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Abstract— The purpose of this study is to analyze the Regional Government's strategy in the effort to achieve a Fair Opinion without Exception (WTP) opinion. This research is descriptive research with a qualitative approach. The sources of data are obtained from interviews and results of searches for scientific articles and documents related to the studied object. Interviews were conducted with several interviewees. The location of the study was carried out in Bandung City Government, West Java, Indonesia. The data validity testing uses data triangulation. While the data analysis technique is carried out intensively and gradually. The stages begin with data collection, data reduction, data classification, data presentation, and drawing conclusions. The results showed that the WTP opinion obtained by the Bandung City Government indicated that local government financial accountability had been managed transparently. Local governments have implemented strategies (1) Problem Identification and Accounts of Causes of Qualification; (2) The approach used to solve problems in a focused and measured manner; and (3) Preparation of Action Plans and Detailed Action Steps. The acquisition of WTP opinion is the hard work of all components within the Bandung City Government which are driven by the mayor and his deputy mayor. They have succeeded in structuring the assets owned by the regional government which has been a hindrance in the acquisition of WTP opinion.

Keywords—WTP Opinion, Financial Statements, SAP, Strategy

I. INTRODUCTION

The opinion is the examiner's professional statement regarding the reasonableness of financial information presented in the financial statements [1]. The examiner's opinion is the examiner's conclusion about the adequacy of disclosure and the fairness of the presentation rather than the truth of the performance of financial information in the financial statements. The examiner's opinion can only be given on the financial statements that have been accompanied by a letter of representation from the head of the entity being examined. If the party tested does not submit a letter of presentation, the examiner cannot provide other opinions, except a statement refusing to give an idea (disclaimer of opinion) [2]. The advice given by the examiner is based on the following criteria: (i) conformity with government accounting standards; (ii) adequate disclosure; (iii) compliance with laws and regulations; and (iv) effectiveness of the internal control system [3]. The four audit criteria will have an impact on the opinion that will be given to the financial statements of the local government (LKPD) concerned. The more the number of violations or incompatibility with predetermined criteria, the opinion

given will be even worse. Violations found will be compared with these criteria later, the level of materiality is determined. There are four types of views that can be given by the examiner, namely: unqualified opinion, unqualified opinion, adverse opinion, and statement refusing to give an opinion (disclaimer of opinion) [4].

One of the successes of regional governments in reporting financial use can be seen from the opinion of the results of the examination. Six components need to be considered so that local government financial reports get an unqualified opinion (WTP). The six elements, among others: bookkeeping and budget planning systems, computer technology application systems (IT related), asset and debt inventory, schedule for preparing financial reports and audits and budget accountability, quality assurance carried out by internal supervisors, and human resources. The process of implementing Government Accounting Standards (SAP) needs to be designed carefully because it has implications that cannot be avoided. SAP is the accounting principles applied in preparing and presenting government financial reports. The implications include a clear mandate, political commitment, the commitment of government and critical officials, adequate resources, effective change management structure, support of information technology capacity and adequate information systems and legislative support [5].

Every regional government or entity being examined expects the results of the examination to obtain a fair opinion without exception [6]. The WTP opinion illustrates that the local government or the relevant entity has been able to express its accountability as an entity to its stakeholders (public/community). By obtaining a WTP opinion, the level of trust in the financial statements of local governments will increase [7]. However, most of the local governments have the same problem, which is not yet able to present financial reports that are accountable, free from material misstatements, and comply with applicable regulations [8]. Therefore, it must carry out several strategies to be able to account for its financial statements.

Previous studies relating to unqualified opinions have been conducted several times with different focus of discussion. One of the researchers stated that the main factors causing unqualified opinions to be achieved problems in the Internal Control System and non-compliance with laws and regulations [9]. Other researchers say that the factors that influence the quality of financial statements are the application of government accounting standards and organizational commitment. While the quality of human resources, the implementation of internal control systems,

and the use of information technology did not significantly affect the quality of financial statements [10], [11]. The results of the examination with unqualified opinion apparently did not reflect the accountability of financial management, because in the entity still found a corruption scandal [12]. The same research result states that there is no difference in the level of corruption between districts and cities that have unqualified opinions and those that do not have unqualified opinions [13]. Other researchers state that Indonesia faces challenges in reforming public sector accounting. The reforms aim to fight corruption and improve financial governance. As for the inhibiting factor in public sector accounting reform is the lack of staff with accounting skills [14],[15]. Meanwhile, only a few local governments were able to obtain an unqualified opinion because the laws and other regulations often change, thus confusing the implementers in the field.

Based on the results of previous studies, there are still differences in understanding the problem of unqualified opinions. Therefore, this study aims to analyze strategies for obtaining unqualified opinions. This research will use qualitative methods with descriptive research type.

II. METHOD

This study uses a qualitative approach to the type of descriptive exploratory research. Explorative, descriptive research aims to describe what strategies the Bandung city government has undertaken to achieve unqualified opinions. This research is not intended to test certain hypotheses but only describe procedures that have been carried out in the context of achieving unqualified opinions.

The data used in this study consisted of primary data and secondary data. Primary data were obtained from interviews and observations, while secondary data were obtained from literature studies and documentation studies. This research was conducted in the city of Bandung, West Java Province, Indonesia. The data analysis technique is done by triangulating the source and type of data. Interpretation is carried out referring to the theory, the results of previous studies, the opinions of experts, and the sharpness of the thought of researchers.

III. RESULTS AND DISCUSSION

Examination Results of the Supreme Audit Board

One indicator of the quality of financial accountability of local governments can be seen from the opinion of external auditors (BPK) on the presentation of financial statements. Local government financial statements (LKPD) according to Government Regulation Number 24 of 2005 concerning Government Accounting Standards, consisting of Budget Realization Reports; (2) Balance Sheet; (3) Cash Flow Statement; and (4) Notes to Financial Statements. However, with the Government Regulation Number 71 of 2010 concerning Accrual Based Government Accounting Standards, LKPD consists of (1) Budget Realization Reports; (2) Operational Reports; (3) Balance Sheet; (4) Statement of Changes in Equity; (5) Report on Changes in Over Budget Balance; (6) Cash Flow Statement; and (7) Notes to Financial Statements.

Three parties need and have an interest in audit opinion. First, namely, external parties (board members, the public, and investors) use audit reports to assess financial management accountability. Second, the auditor, the BPK, which uses audit opinion as a means to assess professional and legal mandates. The third is a government entity, which uses opinion to create its reputation in the public eye, namely on the performance of local governments in managing finances.

In general, there are four types of BPK audit opinions, namely unqualified opinions, qualified opinions, adverse opinions, and Refusing to Give Opinion (Disclaimer). An explanation of each type of opinion is as follows:

- (1) Unqualified opinion, the unqualified opinion states that financial statements have been presented and disclosed relatively and reasonably, in all material respects. In other words, financial information presented and disclosed in financial statements can be used by users of financial statements. These are opinions expressed in the standard form of Audit Reports on the Financial Statements.
- (2) Fair opinion with the exception (qualified opinion), fair opinion with the exception states that the financial statements have been presented and disclosed fairly and sufficiently in all material matters, except for the impact of matters relating to the excluded. In other words, financial information presented and disclosed in financial statements, "which are not excluded in the opinion of the examiner" can be used by users of financial statements.
- (3) Adverse opinion, an unreasonable opinion states that financial statements are not presented and disclosed fairly and reasonably, in all material respects. In other words, financial information presented and disclosed in financial statements cannot be used by users of financial statements; and
- (4) Statement of refusing to give an opinion (disclaimer of opinion), statement of refusing to give an opinion stating that financial statements cannot be examined in accordance with inspection standards. In other words, the examiner cannot provide confidence that the financial statements are free from material misstatements. Thus, financial information presented and disclosed in financial statements cannot be used by users of financial statements.

An unqualified opinion is divided into two, namely [16]: First, a condition that requires the auditor to issue a standard unqualified opinion, which is said to be a "standard form opinion". The standard form of the audit report on the regional government financial report must contain a statement that the financial report of the regional government has provided financial information fairly and sufficiently, in all material respects, financial position, budget realization, and cash flow. Second, conditions that require auditors to modify opinions.

BPK in the examination of the Bandung City LKPD before 2018 often found several problems that were quite significant and tended to recur, both those that affected the presentation and did not affect the presentation of financial

statements. Some problems that are often found in LKPD include: (1) Financial administration; (2) Capitalization of regional government assets; (2) Short-term debt; (3) Rental receivables; and (4) Land and Building Tax (PBB) Receivables.

The examination of LKPD is carried out to provide assurance to the BPK that the Regional Government has fairly presented all accounts in LKPD according to the accounting principles stipulated in government accounting standards, adequacy of disclosure, compliance with applicable laws and regulations, and the effectiveness of the government's internal control system. In accordance with Article 20 of Law Number 15 the Year 2014 concerning the Audit of Management and Responsibility of State Finances, officials must follow up on the recommendations in the audit report. Officials are required to provide answers or explanations to BPK regarding follow-up on recommendations in the audit report, and the answer or explanation is submitted to the BPK no later than 60 (sixty) days after the audit report is received.

Since 2015, the city government of Bandung in preparing LKPD uses an accrual basis in accordance with Government Regulation No. 71 of 2010 concerning Government Accounting Standards. The implementation of the accrual basis requires the Regional Government to prepare all necessary needs. The Regional Government has been preparing regulations related to accounting policies and procedures, accrual-based computer application systems, and human resources who understand the use of the accrual basis. However, despite all the necessary needs, the results of the Bandung City LKPD examination have only been able to get an unqualified opinion in 2018. For the past four years, the Bandung City Government LKPD only received qualified opinion opinions (see table I).

TABLE I. BPK AUDIT OPINIONS BY YEAR OF AUDIT REPORTS ON THE BANDUNG CITY GOVERNMENT'S FINANCIAL STATEMENTS

Year	Audit Opinion
2014	Qualified Opinion
2015	Qualified Opinion
2016	Qualified Opinion
2017	Qualified Opinion
2018	Unqualified Opinion

Based on Table I, 2018 is the first time that Bandung has obtained an unqualified opinion.

Strategies for Achieving Unqualified Opinion

Qualified opinion obtained by the Bandung City Government is not a gift from the BPK. However, this opinion is the result of hard work from all elements of the regional apparatus. This achievement was obtained after the Bandung City Government sought to build reconciliation with several related parties. Some of the problems that have been obstacles in obtaining WTP opinion include (1) Financial administration; (2) Capitalization of regional government assets; (2) Short-term debt; (3) Rental receivables; and (4) Land and Building Tax Receivables (PBB).

Problems with financial administration weaknesses that often occur include non-compliance with laws and regulations, procedural weaknesses, and recording errors. Weaknesses also occur in the preparation and presentation of financial statements, cash management (cash receipts), local government accounting policies that are not in accordance with SAP. Then the weaknesses in managing revenue and expenditure are not in accordance with the provisions, the inclusion and placement of capital are not accountable, and the provision of social assistance and grants is not supported by good accountability.

The problem of weaknesses in the capitalization of regional government asset management that often occurs is in terms of proof of ownership and control. Some assets that are reported in the balance sheet cannot be trusted and cannot be traced to their value and / their existence. Asset recording is not supported by proof of ownership. There are assets that are de facto controlled by local government but de jure has no proof of ownership, or conversely that regional assets are still largely controlled by unauthorized parties.

Short-term debt problems often occur because local governments cannot pay off in accordance with the reported time period. Short-term debt is an obligation that is expected to be paid no later than 12 months after the reporting date. Short-term liabilities include local government transfer debt, debt to employees, interest debt, short-term debt to third parties, Third Party Calculation debt, and current portion of long-term debt.

The problem of rental receivables occurs because there are several land leasing contracts that cannot be trusted. The irregularities of the land lease contract can be seen from the documents that have never been renewed, the contract value is not stated, and the contract period. Meanwhile, the PBB's receivable problems include, among others, double taxpayer data, unclear taxpayers' addresses, and the emergence of large PBB debt values. Even though the regional government has updated the tax object data, many of these problems are still encountered.

Based on these problems, the Bandung city government implemented a strategy to obtain an unqualified opinion from BPK. The strategy includes (1) Identification of problems and accounts that cause qualifications; (2) The approach used to solve problems in a focused and measured manner; and (3) Preparation of action plans and detailed action steps.

a. Problem Identification and Account Causes Qualification

Problems that often occur must be immediately identified so that the approach in the process of solving the problem will be easier. The results of the identification of the problem and account for the causes of the qualifications that have arisen include:

- (1) Weaknesses in cash management in the area of receipts and expenditures;
- (2) There are still weaknesses in accounting policy;
- (3) Inventory recording is not neat, and stock taking is not done at the end of the year;
- (4) Administration of receivables has not been orderly, and there are receivables that cannot be traced;

- (5) Weaknesses in administering fixed assets / regional goods

b. Approach Used

After identification is made, the next step is to choose the approach that will be used. The approaches that have been taken by the Bandung City Government include the regulatory approach, personnel approach, and administrative approach. Regulatory approach

c. Preparation of Action Plans and Detailed Steps of Action

The next step in the strategy for obtaining unqualified opinions is the preparation of an action plan and detailed steps for action. The preparation of the action plan and the detailed steps of action include:

- (1) Preparation of a work schedule for the preparation of structured financial statements accompanied by a responsible unit;
- (2) Formation of the Assistance Team for the preparation of financial statements consisting of elements of Finance, management of goods, and Inspectorate;
- (3) Preparation of action plan documents consisting of Problem Inventory List, action plans and detailed action steps;
- (4) Implementation of action plans for each person in charge.

IV. CONCLUSION

Opinion obtained from the results of the examination of the Supreme Audit Agency indicates an indicator of the quality of financial accountability of local governments. Bandung City Government has succeeded in obtaining an unqualified opinion. After successfully overcoming several problems that have been obstacles. Some of the problems that have been obstacles to obtaining an unqualified opinion include (1) Financial administration; (2) Capitalization of regional government assets; (3) Short-term debt; (3) Rental receivables; and (4) Land and Building Tax Receivables (PBB). Achievement of these achievements is done by carrying out strategies, including (1) Identification of Problems and Accounts for Qualifying Causes (1) The approach used to solve problems in a focused and measured manner; and (3) Preparation of Action Plans and Detailed Action Steps.

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