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COMPARATIVE ANALYSIS OF CENTRAL JAVA AND EAST JAVA PROVINCIAL GOVERNMENT FINANCIAL PERFORMANCE

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ABSTRACT

This research was intended to analyze financial performance and to determine differences in financial performance of the governments of Central Java and East Java Provinces in terms of local financial independence ratios, PAD effectiveness ratios, expenditure efficiency ratios, revenue growth ratios, SiLPA financing levels, audit opinions, and findings an audit. This research is a quantitative descriptive research with a comparative form (comparison). This research used secondary data in form of Budget Realization Report (LRA) and Inspection Result Report (LHP) of Central Java and East Java Provinces in the 2014-2018 Fiscal Year. Data analysis techniques using financial ratio analysis and analysis of different tests through the Independent Sample t-Test and Mann Whitney test. The results of this research indicate that there are differences in financial performance based on the number of audit findings. However, there is no difference in financial performance based on the ratio of regional financial independence, the effectiveness of PAD, expenditure efficiency, revenue growth, the level of SiLPA financing, and audit opinion on the Central Java and East Java provincial governments.

PREMILINARY

According to Law Number 32 of 2004, regional autonomy is a right, authority, and obligation of an autonomous region to regulate and manage its own government affairs and the interests of the local community in accordance with statutory regulations. The broad autonomy authority requires local governments to improve public services and welfare in a democratic, fair, equitable and sustainable manner (Halim and Kusufi, 2012). Regional autonomy requires two aspects of better financial performance. The first aspect is related to fiscal decentralization, that the regions are given the authority to manage regional financing with the main strength in the ability of Regional Original Revenue (PAD). The second aspect is related to regional expenditure management, that regional financial management must be more accountable and transparent which requires regions to be more efficient and effective in regional expenditures.

Regional financial management that is carried out economically, efficiently, and effectively as well as participatory, transparency, accountability, and justice will be able to encourage economic growth and independence of a region (Sulistyo, 2018).

Financial performance is a performance measure that uses financial indicators. A region whose financial performance is declared good means that the region has the financial capacity to finance the implementation of regional autonomy. One of the tools to analyze the financial performance of local governments in managing their regional finances is to analyze financial ratios to the APBD (Halim and Kusufi, 2012). Analysis of financial ratios in the APBD is carried out by comparing the results achieved from one period compared to the previous period so that it can be seen how the trends that occur include using the independence ratio, effectiveness and efficiency ratio, growth ratio and financing level ratio of Budget Calculation Over Time (SiLPA).

Several previous studies have used ratio analysis techniques and conducted hypothesis testing. The results of the research hypothesis testing Novianti et al (2018), Kurnia et al (2019), Jaenuri (2016), and Asri (2016) conclude that there are significant differences when viewed from the ratio of the level of regional financial independence. When viewed from the ratio of effectiveness and efficiency, Jaenuri's research (2016) concludes that there are significant differences. Meanwhile, research by Litfia (2018), Akira (2016), Ayu (2016), and Kopong (2019) concluded that there was no significant difference.

Regional financial performance as a benchmark in determining financial policies and good government financial governance. Regional financial performance in Indonesia often leads to violations of the law. These problems generally occur because the responsible officials are not careful in obeying and understanding the applicable provisions, not optimal in carrying out their duties and responsibilities (BPK, 2015). To avoid asymmetric information that can cause agency problems, the Regional Government Financial Reports must be submitted to the BPK for audit as regulated in Government Regulation no. 58 of 2005 concerning Regional Financial Management in Article 100 paragraph (6) and Article 102 paragraph (2). The results of the audit are audit opinions, audit findings and recommendations in the form of an Audit Results Report. The audit opinions given by BPK include Unqualified (WTP), Unqualified (WDP), Unreasonable (TW), and Not Giving Opinions (TMP) (Agustiawan, 2018). Audit findings consist of several cases found by BPK on financial statements for violations committed by a region against the provisions of the applicable laws and regulations (Afrian, 2016).

The description of the background above makes researchers interested in analyzing whether there are differences in the financial performance of the provincial governments of Central Java and East Java based on the calculation of financial ratios and the results of the examination from the BPK to see the ability of the government of each province in managing regional finances. Poor local financial management can reduce the level of public trust. So that it is supposed to get a better opinion on financial statements, the number of findings must be minimized by the agency.

METHOD

The population of this study is the Provincial Government of Central Java and East Java with the object of research in the form of Realization Reports of Regional Revenue and Expenditure Budgets and Examination Results Reports (LHP) of Central Java and East Java Provinces for the 2014-2018 fiscal year, and the sample from this research is the Financial Management Agency. and Regional Assets (BPKAD) and the Supreme Audit Agency (BPK) of Central and East Java Provinces were used to calculate the independence ratio, efficiency ratio, effectiveness ratio, growth ratio, SiLPA, BPK opinion, audit findings. This research is descriptive quantitative in the form of comparison (comparative). The data used in the form of secondary data in the form of LRA-APBD sourced from BPKAD and Audit Result Reports sourced from BPK in Central Java and East Java Provinces for the 2014-2018 fiscal year.

This study uses the dependent variable of regional financial performance, namely the level of achievement of a local government's work in implementing, implementing the vision and mission and managing regional original financial sources for development in the region without relying on the central government. With independent variables, namely:

$$RK = \frac{\text{Pendapatan Asli Daerah}}{\text{Total Pendapatan}} \times 100\%$$

The criteria for financial independence are as follows:

Table 1
Financial Independence Ratio Scale

Regional Ability	Percentage	Relationship Pattern
Very Low	0% - 25%	Instructive
Low	25% - 50%	Consultative
Medium	50% - 75%	Participatory
High	75% - 100%	Delegative

Source: Halim, 2007

Effectiveness Ratio; is the ability of local governments to realize the planned Regional Original Revenue (PAD) compared to the target set based on the real potential of the region (Mahmudi, 2011). The formula for the effectiveness ratio is as follows:

$$REv = \frac{\text{Realisasi Penerimaan PAD}}{\text{Target Penerimaan PAD}} \times 100\%$$

PAD effectiveness criteria are as follows:

Table 2
PAD Effectiveness Ratio Scale

Percentage	Criteria
>100%	Very effective
90% - 100%	Effective
80% - 90%	Effective enough
60% - 80%	Less effective
<60%	Ineffective

Source: Halim, 2007

Shopping Efficiency Ratio; according to Halim (2014), the ratio of expenditure efficiency is a ratio that shows the government's ability to manage its regional expenditures so as not to exceed the budget. The smaller the efficiency ratio means the better the performance of the local government. The measurement of spending efficiency is carried out by comparing the amount of expenditure that has been budgeted by the previous government with the amount of actual expenditure that has been budgeted by the previous government. The spending efficiency ratio formula used in this analysis is as follows:

$$REf = \frac{\text{Realisasi Belanja}}{\text{Anggaran Belanja}} \times 100\%$$

The criteria for spending efficiency are as follows:

Table 3
Shopping Efficiency Ratio Scale

Percentage	Criteria
>100%	Not efficient
90% - 100%	Less Efficient
80% - 90%	Quite Efficient
60% - 80%	Efficient
<60%	Very Efficient

Source: Halim, 2007

Revenue Growth Ratio; measure how much the local government's ability to maintain and improve the success that has been achieved from period to period (Halim and Kusufi, 2012). This ratio is important to know the history of performance development. The growth ratio is useful to find out whether the local government in the relevant fiscal year or during several budget periods, its budget performance experiences positive or negative revenue or expenditure growth (Mahmudi, 2010). The formula used in this analysis is as follows:

$$PP = \frac{\text{Realisasi Pend. Th. } t - \text{Pend. Th. } t - 1}{\text{Pendapatan Th. } t - 1} \times 100\%$$

SiLPA Financing Rate Ratio; is the ratio calculated by comparing the SiLPA budget with the total expenditure contained in the Central Java and East Java Provincial Government budgeting documents for the 2014-2018 fiscal year. The calculation of this variable refers to Hidayat's (2013) research. For the allocation of capital expenditure in year t, the SiLPA year t-0 (or the SiLPA figure in the budget, and not the actual use of SiLPA) is used and the total expenditure for year t-0. The calculation formula is as follows:

$$TP. SiLPA = \frac{SiLPA}{\text{Total belanja} + \text{Transfer}} \times 100\%$$

BPK's opinion; Basically, BPK's opinions, both in the private sector and in the public sector, are divided into four categories which are measured using an ordinal scale that is sorted from the worst opinion to the best opinion. In this study, the measurements for BPK's opinion are grouped into two categories based on Setiawan's research (2017), namely 1 (one) for WTP (Unqualified) opinion and 0 (zero) for non-WTP opinion.

Audit Findings; in the form of cases found by the Financial Audit Board (BPK) against local government financial reports for violations committed by a region against the provisions of the

applicable laws and regulations. Based on the results of the examination conducted by the BPK, it was revealed that in general the supervision of direct superiors was still weak, so that irregularities were still found in the implementation of internal control and compliance with laws and regulations caused by weak supervision of direct superiors and audit findings in several areas. The range of the number of case findings to determine the classification of many or less audit findings in this study is to use the average value of the case findings of SPI weaknesses and compliance with laws and regulations (Afrian, 2016).

This study will compare the financial performance of two provinces, namely Central Java Province and East Java Province. The method used in this study is a comparative method. In this study using the Shapiro-Wilks Normality Test to see if the data distribution is normal or not. If the data is normally distributed, then the Independent Sample t-test parametric statistical test is used. Meanwhile, if the data is not normally distributed, then use a non-parametric statistical test, namely the Mann-Whitney U test (Ghozali, 2015).

RESULTS

Financial Ratio Analysis

Table 4
Independence Ratio (%)

Year	Central Java	East Java
2014	65.42	69.52
2015	64.8	69.29
2016	58,78	63.36
2017	52.93	58
2018	55.5	58
Average	59.49	63.63
Criteria	Medium	Medium

Source: Data processed

The average level of independence of the East Java Provincial government in 2014-2018 shows the moderate criteria with a percentage of 59.49% which means that the direction of the central government is reduced even more because the regional capacity is already quite high. The percentage of the dependency level of Central Java Province from 2014 to 2017 decreased and slightly increased in 2018 by 55%. The average level of independence of the East Java Provincial government in 2014-2018 is also moderate, which is 63.63%. The percentage of the dependency level of East Java Province from 2014 to 2018 has always decreased.

Table 5
PAD Effectiveness Ratio (%)

Year	Central Java	East Java
2014	109	110.32
2015	90.36	103.37
2016	90.39	108.16
2017	103.47	109.3
2018	102.35	111.79
Average	99,114	108,588
Criteria	Effective	S. Effective

Source: Data processed

The effectiveness level of PAD in Central Java Province in 2014-2018 is classified as effective with an average of 99.11%. The highest percentage of effectiveness in Central Java occurred in 2014 which reached 109%. It can be said that the Central Java provincial government has been able to realize PAD from the targeted budget. East Java Province is classified as very effective in realizing PAD, because the average percentage level is 108.58%. The highest level of effectiveness occurred in 2018 which reached 111.79%.

Table 6
Expenditure Efficiency Ratio (%)

Year	Central Java	East Java
2014	93.04	93.44
2015	94.03	93.41
2016	95.67	96.02
2017	95.1	93.17
2018	92.38	92.23
Average	94,044	93.654
Criteria	Efficient	Efficient

Source: Data processed

The Central Java Provincial Government in 2014-2018 was classified as less efficient in managing its regional expenditures with an average of 94%. From 2014-2016 the percentage of efficiency in Central Java has always increased, in other words, the efficiency has decreased. East Java is also classified as less efficient in managing regional expenditures with an average of 93.65%.

Table 7
Income Growth Ratio (%)

Year	Central Java	East Java
2014	13.59	19.57
2015	11.02	7
2016	16.66	12.29
2017	20.73	9.63
2018	4.21	6.94
Average	13,242	11,086

Source: Data processed

The average ability in Central Java in 2014-2018 in a growth ratio of around 13.24%. This means that the Central Java Provincial government has been able to maintain and increase its success in managing finances or allocating regional revenues. The highest percentage of revenue growth occurred in 2017 which was 20.73%. The average percentage of income growth in East Java Province is lower than Central Java, which is 11%. The highest percentage of income growth occurred in 2014 which was 19.57%. The provinces of Central Java and East Java have different growth rates. This happens because the policies carried out by each provincial government in managing their finances are different.

Table 8.
SiLPA Financing Rate (%)

Year	Central Java	East Java
2014	11.19	9.23
2015	9.47	10.67
2016	2.15	6.27

2017	2.82	6.43
2018	4.72	9
Average	6.07	8.32

Source: Data processed

The percentage of SiLPA financing in Central Java Province fluctuated from 2014 to 2018. From 2014 to 2016 it decreased with the lowest percentage at 2.15% and the highest percentage occurring in 2014 at 11.19%. Then in 2017 to 2018 there was an increase. The highest percentage of SiLPA financing in East Java Province occurred in 2015 which was 10.67%. In 2016 it decreased to 6.27%. However, in the following year until 2018 there was a significant increase.

Table 9.
Audit Opinion

Year	Central Java	East Java
2014	WTP	WDP
2015	WTP	WTP
2016	WTP	WTP
2017	WTP	WTP
2018	WTP	WTP

Source: Data processed

Central Java Province received an Unqualified Opinion (WTP) consecutively from 2014-2018, this shows that the financial statements of the Central Java Province entities examined, presented fairly in all material respects, financial position, results of operations, and cash flows. certain entity's cash in accordance with generally accepted accounting principles in Indonesia. East Java Province obtained a Fair With Exception (WDP) opinion in 2014 which means that the presentation of financial statements is fair and in accordance with applicable general accounting principles but there are certain things that are presented improperly.

Table 10
Number of Audit Findings

Year	Central Java	East Java
2014	33	15
2015	28	9
2016	18	20
2017	26	16
2018	23	20

Source: Data processed

The number of audit findings in Central Java Province from 2014-2016 decreased, which means that the local government's financial performance was better than the previous year, but in 2017 it increased to 26 findings. Then the number of audit findings in East Java Province from 2014-2018 each year the number goes up and down. The lowest number of audit findings occurred in 2015. The number of audit findings above consists of weaknesses in the internal control system and compliance with laws and regulations. The greater the number of audit findings, the lower the level of local government performance.

Normality test

Table 11
Shapiro-Wilks-Normality Test

	Prov	Shapiro-Wilk		
		Statistics	df	Sig.
independence	Central Java	0.906	5	0.441
	East Java	0.828	5	0.134
effectiveness	Central Java	0.863	5	0.241
	East Java	0.909	5	0.462
efficiency	Central Java	0.956	5	0.779
	East Java	0.838	5	0.16
growth_income	Central Java	0.986	5	0.966
	East Java	0.82	5	0.118
SiLPA	Central Java	0.885	5	0.331
	East Java	0.889	5	0.35
opinion_audit	East Java	0.552	5	0
findings	Central Java	0.998	5	0.998
	East Java	0.885	5	0.332

Source: SPSS output processed, 2019

Table 11 shows the significance level of the independence ratio of Central Java and East Java Provinces of 0.441 and 0.134, which means the significance value is > 0.05 so H_0 is accepted. Then the significance value of the effectiveness ratio is 0.241 and 0.462; the significance value of the spending efficiency ratio is 0.779 and 0.160; the significance value of the income growth ratio is 0.966 and 0.118; the significance value of the SiLPA financing level ratio is 0.331 and 0.350; and the significance value of the audit findings ratio is 0.998 and 0.332, which means that from the six ratios the significance value is > 0.05 so that H_0 is accepted or the data is normally distributed. Meanwhile, the significance value of the audit opinion ratio in Central Java and East Java is 0.000 and the value is < 0.05 so that H_0 is rejected or the data is not normally distributed.

Different Test t-Test

The difference test of 2 independent samples has Levene's test which is used to test the difference in variance before concluding the hypothesis. If the variances are the same, then the alternative test uses equal variances assumed, whereas if on the contrary, the alternative test uses equal variances not assumed.

Table 12
Independent Sample t-Test

		Levene's Test		t-test for Equality of Means			Group Statistics mean
		F	Sig.	t	df	Sig. (2-tailed)	
Independence	Equal variances assumed	0.006	0.94	-1.17	8	0.277	59,486
	Equal variances not assumed			-1.17	7,993	0.277	63.634
Effectiveness	Equal variances assumed	8,749	0.018	-2.36	8	0.046	99,114
	Equal variances not assumed			-2.36	5,152	0.063	108.59

Efficiency	Equal variances assumed	0.061	0.812	0.443	8	0.67	94,044
	Equal variances not assumed			0.443	7,994	0.67	93.654
PP	Equal variances assumed	0.13	0.728	0.039	8	0.97	13,242
	Equal variances not assumed			0.039	7,997	0.97	13,086
SiLPA	Equal variances assumed	6,976	0.03	-1.12	8	0.294	6.07
	Equal variances not assumed			-1.12	5,697	0.306	8.32
Finding_Audit	Equal variances assumed	0.213	0.657	2,983	8	0.018	25.6
	Equal variances not assumed			2,983	7,667	0.018	16

Source: SPSS output processed, 2019

Table 13
Mann Whitney Test

Ratio	asymp. Sig. (2-tailed)	Mean Rank	
		Central Java	East Java
Audit Opinion	0.317	6.00	5.00

Source: SPSS output processed, 2019

DISCUSSION

H1: There are differences in the financial performance of the Central Java and East Java Provincial Governments for the 2014-2018 fiscal year, seen from the ratio of regional financial independence.

The average financial independence in Central Java Province is 59.48% while for East Java Province it is 63.48%. So it can be said that East Java Province is more independent than Central Java Province. This is because the realization of PAD and Total Income of East Java Province is higher than that of Central Java Province. However, although East Java Province is more independent, the results of the t-test show that there is no significant difference. This is because the difference is only small. The financial independence variable Levene's test probability value is 0.094 because the probability is > 0.05 , it can be said that there is no difference in variance in the financial independence data. The value of t on equal variances assumed is -1.166 with probability 0.277. So it can be concluded that H1 is rejected, which means that the ratio of financial independence of Central Java and East Java Provinces is not significantly different. The results of this study are in line with research by Dwijayanti (2014), which states that there is no significant difference in terms of the ratio of independence between Central Java Province and East Java Province. This study shows that the independence ratio of the two provinces is in the medium classification. However, this is not in accordance with Magdalena's (2013) research which states that the level of independence of East Java Province is high. which states that there is no significant difference in terms of the ratio of independence between Central Java Province and East Java Province. This study shows that the independence ratio of the two provinces is in the medium classification. However, this is not in accordance with Magdalena's (2013) research which states that the level of independence of East Java Province is high. which states that there is no significant difference in terms of the ratio of independence between Central Java Province and East Java Province. This study shows that the independence ratio of the two provinces is in the medium classification. However, this is not in accordance with Magdalena's (2013) research which states that the level of independence of East Java Province is high.

H2: There are differences in the financial performance of the Central Java and East Java Provincial Governments for the 2014-2018 FY seen from the PAD effectiveness ratio.

The average effectiveness of PAD in Central Java Province is 99.11% while for East Java Province it is 108.58%. So it can be said that East Java Province is more effective in managing PAD compared to Central Java Province. This is because the realization and target of PAD revenue in East Java Province is higher than Central Java Province. However, although East Java Province is more effective, the results of the t-test show that there is no significant difference. This is because the difference in value is only small. The PAD effectiveness variable, Levene's test probability value is 0.018 because the probability is <0.05 , it can be said that there is a difference in variance in the PAD effectiveness data. The t value on equal variances not assumed is -2,364 with a probability of 0.063. So it can be concluded that H2 is rejected, which means that there is no significant difference between the PAD effectiveness ratio in Central Java and East Java. This result is in line with the results of Dwijayanti's research (2014) which states that there is no difference in the effectiveness of PAD in Central Java and East Java Provinces. In this study, the provinces of Central Java and East Java were classified as "very effective". Istyaningtias (2017) also states that Central Java Province is classified as "very effective" in terms of PAD management. However, this result is also not in line with the results of Sembiring's research (2018) which states that there are significant differences in the level of effectiveness of financial performance. This result is in line with the results of Dwijayanti's research (2014) which states that there is no difference in the effectiveness of PAD in Central Java and East Java Provinces. In this study, the provinces of Central Java and East Java were classified as "very effective". Istyaningtias (2017) also states that Central Java Province is classified as "very effective" in terms of PAD management. However, this result is also not in line with the results of Sembiring's research (2018) which states that there are significant differences in the level of effectiveness of financial performance. This result is in line with the results of Dwijayanti's research (2014) which states that there is no difference in the effectiveness of PAD in Central Java and East Java Provinces. In this study, the provinces of Central Java and East Java were classified as "very effective". Istyaningtias (2017) also states that Central Java Province is classified as "very effective" in terms of PAD management. However, this result is also not in line with the results of Sembiring's research (2018) which states that there are significant differences in the level of effectiveness of financial performance. Istyaningtias (2017) also states that Central Java Province is classified as "very effective" in terms of PAD management. However, this result is also not in line with the results of Sembiring's research (2018) which states that there are significant differences in the level of effectiveness of financial performance.

H3: There are differences in the financial performance of the Central Java and East Java Provincial Governments for the 2014-2018 fiscal year, seen from the spending efficiency ratio.

The average spending efficiency in Central Java Province is 94% while for East Java Province it is 93.65%. So it can be said that East Java Province is slightly more efficient than

Central Java Province. This is because in 2015 the realization of the total expenditure of Central Java Province was greater than the total income. However, although East Java Province is more efficient than Central Java Province, the results of the t-test show that there is no significant difference because the difference is only small. The shopping efficiency variable Levene's test probability value is 0.812 because the probability is > 0.05 , it can be said that there is no difference in variance in the spending efficiency data. The t value on equal variances assumed is 0.443 with a probability of 0.670. So it can be concluded that H3 is rejected, which means there is no significant difference in terms of the expenditure efficiency ratio of Central Java and East Java Provinces. This result is in line with the results of Dwijayanti's research (2014) which states that the Provinces of Central Java and East Java are classified as "less efficient" so that there is no difference between Central Java and East Java in terms of efficiency ratios. In Istyaningtias' research (2017) it is also stated that Central Java Province is classified as "less efficient" in managing its regional finances because the costs incurred by the government are higher than the income it receives. This result is in line with the results of Dwijayanti's research (2014) which states that the Provinces of Central Java and East Java are classified as "less efficient" so that there is no difference between Central Java and East Java in terms of efficiency ratios. In Istyaningtias' research (2017) it is also stated that Central Java Province is classified as "less efficient" in managing its regional finances because the costs incurred by the government are higher than the income it receives. This result is in line with the results of Dwijayanti's research (2014) which states that the Provinces of Central Java and East Java are classified as "less efficient" so that there is no difference between Central Java and East Java in terms of efficiency ratios. In Istyaningtias' research (2017) it is also stated that Central Java Province is classified as "less efficient" in managing its regional finances because the costs incurred by the government are higher than the income it receives.

H4: there are differences in the financial performance of the Central Java and East Java Provincial Governments for the 2014-2018 FY seen from the income growth ratio.

The average income growth in Central Java Province is 13.24% while for East Java Province it is 13%. It can be said that the income growth rate in Central Java Province is slightly higher than that of East Java Province. Although Central Java Province has a higher average, the results of the t-test show that there is no significant difference. This is because the difference is only small. Income growth variable Levene's test probability value is 0.728 because probability > 0.05 , it can be said that there is no difference in variance in income growth data. The t value on equal variances assumed is 0.039 with a probability of 0.970. So it can be concluded that H4 is rejected, which means there is no significant difference seen from the income growth ratio of Central Java and East Java Provinces. This result is not in line with research by Dwijayanti (2014), which states that East Java Province has a higher growth rate than Central Java Province. However, the provinces of Central Java and East Java both showed positive income growth.

H5: There are differences in the financial performance of the Central Java and East Java Provincial Governments for the 2014-2018 financial year, seen from the ratio of the SiLPA financing level.

The average level of SiLPA financing in Central Java Province is 6.07% while for East Java Province it is 8.32%. So it can be said that the SiLPA financing level of Central Java

Province is higher than that of East Java Province. This is because the amount of remaining funds that are not optimally absorbed in East Java Province is more than Central Java Province. However, although East Java Province is more effective, the results of the t-test show that there is no significant difference. This is because the difference in value is only small. The SiLPA financing level variable, Levene's test probability value is 0.030 because the probability is < 0.05 , so there is a difference in variance in the SiLPA financing level ratio data. The t value on equal variances not assumed is -1.124 with a probability of 0.306. So it can be concluded that H5 is rejected, which means there is no significant difference seen from the ratio of SiLPA financing levels in Central Java and East Java Provinces. It is said that its financial performance is good if SiLPA comes from a budget surplus. Meanwhile, financial performance is said to be poor if SiLPA is formed from a large number of unrealized expenditures. This is supported by Hidayat's research (2013).

H6: there is a difference in the financial performance of the Central Java and East Java Provincial Governments for the 2014-2018 financial year as seen from the audit opinion.

Because the audit opinion data is not normally distributed, the analytical tool used is the Mann Whitney test. Asymp Value. Sig. (2-tailed) for the audit opinion that represents the financial performance of the Central Java and East Java provinces of 0.317 more than 0.05, thus H6 is rejected which means there is no significant difference between Central Java and East Java Provinces seen from the audit opinion of the Agency Supreme Audit Agency (BPK). The mean value of the audit opinion rank of Central Java Province is greater than the audit opinion of East Java Province with a difference of 1%. So it can be said that the financial performance of Central Java Province with East Java seen from the acquisition of audit opinion there is no difference even though the mean value of Central Java Province audit opinion rank is larger because the difference is only slightly. This is because in 2014 East Java Province received the WDP opinion. This result is in line with research conducted by Kurnia and Arza (2019) which states that there is no significant difference in financial performance seen from the audit opinion. However, this is not in accordance with the results of Nurhayati's research (2019) which states that there are significant differences in terms of audit opinion.

H7: There are differences in the financial performance of the Central Java and East Java Provincial Governments for the 2014-2018 FY seen from the number of audit findings.

The average number of audit findings in Central Java Province is 25.60 while for East Java Province it is 16%. So it can be interpreted that the number of audit findings in Central Java Province is more than East Java Province with a difference in value of 9.6%. So it can be said that the financial performance of East Java Province in terms of the number of audit findings is not only different, but also better than Central Java Province. For the variable of audit findings, the probability value of Levene's test is 0.657 because the probability is > 0.05 , so there is no difference in variance in the audit findings data. From the SPSS output, the value of t on the equal variances assumed is 2,983 with a probability of 0.018. So it can be concluded that H7 is accepted, which means that there is a significant difference seen from the audit findings of Central Java and East Java Provinces. This difference is due to the fact that Central Java Province has more findings than East Java Province. It can be said that Central Java Province has weaknesses on the audit side. This difference is caused apart from the number of findings but also from the grouping of audit findings by subject, location or unit of findings.

This strengthens the research of Mustikarini and Fitriasaki (2012) and Afrian (2016) which state that the greater the number of BPK audit findings in a local government, the lower the performance of the local government. This difference is due to the fact that Central Java Province has more findings than East Java Province. It can be said that Central Java Province has weaknesses on the audit side. This difference is caused apart from the number of findings but also from the grouping of audit findings by subject, location or unit of findings. This strengthens the research of Mustikarini and Fitriasaki (2012) and Afrian (2016) which state that the greater the number of BPK audit findings in a local government, the lower the performance of the local government. This difference is due to the fact that Central Java Province has more findings than East Java Province. It can be said that the Province of Central Java has weaknesses on the audit side. This difference is caused apart from the number of findings but also from the grouping of audit findings by subject, location or unit of findings. This strengthens the research of Mustikarini and Fitriasaki (2012) and Afrian (2016) which state that the greater the number of BPK audit findings in a local government, the lower the performance of the local government.

CONCLUSION

Based on the results of the study, it can be seen that there are differences in financial performance seen from the number of audit findings. However, there is no difference in financial performance based on the ratio of regional financial independence, PAD effectiveness, spending efficiency, revenue growth, SiLPA financing level, and audit opinion on the Central Java and East Java provincial governments. Based on the average of all financial ratios and examination results, it shows that the financial performance of East Java Province is better than Central Java Province.

The limitation of this research is that the sample used is limited to the government of Central Java Province and East Java Province, so that the research results cannot be generalized to all provincial governments in Indonesia. The period used in the study was only 5 years, namely 2014 to 2018 due to the availability of data.

Future research is expected to use a wider variety of ratios and can describe the actual state of regional finances. In addition, it is hoped that further research will increase the research period, not just 5 years. Further researchers are advised to expand the scope of the research area, not only taking from 2 provinces but more broadly.

SUGGESTION

It is hoped that the provincial governments of Central Java and East Java will further increase the contribution of PAD by optimizing the potential of new regional natural resources originating from the tourism, plantation, mining, and agricultural sectors as well as opening up business opportunities for investors to manage and invest their capital in local governments in order to increase their contribution. PAD in supporting better regional revenue in order to achieve high regional independence.

It is hoped that the provincial governments of Central and East Java will harmonize regional expenditures with regional revenues by emphasizing the principles of economy, effectiveness, efficiency in accordance with the needs of the community in order to reduce waste in the regional budget.

It is hoped that the Central Java Provincial Government will manage its finances better so as to minimize the number of audit findings.

For further researchers, it is expected to use a wider variety of ratios and can describe the actual state of regional finances. In addition, it is hoped that further research will increase the research period, not just 5 years. Further researchers are advised to expand the scope of the research area, not only taking from 2 provinces but more broadly.

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