional Government , as well as regulation government Number 71 of 2010 Regarding Government Accounting Standards. In context reporting finance government area, disclosure become part important Because functioning serve information in a way sufficient for the report finance can understood by users. Priharjanto & Wardani (2017) explains that disclosure in report finance consists of on disclosure mandatory and disclosure voluntary, where disclosure must become aspect main in reporting government area Because related with compliance to regulations and standards accountancy.

Notes on Report Finance (CaLK) is part important from LKPD because give explanation on the information presented in report main. Based on PP Number 71 of 2010 , Completeness disclosure is also one of the aspect in evaluation fairness report finance, as confirmed in Law Number 15 of 2004 that audit opinion reflects fairness presentation report financial. The LKPD audit is conducted by the Republic of Indonesia's Audit Board with opinion in the form of Fair Without Exception (WTP), Reasonable With Exception (WDP), Unreasonable (TW), or Not Providing Opinion (TMP).

One of elements that have level complexity tall in report finance government area is assets. Assets are all over source Power the economy that is in mastery government area for support service public and development. The size mark asset as well as complexity its management demand existence adequate disclosure in CaLK. AN Putri & Hardiningsih (2023) states that the greater the assets managed, the higher the management risk, which can potentially impact reporting quality. This finding aligns with Haryanto et al. (2023) , who demonstrated a relationship between the number of assets and the level of transparency of regional financial reports.

Regional asset management is highly complex, encompassing not only recording but also legal aspects, valuation, depreciation, and asset security. This complexity can increase the risk of misrepresentation and incomplete information if not supported by sound internal controls. Therefore, asset disclosure is a crucial component in assessing the quality of regional financial governance. Furthermore, regional financial characteristics can also influence the extent of disclosure. Kurniawati et al. (2020) and Primadiva et al. (2021) found

that regional wealth, as reflected in Regional Original Revenue (PAD), influences the level of financial report transparency. Regional governments with higher levels of wealth tend to have a greater incentive to demonstrate transparency to the public.

Extensive research has been conducted on local government financial report disclosure, using various factors, such as local government size, regional wealth, financial independence, audit opinion, audit findings, and local government complexity. However, previous research findings remain inconsistent. Some studies found that these factors significantly influence the level of financial report disclosure, while others showed insignificant or no effect. These differences in results indicate that the determinants of local government financial report disclosure still need to be re-examined, particularly across different objects, regions, and observation periods.

Furthermore, most previous research focuses on general LKPD disclosure, while asset disclosure as a specific component of the LKPD has received little attention. This is despite the fact that assets are a material component and have a high level of complexity due to their relationship to recording, valuation, depreciation, transfer, security, and utilization. This situation is relevant to local governments in Central Sulawesi, where most have received an Unqualified Opinion (WTP), but differences in the completeness of asset disclosure and audit findings related to internal control weaknesses, regulatory non-compliance, and asset management issues remain. Therefore, asset disclosure requires a specific examination as it can provide a more specific understanding of the transparency and accountability of public resource management.

This research is notable because it emphasizes the degree of asset reporting, rather than simply examining the full financial disclosures of regional government entities. Theoretically, this study broadens the scope of Agency Theory and Signaling Theory in relation to asset reporting by local authorities, contributing to the reduction of information deficiencies and promoting transparency for the public. Empirically, this investigation presents updated evidence regarding the various factors that affect the level of asset reporting in the LKPD of regional administrations in Central Sulawesi from 2020 to 2024. Given this context, the aim of this study is to investigate how local government size, regional wealth, financial autonomy, audit assessments, audit results, and the intricacy of these local governments influence the asset reporting levels in the

LKPD of regional authorities throughout Central Sulawesi during the specified period of 2020 to 2024.

Agency Theory

Agency Theory was put forward by Jensen & Meckling (1976) theory This explain connection contractual between principal as party giver authority and agency as the party executing authority said . In connection This often appear conflict interest consequence difference objective between second split parties. In context government area, community act as principal, whereas government area play a role as agents who have not quite enough answer in manage source Power public. Therefore that, disclosure in Report Finance Regional Government (LKPD) becomes means important for show accountability and transparency performance finance government to public.

Signaling Theory

Signaling Theory explains that something entity will convey information as signal to party external for reduce asymmetry information. In sector public, government convey report finance as form signal to community and stakeholders interest related condition financial and performance achieved. Submission relevant and transparent information become important for get trust and support from society. With Thus, the disclosure information adequate finances reflect signal positive from government to public (Hilmi & Martani (2012) .

Report Finance Local government

Report finance government area is form accountability on management source Power entrusted public to entity government. Based on Regulation of the Minister of Finance Number 22 of 2022 , report finance serve required information in the process of taking decision as well as reflect accountability entity reporting on management finances that become not quite enough the answer. With Thus, the report finance functioning as means transparency in organization government area.

Report Finance Regional Government (LKPD) is compiled through the consolidation process report finance from all over Unit Work Regional Apparatus (SKPD) and Officials Manager Regional Finance (PPKD). The process produces reports that provide description comprehensive about position and

management finance area in One period reporting. Therefore that, LKPD becomes instrument important for community and stakeholders interest in evaluate performance as well as level accountability government area.

Asset Disclosure Level

Level of disclosure asset in Report Finance Regional Government (LKPD) shows to what extent the government area serves information asset according to Accounting Standards Government Regulation (SAP). PSAP Number 01 confirms importance adequate disclosure in Notes on Report Finance (CaLK), while provision more details arranged in PSAP Number 05 (inventory), PSAP Number 06 (investment), and PSAP Number 07 (assets) fixed), which includes policy accounting, methods assessment, as well as mutation assets.

According to Priharjanto & Wardani (2017) distinguish between mandatory and voluntary disclosure. In the context of local government, mandatory disclosure is the primary focus because it relates to compliance with SAP. Operationally, the level of asset disclosure is measured using a disclosure index, which is a comparison between the number of items disclosed and those that should be disclosed. The higher the index, the better the transparency and accountability of regional asset management.

Size of Local Government

Kurniawati et al., (2020) explain that entity size indicates the scale of an organization, which can be measured using specific indicators. In the realm of municipal administrations, the overall size is typically depicted by the total assets, as these assets demonstrate all the economic resources managed by the government. The extent of total assets signifies the degree of complexity regarding the tasks and management obligations that need to be addressed. Consequently, local authorities possessing larger asset portfolios must enhance transparency in their financial oversight as a means of being accountable to the community, which is achieved by offering more extensive and detailed information in their financial disclosures.

Regional Wealth

Regional wealth can be measured through Regional Original Income (PAD), which reflects a region's ability to generate revenue from its resources.

PAD is an important indicator in assessing a region's level of fiscal independence. Priharjanto & Wardani (2017) state that PAD is derived from several components, namely Local levies, city charges, outcomes from handling various regional properties, and multiple legal local primary revenues. Consequently, an increase in PAD leads to an enhanced financial ability of the area to facilitate governance and growth.

Regional Government Independence

Regional government independence indicates a region's ability to manage its policies and finances autonomously without heavy dependence on the central government. This level of independence can be measured by the local government's ability to self-finance government activities, development, and public services. Regions with higher levels of fiscal independence tend to have a greater incentive to provide information openly as a form of accountability to the public. Prasasti et al., (2017) stated that the more independent a region is, the greater its tendency to increase transparency through financial information disclosure. Thus, the degree of autonomy among regional governments may affect how much information is shared in financial statements, serving as a means of public responsibility.

Audit Opinion

An audit opinion represents a qualified judgment provided by an impartial auditor following a review of the Regional Government Financial Report (LKPD), indicating how accurately financial data is displayed in accordance with relevant accounting principles. Naopal et al., (2017) .

Audit Findings

Maulana & Handayani (2015) stated that the BPK-RI audit findings relate to internal control weaknesses and non-compliance with regulations identified in the Regional Government Financial Report (LKPD). These findings serve as the basis for the BPK to provide recommendations for improvements to enhance transparency and accountability in regional financial management. Regional governments that received audit findings in the previous period are encouraged to follow up on these recommendations by improving the quality of reporting, including expanding disclosure of information in financial statements. Therefore, the number of audit findings from the previous year can influence the level of

disclosure in the LKPD in the following period as a form of improvement and enhancement regarding the quality of financial statements.

The Complexity of Local Government

The complexity of local government is often measured by population size, because the larger the population, the greater the need to meet the demand for public services. Hilmi & Martani (2012) stated that population is an indicator of government complexity, in line with Article 28 paragraph (2) of Law Number 33 of 2004 which emphasizes that population reflects the need for public service funding. Ingram (1984) explains that increasing complexity encourages the government to expand financial reporting disclosures.

Hypothesis

Size of Local Government

Based on agency theory, local governments, as agents, are obligated to account for the management of public resources to the public, as principals, through the presentation of transparent and comprehensive financial reports. The larger the local government, when measured by total assets, is increasingly demanding greater public transparency in financial information to reduce information asymmetry. Sari et al., (2025) and Supriono et al. (2023) stated that local government size has a positive and significant effect on the level of financial report disclosure because the greater the resources, the greater the demand for disclosure. This finding is supported by Agnecia et al. (2018), who stated that the greater the regional assets, the more extensive the disclosures due to the increasing complexity of management.

H₁: The size of the local government has a significant positive effect on the level of asset disclosure in Local Government Financial Statements (LKPD).

Regional Government Assets

Based on agency theory, local governments, as agents, are obligated to account for the management of resources derived from the community as principal. The higher the regional wealth, as reflected in Regional Original Income (PAD), Public demands for transparency and accountability in financial management are intensifying. This situation compels local governments to disclose more comprehensive information regarding assets in order to reduce

information asymmetry. Setyaningrum & Syafitri (2012) , Laswad et al., (2005) , and Prawati & Murwaningsari (2024) states that regional wealth has a significant positive influence on the level of financial statement disclosure by local governments.

H₂: Local government assets have a significant positive influence on the level of asset disclosure in Local Government Financial Statements (LKPD).

Regional Financial Independence

Based on agency theory, a high level of Regional financial independence reflects the ability of local governments to finance the administration of government activities through its own revenue sources. The higher the level of regional financial independence, the greater the public's demand for accountability and transparency in regional financial management. Therefore, local governments are encouraged to increase asset disclosure as a way to demonstrate accountability to the public. Setyorini (2020) and Raditya et al., (2022) state that independence finance area influential positive and significant to level disclosure report finance government area.

H₃: Independence Regional Finance has an impact positive significant in level Disclosure of Assets in Report Finance Regional Government (LKPD).

Audit Opinion

Based on signaling theory, good audit opinion will give signal positive about quality report finances presented by the government area. The more Good the audit opinion obtained , then the more tall level trust to quality presentation report finance , so that push government area For increase transparency and completeness disclosure information , including disclosure asset (Raditya et al., (2022) . Priharjanto & Wardani (2017) state that influential audit opinion positive and significant to level disclosure report finance government area, where opinions are better reflecting quality more disclosure tall.

H₄: Audit Opinion is influential positive significant on the Level of Disclosure of Assets in Report Finance Regional Government (LKPD).

Audit Findings

Based on theory agency, the audit findings reflect existence weakness in management financial issues that arise asymmetry information between government area as agents and society as principal. The existence of audit findings encourages government area for do repair as well as increase transparency through disclosure more information complete, including disclosure assets. Martani and Liestiani (2012) and SP Sari & Novitasari (2022) state that influential audit findings positive and significant to level disclosure report finance government area Because government make an effort follow up auditor recommendations through improvement quality reporting finance .

H₅: Audit findings have an impact positive significant on the Level of Disclosure of Assets in Report Finance Regional Government (LKPD).

Complexity Local government

Based on signaling theory, government area will give more information wide to public as form signal on quality management financial resources owned. Complexity government proxied area through amount resident reflect the more diversity activities and needs service public, so that push government For increase disclosure information in a way more complete and transparent, including in disclosure Assets. Hilmi & Martani (2012) stated that population size has a positive and significant effect on the level of disclosure of local government financial reports. This is supported by Priharjanto & Wardani (2017) , who found that local government complexity has a positive and significant effect on the level of disclosure of local government financial reports.

H₆: The complexity of the Regional Government has a significant positive effect on the level of asset disclosure in the Regional Government Financial Report (LKPD).

Critical Analysis of Research Findings

The research results show that asset disclosure is influenced not only by financial factors, audit opinions, and regional complexity, but also by the institutional capacity of local governments. Differences in human resource quality, asset information systems, administrative capabilities, and governance

commitment can lead to differences in asset disclosure practices across regions, including when compared with research findings from other regions.

In the context of Central Sulawesi, local governments with better fiscal and institutional capacity tend to be better able to provide comprehensive asset disclosures. Conversely, regions with limited resources may experience challenges in asset recording, inventory, and reporting. Therefore, local governments need to strengthen asset information systems, improve human resource quality, and ensure that follow-up actions on audit findings are directed at improving the substance of disclosures, not just administrative compliance.

2. Research Method

Study This use approach quantitative, namely approach that processes data in form numerical and analytical use technique statistics For test connection between variables Sugiyono (2013). With Thus, research This done through testing hypothesis that has been formulated based on theory and research previously with help application WarpPLS 8.0.

Testing hypothesis in study This use WarpPLS 8.0, namely method analysis based *Partial Least Square* (PLS) which includes in approach *Structural Equation Modeling* (SEM). WarpPLS chosen Because in accordance with characteristics research that has 65 observations and involves a number of variables independent tested in a way simultaneous. Compared regression multiple, WarpPLS No only test connection between variables, but also capable evaluate model feasibility, collinearity, and relevance predictive. In addition, compared to SEM based on covariance, WarpPLS more flexible used in samples relatively small, no demand normality multivariate in a way tight, and in accordance for study predictive based on secondary data government area. Election method This referring to Kock (2025) . The evaluation results also show that model criteria have been fulfilled, indicated by significant APC, ARS, and AARS values, AVIF and AFVIF values below the limit of 5, and adequate Q-Square value. With Thus, WarpPLS assessed worthy for test factors that influence level disclosure assets.

Table 1. Sample Selection Process

No	Sample Criteria	Amount
1	The District /City Regional Government in Central Sulawesi Province which is the Object Study	13
2	Period Observation Study	5 years
3	Total Initial Observations: 13 Local Governments × 5 Years Observation	65
4	Observations Excluded Due to LKPD/LHP or Variable Data Incomplete Research	0
5	Total Final Observations Analyzed	65

Source: Data Processed, 2026

Population in study This is government area regencies/cities in Central Sulawesi Province, comprising more than 12 regencies and 1 city during period 2020–2024. With period observation over five years, the number observations used in study This is 65 observations, which are obtained of 13 governments area multiplied by 5 years observation. All observation fulfils purposive sampling criteria because have LKPD that has been audited by the BPK and the required data for measure variables research. With so, no there is excluded observations in study This. The measurement of each variable study This as following:

Table 2. Measurement Variables

Variables	Measurement	Source
Level of disclosure asset	$\frac{\text{Total item yang diungkapkan}}{\text{total item yang harus diungkapkan}}$	Agnecia et al., (2018)
Size government area	$\ln (\text{total assets})$	Sari et al., (2025)
Riches government area	$\ln (\text{PAD})$	Setyaningrum & Syafitri (2012)
Independence finance area	$\frac{\text{PAD (Pendapatan asli daerah)}}{\text{total pendapatan daerah}}$	Setyorini (2020)
Audit opinion	$\text{WTP} = 4, \text{WDP} = 3, \text{TW} = 2, \text{TMP} = 1$	Priharjanto & Wardani (2017)
Audit findings	$\text{Amount audit findings}$	Hendriyani & Tahar (2015)
Complexity government area	$\ln (\text{number resident})$	Hilmi & Martani (2012)

Source: Data Analysed, 2026

Level disclosure asset measured use index disclosure asset *disclosure* index This built through analysis content *analysis* of Notes on Report Finances of each government regional. Asset disclosure items are prepared based on the provisions of Government Accounting Standards, specifically information

related to inventory, investments, and fixed assets. Items evaluated include asset accounting policies, the basis for measuring or valuing assets, details of asset types and values, asset movements, depreciation of fixed assets, accumulated depreciation, book value of fixed assets, fixed assets in progress, and information regarding the condition, security, utilization, or problems of assets if disclosed in the CaLK.

The assessment mechanism uses a dichotomous score. Each asset disclosure item presented in the CaLK is given a score of 1, while items not disclosed are given a score of 0. Next, all disclosed item scores are summed and compared to the number of asset items that should be disclosed. The higher the asset disclosure index value, the more comprehensive the asset information presented by the local government in the LKPD.

Hypothesis Testing

In the research, the evaluation of hypotheses was performed with a significance threshold established at 0.05 (5%), necessitating the examination of the p-value derived from the analysis results produced by WarpPLS. If the p-value exceeds 0.05, the null hypothesis H_0 is considered accepted; conversely, if the p-value is.

3. Result and Discussion

Descriptive Statistical Analysis

Descriptive statistical examination aims to provide a concise overview of the characteristics of research data, including the minimum, maximum, mean, and standard deviation values for each variable studied.

Based on the results of data processing using WarpPLS 8.0 software, the descriptive statistical results were obtained as presented in Table 3:

Table 3. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
UPD	65	27,820	29,130	28,493	0.272
RICHES	65	23,820	27,760	25,420	0.773

	N	Minimum	Maximum	Mean	Std. Deviation
KKD	65	0.040	0.350	0.103	0.068
OPINION	65	1,000	4,000	3,800	0.506
FINDINGS	65	6,000	25,000	14,692	3,933
KPD	65	4,260	13,040	12,062	1,360
landfill	65	0.880	1,000	0.932	0.034

Source: WrapPLS 8.0 Output Results

According to the aforementioned table, it can be observed that the total amount of research data (N) comprises 65 observations. The Regional Government Size (UPD) variable records a lowest value of 27,820 and a highest value of 29,130, with a mean of 28,493 and a standard deviation standing at 0.272. The Regional Wealth variable indicates a minimum of 23,820 and a maximum of 27,760, averaging at 25,420 and showing a standard deviation of 0.773. The Regional Financial Independence (KKD) variable has a lower limit of 0.040 and an upper limit of 0.350, with an average measurement of 0.103 and a standard deviation of 0.068. For the Audit Opinion variable, the minimum value is recorded as 1,000 and the maximum as 4,000, resulting in an average of 3,800 along with a standard deviation of 0.506. The Audit Findings variable presents a minimum value of 6,000 and a maximum value of 25,000, with an average of 14,692 and a standard deviation of 3,933. The Local Government Complexity (KPD) variable reflects a minimum value of 4,260 and a maximum value of 13,040, with an average of 12,062 and a standard deviation of 1,360. On the other hand, the dependent variable, which is the Asset Disclosure Level (TPA), has a recorded minimum of 0.880 and a maximum of 1,000, with an average standing at 0.932 and a standard deviation of 0.034.

R-Square Value

Table 4. R-Square Value

Variable Dependent	R-Square	Adjusted R-Square
Asset Disclosure Level	0.656	0.620

Source: WrapPLS 8.0 Output Results, 2026

The R-Square figure of 0.656 indicates that 65.6% of the variations in asset disclosure rates can be linked to elements including the scale of the local government, the financial condition of the region, financial autonomy,

assessments from audits, audit outcomes, and the intricacies of local management. The remaining 34.4% is due to factors that were not included in the research model. Practically, these results indicate that local government asset disclosure practices are quite strongly influenced by financial characteristics, audit results, and regional complexity. The explanatory power of this model can be said to be quite high compared to several similar studies on LKPD disclosure, which generally show a moderate level of model explanation ability. Thus, this research model is considered robust enough to explain the factors that influence the level of asset disclosure in the LKPD of local governments throughout Central Sulawesi.

Q-Square

Table 5. Q-Square Values

Variables Dependent	Q-Square
Asset Disclosure Level	0.519

Source: WrapPLS 8.0 Output Results, 2026

The Q-Square value of 0.519 indicates that the research model has good predictive ability for the Asset Disclosure Level variable. These results indicate that the variables of Local Government Size, Local Government Wealth, Local Financial Independence, Audit Opinion, Audit Findings, and Regional Complexity are able to predict variations in the Asset Disclosure Level well. Thus, the model used in study This own relevance adequate predictive relevance.

Table 6. Regression Model Fit and Quality Indices

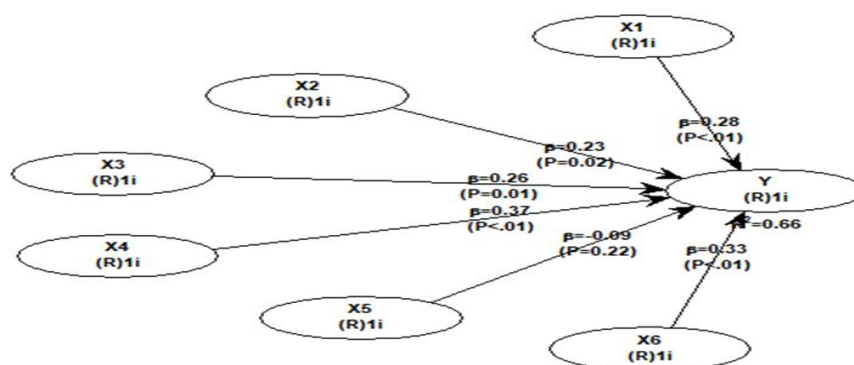
No.	Model fit and quality indices	Mark
1)	Average path coefficient (APC)	0.260; P= 0.006
2)	Average R-squared (ARS)	0.656; P= <0.001
3)	Average adjusted R- squared (AARS)	0.620; P= < 0.001
4)	Average block VIF (AVIF)	3,671; acceptable if ≤ 5 , ideally ≤ 3.3
5)	Average full VIF collinearity (AFVIF)	3.166; acceptable if ≤ 5 , ideally ≤ 3.3
6)	Tenenhaus GoF (GoF)	0.810, small ≥ 0.1 , medium ≥ 0.25 , large ≥ 0.36

Source: WrapPLS 8.0 Output Results, 2026

Based on the model evaluation results, the APC value of 0.260 with a p-value of 0.006, ARS of 0.656 with a p-value <0.001, AARS of 0.620 with a p-value <0.001, AVIF of 3.671, AFVIF of 3.166, and GoF of 0.810 indicate that the research model has met the eligibility criteria. Significant APC, ARS, and AARS values indicate that the relationship between variables in the model has adequate statistical support. AVIF and AFVIF values that are below the maximum limit (≤ 5) indicate that the model does not experience multicollinearity problems, while the GoF value of 0.810 is included in the large category, so the model has a strong level of suitability.

Hypothesis Testing

Figure 1. Structural Model Results WarpPLS



Source: WarpPLS 8.0 Output Results, 2026

Table 7. Path Coefficient and P-Value Values

Variables	R-Square	P-Value	Path Coefficients
Level of disclosure asset	0.519		
Size government area		0.008	0.277
Riches area		0.024	0.231
Independence finance area		0.013	0.260
Audit opinion		<0.001	0.371
Audit findings		0.220	-0.093
The complexity of local government		0.002	0.330

Source: WarpPLS 8.0 Output Results, 2026

According to the table presented, the Regional Government Size (UPD) has a coefficient value of 0.277 accompanied by a p-value of 0.008, while Regional Wealth is 0.231 with a p-value of 0.024, and Regional Financial Independence (KKD) registers at 0.260 with a p-value of 0.013, indicating that all three variables have a considerable impact as the p-value is less than 0.05. Additionally, the Audit Opinion shows a coefficient of 0.371 and a p-value of less than 0.001, which also demonstrates a noteworthy effect. Conversely, Audit Findings has a coefficient of -0.093 with a p-value of 0.220, signifying that it is not significant since the p-value exceeds 0.05. At the same time, the Regional Government Complexity (KPD) presents a coefficient of 0.330 and a p-value of 0.002, thus indicating a significant influence on the dependent variable.

Discussion

The Influence of Local Government Size on the Level of Asset Disclosure

The results of this study empirically prove that the size of the local government has a significant positive effect on the level of asset disclosure. This is indicated by the results of statistical tests that show a coefficient value of 0.277 with a P-value of 0.008, which is smaller than the predetermined significance value of 0.05. Therefore, the hypothesis in this study that the size of the local government has a significant positive effect on the level of asset disclosure is accepted (H1 is accepted).

This research demonstrates that as the total assets of a local government increase, the extent of financial report disclosures also rises. This occurs because local governments possessing substantial total assets typically have a variety of asset types, including fixed and current assets, which leads to more comprehensive disclosures. (Agnecia et al., 2018). Based on agency theory, the community serves as the primary authority delegating the local government as the representative to handle public resources responsibly. The bigger the local government grows, the stronger the public's expectation for clarity in financial documentation to lessen the disparity in information between the government and its citizens. Furthermore, local governments that possess substantial assets typically have more sufficient skills and resources to produce detailed financial reports. The findings of this research align with earlier studies carried out by Andriani et al., (2019). Amaliah (2019), Anggara

& Cheisviyanny (2020) , and Nur & Murwaningsari (2020) , who indicated that the dimensions of the local administration considerably enhance LKPD transparency.

The Influence of Regional Government Wealth on the Level of Asset Disclosure

The results of this examination provide empirical evidence that the financial capabilities of local administrations significantly improve the degree of asset transparency. This assertion is supported by the statistical analysis displaying a coefficient of 0.231 and a P-value of 0.024, indicating it is below the significance level of 0.05. As a result, the hypothesis proposed in this study maintains that the wealth of local governments has a positive effect on the level of asset transparency (H1 is confirmed). The results obtained support the second hypothesis, which claims that the wealth of a region positively influences the extent of LKPD transparency. This finding aligns with agency theory, suggesting that as local government affluence grows, community expectations for transparency and accountability from stakeholders also intensify. This scenario drives local government representatives to improve their financial data disclosure. Additionally, this result is in agreement with Ingram's (1984) findings, which state that increased regional wealth is linked to more extensive disclosure, as governments with greater financial resources have a heightened ability to offer detailed information.

The Influence of Regional Financial Independence on the Level of Asset Disclosure

The results of this study empirically prove that regional financial independence has a significant positive effect on the level of asset disclosure. This is indicated by the results of statistical tests showing that the coefficient value is 0.260 with a P-value of 0.013, which indicates it is below the established significance threshold of 0.05. thus, the hypothesis proposed in this research asserts that the degree of financial autonomy at the regional level has a considerable positive influence on the extent of asset disclosure reported (H1 is supported). These findings suggest that as the ratio of regional financial independence increases, the level of asset disclosure revealed in the financial reports also rises. This ratio represents the relationship between the amount of Regional Original Income (PAD) and regional revenue from alternative

sources. A high independence ratio signifies the capacity of the regional authorities to effectively oversee PAD as the primary funding source, which in turn promotes enhanced transparency and accountability in the management of regional finances.

This aligns with agency theory, which clarifies that the society functions as a principal, delegating local resources via taxes and fees to the municipal government as an agent. The large contribution of local revenue (PAD) creates higher accountability demands, thus encouraging local governments to present financial information transparently and reduce information asymmetry. Consequently, municipalities that possess a considerable degree of autonomy will be more motivated to enhance transparency regarding their assets as a means of being accountable to the community and fostering public confidence. The outcomes of this research correspond with the conclusions of Setyorini (2020) , Raditya et al., (2022) , and Khoirunnisa & Sofilda (2023) , which state that regional independence has a positive effect on the level of disclosure of local government financial reports. However, this differs from Dianti & Herawati (2020) , Sulardi (2019) , and Putri & Arza (2019) stated that regional independence had no significant impact. This difference may be due to some regional governments still relying on transfer funds from the central government, thus making low levels of independence less likely to encourage optimal financial disclosure.

The Influence of Audit Opinion on the Level of Asset Disclosure

The empirical results of this study indicate that the revised assessments exert a significant positive influence on the quality of information regarding all activities. This is corroborated by statistical test results showing a coefficient of 0.371 and a p-value of less than 0.001 (well below the 0.05 significance threshold). Thus, the information obtained through this revision process has a significant positive impact on the information related to these activities (H1 is accepted). This demonstrates that as assessments are refined and revised over time, the information regarding activities presented to other parties becomes richer and clearer. This condition is in line with one of the criteria for providing an audit opinion, namely the adequacy of disclosure, where the auditor assesses the fairness of the financial statements based on aspects, completeness, presentation, and disclosure of information.

The findings from this research back the signaling theory, which indicates that municipal authorities aim to communicate favorable signals to outside stakeholders by providing clear financial statements that adhere to Government Accounting Standards (SAP). Local governments that are able to present detailed, reliable, and materially misstatement-free asset information tend to receive better audit opinions. Furthermore, an increase in audit opinions from year to year can encourage local governments to improve the quality of their LKPD information disclosures. These results are consistent with the findings of this study. Priharjanto & Wardani (2017) , and Naopal et al., (2017) stated that audit opinion has a significant positive influence on the level of disclosure of local government financial reports.

The Influence of Audit Findings on the Level of Asset Disclosure

The results of this study empirically prove that audit findings have a negative and insignificant effect on the level of asset disclosure. This is indicated by the results of statistical testing which shows a coefficient value of -0.093 with a P-value of 0.220, which means it is greater than the predetermined significance value of 0.05. Therefore, the hypothesis in this study stating that audit findings have a negative and insignificant effect on the level of asset disclosure is rejected (H1 is rejected).

Research result Khasanah & Rahardjo (2014) found the same results, namely that audit findings were negatively and insignificantly related to the level of LKPD disclosure. A negative but significant relationship was found in the study. Sudarsana & Rahardjo (2013) linked BPK audit findings to government performance. These findings do not support agency theory, which explains that local governments, as agents, should increase transparency and disclosure of financial information as a form of accountability to the public, as principals. Negative results indicate that the fewer audit findings, the better the level of disclosure. This means that regions with low levels of violations tend to have higher disclosure than regions with many audit findings. The insignificance of these results indicates that the mechanism for reducing information asymmetry is not functioning optimally. Furthermore, the number of audit findings from the BPK does not directly encourage local governments to increase disclosure, as follow-up in the form of improvements or recommendations is more of a formality in fulfilling

obligations without directly impacting the extent of financial report disclosure.

The insignificance of audit findings indicates that the number of BPK findings does not necessarily lead to increased asset disclosure in the LKPD. This may occur because follow-up to findings often focuses more on administrative compliance, rather than improving the substance of disclosures in the CaLK. Furthermore, limited human resources, weak coordination between asset management units, and a suboptimal asset information system can hinder reporting improvements even after audit recommendations have been issued. Audit findings are also not always directly related to asset disclosure, but may involve compliance, internal control, or other financial administration issues.

The implication is that improving regional government accountability is not sufficient through audit inspections and recommendations alone. Regional governments need to follow up on audit findings more substantively, particularly through improvements in asset recording, inventory, valuation, security, and disclosure within the Regional Asset Management Report (CaLK). Strengthening inter-unit coordination and improving the quality of asset information systems are also necessary to ensure that audit follow-up truly impacts transparency and accountability in regional asset management.

The Influence of Local Government Complexity on the Level of Asset Disclosure

The findings from this research provide concrete evidence indicating that the complexity of local governance improves the degree of asset transparency. This assertion is supported by statistical data revealing a coefficient of 0.330 and a P-value of 0.002, which is below the commonly accepted significance threshold of 0.05. As a result, the hypothesis presented in this research asserts that the intricacy of local governance has a notably positive impact on the extent of asset disclosure (H1 is validated). This shows that, in line with the suggested hypothesis, the complexity within local government indeed has a positive and statistically significant effect. In this research, local government complexity is represented by the population size. An increase in a community's population leads to a heightened demand for

public services and a stronger requirement for transparency, especially in terms of asset disclosure.

Based on signaling theory, local governments strive to send positive signals to the public by presenting more comprehensive and transparent financial information. Regions with large populations tend to face greater public scrutiny, prompting governments to improve the quality of asset disclosures in response to public information needs. Adequate disclosure signals that local governments are capable of managing assets accountably and professionally. The results of this study align with the findings of Hilmi & Martani (2012) , and Priharjanto & Wardani (2017) stated that population size has a significant positive effect on the level of disclosure in local government financial reports. However, this result differs from the findings of Aswar et al. (2022) , who found that population size had no effect, possibly due to the still-low public pressure for transparency in some regions.

4. Conclusion

Based on the study's findings, local government size, regional wealth and financial independence, audit opinions, and local government operational complexity have a positive and significant influence on the extent of asset-related disclosures in Local Government Financial Statements (LKPD). This indicates that local governments with higher asset capacity, fiscal capacity, independence, audit opinion quality, and public service complexity tend to have a greater incentive to provide more complete asset disclosure. Meanwhile, audit findings have a negative and insignificant effect, so the number of audit findings is not yet a fully determinant factor in improving the quality of asset disclosure.

This study has methodological limitations because it only covers local governments in Central Sulawesi, namely 12 regencies and 1 city, during the 2020–2024 period. Therefore, the results cannot be broadly generalized to all local governments in Indonesia. Furthermore, the variables used are limited to local government characteristics and audit results, thus not fully capturing other institutional factors that may influence asset disclosure.

Future research is recommended to expand the scope of the study to several provinces or use national data to achieve more comprehensive and

comparable results across regions. Furthermore, future researchers could add other variables, such as the quality of the internal control system, the effectiveness of the audit committee or oversight function, the implementation of information and communication technology, and the level of fiscal dependence, to enable the research model to more deeply explain local government asset disclosure practices.

Theoretical Implications

This study strengthens agency and signaling theories in explaining asset disclosure transparency in local governments, where internal characteristics such as size, wealth, financial independence, audit opinion, and complexity drive increased disclosure. However, the insignificant audit findings indicate that oversight mechanisms are ineffective, thus stewardship theory cannot fully explain the increase in asset disclosure transparency.

Practical Implications

Practically, the results of this study provide input for local governments to improve the quality of asset disclosure in the Regional Financial Report (CaLK) by updating inventory data, improving recording, valuation, depreciation, transfer, security, and more orderly asset utilization. For the Supreme Audit Agency (BPK), the results of this study can be used as consideration in strengthening audit recommendations so that they do not only focus on administrative findings, but also encourage improvements in the quality of asset disclosure in the Regional Financial Report (LKPD). Meanwhile, for policymakers, this study demonstrates the need for more detailed technical guidelines regarding minimum standards for asset disclosure as well as strengthening information systems and human resource capacity to increase transparency and accountability in regional asset management.

5. References

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