

Managerial Competence in Achieving Unqualified Opinion (UQO) in East Kalimantan Province-Indonesia

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ABSTRACT

The objectives of this study are (1) to explore competencies of the state apparatus as key informants related to the acquisition of Unqualified Opinion (UQO) in the East Kalimantan Province of Indonesia and (2) to explore competencies related to (a) competent leaders, (b) competency of leaders, (c) leaders with clear vision, mission, goals, and objectives, and (d) collaborative competencies. The method of the study is interpretive descriptive qualitative employing the researchers as the main research instrument, and then assisted by key informants. To test the validity of the data, (a) confirmation, (b) verification, and (c) data validation is conducted. The results of this research are drawn based on observations, interviews, documentation, and triangulation. The results indicate that (1) leaders must be competent and become role models for subordinates so UQO can be achieved well and (2) in addition to being competent, leaders must also have the needed competency to support UQO's achievements, for example (a) having the same vision, (b) having the same mission, (c) having the same goals, and (d) having the same objectives to win UQO in East Kalimantan Province. The conclusion is that UQO can be achieved well if the leaders (management) of the organization become a good role model and exemplary for subordinates.

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INTRODUCTION

This research is a continuation of our previous research and we have prepared it at the National Vocational Accounting Symposium or *Symposium Nasional Akuntansi Vokasi (SNAV-7)* on May 8, 2018, at Pontianak State Polytechnic, entitled "Attitudes and Behavior of the State Apparatus in Achieving Qualified Opinion (UQO), in East Kalimantan Province". This research is divided into smaller units in the research variables, which are funded by the Ministry of Research,

Technology, and Higher Education of the Republic of Indonesia under *Hibah Kompetensi* Grant for the 2018-2020 fiscal year. The competencies in this paper refer to the following aspects: (a) leaders exercising competent authority, (b) leaders who are competently responsible, (c) leaders who have a positive attitude and behavioural competencies, and (d) collaborative communication of the three competencies above to achieve UQO easily. Improvement of all Regional Apparatus Organization/*Organisasi Perangkat Daerah* (OPD) in Indonesia can take place (Hasiara, 2012; Santoso, 2010; Suryabrata, 2008) if the regional financial accounting is well carried out and all apparatus have the same commitment (Sugiatik, 2018). Therefore, UQO takes efforts to achieve, including the need for support from all relevant parties (Sugiatik, 2018). The financial statements are reports made at Regional Financial and Asset Management Agency/*Badan Pengelola Keuangan dan Aset Daerah* (BPKAD). A good financial report is the one handled in a timely manner. Although there is a code of ethics and behaviour that regulates the people in the implementation of accounting, not a few breaks the regulations. The regulations are explained in the Minister of Home Affairs Regulation Number 13 of 2006, concerning the management of regional financial management.

| No | Local Government | BPK Opinions | | | | | | | |
|----|----------------------------|--------------|------|------|------|------|------|------|------|
| | | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| 1. | East Kalimantan Province | WT | WDP | WPD | UQO | WDP | UQO | UQO | UQO |
| 2. | Balikpapan City | WDP | WDP | WPD | WDP | UQO | UQO | UQO | UQO |
| 3. | Samarinda City | TMP | TMP | TMP | WDP | WDP | UQO | UQO | UQO |
| 4. | Bontang City | WDP | WDP | WPD | WDP | WDP | UQO | UQO | UQO |
| 5. | Kutai Karta Negara Regency | TMP | TMP | TMP | UQO | WDP | UQO | UQO | UQO |
| 6. | Paser T. Grogot Regency | TW | TW | WPD | WDP | UQO | UQO | UQO | UQO |

Table 1: Development of Audit Board of Indonesia/*Badan Pemeriksa Keuangan Republik Indonesia* (BPK) Opinion on Local Government Financial Reports in the East Kalimantan Province 2009-2016

Source: Interview results (Iwan Darmawan, March 15, 2018; Mrs Djuliah, May 31, 2018).

Note:(1) Unqualified Opinion (UQO) ; (2) Acceptable with Exception /*Wajar Dengan Pengecualian* (WDP); (3) No Opinion/*Tidak Memberikan Pendapat* (TMP); dan (4) Unacceptable/*Tidak Wajar* (TW)

Table 1 shows the results of the financial examination by BPK especially on the development of opinion on the Local Government Financial Statements in the East Kalimantan Province. However, in 2017, based on the results of interviews with key information, out of 10 regencies/cities, 8 have won UQO's opinion showing that they already had capable human resources (HR). (Khadafi, 2015) writes that the information has been exciting for all parties, especially the government management in East Kalimantan Province.

Attitude and Behavior

Attitudes can be defined as feelings and the stable tendency to respond to the surrounding environment (*Kamus Bahasa Indonesia*, 2007). The state apparatus in this study show a positive attitude, meaning that they have the same objectives to achieve UQO. The positive attitude is the response to the environment (Hasiara, 2011). The attitude structure is divided into 3 components that support each other (Sukmadianata, 2015) including cognitive, affective, and conative (actions). (a) Cognitive refers to one's trust in what is valid and true for the object of attitude. (b) Affective refers to one's emotional subjective to an object; in general, this is equated with the emotion that someone has. (c) Conative refers to the tendency to do a good deed; this

tendency is motivated by the desire to affiliate with other apparatus. (d) Environmental influence is a consistent pattern of behaviour, that the work environment occupied by the apparatus is very decisive (Sarwono, 2010 and Santoso, 2010) state 3 postulates to identify behaviour and attitude of the apparatus. The first is (a) consulate postulate, which refers to attitudes and behaviours in the form of accurate instructions to predict what someone does. The second is (b) independent postulate, which refers to attitudes and behaviours that can predict the willingness of the apparatus. These two dimensions are interdependence of each other. The third is (c) contingency consistency postulate, which refers to the relationship between attitudes and behaviour determined by situational conditions. (Mawutor, 2014) has examined the relationship between opinions of UQO BPK and corruption cases in local governments in “Indonesia Government Finance Management Studies: Relationships between Communities, Government, and Examiners”. The results of the study show that the elements related to the implementation of government accounting are human resources as the doer of actions. Tara (Hasiara, 2012; and Sofyang, *et al.* 2017) examine the attitudes and behaviour of officials in the regional business administration and have found that attitudes and behaviours are positively related to the opinions given by BPK. Furthermore, (Sofyang, *et al.* 2017) examine the attitudes and behaviour of apparatus in implementing regional budget revenues and expenditures and confirm that the management of regional financial accounting is determined by the attitudes and behaviour of apparatus who have a positive attitude towards regional financial management.

METHODS

This study uses a qualitative design with interpretative approaches. The design is chosen for several reasons such as those presented by (Hasiara, 2013); (Hasiara, 2012) that a qualitative approach is characterized by the realization that the world is occupied with a variety of real, dynamic, and multi-dimensional social problems. Furthermore (Sofyang, *et al.* 2017) asserts that qualitative research is a work process, whose goals are limited. Nevertheless, the data depth is unlimited.

Study Site

Hasiara (2012) and Chaedar (2011) state that a study site is the location of research. The study was conducted in East Kalimantan. Hasiara (2018) and Chaedar (2011) also state that the data sources of this study include people as well as activities related to the management of Regional Government Financial Accounting in the East Kalimantan Province.

Research Subject

Referring to Hasiara (2018) and Chaedar (2011), the subject of this study was the state apparatus that carried out regional government financial accounting based on Minister of Home Affairs Regulation Number 32 of 2004 concerning Regional Government, and Government Regulation Number 33 of 2004, concerning Government Financial Management.

Characteristics of Research Informants

Characteristics of Research Informants (Hasiara, 2018 and Chaedar, 2011) state that the main reason for selecting key informants is related to data reliability. Because of this, researchers can individually manage the regions related to the management of the financial management of the regions. The key information in this study is explained in Table 2.

| Informant Identity | Occupation | Contact |
|---------------------------------|---------------------------------------|--------------|
| 1. Endang Sugiatik, S.E., M.Si. | Secretary of Province BPKAD | 081649711899 |
| 2. Kurniawan, S.E., Ak, M.Si. | Head of Province Inspectorate | 0812551269 |
| 3. Iwan Darmawan, S.E., Ak. | Head of Province BPKAD | 08125810596 |
| 4. Dra. Djuliah, Ak. | Head of Balikpapan BPKAD | 082151320212 |
| 5. Arfiansyah, S.T., M.Si. | Head of Development and Urban Economy | 081254597789 |

Table 2: Research Informants

Source: Interview, March 15 and May 18, 2018, in Samarinda and Balikpapan

We conducted in-depth interviews with managers who were able to capture the meaning in the object being observed. With assistance, we could capture various meanings behind the phenomenon. The process of extracting information from informants was carried out continuously until the data was considered sufficient. Five informants, as presented in Table 2, are considered adequate because the data obtained did not show any changes, then the data was considered valid. Hasiara (2018) and Chaedar (2011) state that key informants must have minimum expertise of at least 5 (five) years and above in the same field. All apparatuses agree that if one has a job for 5 (five) years, then the work can be understood and mastered well.

Source of Data

Source of data (Hasiara, 2018 and Chaedar, 2011) state that the data source is good if it is sourced from experts in charge, and experience of at least 5 (five) years and more. Hasiara (2018) and Chaedar (2011) assert that data sources could be objects, people, values or parties informed about the information needed by researchers. The criteria for determining informants in this study were: (a) apparatus working in their fields, (b) having experience of \pm 5 years, (c) understanding duties and functions as the state apparatus. Based on *echelonisation* (Indonesian national public officer position structure system) and had ever organized local financial and local accounting

Data Collection Procedure

Data in this study were collected done repeatedly, starting from the questionnaire until in-depth interviews. Data collected was a determinant of the success of a study. Hasiara (2018) and Chaedar (2011), and suggests four (4) qualitative data collection techniques, namely observation, interview, documentation, and triangulation.

Observation

Hasiara, 2012 and Denzin & Lincoln, 2011 state that an interview is a conversation involving two or more parties, namely the interviewer and interviewee. Researchers need to use interview guides

in doing so. This study uses guidelines to ask questions about the topic and items in the research variable (see Table 2).

Documentation

This method is a method that can juxtapose various sources of information, for example, different documents, informants or references such as journals and articles, of the same meaning (Hasiara, 2012).

Data Analysis

The data analysis can be interpreted as various processes of reviewing, compiling, sorting, and processing data into a systematic and meaningful arrangement. Activities in data analysis are data processing, categorization, and data analysis (Denzin & Lincoln, 2011; Chaedar, 2011; Subadi, 2008; and Hasiara 2012) state 4 (four) types of activities are needed in data analysis, namely (1) data reduction, (2) data presentation, (3) data conclusion, and (4) data verification.

RESULTS AND DISCUSSION

Based on interview data collected by a team of researchers in East Kalimantan Province related to the implementation of regional financial accounting, BPK gives an Unqualified Opinion (UQO) for 2014 and 2015 (*Harian Kaltim Post*, 2015, September 3). Furthermore, the results of interviews (Subadi, 2008) with key informants show that the leaders must be competent:

“Being competent, as we understand, is related to the application of government policies, both from the central and regional governments. Sometimes, we as staff, when there is a new policy, have not understood them well. Even though such decisions are not yet understood, we must learn to understand.”

(Secretary of Province BPKAD, Ms Endang Sugiatik, and Head of Province BPKAD, Mr Iwan Darmawan, on March 15, 2018; Head of Balikpapan BPKAD, Djuliah, on May 31, 2018)

Based on the explanation of the three key informants, it can be explained that competency can be interpreted as a policy related to the authority of apparatus, which shows that even before apparatus understand the existing policy, other policies appear. However, they have to respond to new policies positively. Such behaviour provides legal compliance in the financial management of regional governments in East Kalimantan Province. Compliance is based on several applicable laws, namely the Law Number 17 of 2003 Number 15 of 2015, concerning BPK; it is clear that the accountability reports must be examined by BPK. Therefore, the role of education and health becomes important in the implementation of financial management at the regional government level (Hasiara, 2017 and Hasbara, 2018). This indicator shows the careful action for the state apparatus in carrying out development. The following is another interview result.

“In addition to being competent, leaders must also have competencies; competencies are different from competent. Competent means are able to manage policies, while competency is a positive attitude of the apparatus to achieve the objectives. To achieve something good, good behaviour followed by right actions is necessary, because work is a manifestation of behaviour, especially activities in the field of financial accounting management of local government, and it also involves the production of financial statements.”

(Secretary of Province BPKAD, Ms Endang Sugiatik, on March 15, 2018; Head of Balikpapan BPKAD, Djuliah, on May 31, 2018)

Based on the key information stated above, it can be explained that being competent shows the ability of leaders to manage policies, which are related to their authority and response-abilities as apparatus in East Kalimantan Province. Likewise, competency is a positive attitude possessed by the apparatus that the aspirations to achieve the goals of regional government organization can be carried out. The plan is interpreted the same as a positive attitude. Positive attitudes can be formulated into four main categories, namely (a) commitment of leaders and subordinates must be the same, (b) ideals of leaders and subordinates must be the same, (c) willingness of leaders and subordinates must be the same, and (d) objectives of leaders and subordinates must be the same. To achieve the above vision and mission, the leaders should (a) set an example to subordinates, as to work on the basis of the applicable rules; and (b) have good competence or a positive attitude as an example for subordinates. This is based on the Law Number 17 of 2003 and Number 15 of 2015, concerning the examination of state financial, in which financial reports that must be held accountable by BPK as an external government examiner. Such behaviour provides a number of controls in each of the financial accounting managers of regional governments, ranging from provincial to regency and city levels. This type of control was also explained by the next informant.

“The good and bad management of financial accounting in local government is largely determined by positive attitudes of leaders, because a positive attitude is one’s response to something, for example doing something to achieve a common goal, and that goal must be the same between leaders and subordinate. Leaders must be the example for subordinates because the subordinates are the spearhead in the management of regional financial accounting, which is in accordance with the plans made by our colleagues at Bappeda, especially OPD.”

(Head of Development and Urban Economy, Mr Arfiansyah, on May 31, 2018).

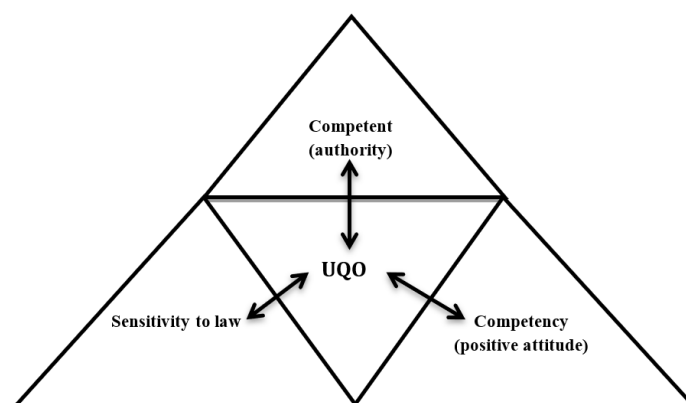
Based on the statement above, it can be explained that the attitude they show in daily activities is based on clearly defined plans, and the plans guide them in doing their job to present reports and financial statements of the local government. The above information is in line with (Subadi, 2008); (Chaedar, 2011), and (Hasiara, 2018) that there are 2 (two) people’s attitudes, namely positive and negative attitudes; the attitude shown by the regional government in East Kalimantan province so far is a positive attitude to work together towards common goals of achieving UQO. Other interviews with key informants show that:

“For UQO, the keyword is to have a competent leader and competency that is based on desire and togetherness. We have to uphold the SOP, SPI, budget and funding, information technology, evaluation and monitoring; if all are implemented properly and correctly, then UQO can be achieved.”

(Secretary of Province BPKAD, Ms Endang Sugiatik, and Head of Province BPKAD, Mr Iwan Darmawan, on March 15, 2018; Head of Balikpapan BPKAD, Djuliah on May 31, 2018)

Based on the statements of informants above, it can be explained that the Unified Qualification Opinion (UQO) can be achieved if all levels of state apparatus work together based on several things. First, the existence of competencies and competent leaders of the organization; therefore,

the leaders of the organization are strongly required to have positive attitudes and behaviours to achieve UQO. Second, there is a shared willingness to reach UQO. Third, there must be togetherness between leaders and subordinates to achieve UQO. Fourth, competencies to achieve UQO exist. Fifth, there is a mutual agreement to realize the vision, mission, goals, and objectives to achieve UQO. Sixth, there is sensitivity to law enforcement so that UQO can be achieved for 5 (five) consecutive years. Thus, it can be concluded that to achieve UQO, competent leaders having needed competencies are crucial. Denzin (2011) and Covey (2005) confirm that all good objectives can be achieved with a number of requirements, for example, the existence of the same understanding, the same ideals, the same will, and based on the belief that one must do their job in an ethical and sincere manner, so the financial management can be implemented properly, correctly, and trustworthy. This shows the relationship of being competent and competencies in leaders of organizations and all apparatus. The relationship of competent leaders and competency as attitude and positive behaviour is shown in Figure 1.



Picture 1: The Concept Forming Unqualified Opinion (UQO)

Based on Figure 1, it appears that positive attitudes have a relationship with each other. For example, the commitment of the leaders of the organization to the performance of financial management in the local government must be supported by the same objectives and willingness starting from the top management to the lowest level. The understanding that positive attitudes can lead to positive benefits for increasing public trust related to the achievement of UQO must be developed. The same objectives and willingness will have positive implications for the management of regional financial plans. These three pillars are very decisive for UQO in the implementation of regional financial management in East Kalimantan in particular and Indonesia in general.

CONCLUSION

Based on the results of observations, interviews, documents, and data collection, the authority and responsibility, as well as the positive attitude of a leader must be demonstrated in achieving UQO through the four main pillars, namely (a) the same vision, (b) the same mission, (c) the same goal, and (d) the same target. From the acquisition of UQO, there are 5 (five) things that need to be done. First, the state apparatus responsible for the financial accounting of the government in the provinces and regencies/cities works based on the applicable rules. Second, the state apparatus appointed by the regional government must work based on Law Number 17 of 2003 and Number 15 of 2015, concerning the examination of state finances. Third, financial reports must be held

accountable. Fourth, the accountability of financial statements is done through the examination BPK. Fifth, the realization of the 4 (four) activities has helped 8 (eight) regencies/cities including thousands of districts in East Kalimantan Province to win UQO (interviews with Mrs Dra. Djuliah, Ak, on May 31, 2018). The results of this research can become a reference for regencies/cities in East Kalimantan Province, which have not yet won UQO, as well as for regencies/cities and other provinces in the Republic of Indonesia.

Limitation

Based on the findings and triangulation of data, information, and references, several limitations can be seen. First, the results of this study are qualitative, making it difficult to measure them quantitatively. Therefore, the reader must be able to distinguish between qualitative and quantitative research types. Second, the study is a qualitative method, that is why the questionnaires are not needed. Third, the results of observations, interviews, and supporting documents, and triangulation are limited, so readers are allowed to confirm through Table 2. Fourth, data processing in this study does not employ SPSS because this study is qualitative. Fifth, this research cannot be generalized through a quantitative study because the quantitative approach asks for more objectivity and is far from the object of research, whereas the qualitative approach makes researchers blend with the object being examined, that is, become part of the object under study. This qualitative study means that qualitative study better than quantitative method as all data obtained from informants naturally (direct from all key informants), so there is no distance between researchers and informants.

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